Bass Metals Ltd.
ABN 31 109 933 995

WHYTE RIVER PROJECT
(SAVAGE RIVER GROUP)
TASMANIA
EL36/2003

ANNUAL PROGRESS REPORT
FOR PERIOD 30TH JULY 2008 – 29TH JULY 2009

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Distribution:
Mineral Resources Tasmania
Bass Metals Ltd
Pioneer Nickel Ltd
Venture Minerals

Disclaimer

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

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ABSTRACT

Bass Metals Ltd (BSM) commenced management of the Whyte River exploration licence (EL36/2003) in April 2005. Work conducted on the licence for the year ended 29/07/2009 has included:

- Evaluation of the Lucy Spur & Nancy Spur gold prospects including the compilation of maps illustrating the salient features.
- Venture Minerals – Investigation of a magnetic anomaly over the Bowry Formation.

Expenditure – Reporting period $73,664.04

Total to date $193,286.17

The Whyte River tenement is part of the Savage River Group; the total expenditure up to the 30th April 2009 for this group is $859,956 against a required group expenditure of $560,427

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Whyte River exploration licence EL36/2003, for the period of 30 July 2008 to 29 July 2009. The licence covers a total area of 44 km^2. The Whyte River licence is subject to an exploration joint venture agreement between BSM and Venture Minerals who have the rights only to Tin, Iron & Tungsten; with Pioneer Nickel retaining a 2% NSR. BSM is currently managing exploration of the license from a base at the Hellyer Mine site.

1.1 Location & Access

The tenement is located approximately 30 km southwest of the township of Waratah and 10km south of the Savage River township 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 the most basic field work.

Topographically the area is of severe relief with limited vehicular access; however increasing pedestrian access is available in the form of cut soil lines. The most common vegetation communities in the area are rainforest and related scrub, and wet eucalyptus forest. No listed Threatened Native Vegetation Communities are known to occur within the study area; however the majority of the licence area south of the Whyte River lies within the Meredith Range Regional Reserve. The remainder of the licence is covered in state forest.

The licence area can be found on the Meredith and Livingston 1:25,000 topographic map sheets.

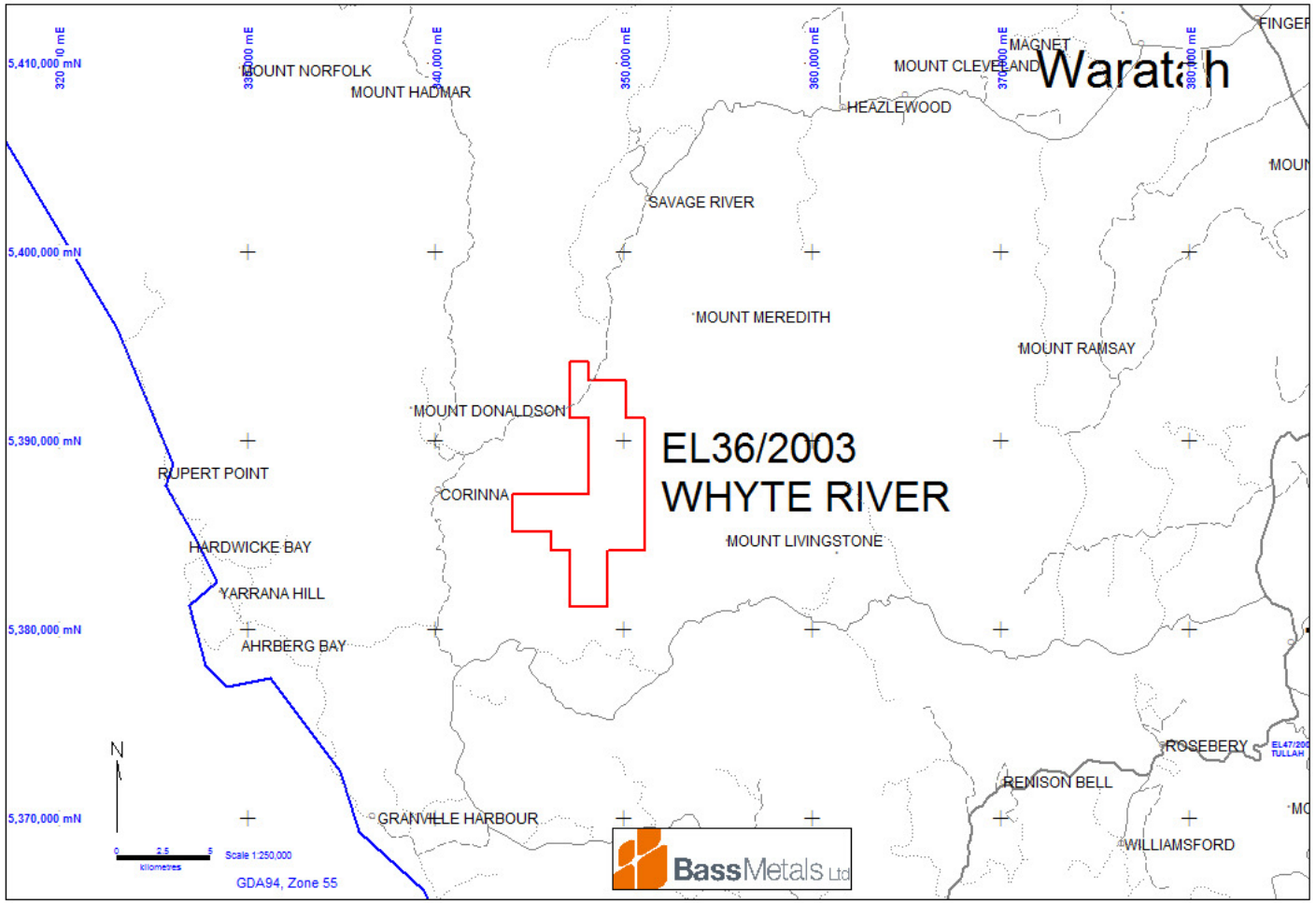


Figure 1. Whyte River Exploration Licence (EL36/2003) with localities and roads.

1.2 Geology Overview:

The Whyte River tenement is located in an area generally referred to as the Corinna Goldfields. The Corinna Goldfields are historically an area of significant alluvial gold production in north-western Tasmania. The Whyte River area is primarily composed of a sequence of Proterozoic metasediments which is common throughout the north-west of the state. Refer to the Regional Geology Map in Figure 2.

1.2.1 Tyennan Metamorphics

The constituent Proterozoic polydeformed metamorphic rocks of the Tyennan region are considered to comprise a complex stack of two metamorphic assemblages (one allochthanous), typically in mutual fault contact:

a) A low-grade (up to greenschist facies) assemblage of metaquartzite and graphitic and chloritic metapelite
b) A high-grade assemblage of garnetiferous schist-quartzite-(amphibolite),including mafic meta-igneous rocks with metamorphic grades up to eclogite.

The high-grade metamorphism is attributed to the Early Cambrian Tyennan Orogeny which was probably also responsible for some of the low-grade assemblage.

1.2.2 Rocky Cape Group

The Rocky Cape Group is considered to represent a block of autochthonous basement lying west of the limit of allochthon emplacement during the Tyennan Orogeny. It comprises a 10km thick sequence of cross-bedded quartz sandstone, laminated siltstone, pyritic shale, and minor dolomite, deposited in an open marine shelf environment varying from low-energy below storm wave base, to relatively high-energy above storm wave base.

1.2.3 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.

1.2.4 Tertiary Basalts

Tertiary gravels are widespread throughout the tenement as remnant deposits on ridge tops. Thin basalt flows are commonly associated with these gravels and are a potential source for the alluvial gold occurring within the tenement.

Radiometric dates from basalts across Tasmania indicate an age range of between 16.4Ma and 64.5Ma.

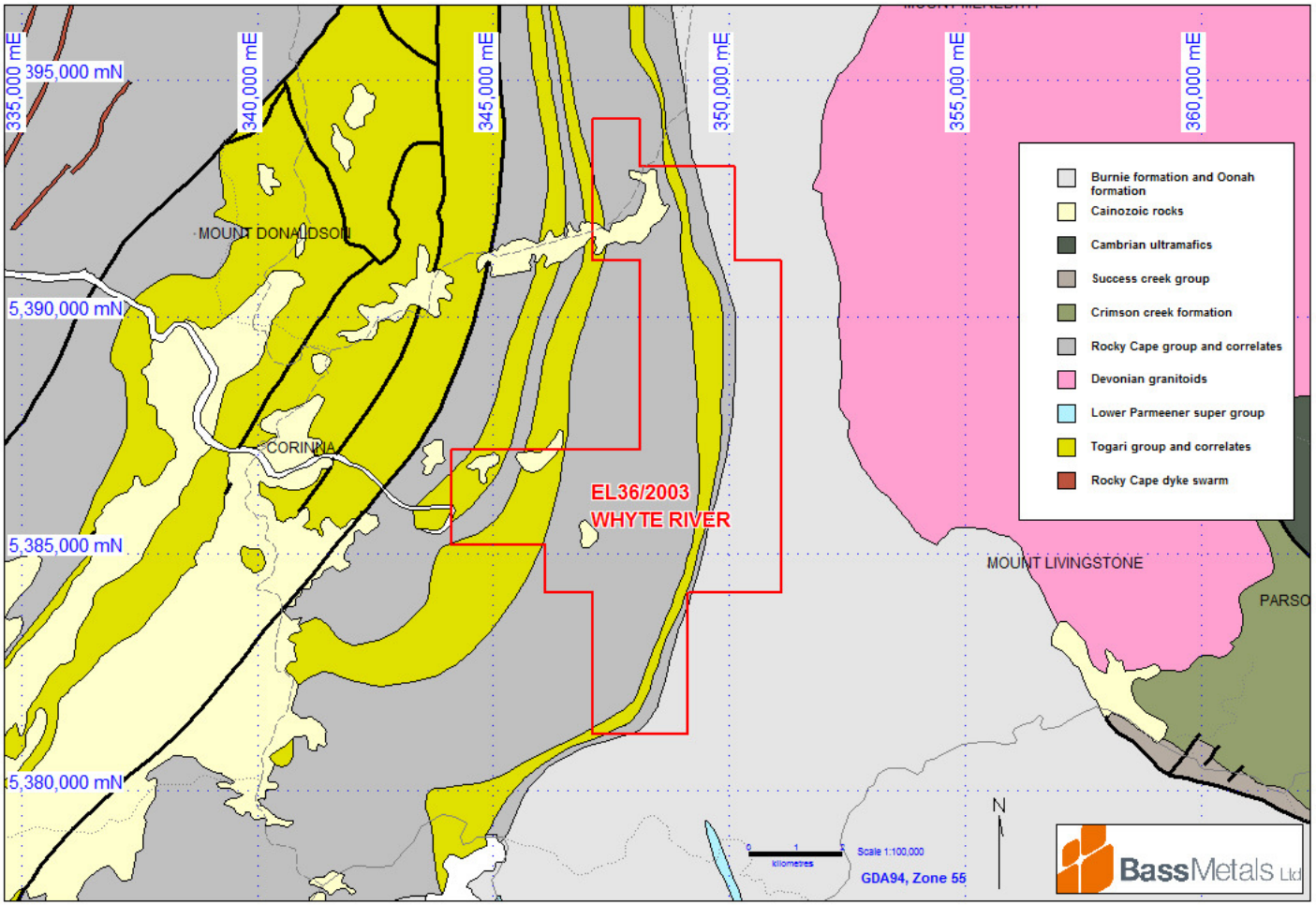


Figure 2. Regional Geology showing licence area boundary

1.3 Exploration Rationale:

The Whyte River licence was acquired through a joint venture arrangement because of the perceived gold, iron-ore and nickel potential within the tenement.

Hard rock results to date do not explain the level of alluvial gold reported. Gold grain morphology studies conclude a local source for the gold grains studied. Previous companies have systematically explored the tenement area; however they do not appear to have followed up the low level soil anomalies generated in sampling programmes on the Lucy Spur, Lefroy Ridge East and Rocky River prospects.

A large magnetic feature within the Tyennan Metamorphics which host the Savage River Iron ore deposit is of a similar size and intensity to other iron ore resources known along strike. The iron ore target is less than 20km via road from Savage River Mine.

Also of interest is an interpreted ultramafic unit identified as a nickel-skarn target by Geoinformatics. The interpreted unit is located adjacent to a major belt-parallel structure in the vicinity of the Meredith Granite.

2. WORK COMPLETED

2.1 Historical Mining:

There are no accurate historical records for the Corinna Goldfield as it is thought that most of the gold found was taken directly to Victoria. The first known gold discovery from the area was in 1879 with alluvial gold found at Middleton's Creek to the west of the current Whyte River tenement. By 1881 workings at Nancy Creek, Lucy Creek and Paradise River were all reporting the discovery of coarse gold. All the above areas are roughly covered by the current mining lease (7M/1997).

In 1882 a 7.5kg gold nugget was recovered from 5-6 feet of gravel from Rocky River. This area produced further finds of coarse gold until 1900 with notable nuggets of 130 and 39 ounces being unearthed. After the turn of the century (1900) small scale alluvial mining has been on-going in the area until the present day. Historic hard-rock mining has been small scale with the largest mine being the Rocky River Mine which operated between 1895 and 1900. Modern sampling conducted by the Goldstream -Titan JV showed the mineralisation at the Rocky River Mine to be low grade.

2.2 Exploration Prior to Current Licence Area:

The Whyte River area has historically been explored by several companies, most notably;

Rio Tinto Exploration – Pre 1961

- Conducted regional airborne magnetic surveys.
- Examined regional airborne magnetic anomalies identified as massive magnetite-pyrite mineralisation within the Bowry Member. Drilling of these targets resulted in the conclusion that the targets were of no further interest.

Savage Resources – 1961 to 1988 (formerly Industrial and Mining Investigation)

- Continued to examine the magnetic anomalies identified by Rio Tinto.
- Following the discovery of the Savage River Mine (Magnetite-Pyrite) exploration focused on similar deposits which resulted in the generation of some possible Fe resources (non-JORC compliant) in the area. The first being 30 Mt grading 28% Fe at Long Plains South and the other being the Rocky River Deposit of 4 Mt at 10-15% Fe. Only the Rocky River prospect is located on the Whyte River tenement.
- As Savage Resources the company continued to explore the area for a wide range of commodities including gold, diamonds and base metals.
- Some drilling of gold targets was conducted. Results from the drilling was generally disappointing, however a close association between magnetite and gold was noted.

Aberfoyle Resources Ltd – 1989 to 1990

- Aberfoyle's aim of exploration was to assess the potential of the dolomite/mudstone contacts in the south of the Corinna Road for Brookside style Au. A stream sediment and creek traverse mapping program was undertaken, with disappointing results. 34 rock chip samples and 23 stream sediment samples were taken. (Henham, 1990).

Outokumpu Exploration – 1991

- Conducted exploration over the southern half of the current Whyte River tenement.
- Work carried out included geological mapping, soil and rock chip sampling and limited amounts of stream sediment sampling.
- Minor anomalous gold and copper results were identified on the eastern boundary of the Bowry formation; whilst on the western boundary of the same formation magnetite-pyrite lenses return low values for gold and copper but up to 70% Fe.

Fodina – 1993

- Conducted eight profile traverses detailing geology between Rocky River and the Owen Meredith River.
- Information collected during these traverses included mapping geology, sampling rock chips and the B/C soil horizon and recording ground magnetic of gold through the surveyed area. The grain morphology studies indicated a proximal source for the alluvial gold.
- Some coarser gold grains were used in polished section studies to investigate inclusions in the grains.
- The inclusion and fineness studies both confirm the morphology studies results for a localized source for the alluvial gold.
- Helimag surveys at 50m line intervals were conducted; however the results of these surveys have only had minor initial processing.
- Later close-spaced (50m spacing) stream sediment sampling was conducted to determine prospect boundaries.
- Reconnaissance diamond drilling, C horizon soil sampling and rock chip sampling from the southern adits and hydraulic workings from Lucy Spur were also completed by Goldstream/Titan.

- From stream sediment sampling south of the Owen Meredith River it was determined that this area of the Bowry Formation is not prospective for gold.

Goldstream Mining NL/Titan Resources NL – 1995 to 2000

- The Goldstream/Titan joint ventures primary interest in this EL was gold. In the first instance 115 stream sediment samples were taken between Browns Plain and the Pieman River, these were paned and recovered a total of 378 individual gold grains. Mineral inclusions identified in polished sections of the gold grains are also consistent with derivation of the gold from the local metamorphic rocks. (Turner, N.J. Oct 1997)
- First pass drilling at Lefroy Ridge East returned a best value of 167ppb Au, with anomalous copper also present. Rock chips returned gold values of generally less than 20ppb collected mostly in the northern and western parts of the Lucy Spur prospect. Mineralisation of Lucy Spur appears to be restricted to the stope. A 10m wide zone was delineated in the lower adit with anomalous metal values ranging 37-270ppb gold and 43.5-250ppm antimony. Copper is also anomalous. (Turner, N.J. Dec 1997)
- Closely spaced stream sediment sampling found gold anomalism in both the Rocky river Prospect and east from the Lefroy Ridge East Prospect. 1420 samples were collected indicated that there is a northerly trending structure which probably links through to the hydraulic workings. (Turner, N.J. July 1998)
- Targeting an aeromagnetic anomaly Goldstream undertook C-horizon soil sampling on sections of and established grid using either a jacro auger or a Wacker bottom hole sampler. A ground magnetic survey was undertaken along with a Genie EM survey and 2 diamond drill holes totaling 193m. 50% of the tenement was relinquished after the testing of this target. (Newnham, L.A., 2000)

3. EXPLORATION COMPLETED 31 JULY 2006 TO 30 JULY 2007

The section below reports on exploration activities between 31 July 2006 to 30 July 2007. A reconnaissance field trip was undertaken to assess vehicle access into the licence area. Two rockchip samples were collected from the area of the magnetite target. Then using the captured data and targeting assembled by Geoinformatics during the previous year a soil geochemistry program was designed to test the interpreted ultramafic unit identified by Geoinformatics as a nickel-skarn target.

3.1 Field Trip

A field trip was undertaken to look at access and outcrop in region of magnetic anomaly considered prospective as Fe-replacement target. Access is via a well-known 4WD track off the Corinna Rd approximately 14km past Savage River township heading towards Corinna. This track crosses the magnetic anomaly at right angles and provides good vehicular access to a point, and then access is limited to quad bike or foot access only. Off the track the terrain is steep and well forested.

Sub-cropping saprolite after sediments was visible along parts of the track. Bedding was sub-parallel to the magnetic anomaly and regional geology as expected with zones of moderate Fe-staining and some bedding parallel quartz vein boudins. Otherwise little outcrop encountered. Two rock chip samples from the area of the magnetic anomaly were collected with variable results (Table 1). For full assay results see Appendix 1.

Table 1. Rockchip samples from area of magnetite-replacement target

Sample	Easting	Northing	Au_ppm	Fe_%	Description
WR001	349600	5389850	0.01	37.8	Iron stone float
WR002	349500	5389860	<0.01	2.75	Quartz vein in Fe-stained sediments

3.2 Soil Geochemistry Program

The programme was proposed as a first pass multi-element soil grid to test the Geoinformatics nickel-skarn target where an ultramafic sequence at the base of the Rocky Cape Group lies adjacent to the major thrust contact in the eastern part of the tenement. The ultramafic has not been mapped on surface but can be traced as a highly magnetic body east of the Tyennan Metamorphics within the Burnie and Oonah Formation.

4. EXPLORATION COMPLETED 31 JULY 2007 TO 30 JULY 2008

4.1 Cancellation of the proposed soil geochemistry program -

After numerous site visits to assess the river crossing and due to the Whyte River being impassable for an exceptionally long period of time this program has been cancelled and will be replaced by a program that can be undertaken over areas of accessibility.

4.2 Geological mapping –

A mapping trip to the area allowed identification of sub-cropping ironstone along the 4WD access track. Four rock chip samples were assayed (WR03-WR06).

4.3 Review and re-assaying of historic drilling completed by Goldstream -
Reports of the diamond drilling completed at Whyte River/Rocky River previously by Goldstream were reviewed. It was realised that Goldstream had only assayed the drill samples for Au, Ag, As, Cu, Zn and Pb, but not for Fe. These samples were available from the Mineral Resources Tasmania sample archive in Hobart and it was decided that intervals from 68.45m to 81m (12.51m) and 247.65m to 254m (6.35m) of drill hole RRDDH3 (which was drilled up to 286.8m from the western edge of the Bowry Formation eastward beneath the Old Rock River Mine Workings) should be analysed for Iron.

An average value of 44.1% of Fe for 5.6 meters (75.4m – 81m) with a max Fe value of 54.3% was observed in the massive magnetite body. A low average value of 17.8% of Fe (with the maximum Fe value of 32% was returned from the same core in the hematite schist interval between 251.2m – 254m (2.8m). Refer to previous years report for results.

4.4 Float geochemical sampling -
During a field traverse the Rocky River mine adit was located and two float samples from the dump at the entrance of the adit returned NITON assay values of 37.8% Fe.

4.5 Preliminary ground magnetic survey design -
A preliminary map for a ground magnetic survey was prepared depicting a 1.8km long NNW/SSE base line with 10 EW cross line each 200m long and 200m apart.

5. EXPLORATION COMPLETED 31 JULY 2008 TO 30 JULY 2009
Bass Metals

The Lucy Spur prospect is significant in that it is a bedrock gold deposit within a district renowned for alluvial gold operations and has been the source of the largest nuggets found in Tasmania. While it is not suggested that all of the alluvial gold has been sourced from one deposit, investigation into the controls on gold mineralisation at Lucy Spur may lead serve as a window into the underlying prospectivity of the tenement as a whole.

The Lucy Spur historic mine workings consisted of three adit levels intersecting a greisenised porphyritic granite intruding chloritic schists. Some of the mine development appears to be focussed on the brecciated contact between the above mentioned rock types. Further work is required to ascertain the controls on mineralisation at this prospect.

Mapped alteration zones are broadly east-west striking and dip moderately to the south. Two diamond drill holes (Goldstream Mining NL/Titan Resources NL JV – 1999) collared to the east of the adits were drilled at -45 degrees W and WNW and it is possible that these have not adequately tested the alteration zones which appear to have an east-west orientation from mapping (by Goldstream geologists) of the mine workings.

The majority of rock-chip sampling in the accessible adits yielded Au assays <150ppb Au with exceptions including:

- 0.74g/t Au, 1.4g/t Au, 2.25g/t Au, 1.85g/t Au, and a single sample of pug in a fracture assayed 102.4g/t Au.

Previous mapping indicates another intrusion underlying the Lucy Spur Hydraulic workings. Adits in this area were sampled and anomalous gold values returned (highest being a 2m composite sample of 6.27g/t Au)

The host rock to gold mineralisation at the Lucy Spur historical gold workings is a dark grey siliceous breccia (intense phyllic alteration of a precursor porphyritic granitic rock) and higher gold values are related to stockwork quartz veins containing iron oxides or having brown/red pug as a selvedge; hosted within chloritic schists. Intrusive rocks occur at a smaller scale than has been captured by government mapping (Figure 4).

The granitic rocks in the area have been dated at 777Ma and are interpreted to represent an intrusive event associated with the Wickham Orogeny. The only other intrusive rocks of this age in Tasmanian are found on King Island.

Previous explorers have conducted significant soil traverses and rock chip sampling in the areas illustrated on Figure 4. This work was focussed on covering areas of known workings.

Investigation of the aeromagnetic data has resulted in several magnetic highs being recognized, one of which is coincident with the historical gold working (Figure 5). Note the black line on Figure 5 representing an outline of a buried Proterozoic pluton? Current interpretation is that the magnetic highs may represent alteration associated with apophyses from the main intrusion which may represent intrusive-related mineralisation potential. Note that the Lucy Spur adits were located on the flanks of one of these magnetic highs (Figure 5).

The Bowry Formation is enriched with respect to Fe, Cu, and Au and exploration of the area will be conducted in order to assess any IOCG deposit potential within these Proterozoic rocks. Research is currently being undertaken by Bass Metals Ltd geologists into the genesis of the Bowry Formation (and Timbs group in general) and Ahrberg Group. This will be undertaken in conjunction with field checking of outcrop at the location of the magnetic highs. Findings from the ongoing MRT research into the Savage River deposit petrography and genesis will be incorporated when results become available.

Figure 3. 1:25k geology of the Lucy Spur area. All rock types are Proterozoic in age, green representing amphibolites with pyrite and magnetite occurrences and grey represents chloritic schists. Coloured dots represent soil sample locations and stars are rock-chip localities.

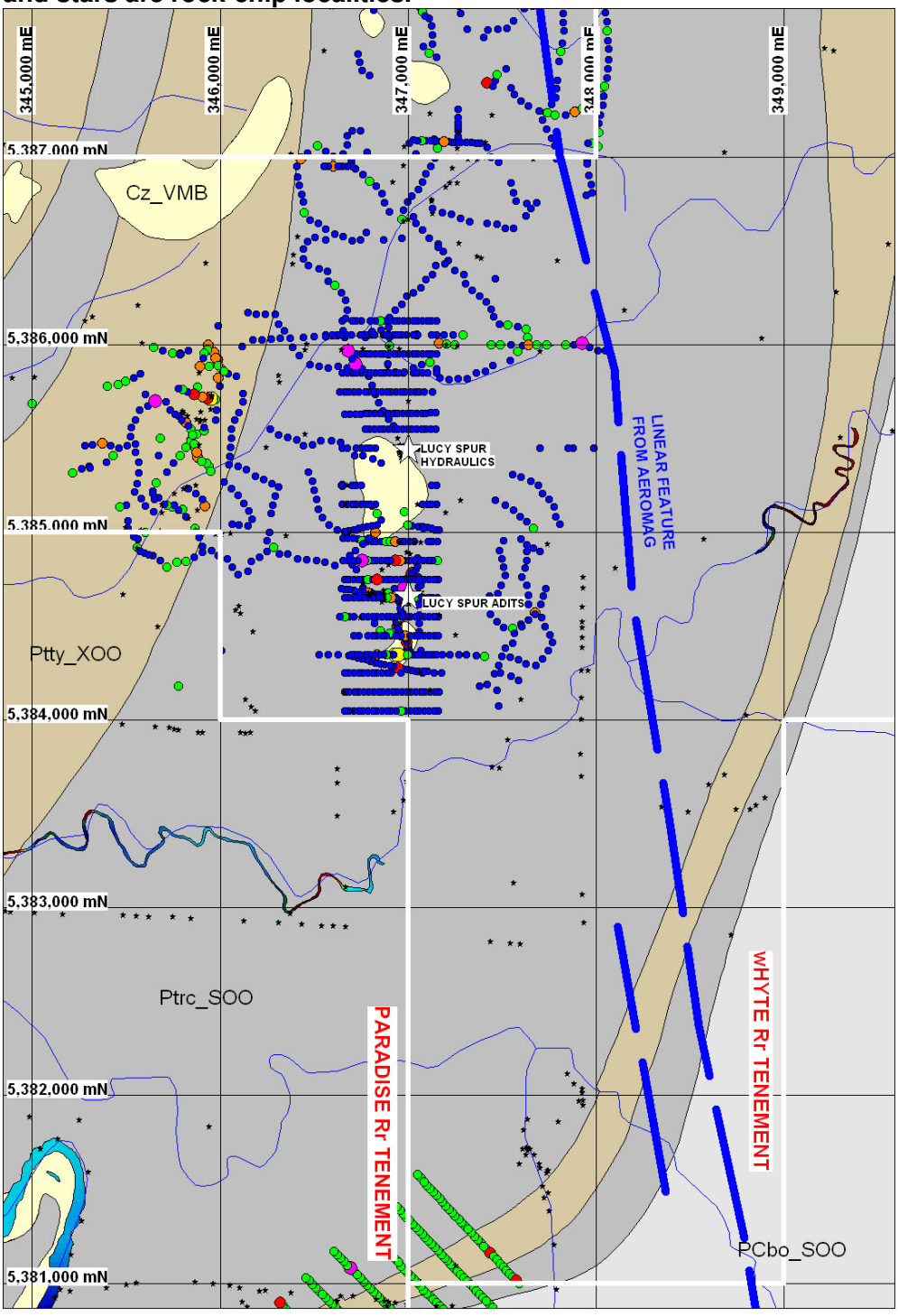
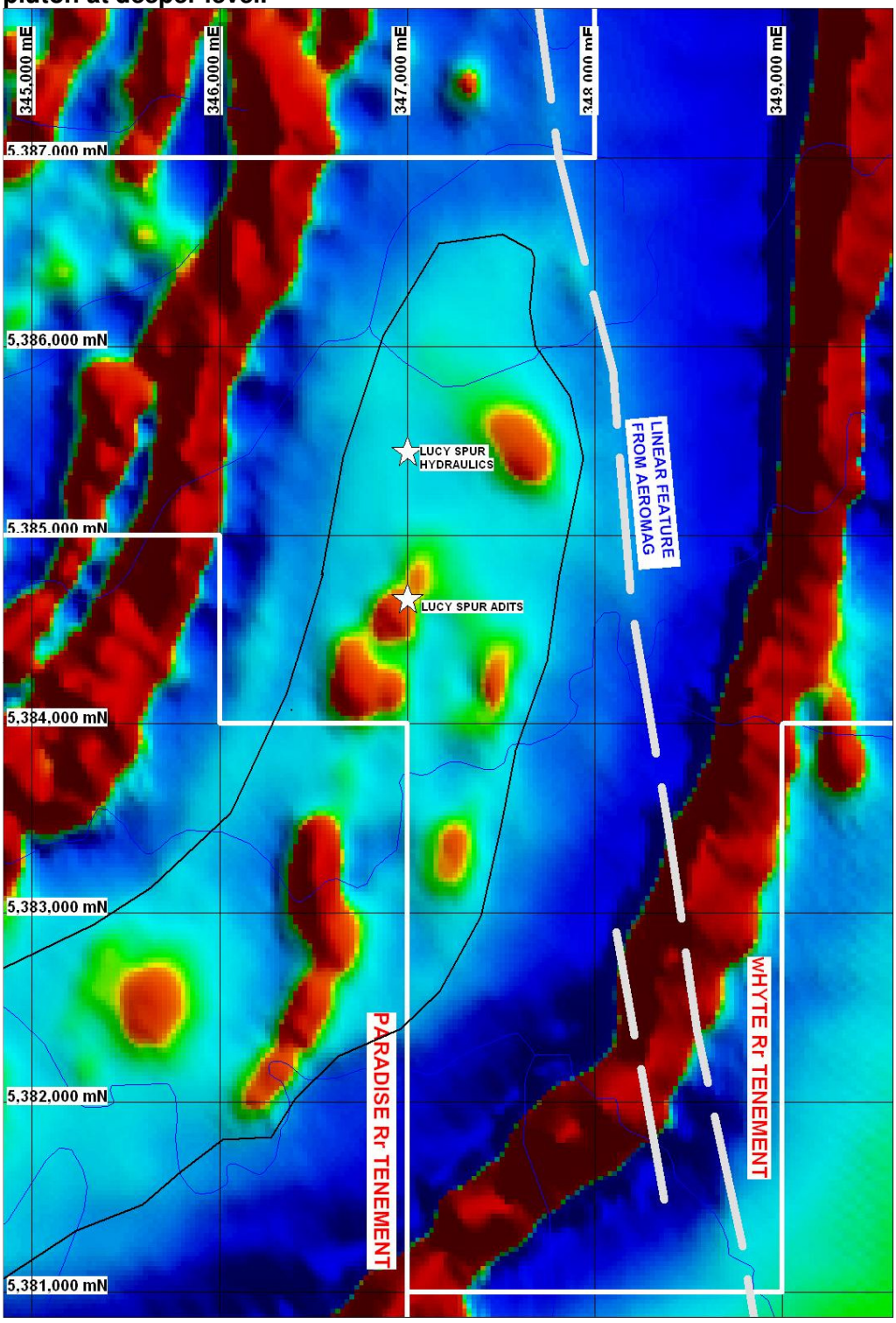


Figure 4. Aeromagnetic image of the Lucy spur area illustrating the isolated magnetic highs, one of which is coincident with mapped granite at the Lucy Spur Adits. Narrow black line represents approximate outline of a potential Proterozoic pluton at deeper level.

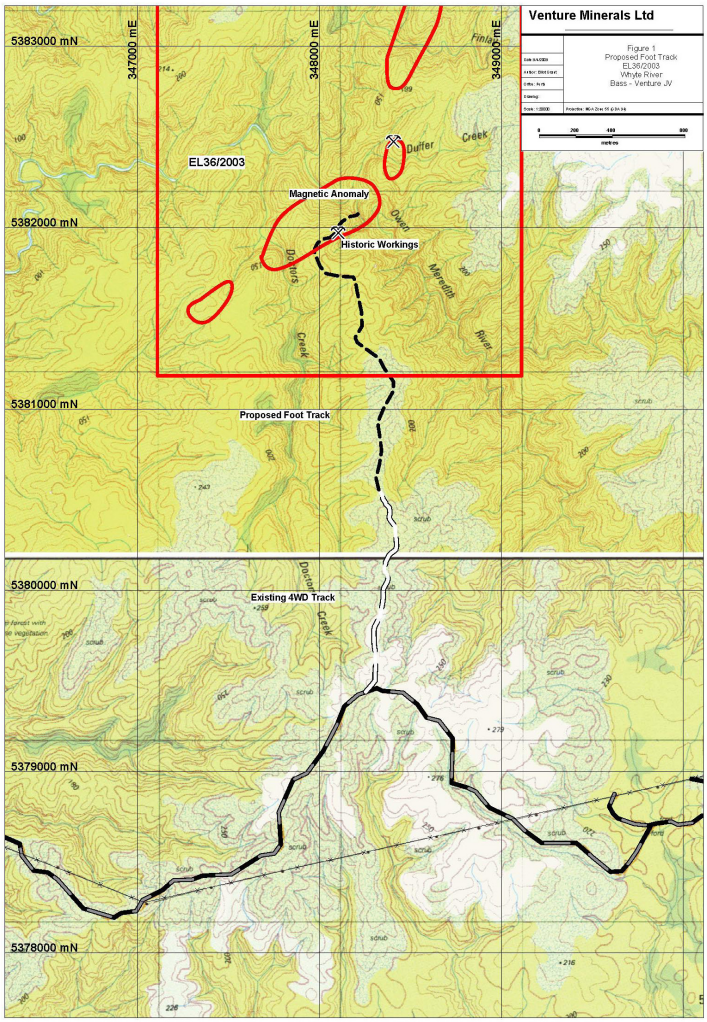


Venture Minerals

Venture Minerals investigated a magnetic anomaly over the Bowry Formation near the junction of the Owen-Meredith River, Doctors and Duffers Creeks during June 2009. This anomaly was selected because of the report by MacIntosh-Reid (1924) who described a considerable body of hematitic iron ore from this vicinity and its close proximity to Venture's Stanley River DSO project. The exploration model was a zone of supergene iron enrichment in pyrite- magnetite- bearing chlorite schists close to a prominent erosion surface. Access was via a north north-west trending ridge. Sections of this ridge carry very thick scrub so permission was sought and granted by MRT to cut a foot track into the target area which followed remnants of an Outokumpu(?) 4WD track.

12 rock chips were collected. (Refer to Appendix 1 for assay results) With the exception of ironstone samples, iron grades were uniformly low, reflecting only incipient iron enrichment. Samples were generally ferruginous chloritic schist. See figure 5 below for map of access track cut.

Figure 5. Foot track cut for access to anomaly



No further work is proposed to assess this magnetic anomaly at this stage.

6. PROPOSED EXPLORATION

Bass Metals proposed exploration over the next year includes; the field checking of outcrop at the location of the magnetic highs in figure 4 above. This is necessary as a first pass review of the potential and validity of the above described hypothesis.

Venture Minerals future work will assess the potential for supergene enrichment on a broad magnetic anomaly to the immediate east of the Rock River ironstones that is associated with banded magnetite-chlorite-schists.

Table 1 below lists expenditure proposed for the Exploration Stage 1 Iron Ore program designed by Venture Minerals.

Table 2. Iron Ore – Exploration Stage 1

EL36/2003 Venture Minerals – Bass Metals JV: Iron Ore Exploration Stage 1	**Budget**
Continued data compilation and target delineation	$10,000
Geological mapping and rock chip sampling of Paradise River and Rocky River targets (20-30 days)	$18,000
Field supplies, equipment and accommodation	$5,000
Logistical support for programme i.e. track cutting	$15,000
Assaying	$4,200
Total Stage 1	**$52,200**

7. 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 (Figure 5) shows the location of the Exploration Licence relative to conservation areas. BSM is aware that the Whyte River EL contains environmentally sensitive areas and all guidelines have been adhered to in relation to those detailed below.

Land Tenure

The White River Exploration Licence comprises:

- Informal Reserve
- Regional Reserve
- State Forest

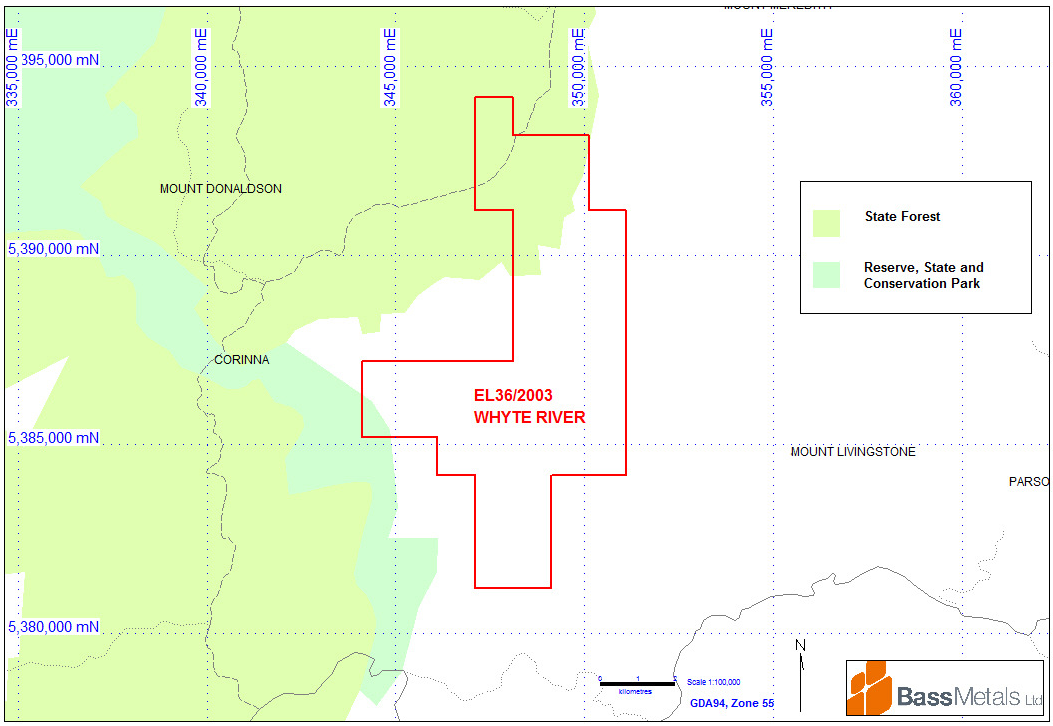


Figure 6. Environmental Activity Map

8. EXPENDITURE

July 2008 - July 2009		
Geoscientific Costs	**Geology**	42,533.83
	Geochemistry	782.45
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	27,749.76
	Admin Costs	2,598.00
	Total - eligible	**$73,664.04**

Table 2. Expenditure 30 July 2008 to 29 July 2009
**Includes expenditure figures up to 30th April 2009*
Total includes a commitment from Venture Minerals of $66,391.78

The Whyte River tenement is part of the Savage River Group; the total expenditure up to the 30th April 2009 for this group is $859,956 against a required group expenditure of $560,427

9. REFERENCES

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APPENDIX 1
ASSAY RESULTS
(VENTURE MINERALS ROCK CHIP SAMPLING)