

**TULLAH PROJECT
(LAKE MACKINTOSH GROUP)
TASMANIA
EL47/2003**

**ANNUAL PROGRESS REPORT
11th June 2008 TO 10th June 2009**

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Distribution:

Mineral Resources Tasmania
Bass Metals Ltd

Disclaimer

The conclusions and recommendations expressed in this report / table represent the opinions of the Authors based upon the data available and provided to them. The opinions and recommendations provided from this information are in response to a request from the client and no liability is accepted for commercial decisions or actions resulting from them.

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

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ABSTRACT

The following is an Annual Report on exploration activities at Exploration Licence EL47/2003, Tullah, for the period 11th June 2008 to 10th June 2009

Activities during the reporting period include;

- Monitoring of water chemistry in the area
- Several reviews were completed on the historical exploration and mining completed over the Farrell Line Project with the aim to delineate drilling targets.

Expenditure – Reporting period \$37,712.85

Total to date \$1,177,815.64

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1. Introduction

This report is a summary of the exploration activities conducted on the Tullah exploration licence, EL47/2003 (Figure 1), for the period 11th June 2008 to 10th June 2009. The licence covers a total area of 71km². Bass Metals Ltd (BSM) commenced management of the Tullah exploration licence (EL47/2003) on 18 June 2006.

1.1 Location and Access

Located in north-western Tasmania on the flanks of Mount Farrell at Tullah, access to The Farrell field is via the Murchison Highway, approximately 25 minutes trucking distance from Hellyer, and 15 minutes from Rosebery. Exploration access for drilling requires care, as potential sites, particularly for drilling mid to deep workings level, are likely to be located in and around the town of Tullah on private land titles. Access for geochemistry and geophysics to the east of Tullah township is dominantly Crown Land, on moderate to steep terrain of the flanks of Mount Farrell. To the west of Tullah Access is truncated by Lake Rosebery.

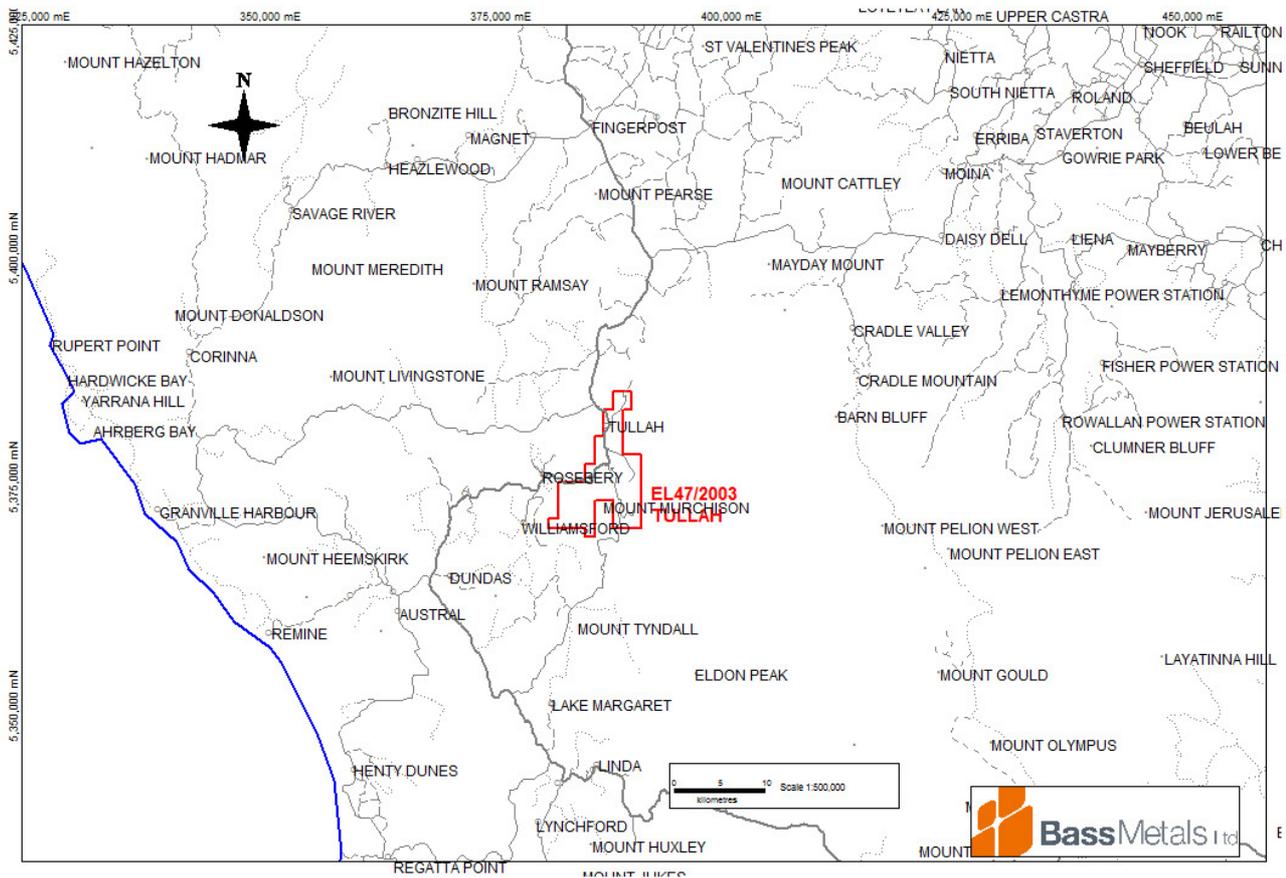


Figure 1. Tenement location map

1.2 Geology Overview

The Farrell field is located in a package of black shales, volcanoclastics and minor lavas known as the Farrell slates, in a structurally bounded corridor known as the Henty Fault Zone. Pb-Zn-Ag mineralization in the Farrell slates near Tullah is hosted in NE to NW trending, steeply west dipping shear zones, forming southward plunging ore shoots of variable thickness along strike.

An analysis of the geological framework of the Tullah area is provided by McNeill and Corbett, 1989, who describe sequences broadly associated with the Farrell Lodes.

A major geological feature of the area is the Henty Fault Zone, a north easterly trending fault bounded belt containing the Farrell slates and associated deposits. The main structure attributed as the Henty fault is the western structure of the Henty Fault Zone. The movement history on the Henty Fault is complex, with oblique to dip-slip reverse motion observed by McNeill and Corbett, and a five phase history reported by Berry, including two early reverse movement stages followed by sinistral wrenching, wrench faulting and normal faulting, in McNeill and Corbett, 1989.

1.2.1 Farrell Slates

A sequence of shale, greywacke, tuff and minor lava that reaches a thickness of about 850m near Tullah thinning to the North and South. (McNeill & Corbett, 1989)

1.2.2 Tyndall Group

The Tyndall Group is a unit of quartz-bearing volcanoclastic sandstone and conglomerate. Though also contains minor volcanic, intrusive and ignimbritic rocks of mixed felsic and andesitic provenance (Seymour *et.al.*, 2006).

1.2.3 Owen Conglomerates

The Owen Group is Cambrian to Ordovician in age and sits unconformably on the MRV. The unit typically includes large volumes of coarse siliclastic conglomerate composed dominantly of metaquartzite clasts derived from the Tyennan Metamorphics. It also includes turbidite and shallow marine sandstone units (Seymour *et.al.*, 2006). It is not likely to host any exhalative styles of mineralisation such as Taylor and Mathison (1990) report for the younger Gordon Group. However, it could potentially host mineralisation associated with intrusion of Late Devonian–Early Carboniferous granitoids.

1.2.4 Central and Western Volcanic Sequence

The CVC is dominated by proximal volcanic rocks (rhyolite and dacite flows, domes and cryptodomes and massive pumice breccias) and andesite and rare basalt (lavas, hyaloclastites and intrusive rocks) deposited in a marine environment (Seymour *et al.*, 2006).

The Footwall Pyroclastics

The Footwall Pyroclastics consist of a uniform sequence of feldspar porphyritic, vitric-crystal lapilli tuffs which lie below the ore horizon at both the Rosebery and Hercules deposits (Smith & Huston, 1992).

The Host Rocks

The Host Rocks unit at Rosebery and Hercules consists predominantly of sericitic siltstone with minor crystal tuffs, bedded carbonates and up to 30m of pyritic black shale. The Host Rocks and black shale represent a period of quiet sedimentation (Smith & Huston, 1992).

The Hangingwall Epiclastics

This unit disconformably overlies base metal mineralisation and the black shale of the host rocks unit. It contains some inclusions of black shale.

The Mt Black Volcanics (lava-rich sequence)

The overlying Mt Black Volcanics predominantly consist of massive lavas of dacitic to andesitic composition with volcaniclastic units throughout.

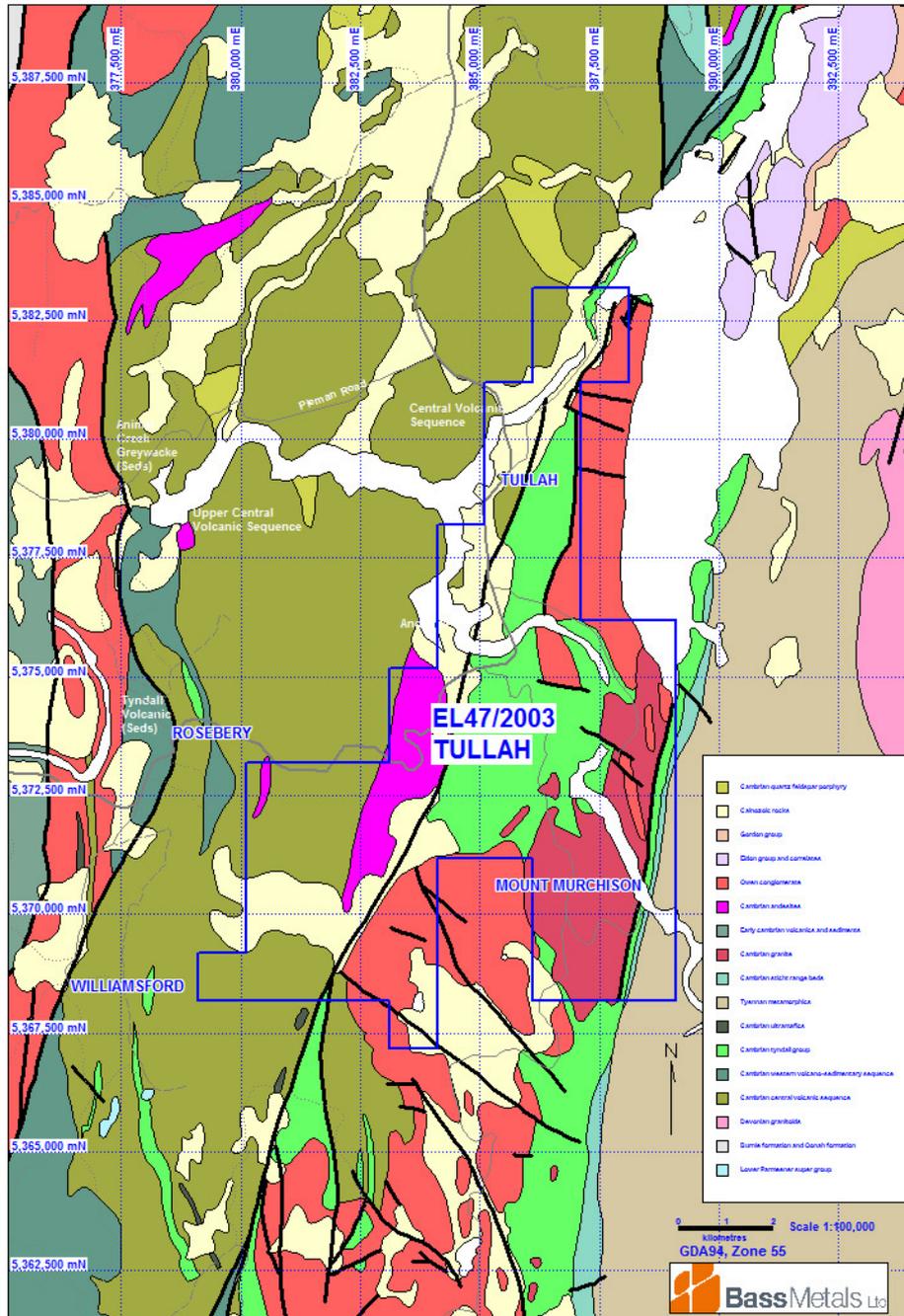


Figure 2. Geological Map including tenement boundary

2. WORK COMPLETED

2.1 Historic Mining:

Notable historic mines of interest in the Farrell Field are the North Farrell Mine and the New North Farrell Mine. (Figures 3 & 4). The North Farrell Mine operated successfully from 1899 to 1932, producing 432,000t at 11.4% Pb, 2% Zn, 370g/t Ag (Lorrigan, A, in McGuningle, 1996). During the 1930's depression, new mineralization was found nearby to the north at surface, and the North Farrell mine was abandoned and allowed to flood. The New North Mount Farrell Mine operated successfully until 1973, when poor metals prices forced the closure of the mine. The ore systems in both mines were indicating continuation at depth, and at least in the early mining period Zn mineralization was deliberately avoided as Zn was penalised at the smelters, due to causing Pb suppression, (Jeckell Smythe pers. comm.) and had no market. Mineralization potential along strike from, between and beneath the known workings is incomplete, or untested. Other Mineral occurrences in the area include the Lorrigans Luck As-Au resource, and the Lakeside Gold deposit. Further prospective areas occur to the south in the Sterling Valley.

Lorrigan, 1996, quotes a measured resource of 71,000t at the New North Mt Farrell Mine, at 12.3% Pb, 4.8% Zn, 0.24%Cu and 378 g/t Ag, based on a 1985 EZ report. Based on results from the shallow drilling program of her report, Lorregan indicates a further potential shallow resource (not a resource estimate), of 100, 000T at 6.3%Pb, 1.6% Zn, and 201 g/t Ag. However drill holes by Saracen into this 71,000t resource failed to intersect economic mineralisation.

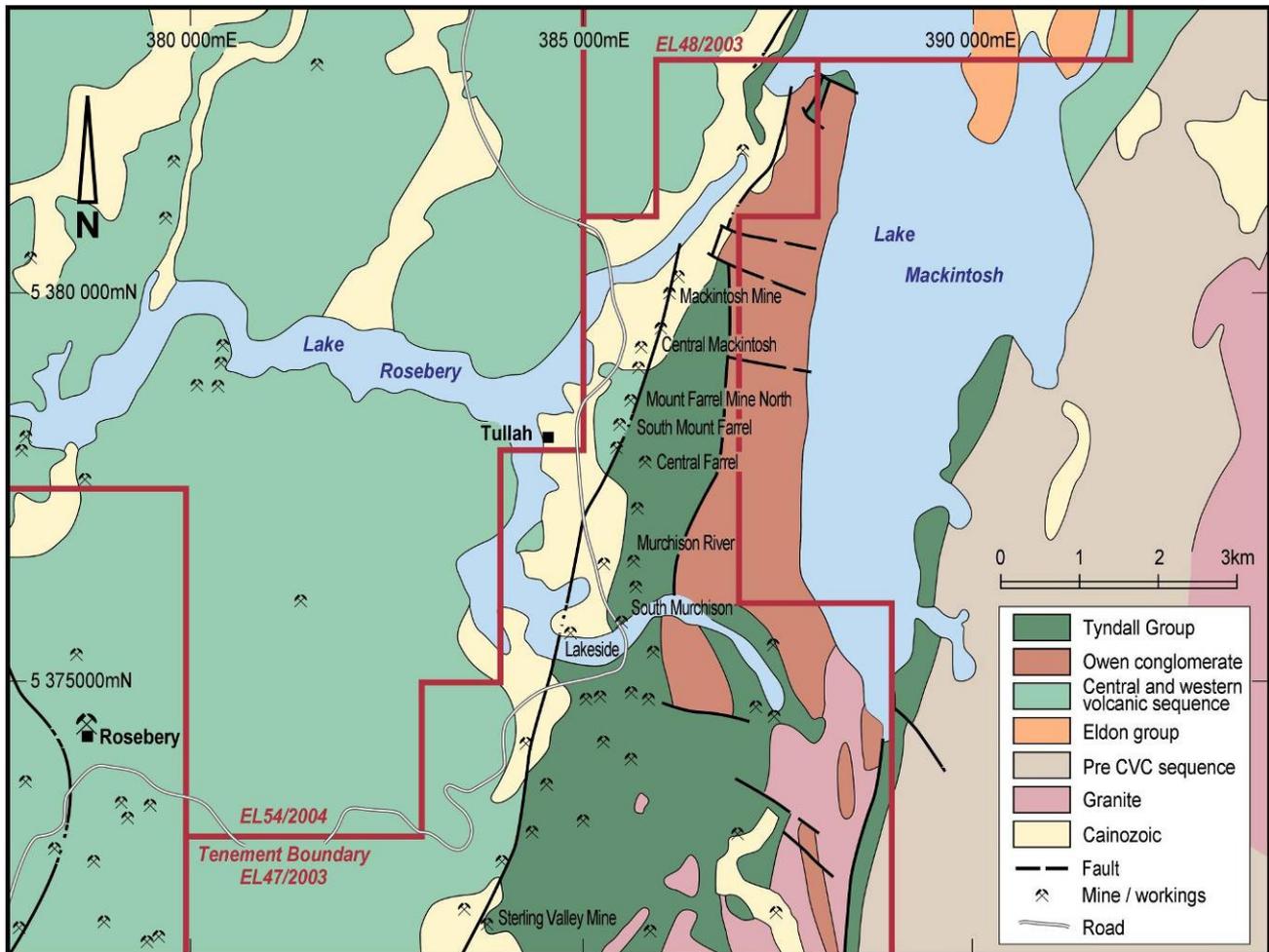


Figure 3. Historic mines and prospects

2.2 Exploration prior to current licence area;

During the 1950's although poorly documented exploration was dominated by geophysics, including IP, ground magnetic and fixed loop EM.

Date: 1973 - 74

Company: Asarco (Aust) Pty Ltd

Exploration Philosophy: Not noted

Work Completed: Stream sediment survey

Results and Conclusions: Identified Sn and base metal anomalies

Date: 1973 - 78

Company: Asarco-Cominco JV

Exploration Philosophy: Not noted

Work Completed: Bedrock auger sampling, mag, EM, IP & 3 diamond drill holes
Results and Conclusions: Not noted

Date: 1979 - 80

Company: EZ

Exploration Philosophy: Not noted

Work Completed: Murchison River area – ground Mag, IP and drilling

Results and Conclusions: Not noted

Date: 1980 - 81

Company: EZ

Exploration Philosophy: Test coincident ground mag and IP anomalies, minor sulphides & Sn

Work Completed: Stream sediment survey, soil sampling, grid mapping, ground magnetics, drilling

Results and Conclusions: Not noted

Date: 1982

Company: EZ

Exploration Philosophy: Not noted

Work Completed: Soil geochem survey over Mt Black Volcanics, close to Henty Fault.

Results and Conclusions: Anomalous Sn resulted in costeaning and rock chip sampling with resultant high Au, however mineralisation style (vein) unattractive and work discontinued. One DDH drilled under costean in 1985 (low resistivity zone) – minor sulphides intersected.

Date: 1983 - 84

Company: EZ

Exploration Philosophy: Gold study

Work Completed: Data review, costean sample analysis, DIGHEM survey, gridding, ground mag, mapping, rock chip geochem, EM

Results and Conclusions: High As intersections resulted in shift away from Sn to As. Informal ore reserve calculation – 4 sulphide lenses within 4 holes est. 480,000t @ 5% As (“Arsenic Resource”) with mineralisation open to north, south and at depth. Core analysed for Au using aqua regia/AAS – Au masked by presence of sulphides.

Date: 1984 - 85

Company: EZ

Exploration Philosophy: Re-assay for Au

Work Completed: Using fire assay analysis 12 samples returned >1g/t Au. Fire assay analysis consistently gave a higher assay than the previously employed aqua regia/AAS method.

Results and Conclusions: A gold content for the Arsenic Resource area was calculated using the As ore reserve intersections, resulting in an est. Ore content of 480,000 @ 5.02% As, 0.83g/t Au.

Date: 1985 - 86

Company: EZ

Exploration Philosophy: Additional drilling to test geophysical targets.

Work Completed: Henty Fault Zone and interpreted cross structures

Date: 1986 - 87

Company: EZ

Exploration Philosophy: Target model, Henty Fault Zone

Work Completed: Core sampling, UTEM, compilation of Farrell Mines Data. Metallurgical testing of As zones, re-assay of core (fire assay), rock chip analysis

Results and Conclusions:

Date: 1987 - 88

Company: EZ

Exploration Philosophy: Not noted

Work Completed: Drilling, down-hole IP & resistivity (Lakeside), BCL survey, drill core re-assays, gravity, EM, ground mag (Duttons), mapping, rock chip sampling, drill core re-assay (Farrell-Mackintosh), drill core re-assay, IP rock chip and BCL sampling (Murchison Mine)

Results and Conclusions: Not noted

Date: 1988 - 89

Company: EZ

Exploration Philosophy: Resource indication

Work Completed: UTEM, down hole EM, resource est (Lakeside), ground mag & EM (Tullah Flats), gridding, mapping, soil sampling, ground mag, IP & EM (Murchison Mine)

Results and Conclusions: Indicated resources for Lakeside.

Date: 1990 - 93

Company: Pasminco

Exploration Philosophy: Not noted

Work Completed: Aeromag & radiometric helicopter-borne surveys, gravity survey, evaluation of Murchison Mine and DDH (MM1a), relogging of 12 underground drillholes from old Farrell Mines, geology mapping and rock chip sampling (Sterling Valley, Murchison Gorge, Farrell Range, Henty Fault), EM survey, down hole EM.

Results and Conclusions: Not noted

Date: 1993 - 94

Company: Pasmico

Exploration Philosophy: Review of mineral potential of tenement area.

Work Completed: DDH & DHEM (Mackintosh Dam & Tullah Flat), MALM & IP (Mackintosh Dam), interpretation of 1991 – 93 gravity and aeromagnetic surveys, mapping and rock sampling (Mackintosh Dam & South Stitt), re-surveying of old drillhole collars and completion of drillhole survey database for all surface exploration holes, computerisation of full geochemistry records for approx. Half of surface exploration holes.

Results and Conclusions: Not noted

Date: 1994 - 95

Company: Pasminco

Exploration Philosophy: Review of mineral potential of tenement area

Work Completed: 4 DDH, DHEM, relogging & sampling of old core (1400m), mapping of alteration zone along Farrell Slates/Murchison Volcanic contact (rock sampling and structural/aeromag interp), ground mag, mapping and rock sampling over mag anomaly (Sterling Valley Volcanics), initial evaluation of Farrell Mines, geological mapping across Sterling Valley, including relogging of old core.

Results and Conclusions: Not noted

Date: 1995 - 96

Company: Pasminco

Exploration Philosophy: Not noted

Work Completed: 12 DDH, rock chip sampling (Murchison Gorge Alteration Zone), geological mapping and rock chip sampling (Sterling Valley), geophysics review (Lakeside), review of previous exploration (Lakeside & Lorrigans Luck)

Results and Conclusions: Not noted

Date: 1996 - 97

Company: Pasminco

Exploration Philosophy: Exploration for Au mineralisation associated with Henty Fault Zone

Work Completed: Review of prior exploration in Sterling Valley area, study of paragenesis of mineralisation at Lorrigan's Luck Prospect (previously Arsenic Prospect), Lakeside & Sterling Valley soil orientation surveys, mapping and rock chip sampling (Sterling Valley area), review of existing geophysical data across Tullah licence area. Review of past exploration in South Stitt area and prospecting review using Pasminco GIS system of past exploration data, drilling of 7 RC holes (567.5m) and 3 DDH (204m) which intersected significant but low grade gold mineralisation in the Lakeside Prospect.

Results and Conclusions: Recommendation for drilling IP target (nth of Lakeside).

Date: 1997 - 98

Company: Pasminco

Exploration Philosophy: Not noted

Work Completed: Review and re-interp of existing IP data, gridding, geological mapping, soil and rock chip sampling and IP surveys

Results and Conclusions: Not noted

Date: 1998 - 99

Company: Pasminco

Exploration Philosophy: Not noted

Work Completed: Partial leach soil sampling, diamond drilling (236m), and geological mapping within the Bruce Creek Prospect area, geological mapping and airborne geochemistry over the East Stitt grid. Compilation of historic geological and drill hole data over the entire tenement area.

Results and Conclusions: Not noted

Date: 1999 – 2000

Company: Pasminco

Exploration Philosophy: Focus was principally on the Farrell, Murchison and Tullah Bluff prospect areas

Work Completed: Partial leach soil sampling (2288 samples), rock chip sampling and soil geochemistry, Geological mapping over the Tullah grid, diamond drilling (2 holes TBD1 & TBD2 – 518.7m), and DHEM of TBD2 at the Tullah Bluffs Prospect.

Results and Conclusions: Initial inspection of the data suggested cultural contamination in the vicinity of the mine workings. Elimination of samples in close vicinity to the road defined 6 anomalous areas.

Date: 2005 - 2006

Company: Saracen

Exploration Philosophy: Aimed at intercepting previously defined ore blocks in the New North Farrell Mine.

Work Completed: 8 diamond drill holes

Results and Conclusions: Program was hampered by hole deviations, survey problems, and difficulty in interpreting positions in relation to old mine workings. Several holes were proposed but not drilled, or with targets missed.

2.3 June 2004 - June 2006 (BSM)

This included a comprehensive desktop study of historic exploration in the area, and many site visits to the research areas.

2.4 June 2006 – June 2007 (BSM)

Preliminary drilling program proposed (refer to prior annual report for details)

2.5 June 2007 – June 2008 (BSM)

Data Capture

- Saracen's drill hole database was imported into datamine and a digital terrain model was created to form the basis of 3D modelling work.
- Data from a Pasminco exploration MMI soil survey covering Farrell and Sterling Valley was put into a database.
- Aerial photography was sourced for mapping and interpretation work.
- Workings of the South Farrell mine were located, where first hand information indicates that a previous drilling program was poorly executed and 'ground away' significant ore intersections.

Site visits

- The Murchison River mine open pit was located showing a remnant skin of sphalerite-chalcopyrite rich ore on the North Eastern pit wall, relating to the orebody that was stoped in underground workings.
- The upper adit into Duttons Workings was located at 385399mE, 5377753mN, striking 20 degrees. An adit suspected to be the upper adit of the South Farrell workings was located 385464mE, 5377998 striking 56 degrees.
- A reconnaissance visit was made to the North Mt Farrell open cut which located important mineralised outcrop of the Farrell Slates in the 'lode' position of the Farrell Line.
- Sites were selected for a base-line water sampling program from Duttons Workings to North Mt Farrell.
- An orientation traverse was made from Duttons workings to the Nth Mt Farrell, and Murchison Mine area. Results received from a suite of grab samples from spoil piles across the Farrell field indicate the high graded Pb-Zn-Ag nature of the Farrell ores. Best results are from ore samples from New North Mt Farrell and mullock samples from the North Mackintosh Mine, reporting 19%Pb, 3%Zn, and 14%Pb, 26%Zn respectively.

Drilling Proposal

4180 drilling meters was proposed as a first pass program targeting shallow extensions of historic exploration work, depth extensions of the main New North Mount Farrell and North Mount Farrell Mines, and shallow depth extensions of Mount Farrell, South Farrell and Dutton's Workings.

Water sampling

A monthly water sampling regime has been designed to cover a number of BSM's exploration areas taking into consideration the environmental factors whilst drilling in remote areas. A total of 6 areas are sampled around the Farrell exploration licence (access permitting). Majority of the sites are located on the old tram way which is today mainly used as a horse tourist track.

2.6 June 2008 - June 2009

Potential Review

Initially the above 4180m of diamond drilling was down-graded and a total of 1300m of diamond drilling was budgeted to test the Tullah mineralization. With the departure of the project geologist responsible for the Farrell area a review was completed by Mr. Wally Herrmann on the historical exploration and mining completed over the Farrell Line Project with the aim to delineate drilling targets. It was concluded that the small scale of the high-grade mineralised targets makes targeting drill holes problematical and expensive. See appendix 1 for full report

Water Sampling

The monthly water sampling regime was undertaken for the months of November 2008, January 2009 & February 2009, due to access issues. See appendix 2 for results.

3. PROPOSED EXPLORATION

Bass Metals will do a full review of the Sterling Valley mineralisation and also commission a study to understand the structural controls with the direct aim of delineating drill targets.

The past years major focus in terms of exploration has been the Fossey Zone, also due to budget and personnel restraints BSM has been unable to focus on many of its exploration licences.

Exploration proposed for the next 12 months will be a major study of alteration along strike from the Que River operations through to Mt Charter and beyond. By using an ASD machine it will enable BSM geologists to review the geophysical and geochemical signatures of the already discovered ore bodies and find a trend to seek further mineralization.

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 Environmental Activity Map in Figure 6 shows the location of the licence relative to conservation areas.

Land Tenure

The Tullah Exploration Licence comprises:

- MDC Informal Reserves
- State/Multiple Use Forest
- Private Property
- Crown Land
- HEC Land
- Part of Macintosh Forest Reserve
- Part of Murchison Regional Reserve
- Part of Farrell Regional Reserve

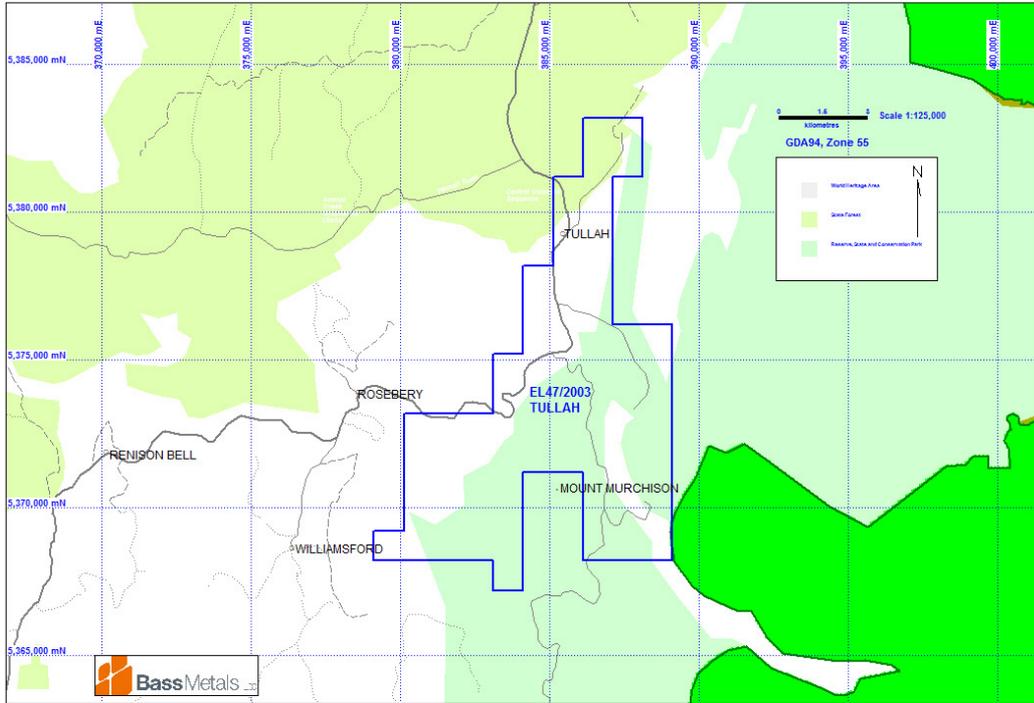


Figure 6. Environmental Activity Map

4. EXPENDITURE

June 2008 - June 2009		
Geoscientific Costs	Geology	28,468.52
	Geochemistry	6,581.83
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	2,662.50
	Total - eligible	\$37,712.85

Table 1. Expenditure 11 June 2008 to 10 June 2009

**Expenditure reported is up to and including 31st March 2009*

The Tullah exploration licence is part of the Lake Mackintosh Group. Total expenditure for this group up to 31st March 2009 was \$2,721,436.73 against a required group expenditure of \$464,016.

5.REFERENCES-

Lorregan, A.N., in McGuningle, N.K, 1996 Tullah EL22/90, and Sterling River EL24/91, Annual report for the period ending September 1996, MRT report 96-3923, October 1996

McNeill, A. W., and Corbett, K.D, 1989. Geology of the Tullah-Mt Block area, Mt Read Volcanics Project geological report 2, Tasmania Department of Mines,

APPENDIX 1.
Review of exploration potential of the Mount Farrell Mining Field and EL 47/2003
W. Herrmann

**APPENDIX 2
WATER SAMPLING RESULTS**