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MEMO

To: Travis Murphy – Bass Metals
From: Jovan Silic
Re: Fentons HFD 01 Target
Date: March 10, 2010

INTRODUCTION

In 2008 a VTEM airborne electromagnetic survey detected a westerly dipping conductive target at depth set within or amongst a relatively conductive geological formation, presumably the serpentinites within the survey area.

Subsequent ground EM follow up of this response confirmed the existence of this conductive target (Figure 1) located at a depth of about 100 – 150 meters below the surface (Figure 2). The target response lasted till about 40 milliseconds and its time constant was high enough to infer a possible anomalous conductive sulphide source, although not necessarily a highly conductive nickel sulphide target.

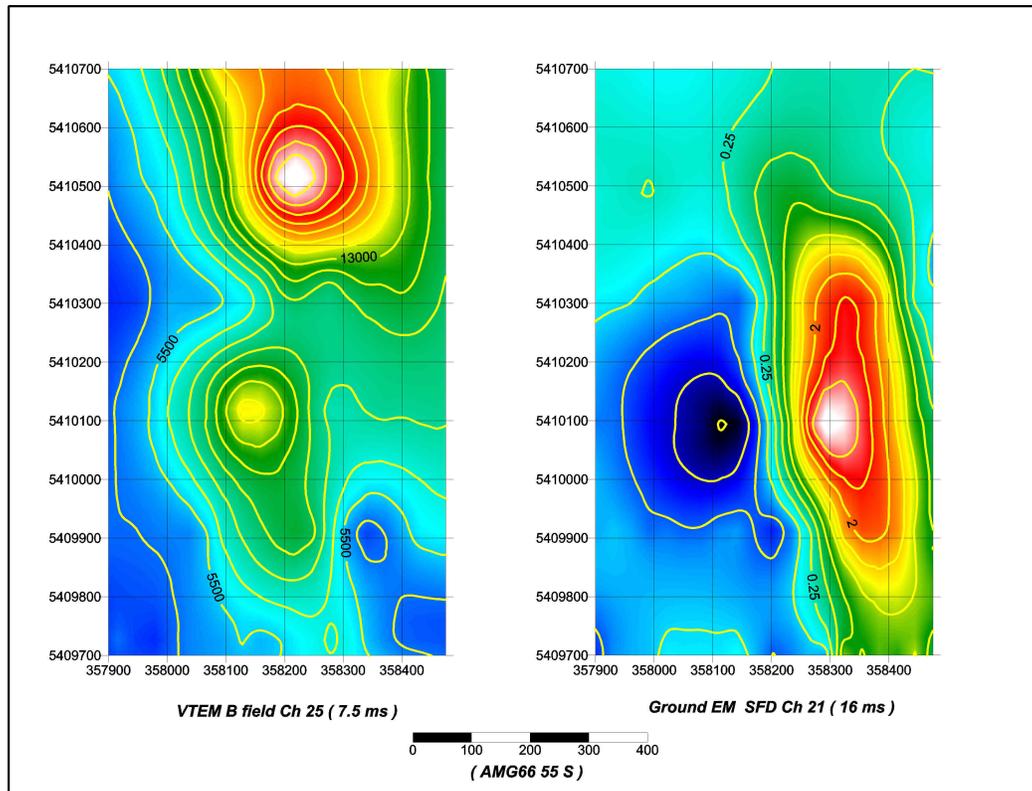


Figure 1. VTEM and Ground EM over Fenton's anomaly

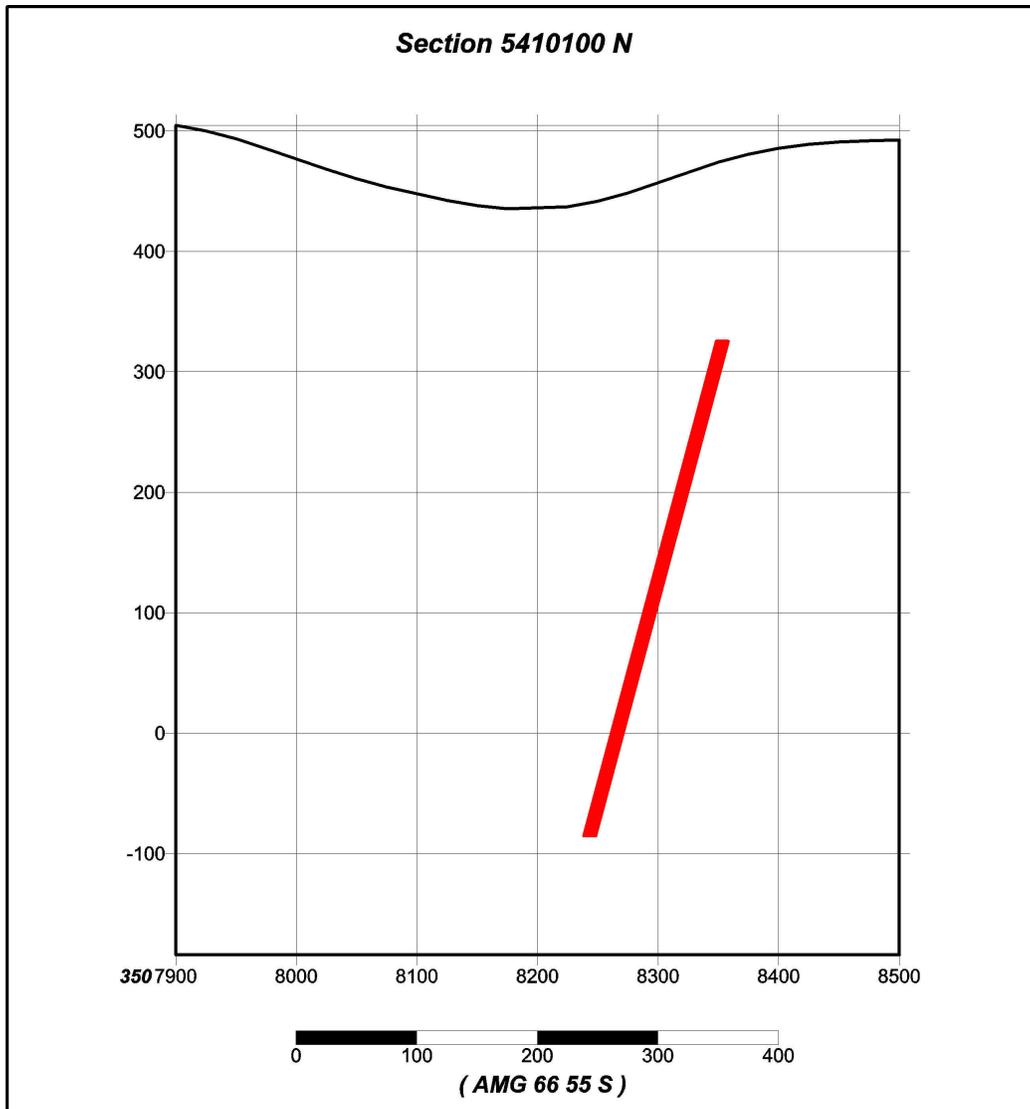


Figure 2. Section 5410100 N ,Interpreted Conductor .

This target was tested in 2008 with a single drillhole HFD001 (Figure 3). No sulphide mineralization was intersected although a number of clay puggy faults were intersected close to the interpreted target location (Figure 4).

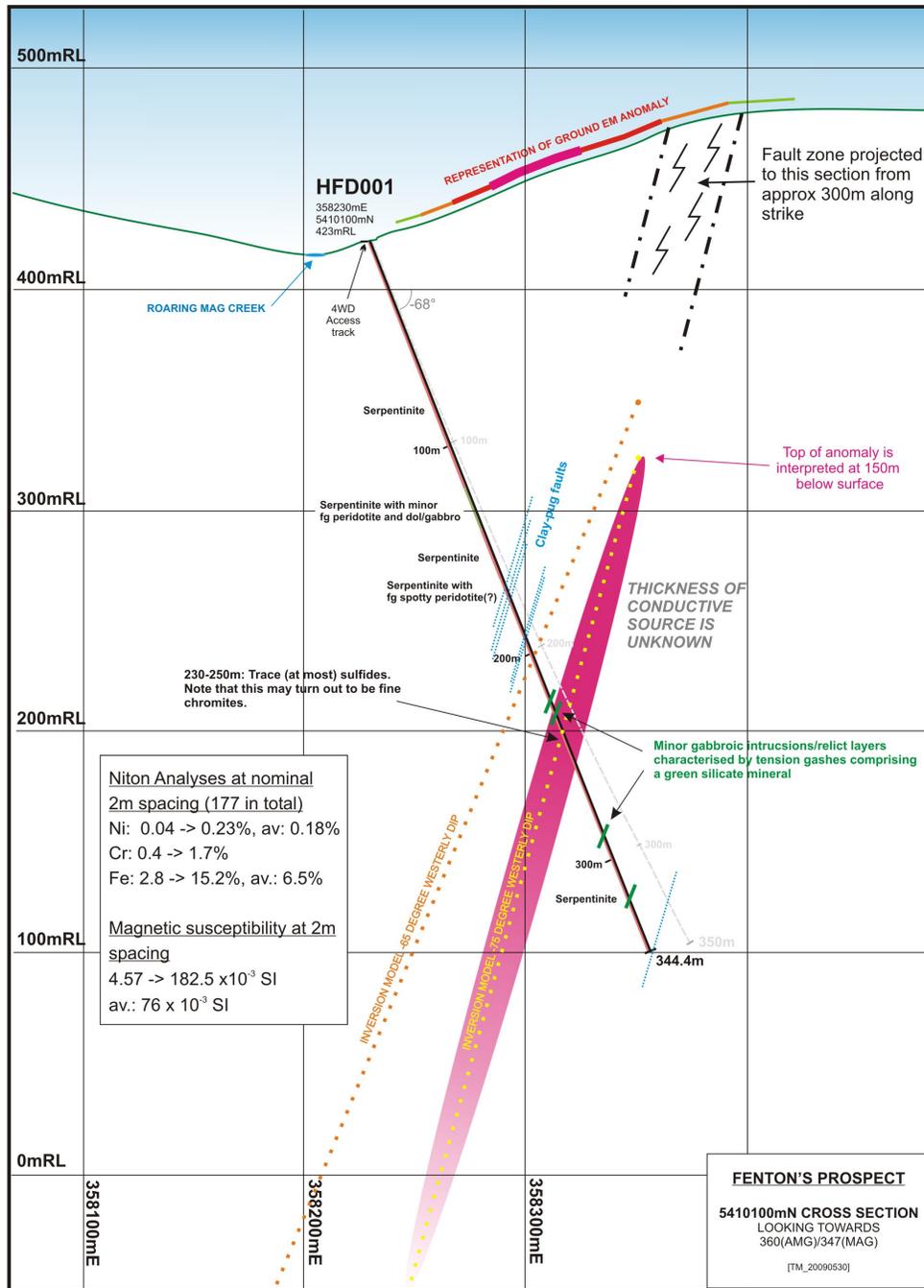


Figure 4. Geological Section 5410100mN

DHEM data was collected in HFD01 and the purpose of this memo is to present and discuss the results of this DHEM Survey.

HFD01 DHEM DATA

HFD01 DHEM data, if using basic concepts in evaluating DHEM data suggests that the drill hole has intersected and is inside and close to the top of the conductor. In particular the positive amplitude of the along hole component at late times and the “normal” type cross over in the cross hole X component can be used to arrive at this conclusion.

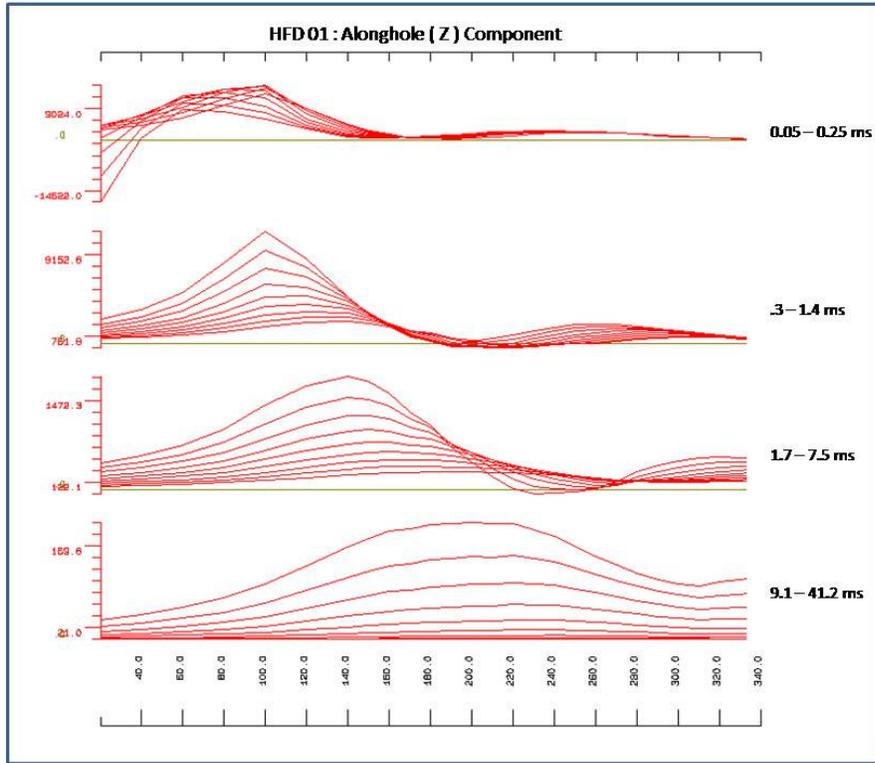


Figure 5. HFD01: Alonghole (Z) Component

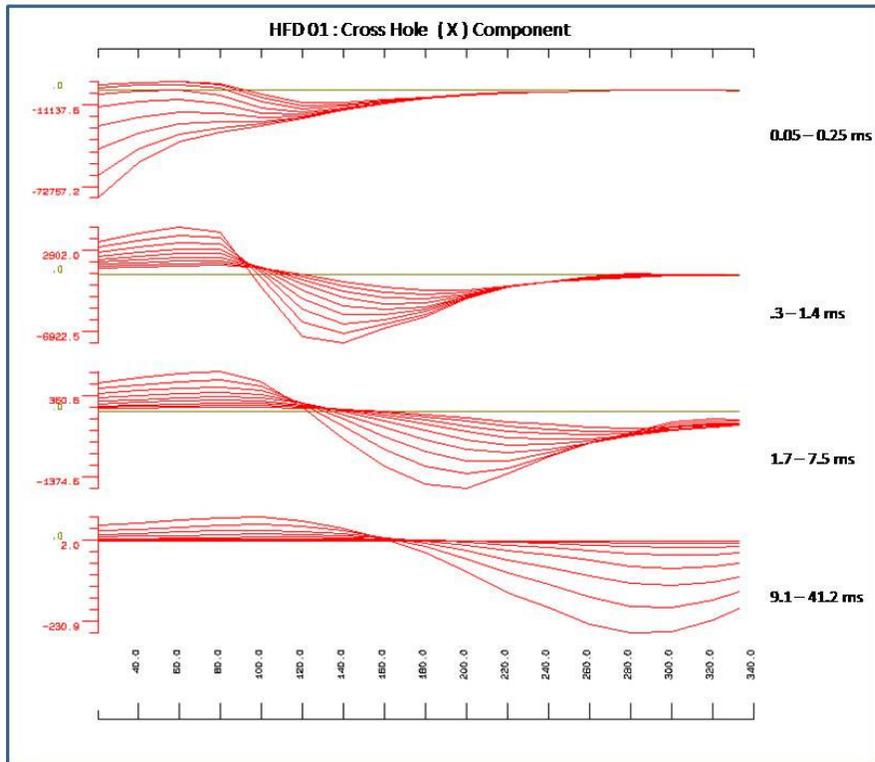


Figure 5a. HFD01: Cross Hole (X) Component

This conductor however as expected is set within “conductive” host rocks (presumably serpentines), nevertheless interpretation or inversion on late time data using sheet model conductor responses results in a good agreement between the observed and modeled data (Figure 6)

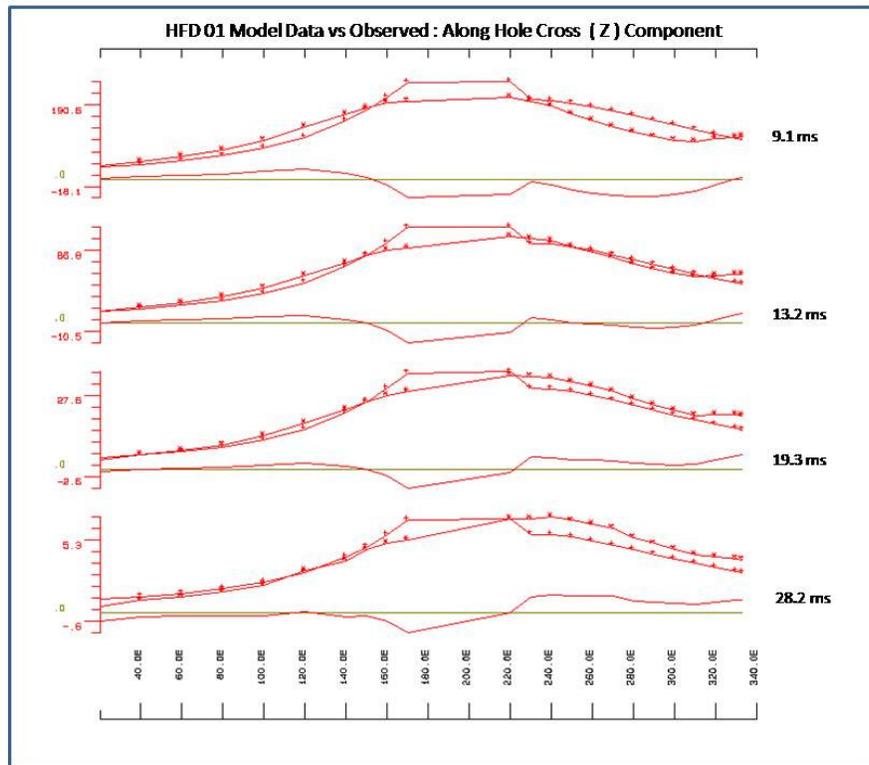


Figure 6. HFD01 Model Data vs Observed: Along Hole Cross (Z) Component

The interpreted conductor from DHEM data is close to in orientation and location of the target interpreted from the surface data (Figure 7). As such it is concluded that the target interpreted and located on the basis of airborne VTEM and ground survey data has been adequately tested by drill hole HFD01 and appears to be sourced within or close to the fault zones cutting the conductive serpentinites.

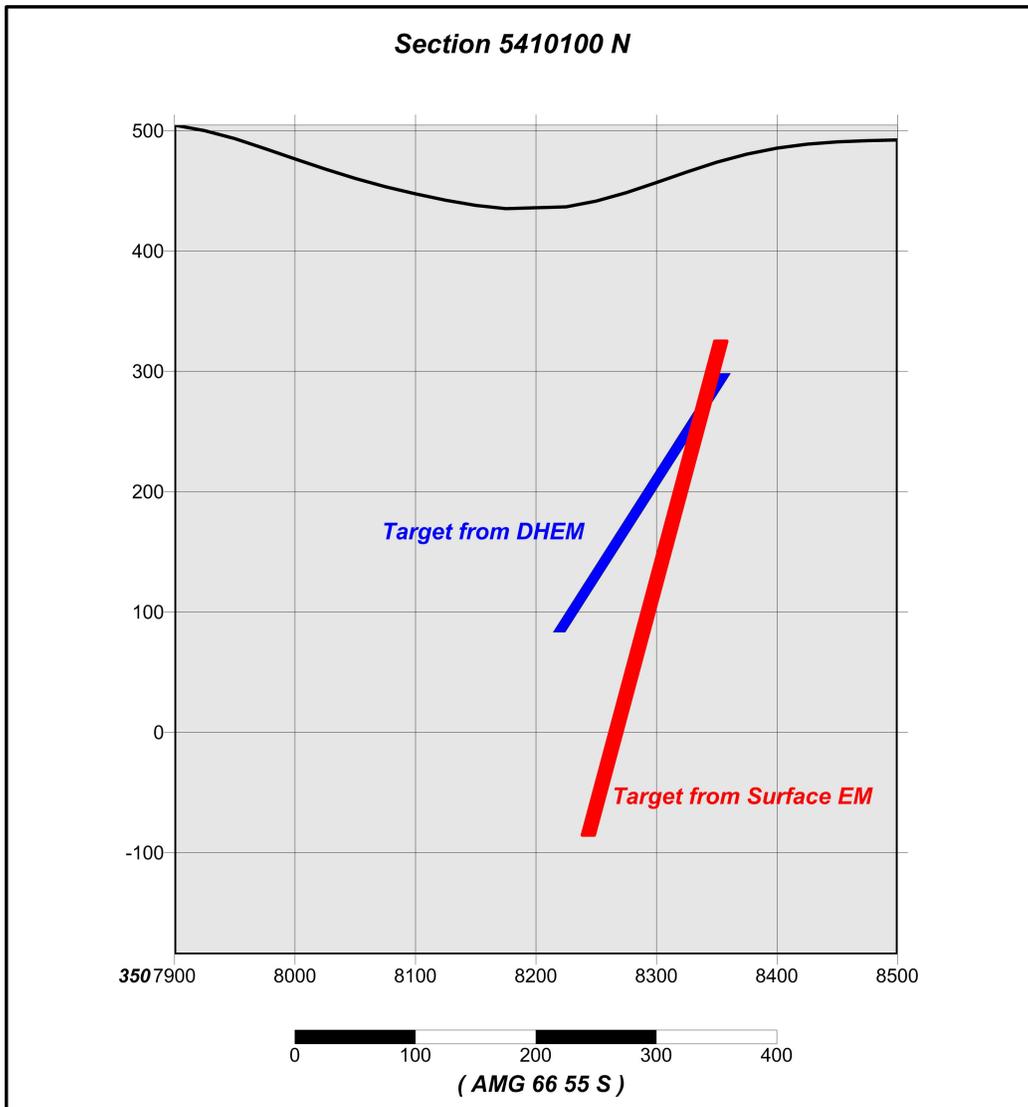


Figure 7. Section 5410100 N : Interpreted Conductors from ground and DHEM data .

CONCLUSION

HFD01 DHEM data confirms that the conductor inferred from the airborne and ground EM data sets has been intersected. It appears to be sourced within or close to the faults cutting the conductive serpentinites .