HEAZLEWOOD PROJECT
(SAVAGE RIVER GROUP)
TASMANIA
EL31/2003

ANNUAL PROGRESS REPORT
23rd March 2008 – 22nd March 2009

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Distribution:
Mineral Resources Tasmania
Bass Metals Ltd
Clancy Exploration Ltd

Disclaimer

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

HEAZLEWOOD PROJECT
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26th March 2008 – 25th March 2009

ABSTRACT

Bass Metals Ltd (BSM) commenced management of the Heazlewood exploration licence (EL31/2003) on 26 March 2005. Work conducted on the licence for the year ended 22 March 2009 has included:

- 221.1line-km VTEM Survey
- Reconnaissance Field Trip
- Drill Program – Jones Creek – Bronzite Hill
- Ground EM – Fenton's
- Diamond Drill Program Proposal – Fenton's

Expenditure - Reporting period $272,209.54

Total to date $588,164.74

Total for Savage River Group to date $716,307.81

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Heazlewood exploration licence EL31/2003, for the period of 26 March 2008 to 25 March 2009. A partial relinquishment was approved dropping 34km² allowing this licence to now cover a total area of 101 km^2. The Heazlewood licence is subject to an exploration joint venture agreement between Bass Metals Ltd (BSM) and Pioneer Nickel Ltd (PIO) in relation to the base metal rights and BSM and Venture Minerals for the Fe, Sn & W rights. BSM is currently managing exploration of the license from a base at the Hellyer Mine site.

The tenement was originally claimed because it encompasses a large ultramafic complex considered prospective for nickel mineralisation. This area is considered prospective by BSM for - nickel-skarn type mineralisation analogous to the Avebury system southwest of Zeehan.

1.1 Location:

The tenement is located approximately 10 km west of the township of Waratah, on the west coast of Tasmania (Figure 1). Access to the area is via the sealed Corinna Road. Access within the tenement is via a limited number of 4wd tracks, which require river crossings. Access to the majority of the tenement is on foot, and requires cleared gridlines in order to conduct most field work.

The northern edge of the tenement impinges on the Savage River National Park and is not available for exploration.

Topographically the area is of significant relief with limited vehicular access; however increasing pedestrian access is available in the form of cut soil lines. The most widespread vegetation community in the area is *Eucalyptus nitida* over *Leptospermum spp.*

The licence area can be found at the junction of the Savage River, Luina, Waratah and Donaldson 1:25,000 topographic map sheets or the Arthur River 1:100,000 LTIS map sheet.

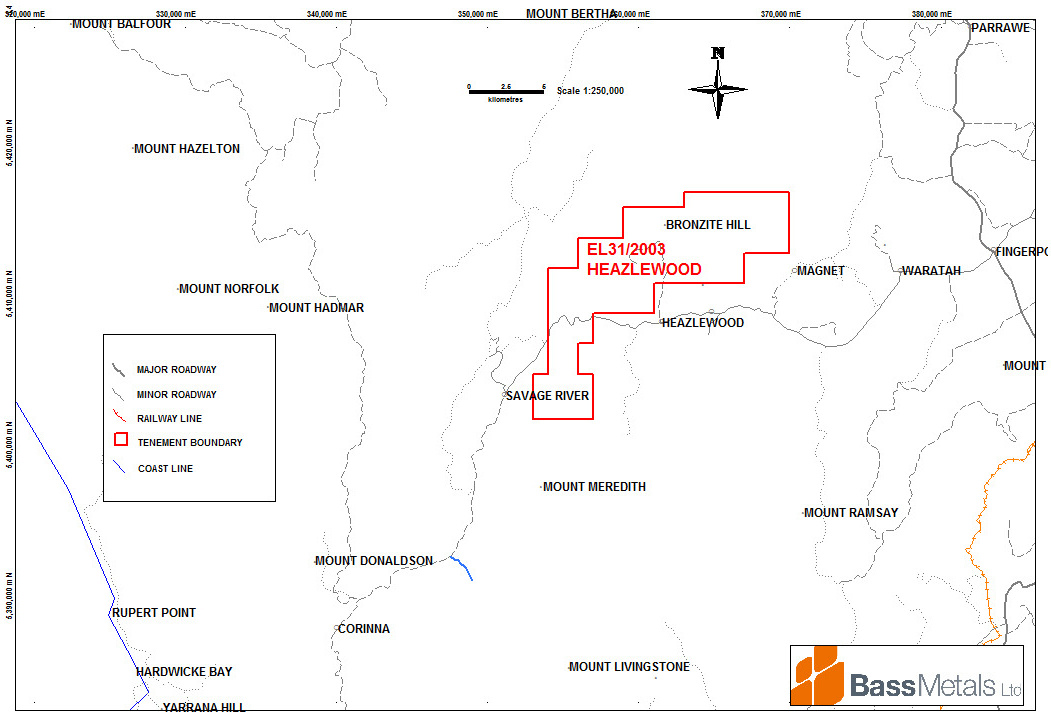


Figure 1. Heazlewood Exploration Licence (EL31/2003) is located in north-western Tasmania.

1.2 Geology Overview:

The vast majority of the tenement contains sub- and outcropping lithologies. Of greatest interest is the Heazlewood Ultramafic Complex in the central portion of the tenement, which is most prominent in locations like Brassey Hill. The complex has a basal dunite layer that has been variably serpentinised and an upper part made up of pyroxenite and harzburgite.

To the east of the ultramafic complex the Burnie and Oonah Formation predominates, and to the west the Crimson Creek Formation mafic volcanic and volcaniclastics predominate. Refer to the Regional Geology Map in Figure 2.

1.2.1 Early Cambrian Ultramafics

In the early phases of the Tyennan Orogeny, the east-facing Tasmania passive margin collided with an oceanic arc, resulting in the obduction of mafic-ultramafic complexes across much of Tasmania. The original shallow-dipping geometry of the allochthanous sheets has been substantially disrupted by later Cambrian and Devonian deformation, so that the present surface occurrences are typically steeply dipping and fault bounded. Three ultramafic-mafic rock associations are commonly in fault juxtaposition within the complexes: layered Pyroxenite-Dunite, layered Dunite-Harzburgite and layered Pyroxenite-Peridotite and associated Gabbro (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 volcaniclastic 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 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).

1.2.4 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 Housetop, 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).

1.2.5 Tertiary Basalts

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

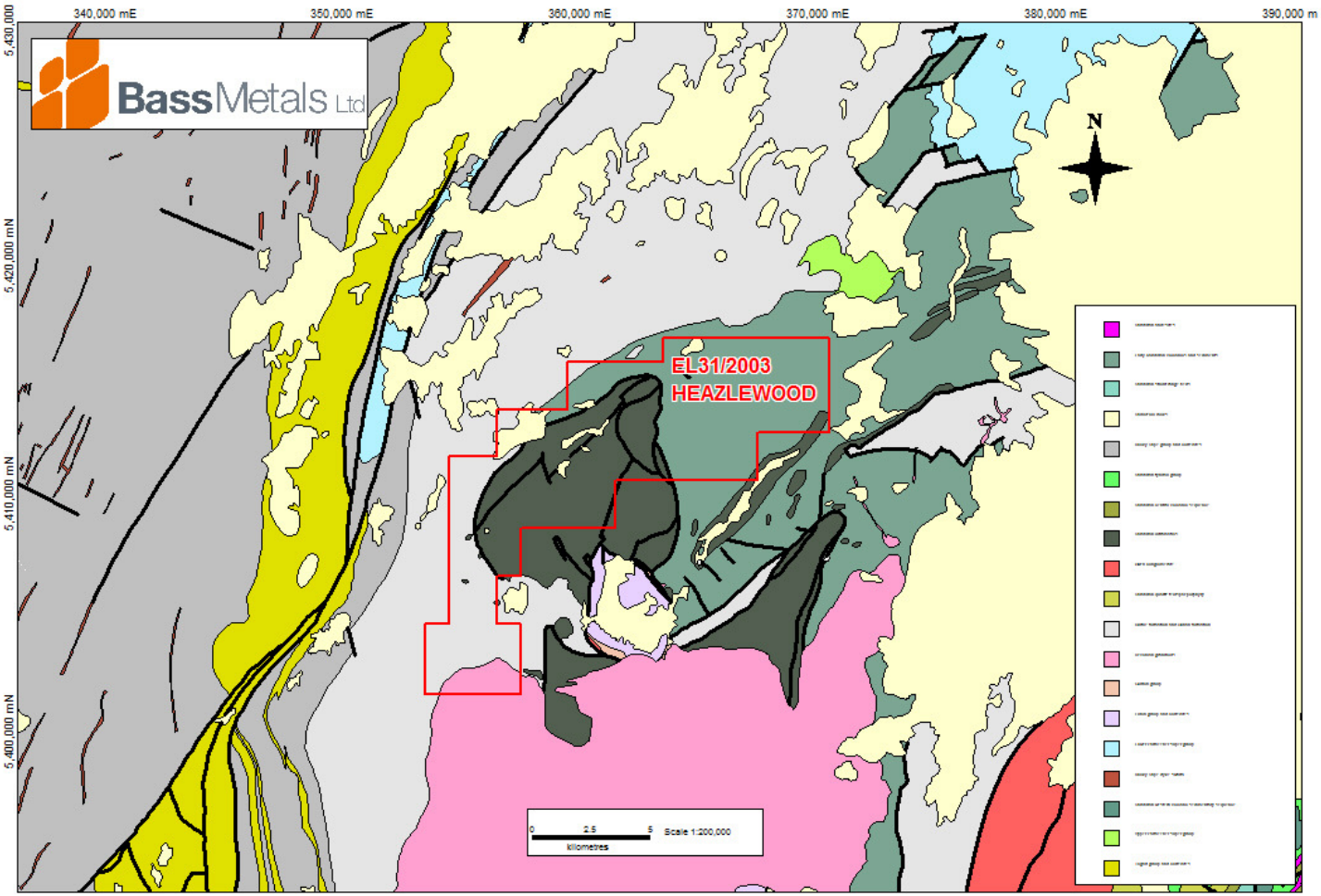


Figure 2. Regional geology showing licence area boundary

1.3 Exploration Rationale:

The Heazlewood licence was acquired through a joint venture arrangement with PIO because of the perceived nickel potential of the large ultramafic complex that makes up the central third of the tenement. Due to the close proximity of the Meredith Granite to the ultramafic complex the potential for Avebury-style nickel-skarn/remobilised mineralisation is considered high.

There are a number of known mineral occurrences within the tenement, most directly related to, but not limited to the ultramafic lithology and include Ni, Cr and Os, plus Pb, Zn, Au and Cu.

2. REVIEW OF PREVIOUS WORK – Prior to current tenement

2.1 Historical Mining:

Mineralisation was first discovered in the area in the late 1800's with the discovery and working of the Lord Brassey Ni Mine, the Jasper Hill Cu/Au mineralisation and a number of minor Pb-Zn occurrences as well as the Osmiridium workings. The Heazlewood Complex was the world's largest supplier of osmiridium won from minor alluvial and bedrock workings. Total recorded production from the entire field was of the order of 15,526oz of osmiridium (naturally occurring alloy of osmium and iridium).

Small scale nickel mining comprising approximately 300m of underground development was undertaken at the Lord Brassey Mine within EL31/2003. Nickel mineralisation consists of Heazlewoodite and Pentlandite. The mineralisation is hosted in three shear zones striking northeast. Cu and Au were mined from the Jasper Hill and Duffs Hill Mines to the south of the tenement, where mineralisation is associated with a quartz and jasper gangue hosting stringer-style chalcopyrite veins. Gold and Ag tellurides occur as isolated inclusions within the chalcopyrite. The lodes are thought to represent Cambrian hydrothermal mineralisation that was remobilized during Devonian deformation and the intrusion of the Meredith Granite.

2.2 Exploration Prior to Current Licence Area:

The area has been the focus of a number of exploration companies since the 1960s, the most notable work being carried out by the following companies:

<u>Comstaff – 1968 to 1983 (EL1/1968, EL5/1963)</u>

Target: Osmiridium, Tin, VHMS and Gold.

- Conducted a large volume of work over the 20 year period, however very little hard data was reported and little factual information can be derived from the reports.
- Assessed all Os workings with gridding, mapping sampling and trenching.
- No new Os mineralisation was discovered.
- Completed regional drainage sampling over most of the area underlain by the Crimson Creek Formation.
- Followed up anomalous areas with gridded soil sampling, most notably in the Friday Creek area (anomalous Cu, Zn, Ni, Ag, and Sn).

- No geochemical anomalism was located on the follow up grids, or ridge and spur sampling.
- Completed an aerial DIGHEM survey, 13 potential targets defined. Data from the survey is unavailable. An interpretation of the DIGHEM was included in a report, without a grid by which to locate it.
- A number of the DIGHEM anomalies were followed up with soil geochemistry, ground EM.
- 2x EM conductors were drilled (both outside EL31/2003), with the target response being explained by the presence of black shales.
- No mineralisation of any form was located in the course of the work.
- The quality of the work is difficult to assess as the details were not reported; it is possible that further follow up might be worthwhile in the Friday Creek area.

Metals Exploration – 1985 to 1989 (EL21/1985)

Target: Pt and Ni Bedrock mineralisation within the Heazlewood Complex.

- Compiled previous work, noted problems with Comstaff data.
- Conducted significant mapping and sampling programs over known mineralisation and some EM and ground magnetic surveys.
- Best results at Fenton's from costean sampling were; 4m @ 1.03ppm Pt, 6m @ 6.7ppm Pt, 9m @ 4.0ppm Pt, 6m @ 5.8ppm Pt. They tended to repeat poorly and were ascribed to surface weathering related nugget effects.
- Best rock chips collected at Brassy Hill;
    - 2.5% Cu, 4.3g/t Au.
    - 8.0% Cu, 18.3 g/t Au
    - 15%Pb, 3.9% Zn
    - 4.7% Ni

- Made stratigraphic correlations for mineralisation.
- Os, Ir, Ru, Pt - associated with chromite rich dunites (Fentons).
- Pt, Ru, Rh – associated with inter-layered dunite/peridotite.
- Ni, S, Pt, Au, Pd – epigenetic mineralisation crosscut by recent structures (Lord Brassey).
- Drilling at Caudry's and Lord Brassey failed to locate economic mineralisation.
- Drilling of the NiS breccia at Fenton's failed to intersect mineralisation at depth.

Billiton – 1987 (EL20/1985)

Target: Sulphide replacement Tin deposits and vein hosted tin/tungsten deposits.

- The Comstaff DIGHEM data was reviewed, and follow up work recommended at the Rachel Anomaly.
- Two lines of Ground magnetics and auger sampling were carried out.
- No significant anomalism was discovered.
- None of the remaining DIGHEM anomalies were considered to be related to a bedrock pyrrhotite source.
- No further work was carried out.

Geopeko – 1990 to 1993 (EL45/1989)

Target: VHMS Base Metals and Gold Mineralisation.

- Carried out a regional water sampling program utilizing new CSIRO techniques to define geochemically anomalous areas.
- Delineated some anomalous areas, in the Crimson Creek Formation but found the results difficult to repeat, the work may have been of limited value.
- Followed up some anomalous areas with ridge and spur auger sampling and rock chip sampling.
- The project was considered to be a low priority and the work was not pursued to completion.

CRA – 1992 to 1996 (EL36/1992)

Target: Bedrock Ni and Cu/Au mineralisation.

- Compiled previous work, noted problems with Comstaff data.
- Carried out a regional sediment sampling program.
- Followed up several anomalous areas with infill sediment sampling and rock chip sampling.
- Reviewed the Cu/Au mineralisation at Duffs Hill.
- Determined Ni mineralisation to be consistent with silicate Ni sources.
- Cu/Au mineralisation to be confined to remobilized, low tonnage deposits hosted in faults of Devonian Age.

Allegiance Mining NL – 2001 to 2002 (EL14/2001)

Target: Avebury Style Ni Sulphides

- Interpreted regional magnetics/gravity data, did not conduct any field work.
- Concluded that the Heazlewood complex underlies much of the EL at relatively shallow depths.
- The interpretation suggested that the Meredith granite was of the order of 6km deep under the Heazlewood Complex.
- Concluded that the southern portion of the EL better fitted their exploration model.
- Relinquished the northern portion of the EL containing the outcropping Heazlewood complex which was subsequently picked up by Pioneer. Allegiance's EL did not cover the area which now comprises the NE portion of EL31/2003 (Rachel and Friday Creek area), containing the Crimson Creek rocks.

Pioneer Nickel Ltd – 2003 to 2004 (EL31/2003)

Target: Bedrock Ni and Cu/Au mineralisation.

- In preparation for field work, all available digital data was collated in MapInfo format and reprocessed. The geophysical data was then used to complete new interpretations for target identification.

3.CURRENT WORK

3.1 Bass Metals Ltd – 2005 to 2006 (EL31/2003)

Target: ***Bedrock Ni, PGEs, Au and nickel-skarn mineralisation***.

- Compilation of historical exploration reports and data
- Acquisition and processing of ASTER satellite data
- Validation and review of existing data and capturing of data in a proprietary Geoinformatics Exploration Inc database system named FracSIS
- Carrying out three-dimensional modeling of the captured data
- Target generation and ranking of exploration targets using further proprietary software and Monte Carlo probabilistic algorithms.

3.2 Bass Metals Ltd – 2006 to 2007 (EL31/2003)

Target: ***Bedrock Ni, PGEs, Au and nickel-skarn mineralisation***.

- Compilation of historical exploration reports and data
- Target generation and ranking of exploration targets
- Field visits
- Botanical flora survey
- Grid line cutting and soil sampling

3.3 Bass Metals Ltd – 2007 to 2008 (EL31/2003)

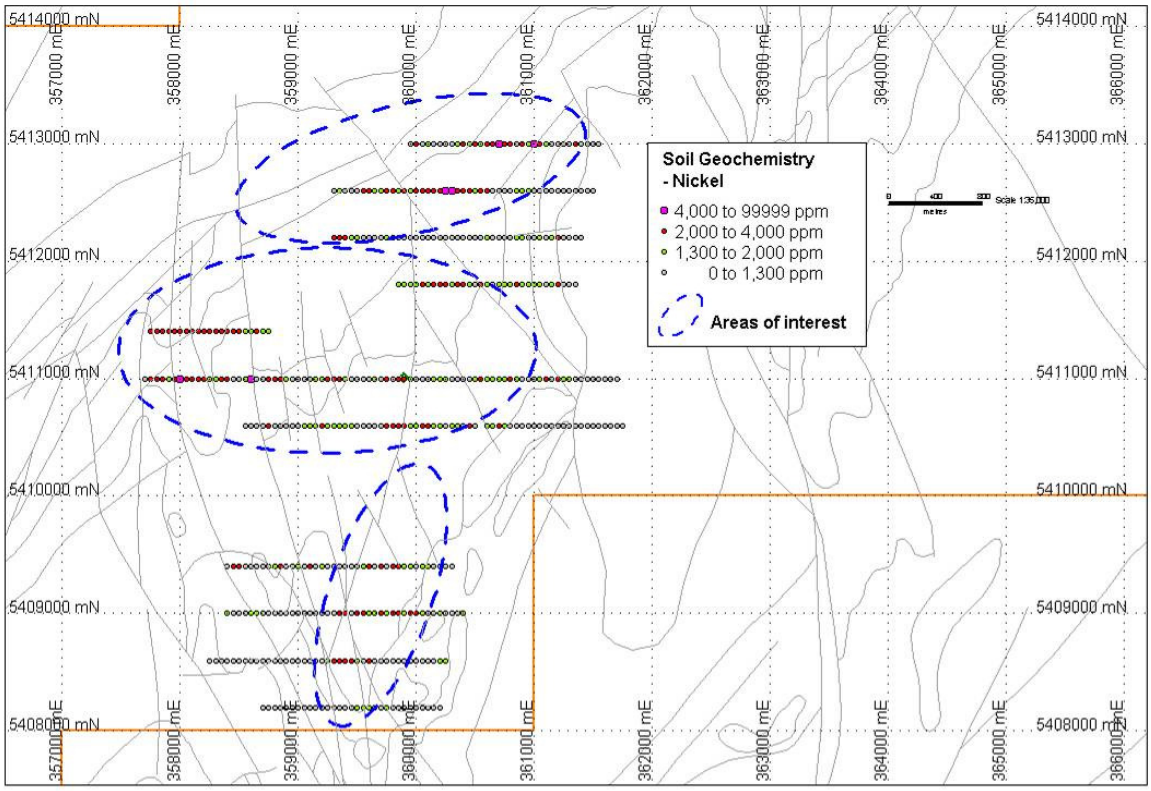
The section below reports on exploration activities between 26th March 2007 and 25th March 2008.

First pass soil sampling program – Wilson Prospect

A first pass multi-element soil program was completed to test several Geoinformatics conceptual targets, and anomalous historical surface sample locations. The program consisted of a total of 20.2km of line cutting giving 512 geochemical samples. These were dispatched for multi-element analysis (Au, Pd and Pt by Fire Assay Lead Collection (FA5MS), and Ag, As, Co, Cr, Cu, Ni, Pb & Zn by method B/OES. (Refer to appendix 1 for assay results – Sample Numbers 300601 - 301117).

These results mapped a broad coincident Ni, Cr, Co anomaly (+1300ppm Ni) which indicates olivine cumulates trending broadly NE-SW. Within this broad zone of olivine cumulates three nickel anomalies were defined striking >400m in length.

Figure 3. Areas of Interest



Infill soil sampling program – Wilson Prospect

In response to these generated areas of interest an infill geochemistry program was undertaken extending the soil lines to total 10.8km giving an extra 200 samples submitted for assay. (See figure 4 below and appendix 2 for assay results – Sample Numbers 134051 - 134260).

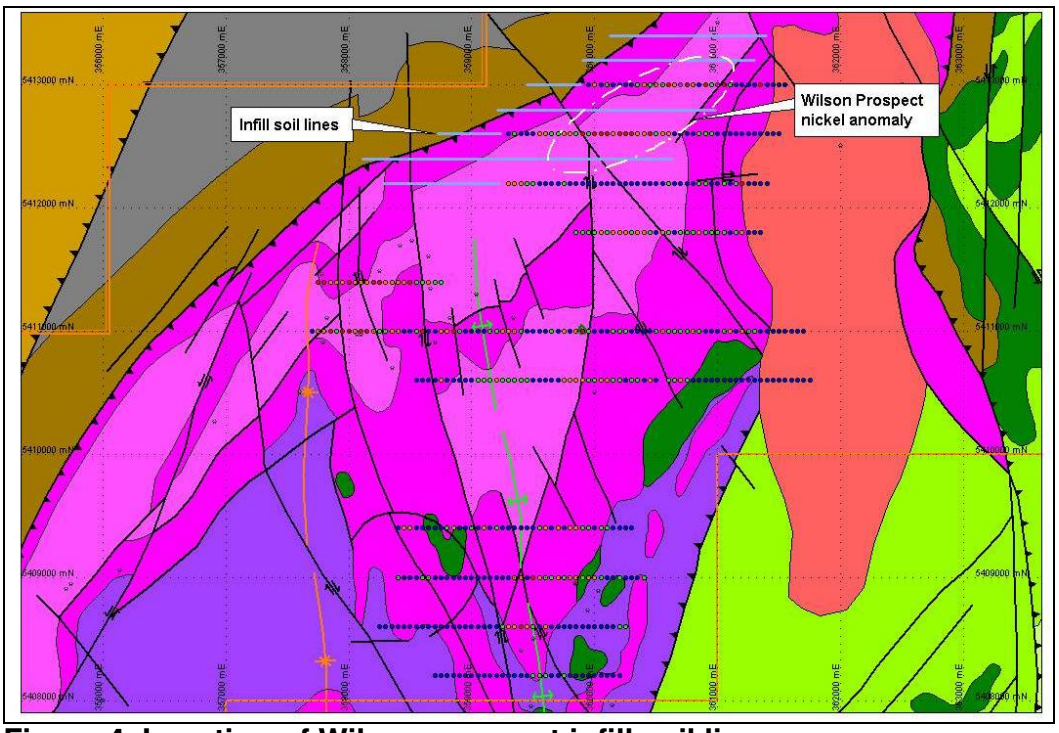


Figure 4. Location of Wilson prospect infill soil lines

The above encouraging results increase the Wilson prospect anomaly to 1.5km strike length with an average width of 400m in a northeasterly orientation. (See Figure 5) The anomaly continues to remain open to the northeast and appears to possibly continue to the southwest towards the Fentons workings under Tertiary basalt cover.

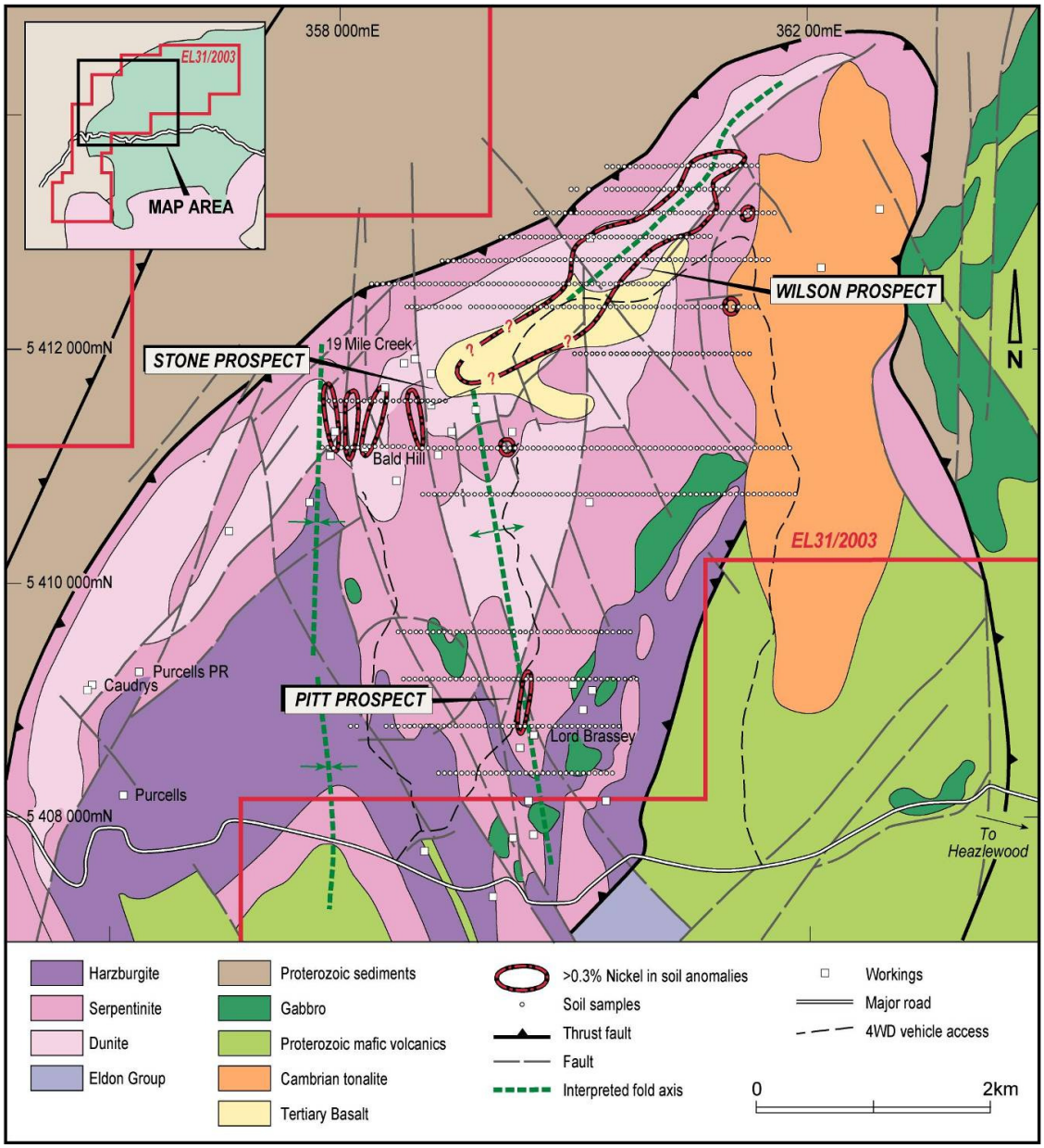


Figure 5. Location of Wilson prospect >0.3% nickel anomaly and Tertiary basalt cover

Versatile Time Domain Electro Magnetic survey (VTEM)

The proposed VTEM survey is imminent. This survey is planned for the Heazlewood Ultramafic Complex in order to detect conductive anomalies possibly associated with Nickel in soil anomalism in the complex. To cover the entire ultramafic complex on 200m space lines totals approximately 130 line km. (See figures 5 & 6 below)

Figure 6. Airborne EM lines on 200m spacing over the Heazlewood Ultramafic Complex

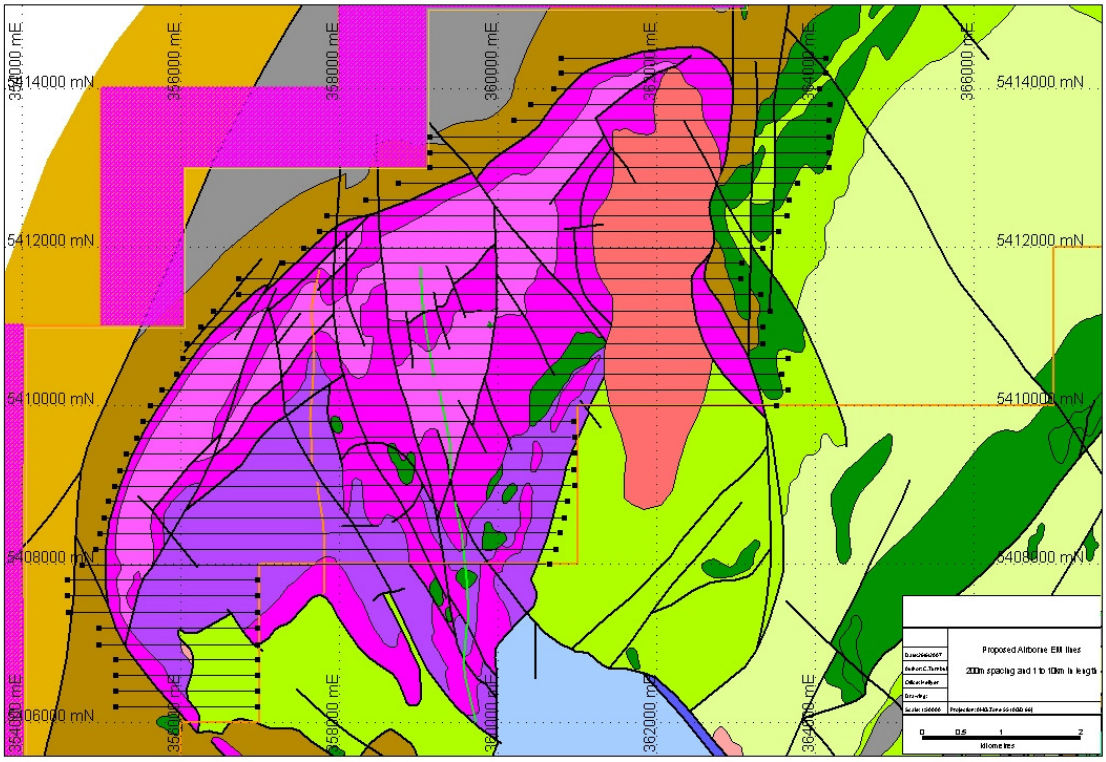
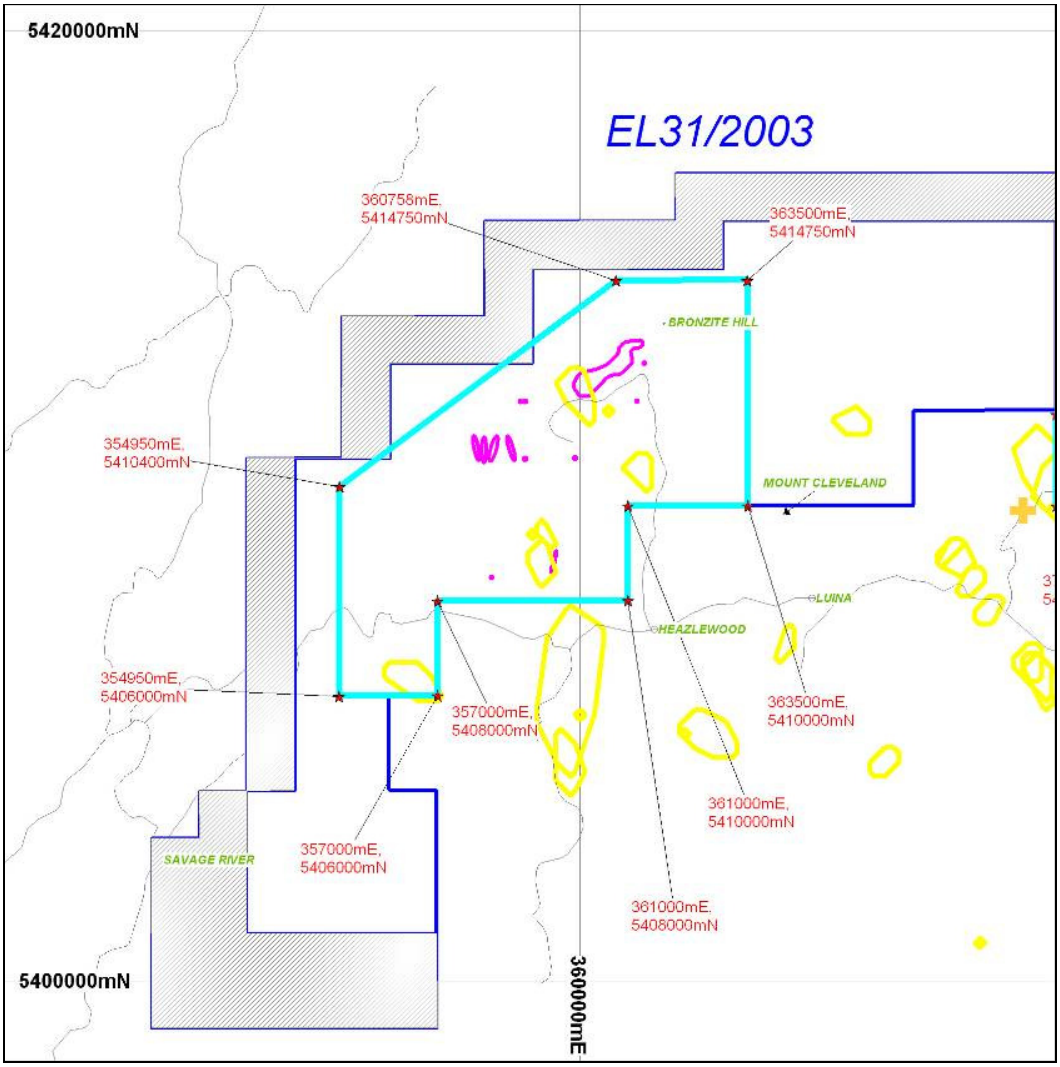


Figure 7. Plan of the Heazlewood EL31/2003 tenement with planned VTEM survey area (light blue), Stage 1B Geoinformatics target polygons (yellow).



Field Excursions / Rock Chip Sampling

Fentons and 19 Mile Creek workings -

Very little evidence of workings observed except for a distinct lack of vegetation, which is consistent with the alluvial/eluvial style of the deposits. Soil in the area of the anomaly is red with small downslope accumulations of magnetite consistent with soil developed from an ultramafic lithology. It is suggested that the water-transported heavy mineral accumulations of magnetite if selectively sampled, or panned would most probably also contain above background quantities of chromite, gold and PGEs (possibly including osmiridium) giving 'false' anomalism in regards to the hard rock lithology. (see figure 8)

Figure 8. Surficial magnetite accumulations on track around 5410600N.

Western 4WD track southern lines between Lord Brassy and Caudry's - Lord Brassy/North Brassy Ni-Co-Cr anomaly - Heazlewood 4WD track to Burgess Creek Pt-Pd anomalies -

Off the track terrain is steep and well forested. Dominated by grass with patches of rocky scree and sub-crop, this area is difficult to gain access for surface access methods. Ultramafic lithologies sub-crop in the track cuttings and float material is abundant. The majority of samples collected along the tracks are weakly magnetic serpentinite with rare course-grained pyroxenite. Two locations containing outcropping MRV were considered suitable for soil/rock chip sampling and are situated on a steep ridge of over 100m elevation. A distinct lack of historical work in this area is a testament to the problems of access. See appendix 2 for assay results – Sample Number HZ001 – HZ010

Eastern Heazlewood Rd 4WD track to Wilson Anomaly -

Once again. off the track terrain is steep and well forested, particularly in the north where the vegetation is dominated by bauera and is practically impenetrable. Two samples of medium to coarse-grained serpentinite collected along line 11 within the Wilson prospect nickel anomaly. Some intense antigorite veining and localized shearing observed and considered significant in relation to interpreted faults in that location.

3.4 Bass Metals Ltd – 2008 to 2009 (EL31/2003)

VTEM Survey

A 221.1 line-km VTEM survey was conducted over the Heazlewood Ultramafic Complex in order to detect for conductive anomalies possibly associated with Nickel in soil anomalism in the complex. Preliminary results of the VTEM work indicated that the

complex comprises latent conductivity as observed in Figure 9. Some IP effects were recognised due to the presence of disseminated magnetite of sulphides. Out of all the targets generated, target 20 was considered the most prospective.
Targets 13 & 14 are coincident with the Wilson Ni soil anomaly (Figure 10) and the magnetic suggest that these targets and the soil anomaly are located within the hinge zone of a fold (Figure 11). The VTEM profiles of these targets suggest a broad, gently-dipping low-order conductor at approximately 150m depth; however coincidence with the soil anomaly requires that this structurally complex area be further explored. One interpretation of the gently dipping conductor is that sulphides are concentrated in the hinge of an open fold thereby giving a broad, sub-horizontal conductive response in the hinge of the fold. Interpretations of the magnetic data acquired during the VTEM survey are of a gently, NE plunging antiform with the broad soil/conductive anomaly in it's axial region.

B-field data was purchased from Geotech Airborne and has allowed for refinement of the generated targets.

Figure 9. Plan of the contoured Heazlewood VTEM data and anomalies considered worthy of follow-up.

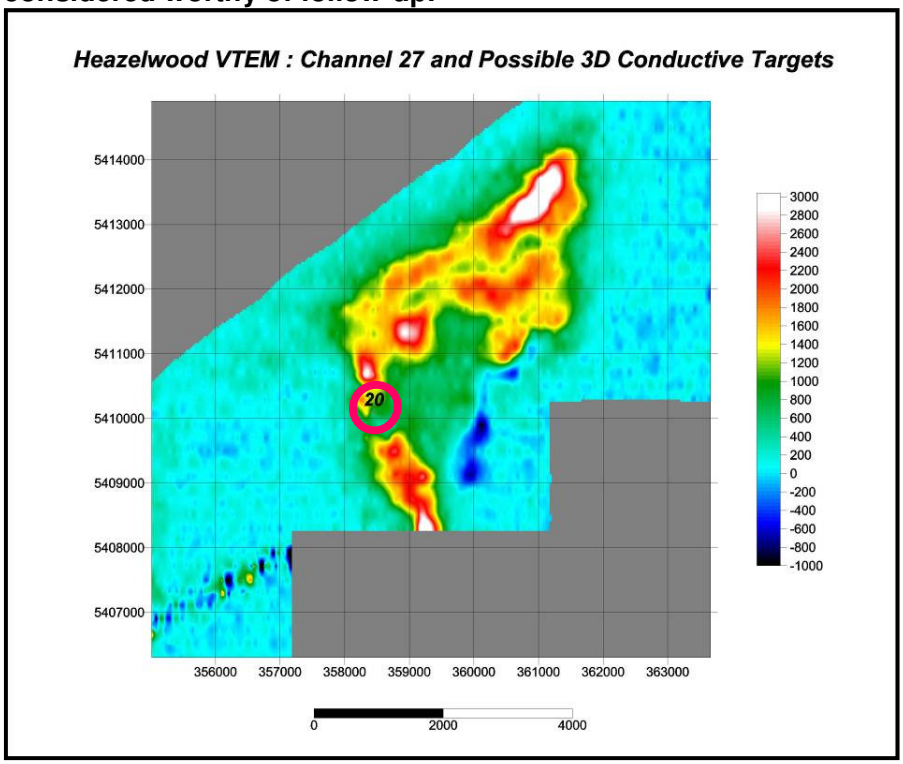


Figure 10. Plan of the soil grid data defining the Wilson soil anomaly in the Heazlewood Tenement. VTEM anomalies 13 and 14 are spatially coincident with the soil anomaly and it's possible extensions.

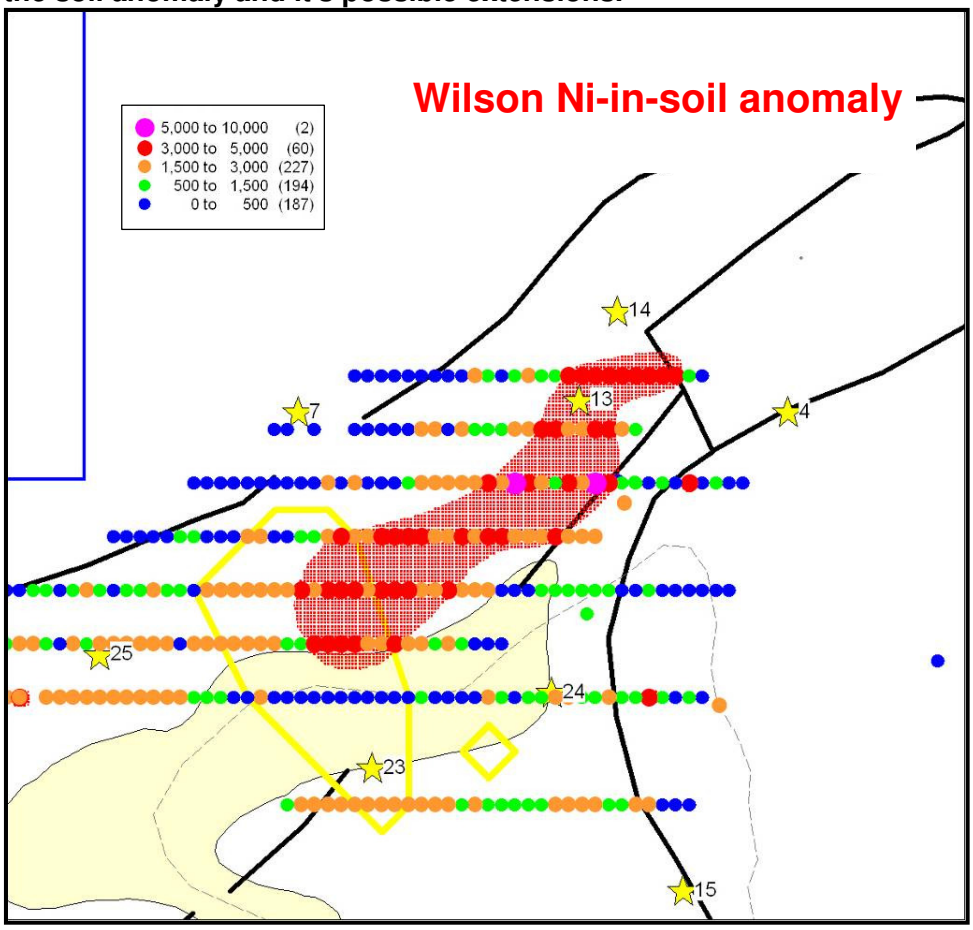
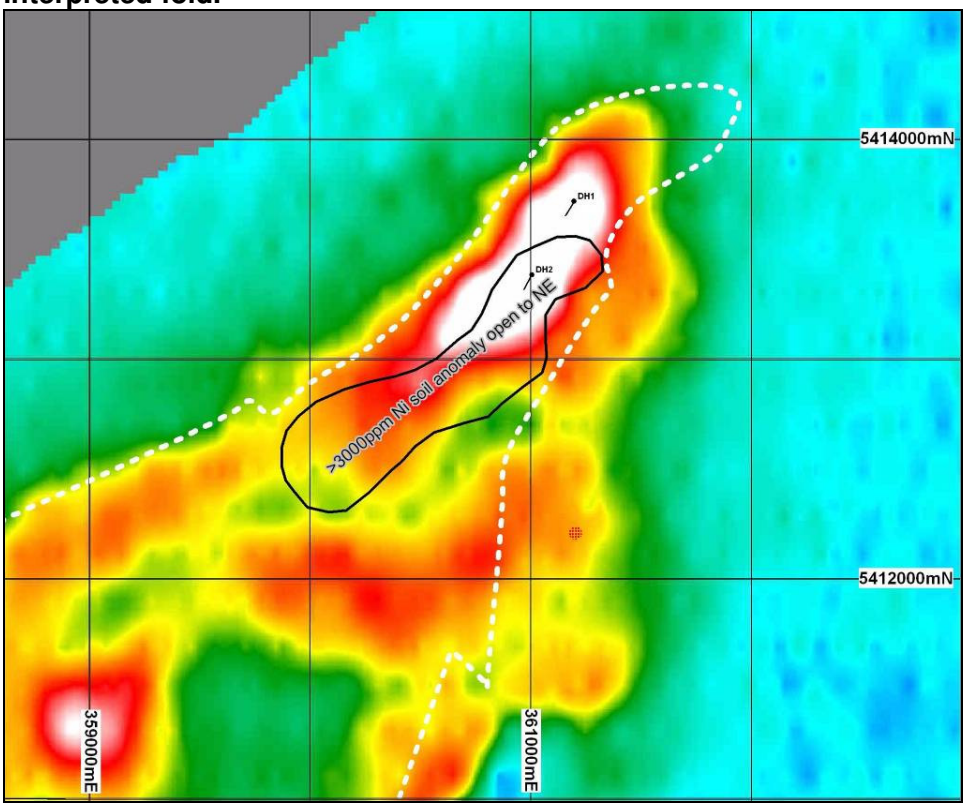


Figure 11. Plan of the Wilson anomaly area illustrating the >3000ppm Ni soil contour, VTEM data (anomalies 13 and 14 are coincident and NE of the Wilson soil anomaly), and two preliminary drill-hole locations testing the axial region of the interpreted fold.



Reconnaissance Field Trip

During a reconnaissance field trip to the Wilson anomaly area, old tracks have been located which may be utilised as quad-bike access to future gridding and drilling work in the area.

Drill Program – Jones Creek – Bronzite Hill

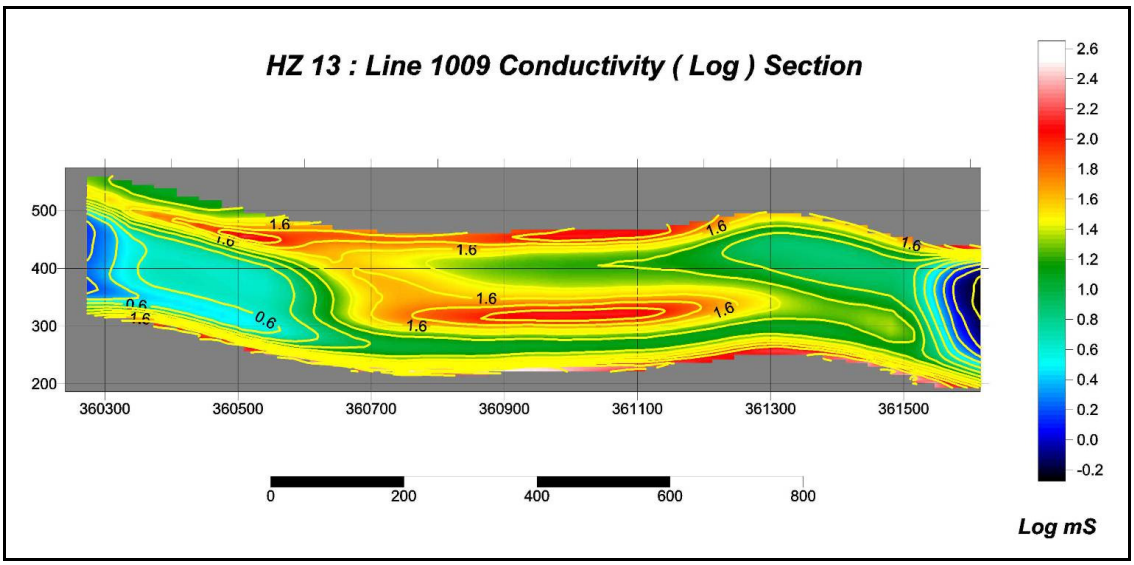
Drilling at Jones Creek was designed to target a broad conductive source which is coincident with the large Wilson geochemical anomaly. Figure 12 illustrates the VTEM anomaly in cross-section views of an inversion conducted. The centre of the conductor is situated between 150 and 200m below the surface. The target area is located in the axial region of a km-scale fold and the location of the HLEM conductor has been found to correspond with a distinct geological unit comprising banded serpentinite-peridotite (troctolite?) with trace amounts of disseminated sulphide, chromite, and native copper. HJD001 was drilled to 296.5m. From the collar to 14m, banded serpentinite was intersected and from there on the core comprised serpentinite with discrete zones of disseminated chromite. No sulphides were observed.

The geophysical target (Fig 13) corresponds well with the axial region of the large interpreted anitiform. Disseminated sulphides have been found in a distinct banded

serpentinite (alternating 2-10cm thick layers of serpentinite and troctolite?) unit which appears to bound the VTEM anomaly suggesting some stratigraphic control on the low-level conductivity. Trace amounts of native copper has been observed at an outcrop of this unit.

A course grained rock comprising only plagioclase crystals has been observed on both limbs of the large fold. The rock is considered to be an Anorthosite and further suggests that the ultramafic complex is intrusive in this area.

Figure 12. Modelled inversion of the VTEM data in cross-section looking North. Note that the broad VTEM response requires that the inversion model has a flat dip and 150-200m below surface. The modelling process does not incorporate geological features and makes assumptions regarding the physical properties of the rock units.



It was decided that due to the lack of alteration/mineralization observed within this drill hole that no samples would be sent for assay. The Niton XRF machine was used as an assay tool of which the results can be viewed in appendix 1. The planned second drill-hole was not drilled due to the lack of anomalous results.

Ground EM – Fentons

A ground EM program has been undertaken on the Fentons prospect to test the VTEM target 20. This area has been a locus for historical alluvial Osmiridium working and previous explorers including Comstaff and Metals Exploration Limited. Previous ground-based geophysics is interpreted as being sub-optimally oriented and although anomalism has been detected the target area has not been fully evaluated due to this. A botanist was contracted to undertake a survey of the planned work area and assess the impact on the threatened species population. A 'permit to take' was issued for this program.

After processing the data, the target was identified as not having typical nickel sulphide style conductivity (ie typically with extremely high conductivity – thickness product) and its quality is more in line with the response that we note over VMS style targets. The thickness of the target cannot be estimated but to say that its thickness is smaller than its depth to top, however the anomaly has conductivity-thickness product estimated at 120-150 siemens, very anomalous as a conductor. Typical nickel sulphide conductors can have conductivity – thickness products in excess of 1000 siemens whereas VHMS deposits are commonly 100-200 siemens.

A drill hole completed in 1969 by AMAX (Figure 14) was targeted at the magnetic anomaly and drilled to 244m. This hole failed to intersect mineralisation and is interpreted to have stopped short of testing the inverted EM anomaly interpreted from the Ground EM. This drilling was pre-DHEM technology.

Figure 13. Location map of the ground EM programme in the 'Fenton's' area.

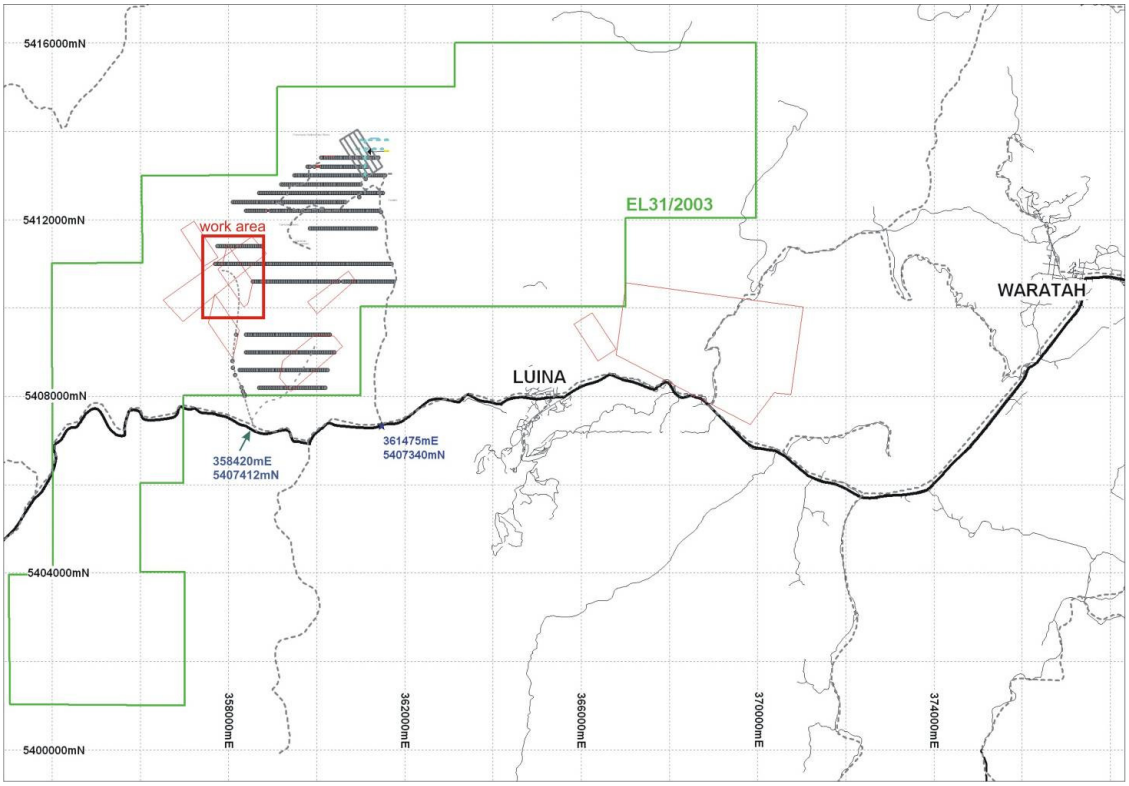
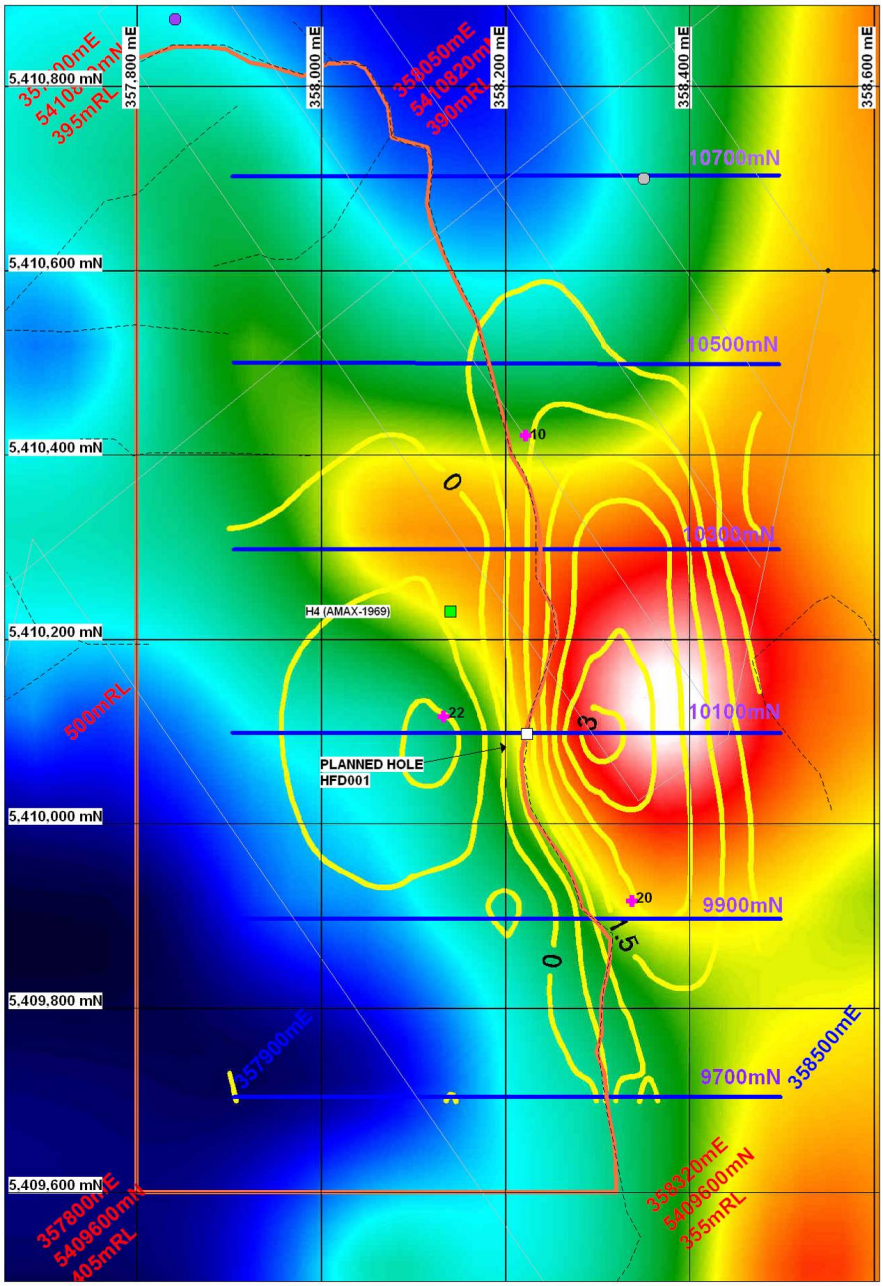


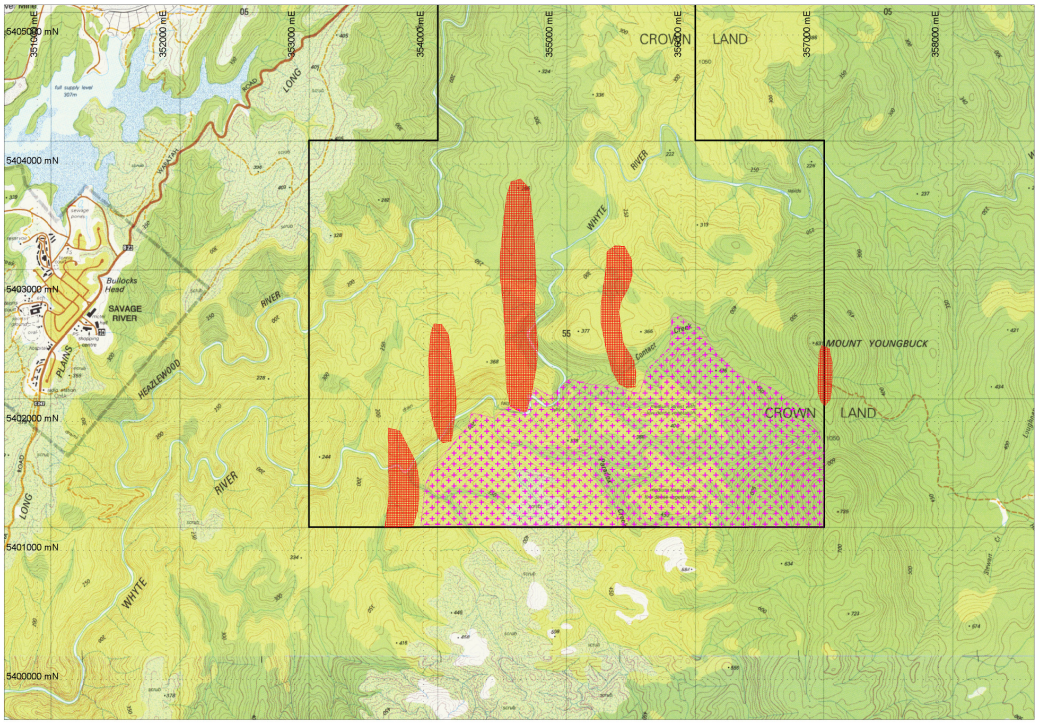
Figure 14. Plan view of the Fenton's Prospect area with TMI as background and ground EM contours in yellow. The VTEM anomaly points are illustrated as magenta crosses with associated ID. The location of the planned drillhole (HFD001) is indicated.



3.5 Venture Minerals Ltd – 2008 to 2009 (EL31/2003)

Venture Minerals is focused on the southwestern part of EL31/2003 that is centered on the Whyte River above its junction with the Heazlewood River. It is felt this area is likely to contain an extension of the prospective Success Creek Group – Crimson Creek Formation stratigraphy seen at Venture Minerals flagship Mount Lindsay project. Refer to figure 15 below for location plan with anomalies identified.

Figure 15. Location Plan showing magnetic anomalies (red) and interpreted granite (pink)



During the 2008/2009 summer field season Ventrue Minerals has undertaken approximately 10 days of field work within the southwestern part of EL31/2003, informally referred to as 'Contact Creek'. The primary purpose of this trip was to assess access into the area for a larger follow-up programme. Thirteen stream sediment samples (Appendix 5) were collected along Contact Creek to serve as an orientation survey within which to compare Aberforyle's data. Four rock chip samples (Appendix 4) were also collected for multi-element assay and petrographic examination. Results from this work are awaited. See figure16, for sample locations.

The field trip was by foot, along the Jasper Hill – Mount Stewart – Mount Youngbuck track, and highlighted the logistical difficulties of this route.

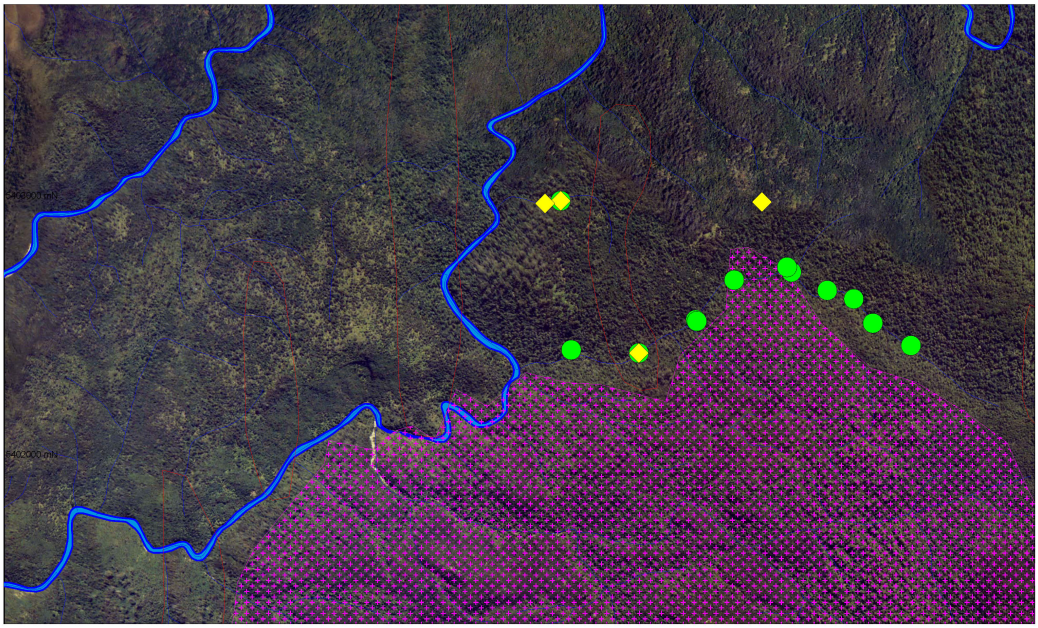


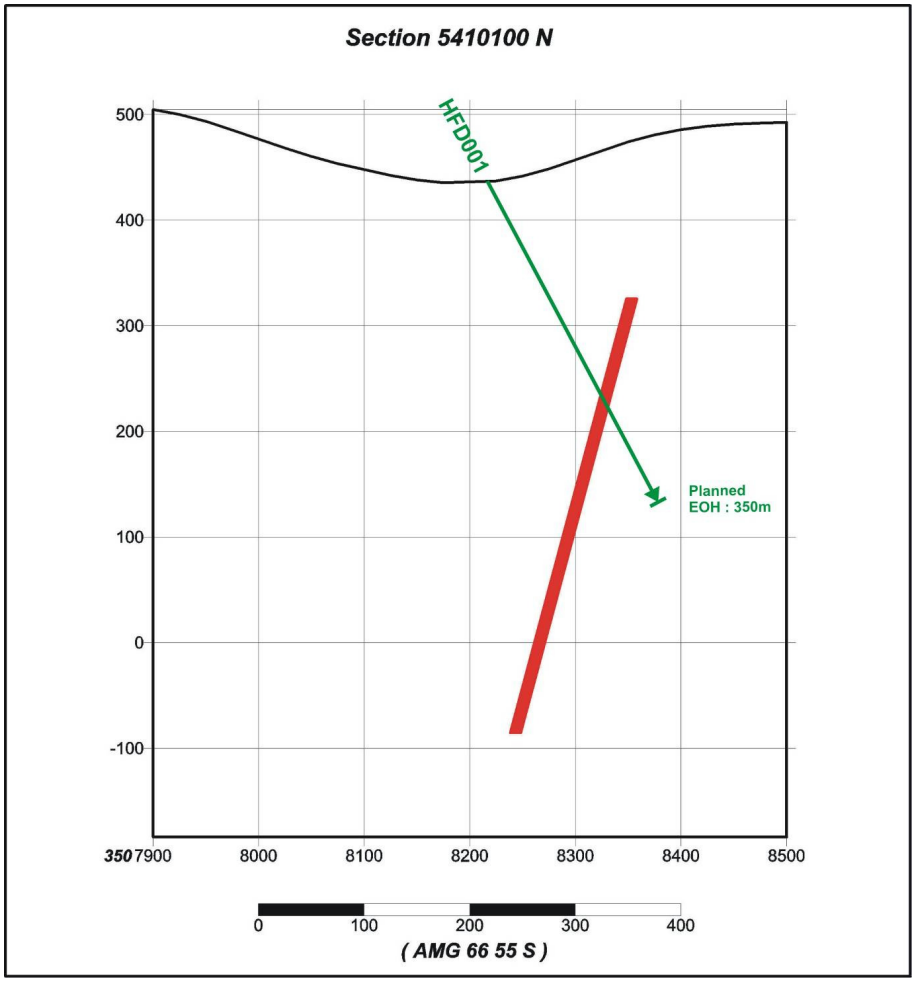
Fig. 16: Locations of stream sediment samples (green circles) and rock chips (yellow diamonds) along Contact Creek and surrounding area.

4. PROPOSED EXPLORATION

4.1 Bass Metals

As this is the fifth year of tenure, further exploration by BSM is pending approval of the submitted application for extension. Considering positive results of the ground EM survey; we intend on drilling a diamond drill-hole to test an interpreted anomaly. A ca. 350m drill-hole (figure 15) has been designed to test the anomaly approval from the MRT has been given for the drilling to take place in March 2009. (Refer to appendix 3 for application for approval notification).

Figure 17. Cross-section of the inversion of the Ground EM conductor as interpreted by Dr Silic. The EM response is best fit with a planar steeply west-dipping sheet-like conductor. HFD001 is designed to intersect the target position ~250m below surface.



4.2 Venture Minerals

A further field trip is planned for the beginning of March. It is proposed to use a small boat to map exposures along the Whyte River with a view to locating the prospective parts of the Success Creek Group – Crimson Creek Formation stratigraphy.

This mapping will be integrated through compilation with previous exploration work, regional geological maps, geophysics and photogeology. Following this, 1 or 2 geophysical targets will be prioritized for drill testing during 2010. Field checking selected targets and the drill programme itself will require helicopter support and track cutting.

A proposed budget by Venture Minerals is tabulated below.

Table 1. Venture Minerals proposed budget for 2009/2010

EL31-2003 Venture Minerals-Bass Metals JV Magnetite-Tin-Tungsten Skarn Exploration Stage 1 - Drill Target Delineation 2009 programme	**Budget**
Acquisition of maps, orthophotography, processing & imaging of historic geophysical data, compilation of historic exploration data into GIS, target delineation for field inspection	$ 7,200
Geological mapping, rock chip sampling and stream sediment sampling programme focussing on identifying prospective stratigraphy (upper Success Creek Group and carbonates in the Crimson Creek Fm) in the Whyte River -Contact Creek area, and following up historic (Aberfoyle) stream sediment and soil geochemical anomalies (estimate 20-30 days geologist and field assistant)	$ 18,000
Field supplies & equipment, accommodation	$ 3,000
Logistical support for field programme - track & helipad cutting, two helicopter return trips at start and end of programme, 10 days vehicle hire for transport to and from foot access points, safety and communications)	$ 15,700
Petrography of rock chip samples and panned stream sediment concentrates (estimated 50 samples)	$ 10,000
Assaying (estimated 100 samples assayed for multi-element suite)	$ 4,200
Data review, planning of drill programme, report preparation	$ 2,400
Total Stage 1	**$ 60,500**

5. 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.

Land Tenure

Heazlewood Exploration Licence comprises:

- Fossiking Area
- HEC Land
- Informal Reserve
- National Park
- Regional Reserve
- State Forest

The Environmental Activity Map in figure 9 shows the location of the exploration licence relative to conservation areas.

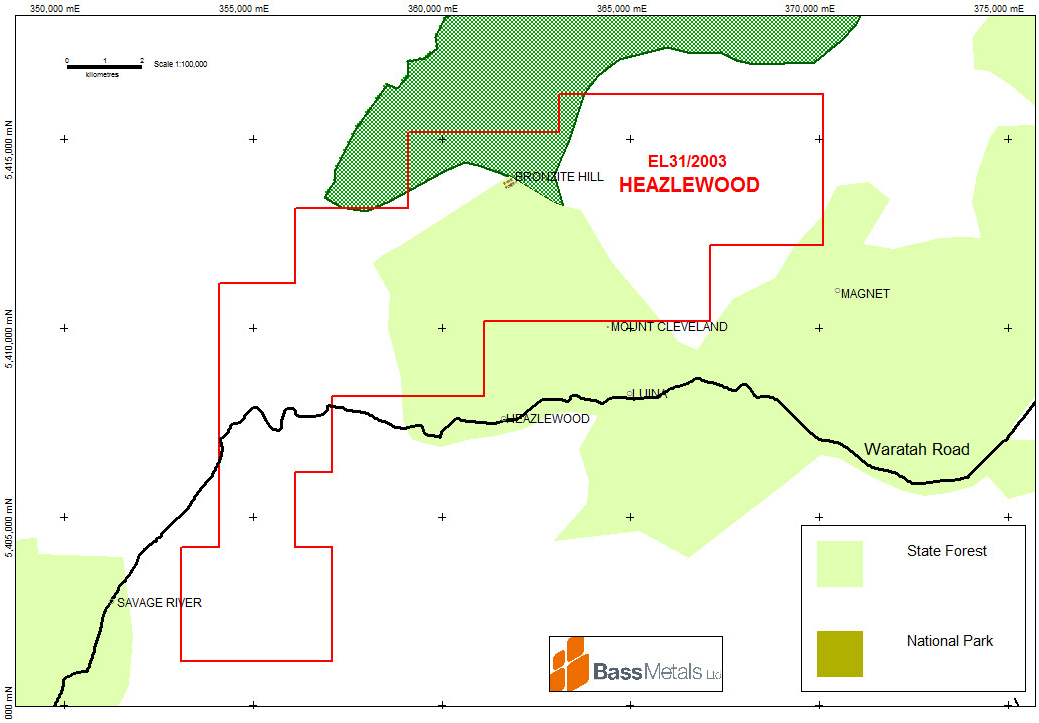


Figure 18. Environmental Activity Map

6. EXPENDITURE

March 2008 - March 2009		
Geoscientific Costs	**Geology**	119,955.80
	Geochemistry	179.98
	Geophysics	64,652.92
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	14,096.37
	Drilling	66,447.77
	Land Access Costs	2,520.00
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	1,374.70
	Admin Costs	2,982.00
	Total - eligible	**272,209.54**

Table 1. Expenditure 26 March 2008 to 25 March 2009.

The Heazlewood tenement is part of the Savage River Group; the total expenditure up to the 31st January 2009 for this group is $716,307.81

7. REFERENCES

Kalla, J., 2006. Exploration Licence EL31/2003 – Heazlewood, Tasmania, Annual Report for the period ended 26th March 2006, Bass Metals Limited. Report to the Tasmanian Mines Department.

Seymour, D.B.,Green,G.R.,Calver,C.R.,2006. The Geology and Mineral Deposits of Tasmania: a summary. Bulletin 72 Tasmanian Geological Survey, Mineral Resources Tasmania.

Tasmap Lands, 1977. Arthur River LTIS Sheet 7915 Edition 1, Tasmania 1:100,000 Topographic Base

Department of Primary Industries and Water, 2007. The List Land Information System Tasmania, 1:25,000 Raster Block 3 Datum GDA94, Digital Data CD-ROM

APPENDIX 1

Niton XRF Results – HJD001

APPENDIX 2

Lithology Logs – HJD001

APPENDIX 3

Application for approval

APPENDIX 4
Venture Minerals – Rock Chip Sampling Locations

APPENDIX 5
Venture Minerals – Stream Sediment Sampling Locations