



**WARATAH PROJECT
(BLACK BLUFF RANGE GROUP)
TASMANIA
EL64/2004**

**PARTIAL RELINQUISHMENT REPORT
10TH AUGUST 2007 TO 31ST MAY 2008**

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Note: All figures and grids are according to the GDA94, Zone 55 datum.

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ABSTRACT

Exploration activity to 31st May 2008 on the portion to be relinquished has concentrated on;

- 173.6 line-km VTEM program
- Review for partial relinquishment

Expenditure - Reporting period \$187,944.82

Total to date \$282,349.90

CONTENTS	Page
1.INTRODUCTION	4
1.1 Location & Access	4
1.2 Geology Overview:	5
1.2.1 Burnie and Oonah Formation	5
1.2.2 Crimson Creek Formation	5
1.2.3 Cleveland-Waratah Association	6
1.2.4 Cambrian Ultramafics	6
1.2.5 The Meredith Granite	6
1.2.6 Parmeneer Supergroup	6
1.2.7 Tertiary Basalts	6
1.3 Exploration Rationale	8
2.SUMMARY OF WORK COMPLETED FOR LIFE OF TENURE	8
2.1 Historic Mining	8
2.2 Exploration prior to current licence area	8
2.3 2005 – 2006 (BSM)	12
2.4 2006 -2007 (BSM)	16
2.5 2007 – 2008 (BSM)	16
3.ENVIRONMENT	17
4.EXPENDITURE	19
5.REFERENCES	20
LIST OF FIGURES	
Figure 1. Waratah licence (EL64/2004) location.	5
Figure 2. Regional Geology and licence boundary.	7
Figure 3. Historical Exploration Activity Map.	11
Figure 4 Alteration Map based on processing of ASTER Data	14
Figure 5 Geoinformatics targets on the Waratah Licence	15
Figure 6. Plan of contoured Waratah VTEM data	16
Figure 7. Topographical Map	18
LIST OF TABLES	
Table 1. Expenditure 10 August 2007 to 30 June 2008	19

1. INTRODUCTION

This report is a summary of the exploration activities conducted on the portion to be relinquished of the Waratah exploration licence, EL64/2004 (Figure 1), for the period of 10 August 2007 to 31 May 2008. The licence covers a total area of 104 km². The Waratah licence is subject to an exploration Joint Venture agreement between Bass Metals Ltd (BSM) and Geoinformatics Exploration Inc. BSM is currently managing exploration of the licence from a base at the Hellyer Mine site.

The licence is situated in northwest Tasmania and located over an area containing the prospective Magnet Mine and Mt Bischoff Mine stratigraphies. The licence was claimed primarily because it is considered prospective by BSM for further carbonate-replacement mineralisation.

1.1 Location:

The Waratah licence is located approximately 55km southwest of Burnie via Waratah township, on the west coast of Tasmania (Figure 1). The 104km² tenement encloses the Mt Bischoff Mining Lease and the adjacent small township of Waratah. The licence area can be found on the Inglis and Arthur River (1:100,000) LTIS map sheets.

Topographically the area is of highly variable relief with the majority of the licence area classified as state forest. In general, vehicular access is limited due to topography and thick rainforest vegetation. In the southern portion of the licence various tracks run off the Murchison Hwy and Magnet Rd between Magnet and Waratah. In the north-east the Belmont and Wandle Roads run off the Murchison Hwy, and in the north there is limited access via Flannel Rd.

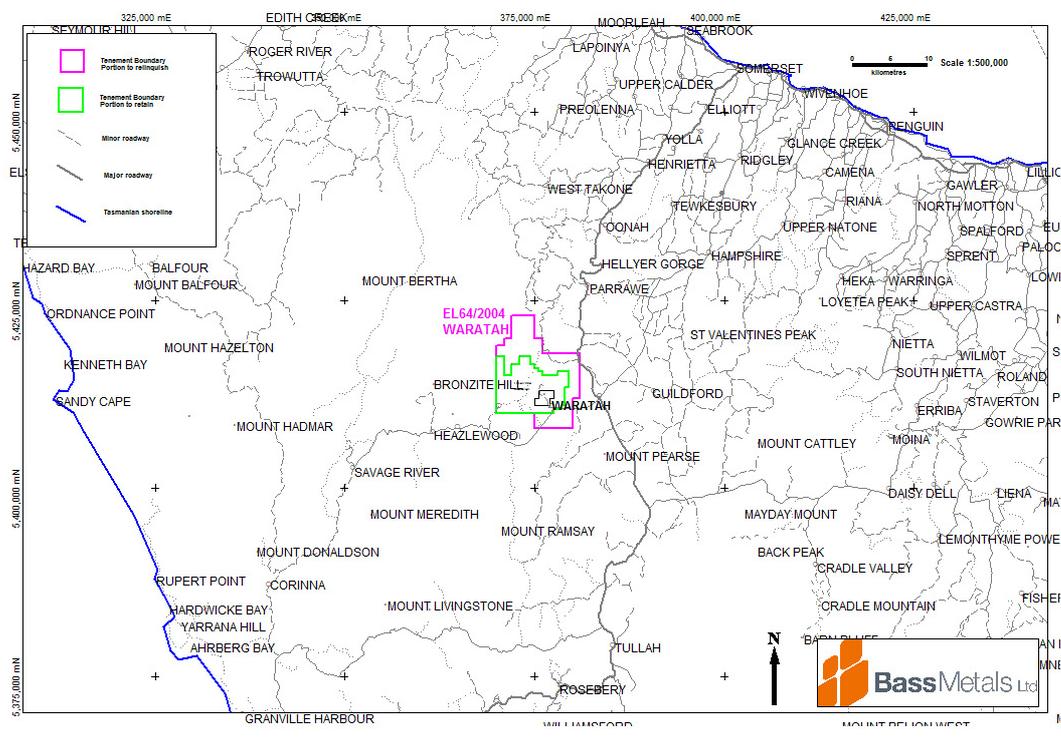


Figure 1. Waratah Exploration Licence (EL64/2004) location map

1.2 Geology Overview:

A number of geological units are present within the Waratah licence area; however the units of interest in terms of prospectivity for significant mineral deposits are chiefly the Burnie and Oonah Formation, Early Cambrian carbonates of the Crimson Creek Formation and Cleveland-Waratah Association, Cambrian Ultramafics and the Devonian Meredith Granite. Obviously it is the relationship between the Meredith Granite and the earlier sedimentary successions that provides the mineral prospectivity of the area. Regional geology is found below in Figure 2.

1.2.1 Burnie and Oonah Formation

The Burnie and Oonah Formation is a thick, polydeformed Proterozoic quartzwacke turbidite succession, widespread in Western Tasmania. The formation comprises of two lithological associations. The dominant quartzwacke turbidite association, which includes minor alkaline dolerite intrusions and lavas, consists of interbedded quartz sandstone, quartzwacke, siltstone and pelite. The secondary lithological association is predominately pelite and/or carbonate including mafic volcanics and conglomerate in some places. Near Zeehan this association is host to a number of Devonian vein, skarn and replacement-tin deposits, and at Mt Bischoff a dolomitic unit hosted major Devonian tin lodes (Seymour *et al*, 2006).

1.2.2 Crimson Creek Formation

The Crimson Creek Formation represents a correlate of the Upper Neoproterozoic-Lower Cambrian Togari Group sedimentary and mafic volcanic succession. The group

can be subdivided into four main phases of sedimentation; a lower dolomitic succession with basal siliceous conglomerate-sandstone, a phase of mafic rift volcanism and associated volcanoclastic sedimentation, renewal of shallow-marine carbonate sedimentation, and at the top, a Cambrian phase of deep-water siliciclastic sedimentation (Seymour *et al*, 2006).

1.2.3 Cleveland-Waratah Association

Considered as emplacement products of the Early Cambrian Tyennan Orogeny, the Cleveland-Waratah association consists of lithicwacke, red mudstone, chert, mafic volcanics with Ocean Floor Basalt characteristics, and rare carbonate rocks which host mineralization at the Cleveland Mine (Seymour *et al*, 2006).

1.2.4 Cambrian Ultramafics

In the early phase of the Tyennan Orogeny, the east-facing Tasmanian passive margin collided with an oceanic arc, resulting in obduction of mafic-ultramafic complexes across much of Tasmania. The original geometry of the allocthanous sheets has been substantially disrupted by later deformation so that the present surface occurrences are typically steeply dipping and fault bounded (Seymour *et al*, 2006).

1.2.5 The Meredith Granite

World-class tin and tungsten ore bodies, as well as many lead, silver, gold, zinc, copper and bismuth deposits of different styles, are genetically and spatially related to the emplacement of high-level Middle Devonian to Early Carboniferous granitoids in Western Tasmania. The major bodies are the Husetop, Granite Tor, Grassy, Dolcoath, Meredith, Heemskirk and Interview granites, and these include both I and S types. Styles of mineralisation associated with the Devonian granitoids include stratabound carbonate replacement cassiterite-massive sulphide, silicate and magnetite skarns, and disseminated and vein deposits.

Economically, the stratabound carbonate-replacement cassiterite-massive sulphide mineralisation forms the most important Devonian ore type, with major deposits at Renison Bell, Mt Bischoff, Queen Hill, Montana, Cleveland and Razorback (MRT Report, 2005).

1.2.6 Parmeener Supergroup

Sediments of the Parmeener Supergroup represent Late Carboniferous to Late Triassic intrabasinal lithologies deposited unconformably on top of Late Devonian granites and older folded rocks. The Lower Parmeener Supergroup consists of mostly glacial and glaciomarine rocks, while the Upper Parmeener Supergroup consists of mostly fluvial and lacustrine sedimentary rocks (Seymour *et al*, 2006).

1.2.7 Tertiary Basalts

Radiometric dates from basalts across Tasmania indicate an age range of between 16.4Ma and 64.5Ma (Everard *et al.*, 2004). These basalts cover the majority of the licence.

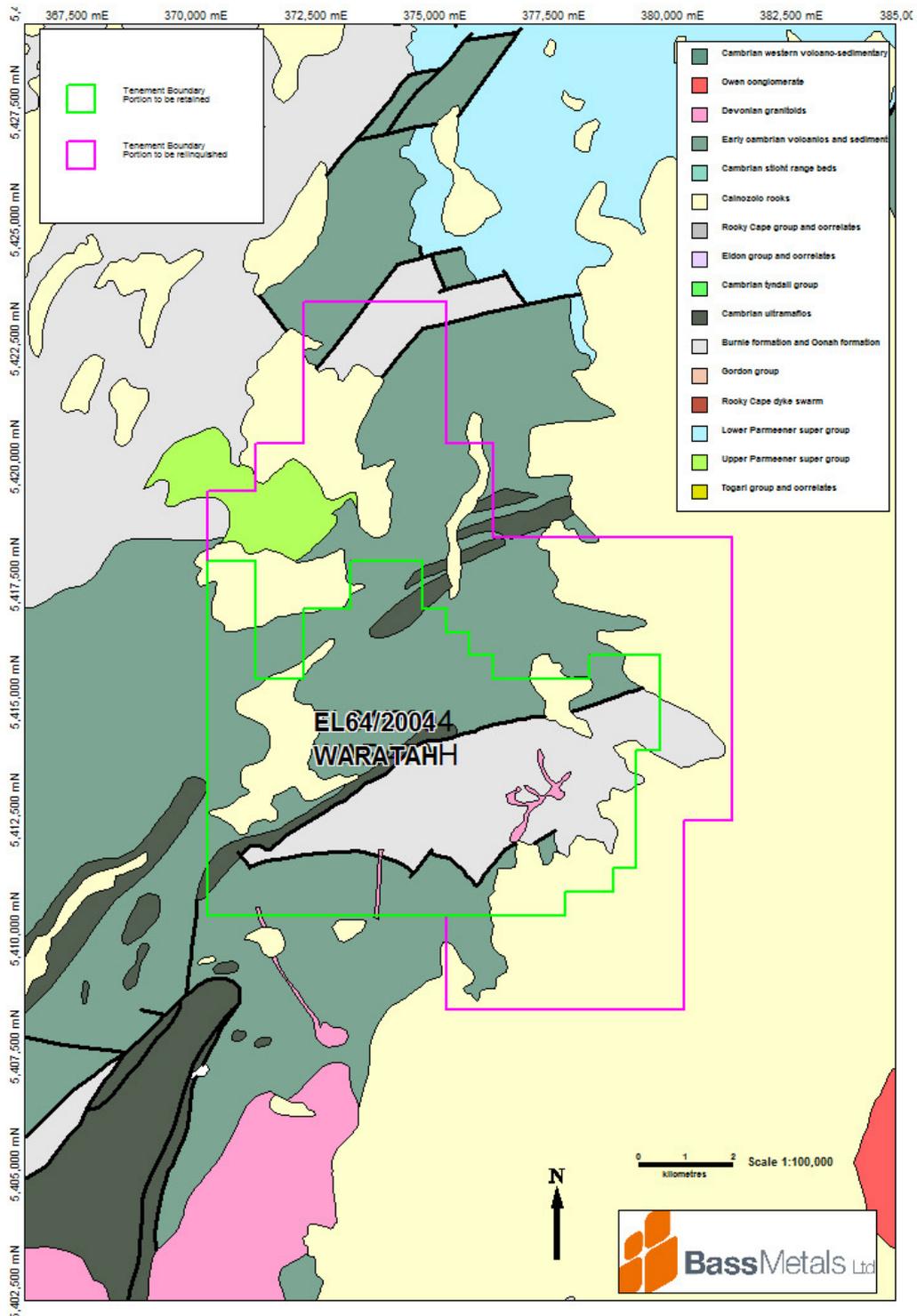


Figure 2. Regional Geology showing licence area boundary and towns.

1.3 Exploration Rationale:

The Waratah tenement was acquired because it overlays the interpreted subsurface extent of the Meredith Granite and potentially contains carbonate units within the Burnie and Oonah Formation and base of the Crimson Creek Formation.

This relationship is of interest as carbonates at the base of the Crimson Creek Formation host the sulphide skarn mineralisation at the Renison Bell Mine (24.54Mt@1.41%Sn). Locally, Early Cambrian rocks of the Cleveland-Waratah association also contain rare carbonates which host Devonian skarn mineralisation at the Cleveland Mine (12.4Mt@0.61%Sn, 0.25%Cu) located only 8.5km south-west of the Magnet workings.

The tenement also encloses the world-class Mt Bischoff deposit (10.54Mt@1.1%Sn) and contains the small, but rich Magnet Mine (0.63Mt@7.3%Zn, 7.3%Pb, 427g/tAg). Most of the known mineral occurrences in the licence area are intrusion-related tin or base metal mineralisation, with a number of historic placer tin deposits down stream of the Mt Bischoff Mine.

2. SUMMARY OF WORK COMPLETED FOR LIFE OF TENURE

2.1 Historic Mining:

The Mt Bischoff tin deposit was discovered in 1871 and during the following decade earned a reputation as being the richest tin mine in the world. Mt Bischoff went on to produce a total of 10.54Mt@1.1%Sn, however for the purpose of this report no further discussion of exploration within the vicinity of the mine will be detailed as the mining lease is excluded from the current exploration licence.

Of more relevance is the Magnet lead-zinc-silver deposit first noted around the same time as Mt Bischoff in 1877. The noted gossan was revisited some time later and in 1895 the Magnet Silver Mining Co NL was founded. Mining commenced with extraction of high-grade silver-lead until 1900 when the installation of a tramway allowed lower-grade ore to be exploited until the mine closure in 1933.

No further mining activity has occurred on the site, however in 1973 the zinc-rich tailings were removed by Electrolytic Zinc for treatment at Rosebery.

2.2 Exploration Prior to Current Licence Area:

Exploration in the Waratah licence area has generally concentrated in the areas adjacent to the Magnet Mine as reflected in the open file data. Modern exploration activity commenced in 1956 (Figure 3). A summary of this work is presented below.

Date: 1956-1960

Company: Rio Tinto Australian Exploration P/L (EL4/59)

Exploration Philosophy: Exploring for large-scale regional targets.

Work Completed: Airborne EM survey, airborne magnetic survey, gravimetric profiling, air photograph interpretation and geological mapping.

Results and Conclusions: No significant results. No further work recommended (59_0269).

Date: 1951(?) -1963

Company: Electrolytic Zinc Co

Exploration Philosophy: Exploring for extension to Magnet orebody. Mineralisation interpreted to be open to south.

Work Completed: Literature review, surface mapping and two diamond drill holes (WP83 & WP84) southwest of Magnet Mine. Technical report not viewed.

Results and Conclusions: Both drill holes intercepted interpreted hangingwall veins of limited width. Best results were; WP83 0.7%Pb, 3.9%Zn, 1.2oz Ag and WP84 2.35%Pb, 2.3%Zn, 3.45oz Ag. No further work recommended.

Date: 1963-1968

Company: Aberfoyle Tin NL (Cleveland Tin NL)

Exploration Philosophy: Magnet Mine mineralisation lies in a similar stratigraphic position to the Cleveland Mine mineralisation. Possibility for extension.

Work Completed: Geochemical sampling, magnetometer traverses, geological mapping, diamond core re-logging (EZ holes WP83-84) and petrology.

Results and Conclusions: Previous exploration was not adequate to test for repetition of similar ore bodies to the south. Current exploration produced 3 geochemical anomalies interpreted to represent similar ore bodies to the south. These anomalies are recommended for drill testing.

Date: 1971-1988

Company: Comstaff P/L (EL5/63)

Exploration Philosophy: Exploring for repetition of the Magnet Mine mineralisation; Assessment of the Arthur River alluvial tin prospect north-east of Mt Bischoff; Exploration for Mt Bischoff-style tin mineralisation at Ramsay prospect south of Mt Bischoff and Deep Gully Creek to the north-east.

Work Completed: Magnet Mine: Soil geochemical sampling, ground magnetic survey, geological mapping, diamond drilling and DIGHEM survey.

Arthur River: Heavy concentrate sampling, stream sediment sampling, geological mapping.

Ramsay Prospect: Geological mapping, geochemical sampling, magnetic survey.

Deep Gully Creek: Heavy concentrate sampling, geological mapping, airborne magnetic survey, DIGHEM survey, percussion drilling (DGC1-5), down-hole SIROTEM surveys, soil geochemistry, rock chip sampling.

Results and Conclusions: Drilling around Magnet (MAG1 & MAG2) yielded disappointing results, as did hole BAB1 to the northeast. The Ramsay prospect contains coincident Cu Sn W & ground magnetic anomalies. Deep Gully Creek drilling best result from DGC4 returned 65ppm Sn over 25.5m. Deep Gully Creek is considered prospective for a tin deposit akin to Renison Bell or Mt Bischoff (85_2411).

Date: 1989-1990

Company: Billiton Australia (EL46/88)

Exploration Philosophy: Follow-up previously defined anomalies. Stone Dam aeromagnetic anomaly has similar characteristics to Mt Bischoff. Deep Gully Creek has same stratigraphic host rocks and encouraging rock chip results from Ethol Creek outcrop. Targeting Mt Bischoff style mineralisation.

Work Completed: Stone Dam Creek: Magnetometer survey, geological mapping, rock chip sampling, UTEM survey and diamond drill hole.

Results and Conclusions: UTEM and ground magnetic results indicate that Stone Dam anomaly not due to Tertiary basalt, and not inconsistent with massive sulphide (pyrrhotite) source. WD89-1 drilled into UTEM anomaly, however no anomalous geochemistry encountered, and the UTEM anomaly subsequently re-interpreted to be weathering feature in Tertiary basalt. No further work recommended. Tenement relinquished (90_3092).

Date: 1988-1989

Company: Placer Exploration Ltd (EL47/88)

Exploration Philosophy: Test Magnet Creek area for gold mineralisation.

Work Completed: Data review, stream sediment sampling, rock chip sampling, air photograph interpretation and petrology.

Results and Conclusions: Weak gold anomalism in Magnet Creek unexplained. No further work recommended. Tenement relinquished (90_3070).

Date: 1990-1993

Company: RGC Exploration (EL12/90 & EL15/90)

Exploration Philosophy: Explore for gold associated with mafic (boninitic) volcanics.

Work Completed: Historic data compilation, stream sediment sampling and bulk leach sampling.

Results and Conclusions: Weak gold anomalism in Magnet Creek probably shed from small base metal workings in the area. No further work recommended. Tenement relinquished (90_3070).

Date: 1994-1998

Company: Mining Project Investors P/L (EL17/93) JV Pasminco Exploration

Work Completed: Data review, stream sediment sampling, rock chip sampling, air photograph interpretation and petrology.

Results and Conclusions: Drill hole (NMM-1) into Magnet anomaly in Magnet Creek intersected zone of disseminated magnetite alteration that accounted for magnetic anomaly. No further work recommended.

Literature review and rock chip sampling of Magnet Mine concluded that the mine area is under explored by modern exploration techniques. Further work recommended. Tenement relinquished (98_4226).

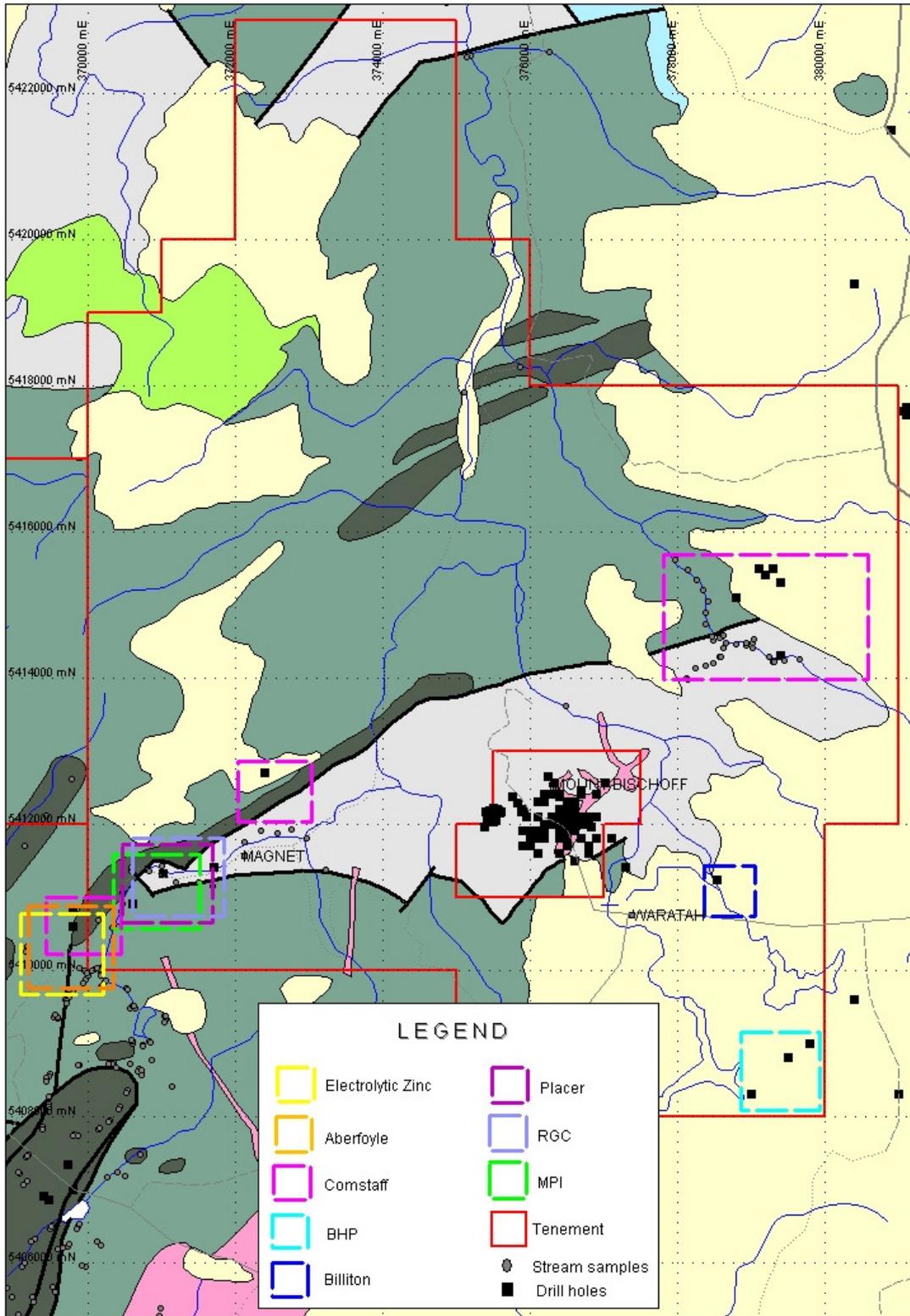


Figure 3. Historical Exploration Activity Map showing old workings and prospect

2.3 2005 – 2006 (BSM)

TERRA Satellite (ASTER Data)

Still interested in the idea of using a remote sensing system to map wall rock alteration on a more regional basis. BSM managed to source some ASTER data over the northwest corner of Tasmania. It was decided that the data would be used in a more regional sense than had originally been anticipated.

ASTER is an acronym for 'Advanced Spaceborne Thermal Emission and Reflection Radiometer' and it is an instrument that flies on the Terra Satellite. It collects a similar radiation spectrum to the HyMap instrument but at a lower resolution (4x4m pixels versus 30x30m pixels). BSM had this ASTER data forwarded to Bob Agars at AGARSS.

BSM realised that because of the lower resolution of the ASTER data and the issue of vegetation shielding radiation reflected from the ground surface that the data would be more useful for targeting 'active zones' rather than providing the bullseye targets that had originally been hoped for from the HyMap data.

In terms of alteration within the Waratah tenement, the concentration of alteration occurs within the central part of the licence north of Waratah township. The scattered alteration is dominated by SiO₂ with lesser carbonate alteration adjacent to Mt Bischoff in the Oonah and Burnie Formation. North of Mt Bischoff into the andesitic terrain argillic alteration predominates. Further north again within the volcanic sediments occurs a zone of discreet carbonate alteration. Sericite and phyllic alteration have a strong spatial association and are scattered throughout. These alteration relationships appear to superficially map changes in broad lithological associations, but do not appear to highlight any particular structural features or known mineral occurrences (Figure 4).

In regards to historic mine development in the licence area, there is very little alteration mapped around the Magnet Mine and there is no distinguishable character to the alteration adjacent to Mt Bischoff.

Interpretation methodology employed in processing the ASTER data was included in Appendix 2 of the report for the reporting period 10/8/2006 – 9/8/2007.

Geoinformatics Geological Modelling & Targeting

Regional Targets

BSM utilised Joint Venture partners Geoinformatics Exploration Inc to compile a 3-dimensional spatial database (GIS).

Models were developed for targeting VHMS, intrusive related tin systems (e.g. Renison and Mt Bischoff) and intrusive related nickel skarn systems (e.g. Avebury). Targets were identified and ranked according to probabilistic Monte Carlo analysis of best-available 2D and 3D geoscientific data and allowed an assessment of exploration risk and uncertainty.

At Waratah, using Monte-Carlo Ranking analysis, Geoinformatics generated a total of 10 intrusive-related, carbonate-replacement targets, 7 Hellyer-Rosebery VHMS targets and 1 nickel skarn-related target for a total of 18 targets (Figure 5).

For the 2005/06 reporting period attention was focused on the Magnet mine area, represented by the three co-incident targets in the south west corner of the EL. It is intended that in the 2007-08 period that more attention will be given to the other Geoinformatics targets in the tenement.

The Geoinformatics process methodology was included as Appendix 3 for the reporting period 10/8/2005-9/8/2006.

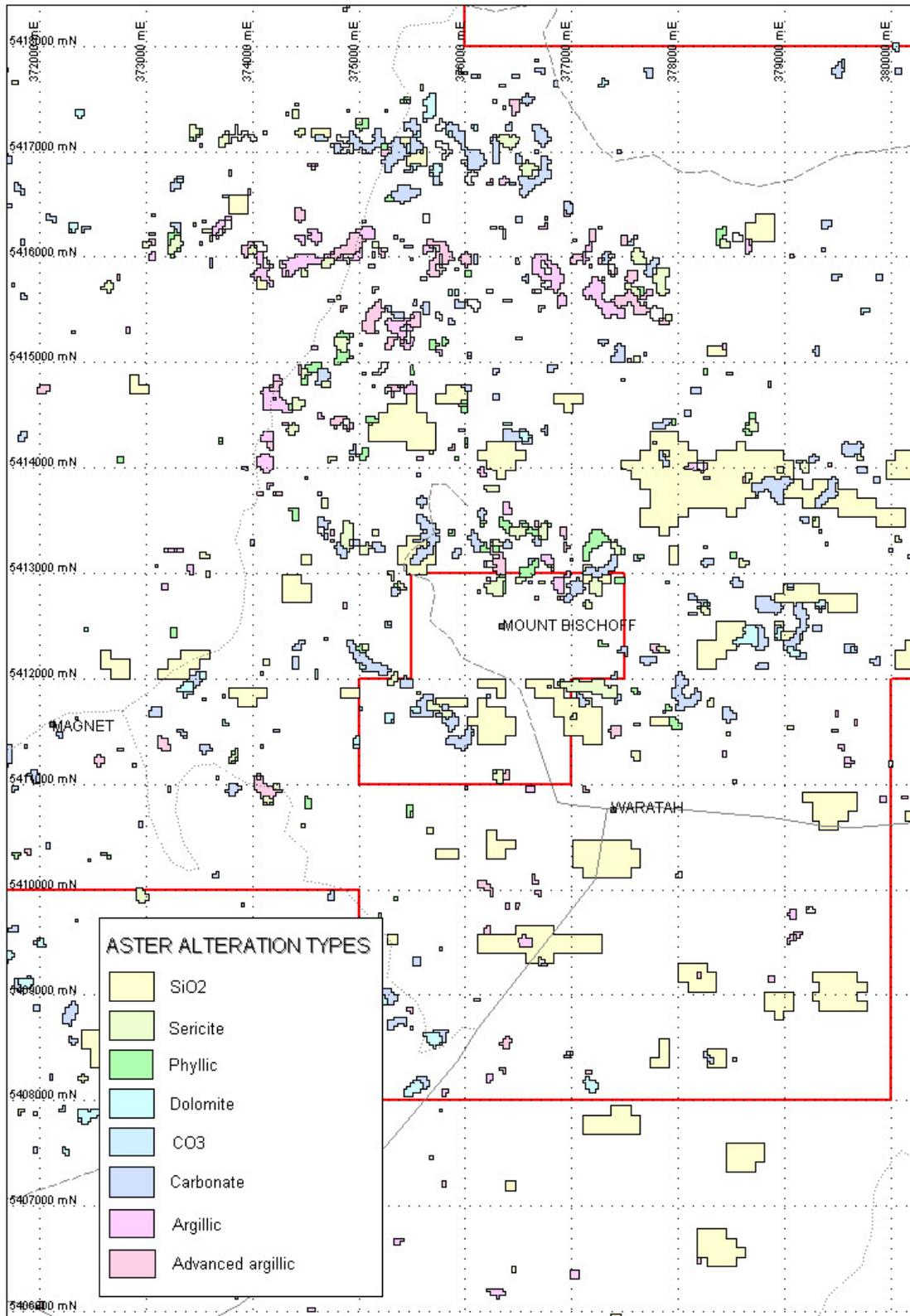


Figure 4. Alteration Map based on processing of ASTER satellite data.

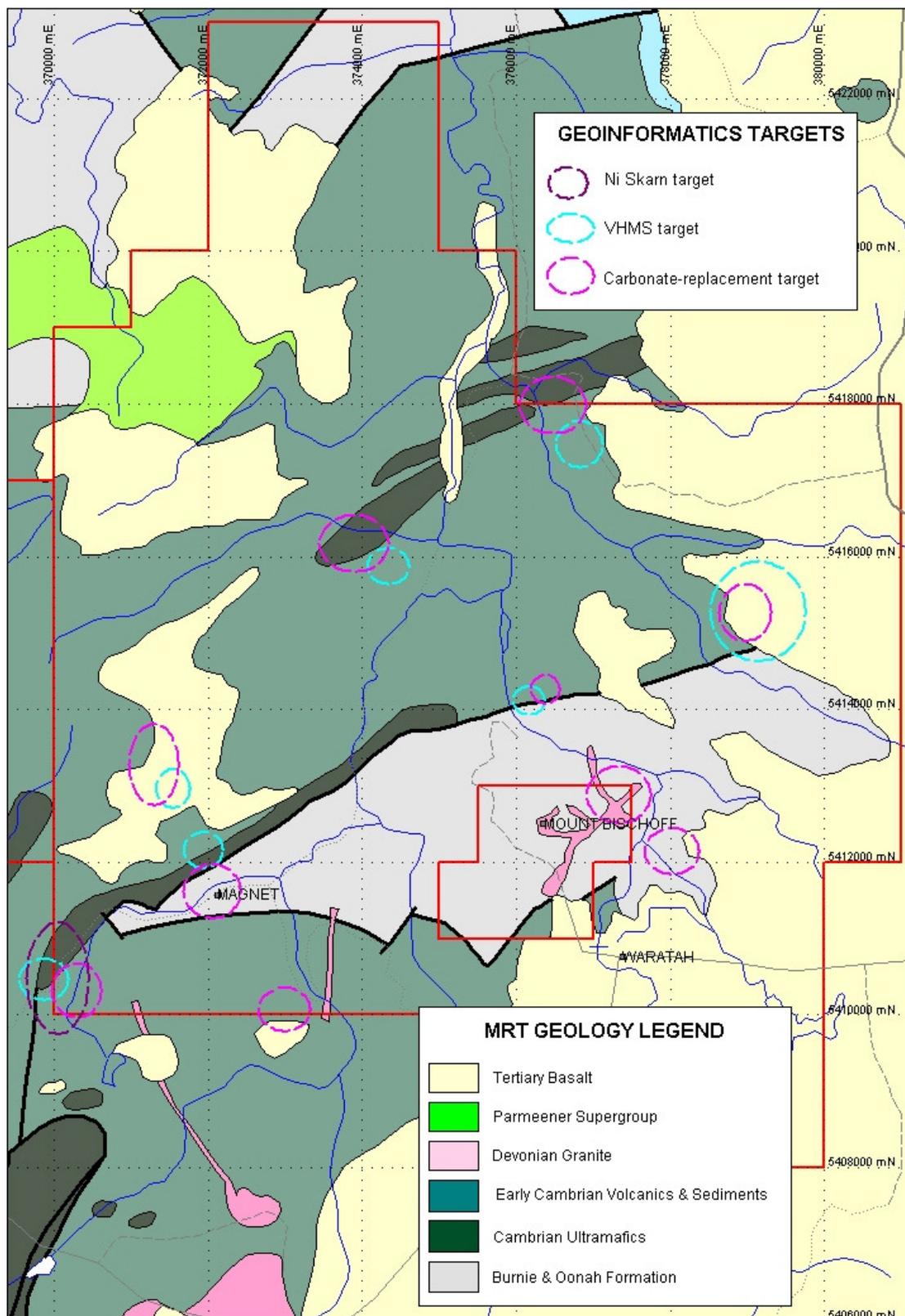


Figure 5. Geoinformatics Targets on the Waratah Licence.

2.4 2006 - 2007 (BSM)

The section below reports on exploration activities between 10th August 2006 and the 9th August 2007. The main thrust of the work was producing a 3D model of the Magnet mine workings, combined with a review of literature to produce a near mine exploration plan. The near mine environment has not been the subject of recent exploration and presents an attractive target for BSM.

2.5 2007 - 2008 (BSM)

The section below reports on exploration activities for the current reporting period
173.6 line-km VTEM program-

The area covered comprises the structural corridor extending from Magnet and the east of the Mt Bischoff Tin Mine. (Figure 6) The intense response on the eastern side of the survey is consistent with mapped tertiary basalt and therefore has been included in the partial relinquishment area.

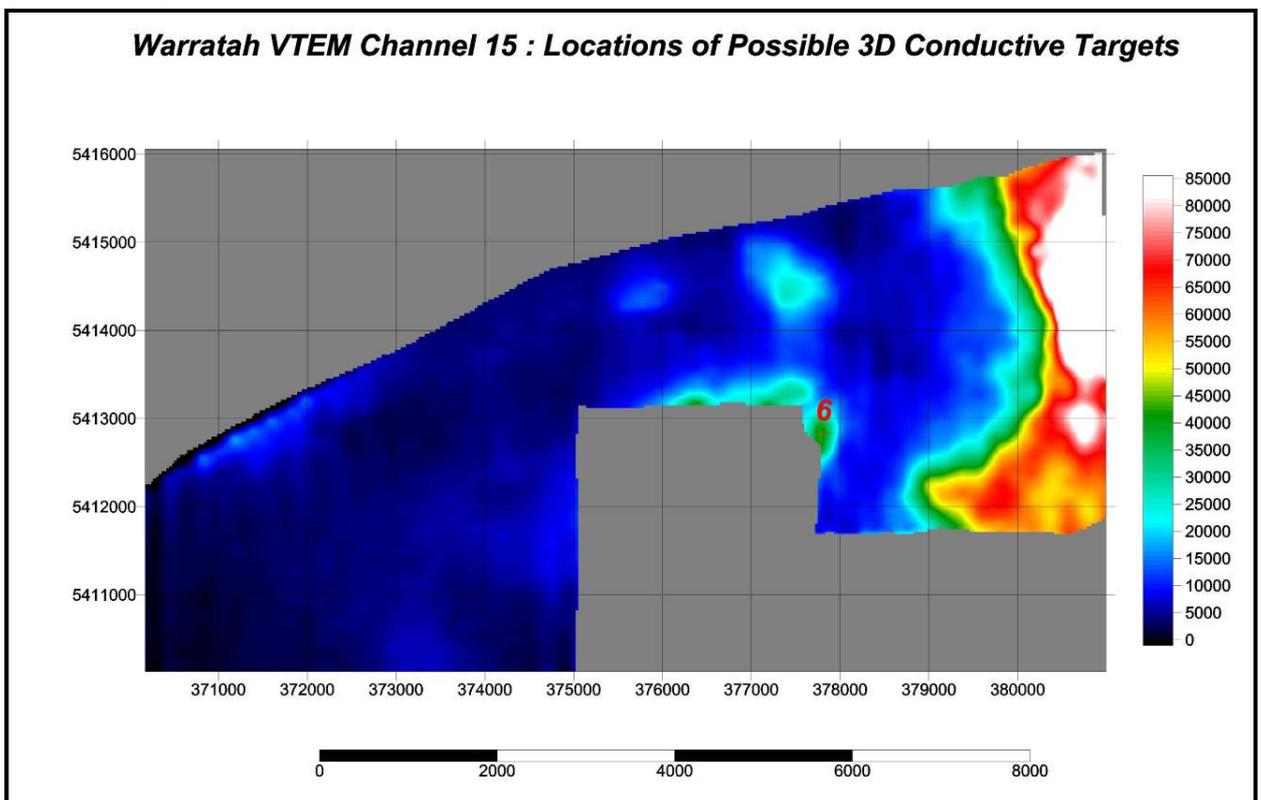


Figure 6. Plan of the contoured Warratah VTEM data and autogenerated anomalies.

Partial Relinquishment -

In conjunction with the VTEM results many factors were taken into consideration for this partial relinquishment. Along with the lack of Geoinformatics targets and with minimal historic mining and exploration activity, it was decided that the licence area be reduced to 42.8km², with a drop off of 61.2km², resulting in a 53% reduction overall.

3. ENVIRONMENT

The company has environmental policies in place that minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

The attached topographical map in Figure 3 shows the location of the licence relative to topography. It is a condition of the Licence that the Company observe the request by the Tarkine National Coalition Inc. to adopt strict entry protocols to prevent the spread of *Phytophor Cinamomi* and/or Myrtle Wilt. BSM have appropriate hygiene measures in place to comply with these requests as outlined in the Mineral Exploration Code of Practice.

LandTenure

The Waratah Exploration Licence comprises:

- Crown Land
- Private Property
- State / Multiple Use Forest
- Savage River Regional Reserve
- MDC Informal Reserve
- Deep Gully Forest Reserve

4. EXPENDITURE

August 2007 - May 2008		
Geoscientific Costs	Geology	97,910.63
	Geochemistry	4,331.75
	Geophysics	36,575.58
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	48,523.19
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	603.67
	Total - eligible	\$187,944.82

Table 1. Expenditure 10 August 2007 to 31 May 2008

Expenditure for the reporting period between 10 August 2007 and 31 May 2008, has primarily been taken up with a VTEM survey and review for partial relinquishment.

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