HEAZLEWOOD PROJECT
(SAVAGE RIVER GROUP)
TASMANIA
EL31/2003

ANNUAL PROGRESS REPORT
23rd March 2009 – 22nd March 2010

Tenement Holder/Manager
Bass Metals Ltd.
16 Thelma Street
West Perth, WA, 6005

Geologist:
Travis Murphy, B.App.Sc (Geol.), PhD
Senior Exploration Geologist
Hellyer Exploration Base, TAS

Author:
Sally Bates, B.App.Sc (Geol)
Tenement Geologist
Hellyer Exploration Base, TAS

Distribution:
Mineral Resources Tasmania
Bass Metals Ltd
Venture Minerals

Disclaimer

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

HEAZLEWOOD PROJECT
(SAVAGE RIVER GROUP)
TASMANIA
EL31/2003

ANNUAL PROGRESS REPORT
26th March 2009 – 25th March 2010

ABSTRACT

Bass Metals Ltd (BSM) commenced management of the Heazlewood exploration licence (EL31/2003) on 26 March 2005. Work conducted on the licence in conjunction with the Venture Minerals joint venture for the year ended 22 March 2010 has included:

Bass Metals -

- The submittal of a 12 month extension (granted)
- Drilling of the Fenton's Prospect
- NITON FPXRF Analysis of core
- DPIWE 'Permit to take' extension
- Down hole electromagnetic survey
- Rehabilitation at the Fenton's drill site

Venture Minerals -

- Stream sediment sampling (Venture Minerals)
- Track cutting to reach the Mt Youngbuck Ridge for a geochemical sampling program

Expenditure - Reporting period $272,991

Total to date $897,727

Total for Savage River Group to date $1,230,478

CONTENTS **Page**

LIST OF FIGURES

LIST OF TABLES

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 2009 to 25 March 2010. During the 4th year of tenure a partial relinquishment was approved dropping 34km² allowing this licence to now cover a total area of 101 km^2. During the last reporting period the Heazlewood licence was 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. This still remains in place with PIO now having reverted to a 2% NSR. BSM is currently managing exploration of the license from a base at the Hellyer Mine site. Venture Minerals are earning 70% in EL's 31/2003 and 36 by 2003 by spending 650K in 3 years.

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.

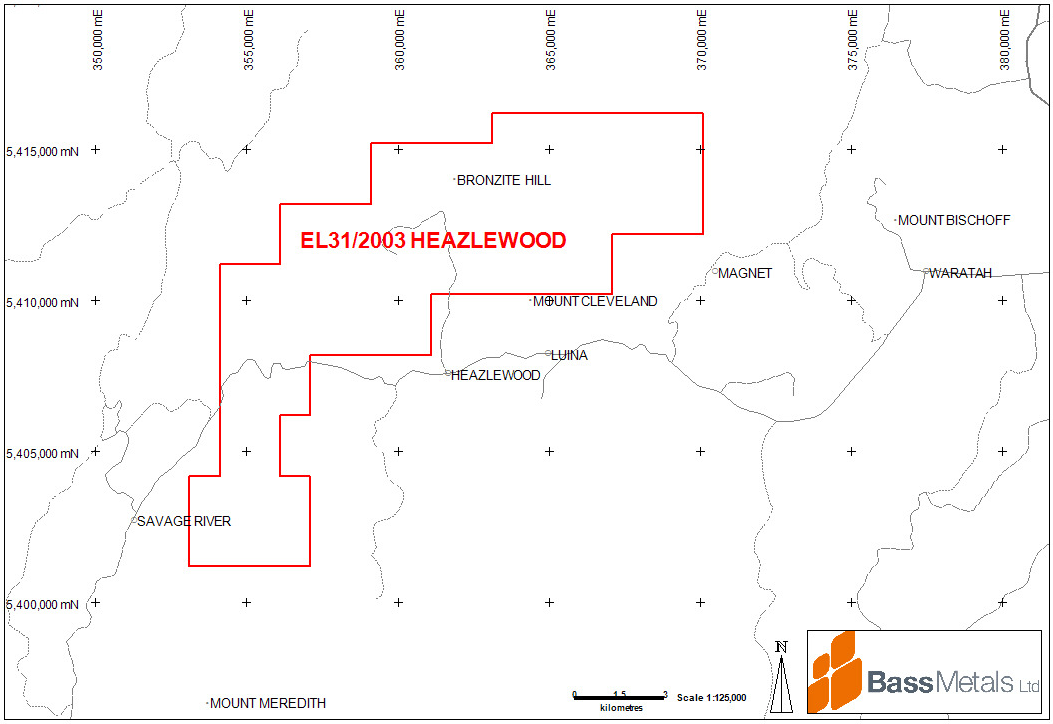


Figure 1. Heazlewood Exploration Licence (EL31/2003) is located in north-western Tasmania.

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).

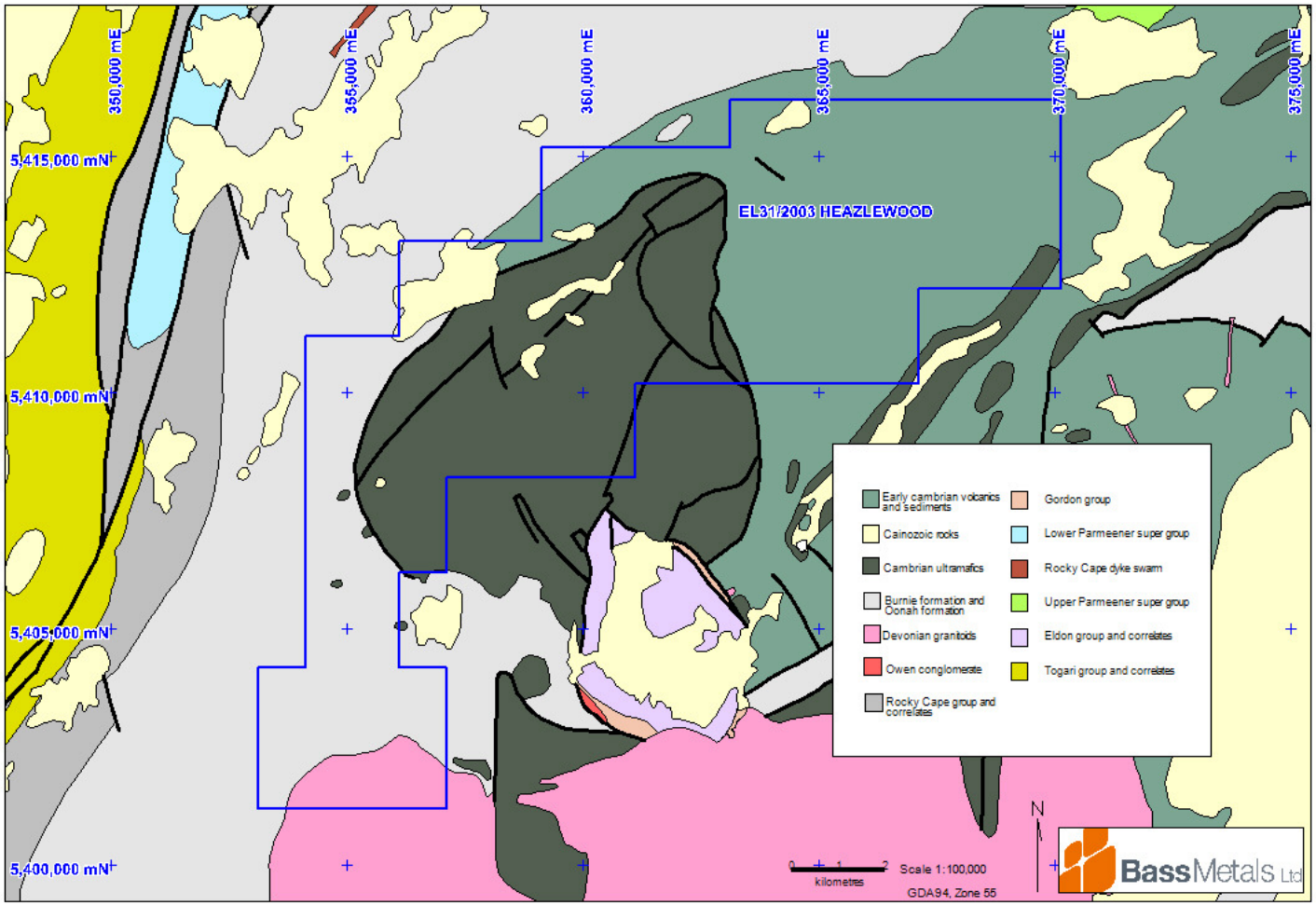


Figure 2. Regional geology showing licence area boundary

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)

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

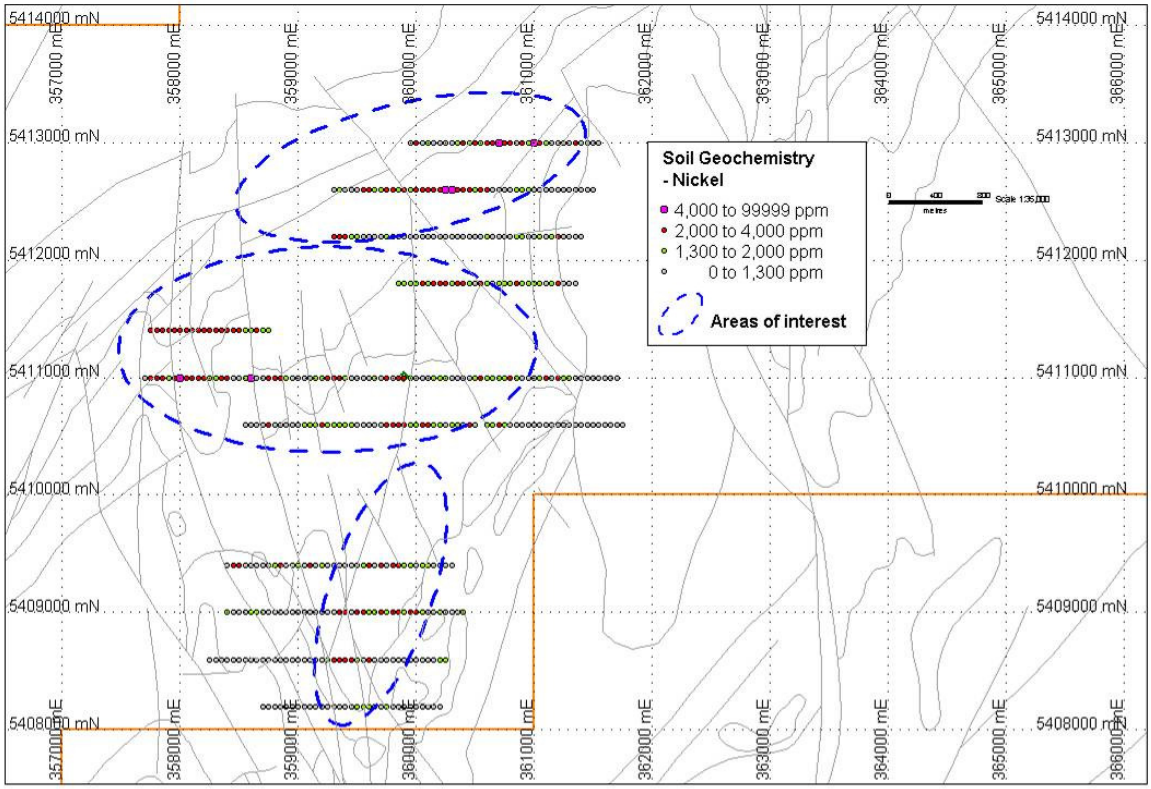
The section below reports on exploration activities between 26th March 2007 and 25th March 2008.

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. (Assay results were reported in the corresponding years report).

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). (Assay results were reported in the previous years' Annual Report).

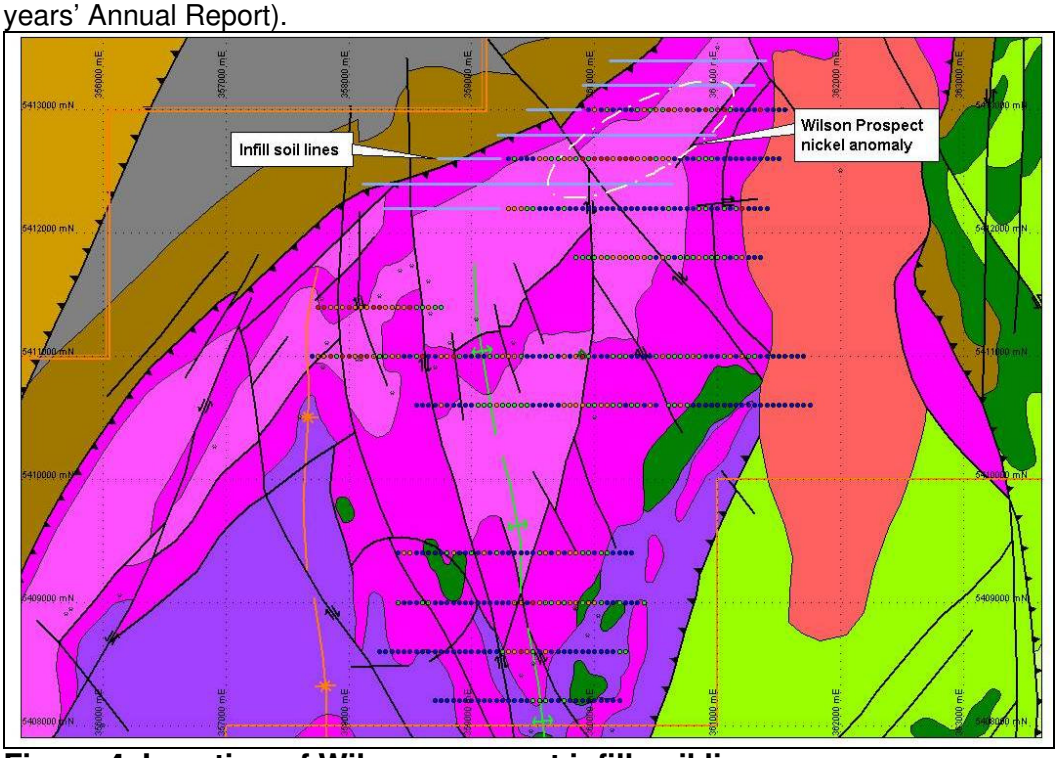


Figure 4. Location of Wilson prospect infill soil lines

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.

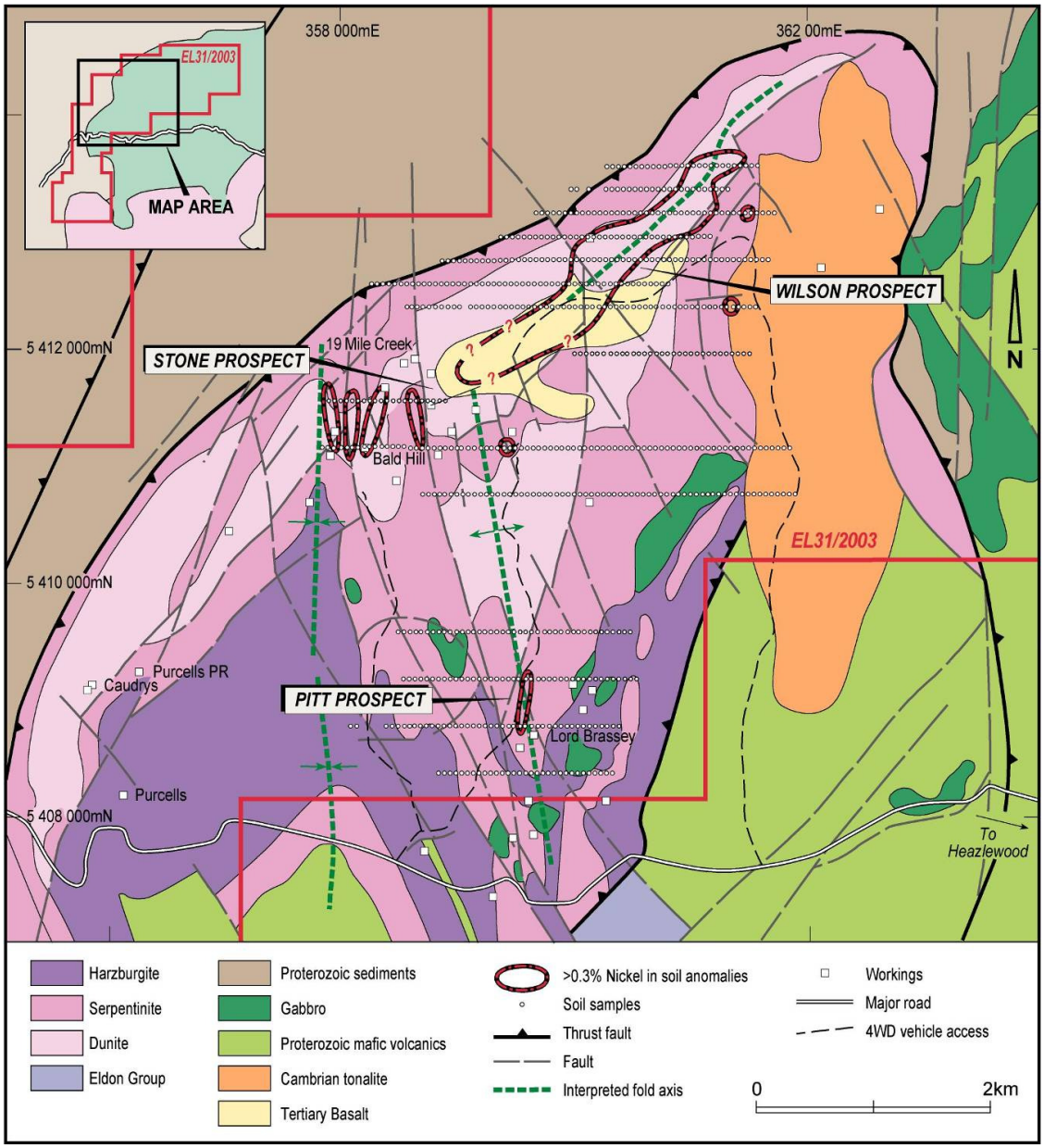


Figure 5. Location of Wilson prospect >0.3% nickel anomaly and Tertiary basalt cover

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

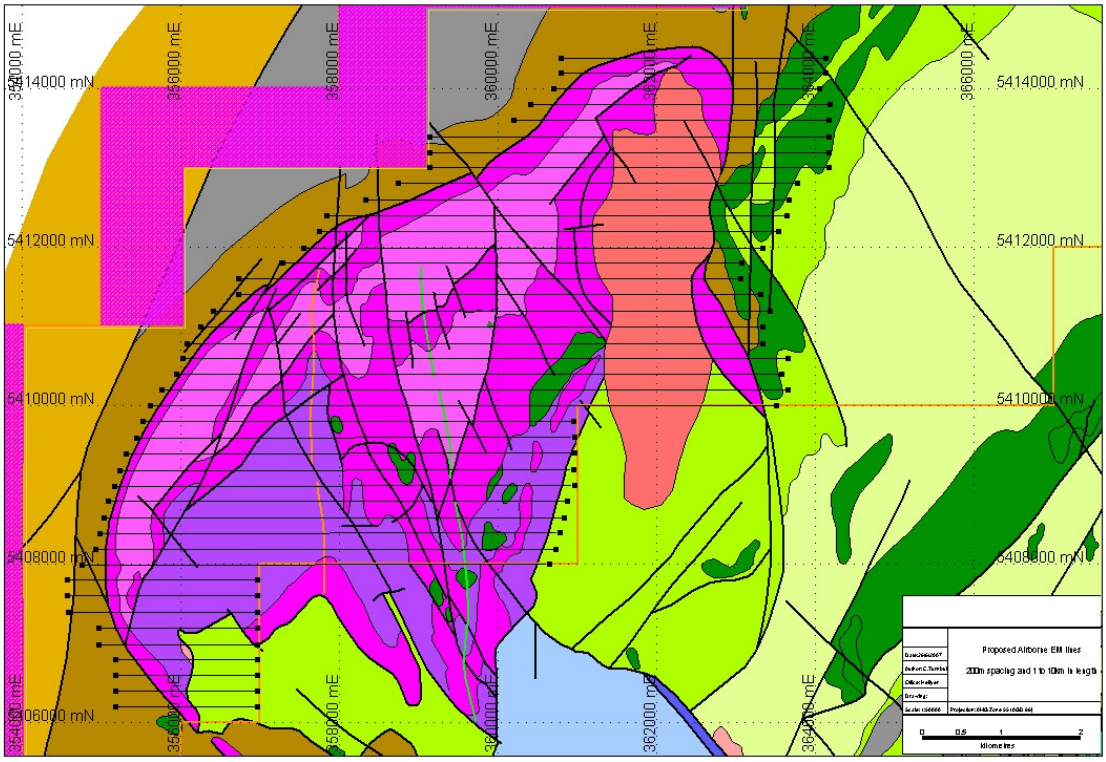
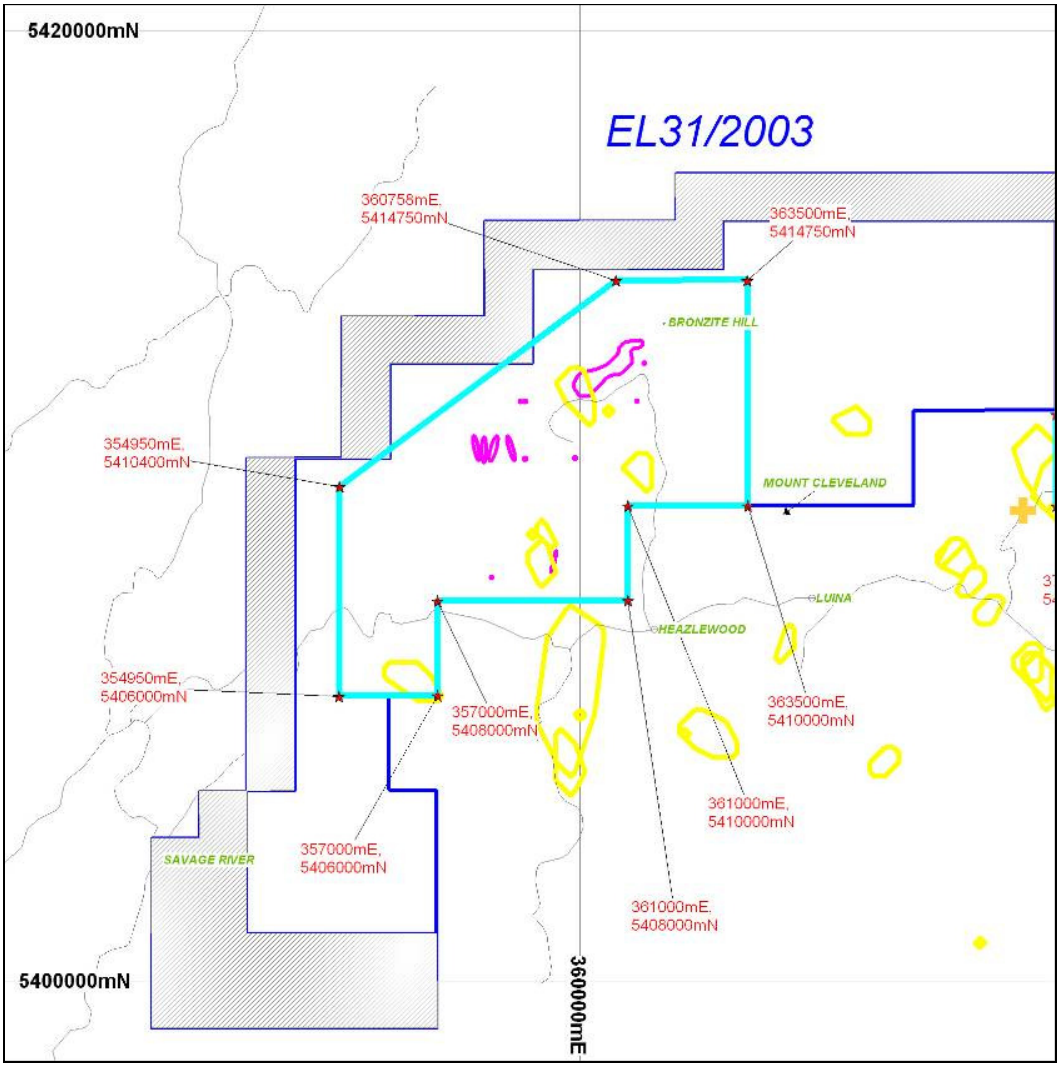


Figure 7. Plan of the Heazlewood EL31/2003 tenement with planned VTEM survey area (light blue), Stage 1B Geoinformatics target polygons (yellow).



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. (Assay results were reported in the previous years' Annual Report).

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)

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

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.

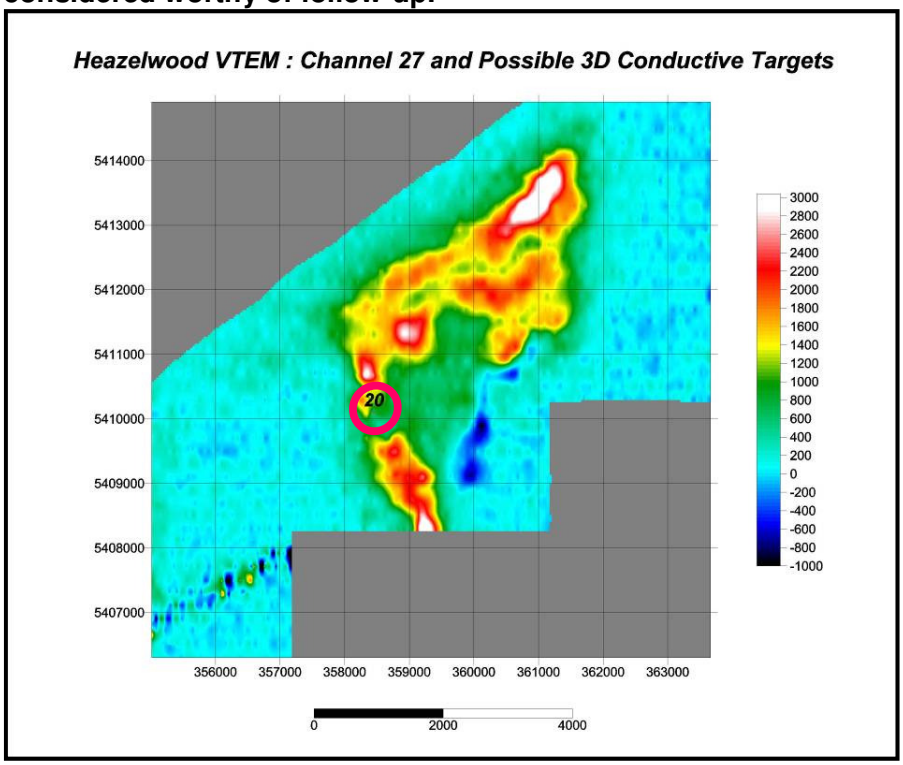


Figure 10. Plan of the soil grid data defining the Wilson soil anomaly in the Heazlewood Tenement. VTEM anomalies 13 and 14 are spatially coincident with the soil anomaly and it's possible extensions.

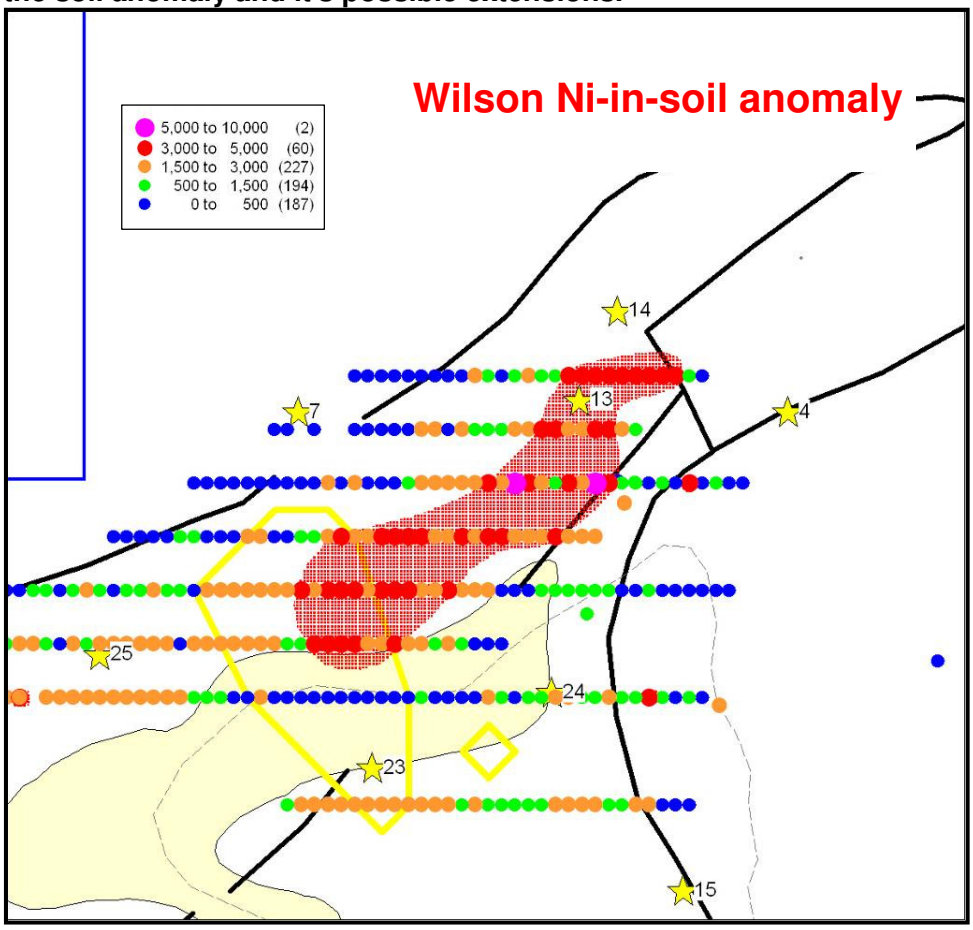
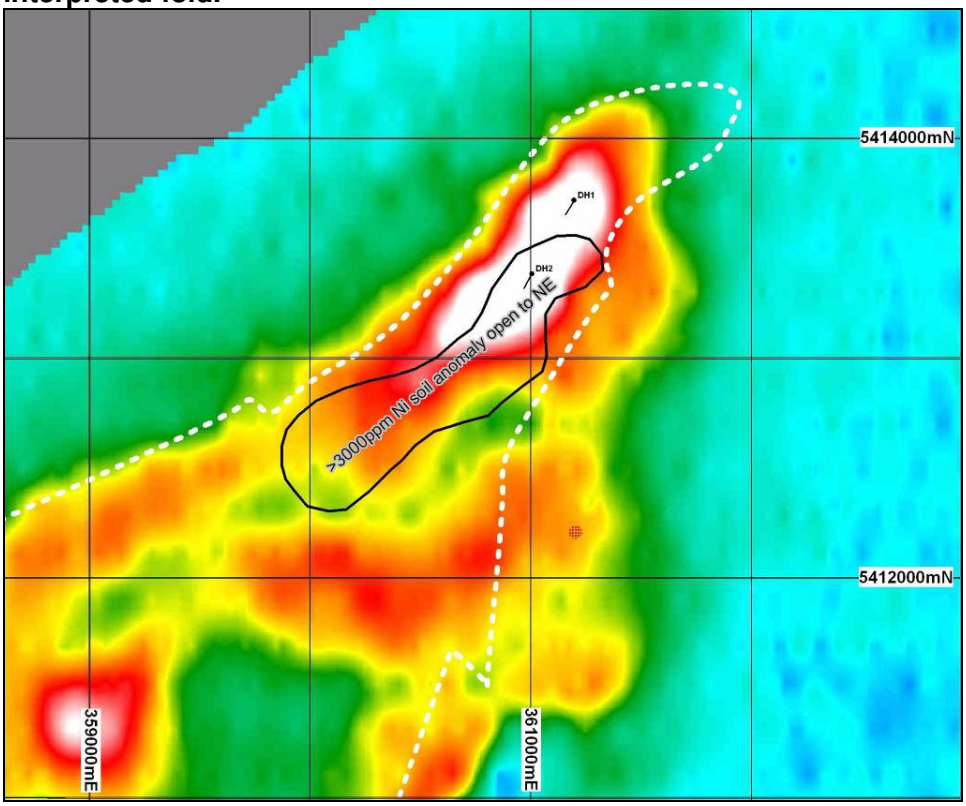


Figure 11. Plan of the Wilson anomaly area illustrating the >3000ppm Ni soil contour, VTEM data (anomalies 13 and 14 are coincident and NE of the Wilson soil anomaly), and two preliminary drill-hole locations testing the axial region of the interpreted fold.



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.

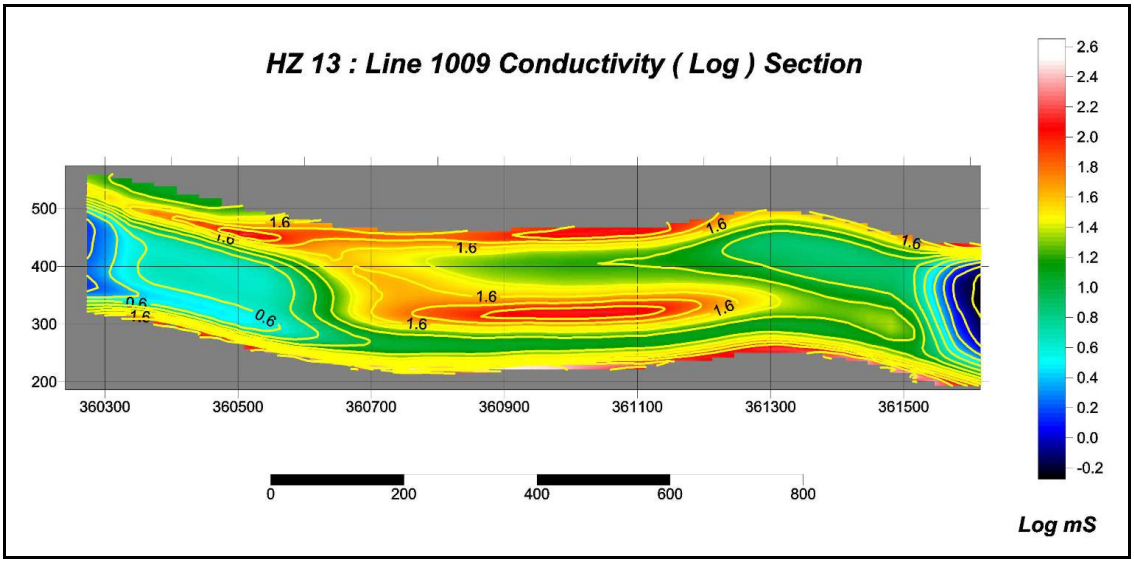
Drill Program – Jones Creek – Bronzite Hill

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/mineralisation observed within this drill hole that no samples would be sent for assay. The Niton XRF machine was used as an assay tool. 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.

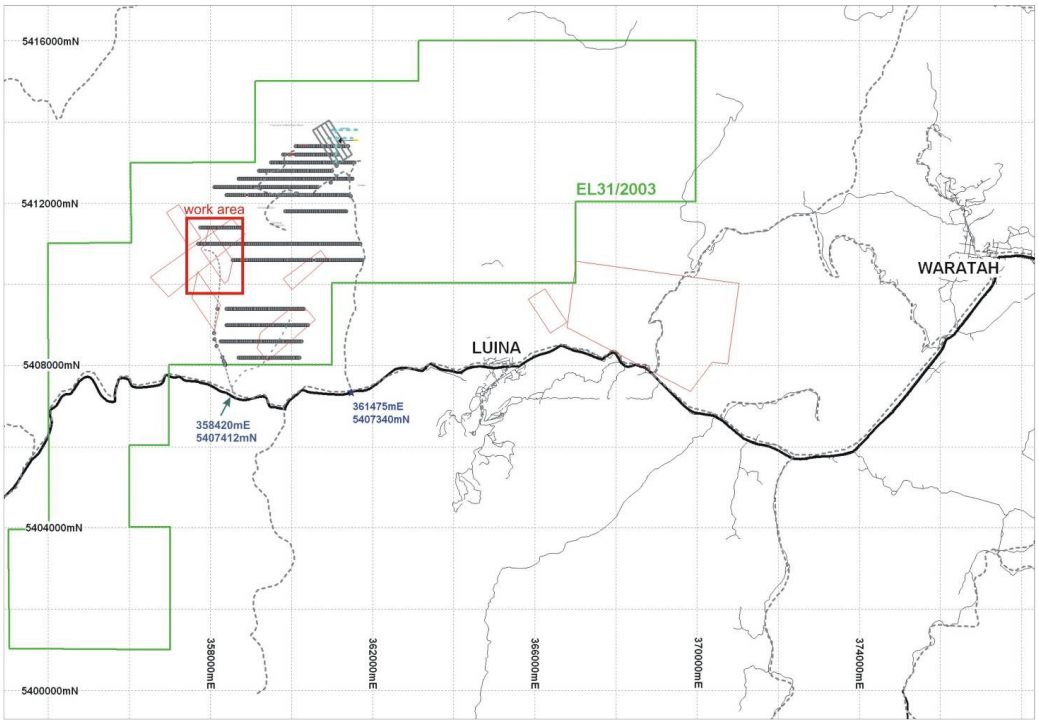
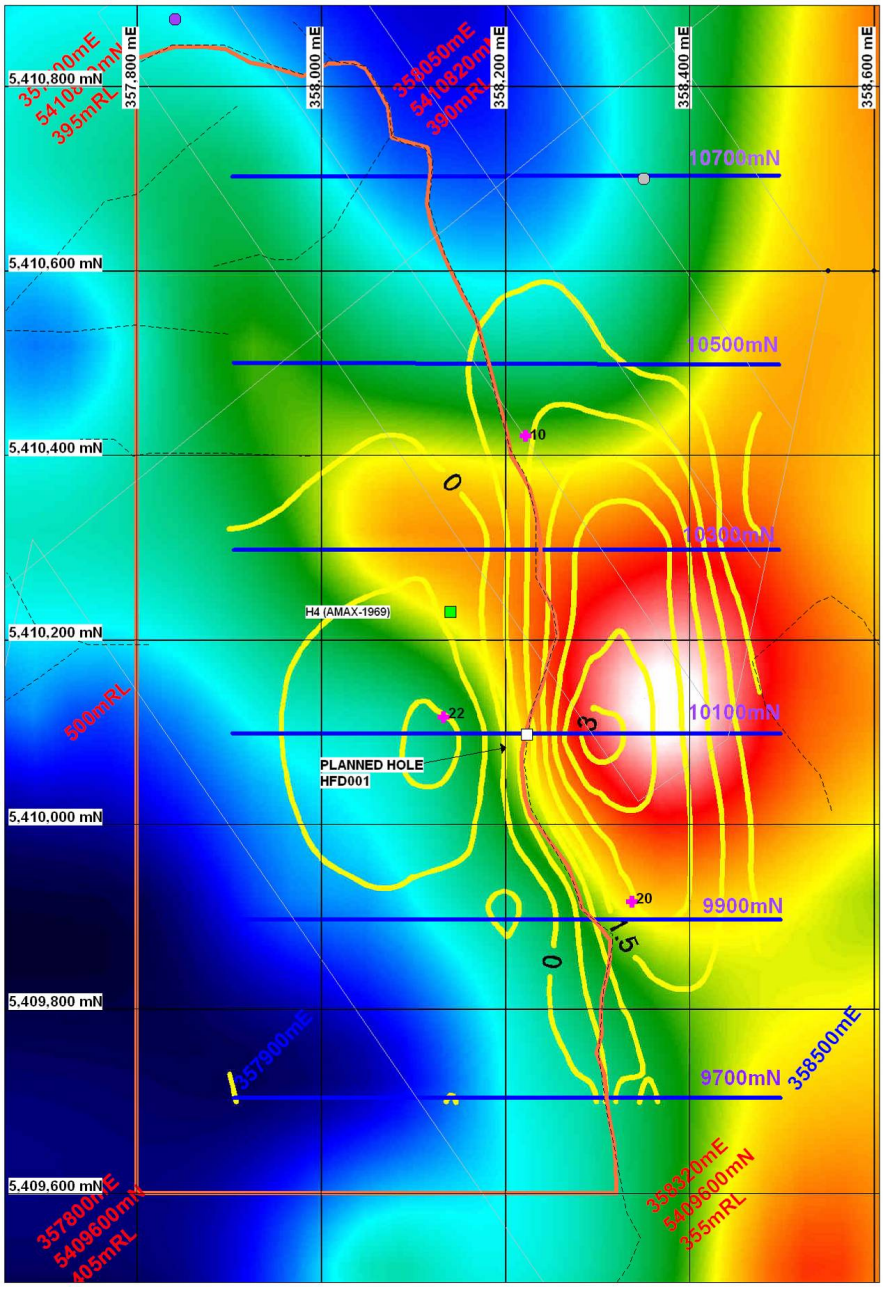


Figure 14. Plan view of the Fenton's Prospect area with TMI as background and ground EM contours in yellow. The VTEM anomaly points are illustrated as magenta crosses with associated ID. The location of the planned drillhole (HFD001) is indicated.

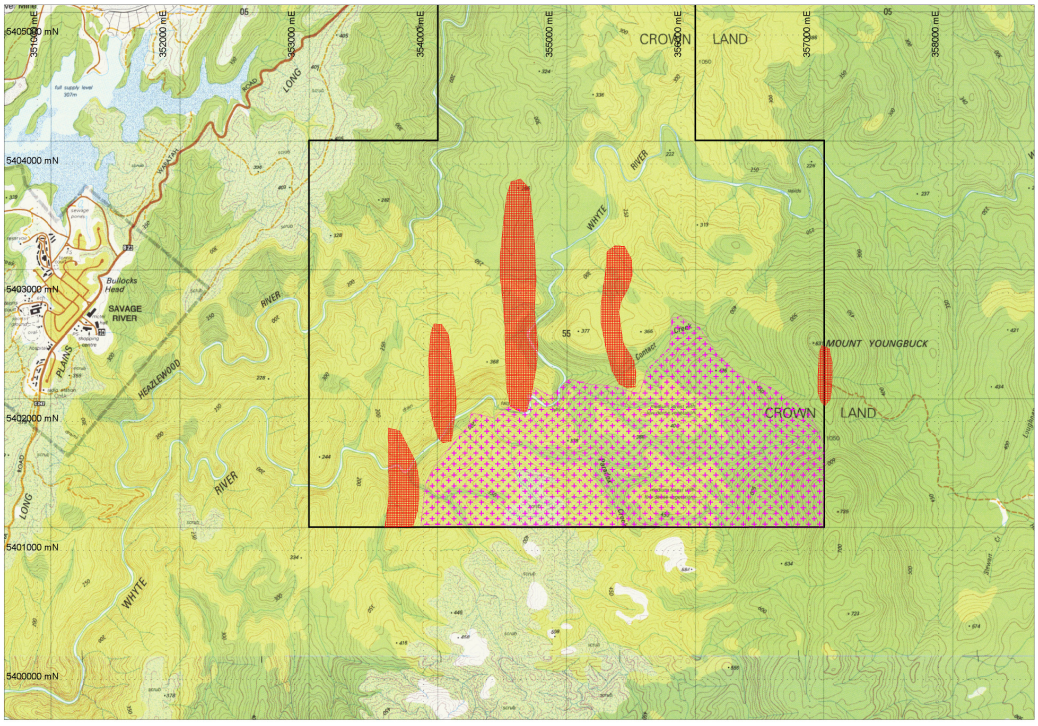


3.5 Venture Minerals Ltd – 2008 to 2009 (EL31/2003)

Target: Tin, Tungsten & Iron mineralisation.

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.

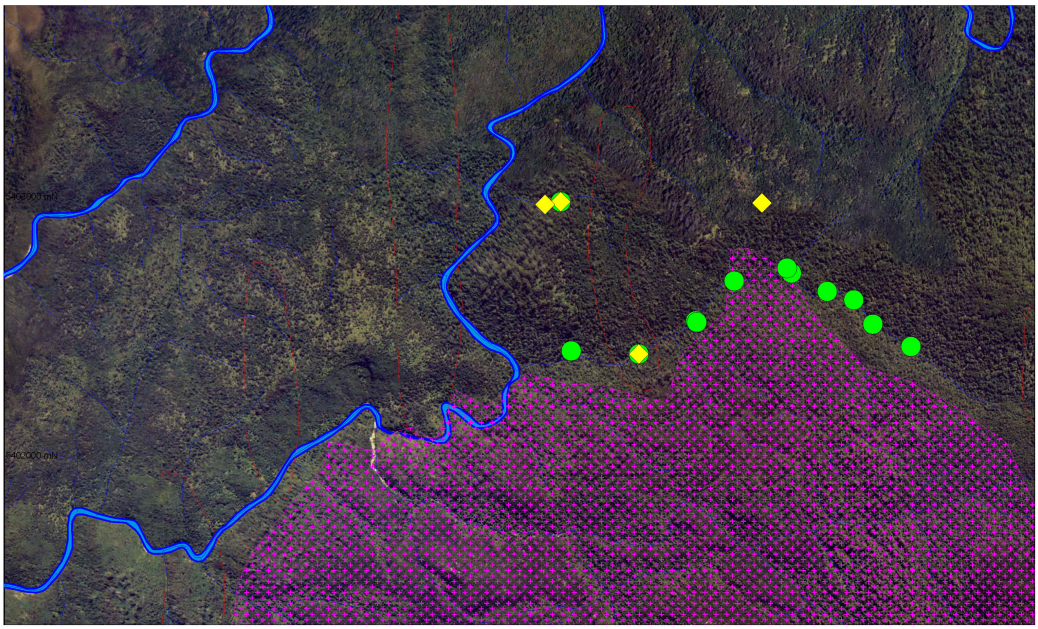
Figure 15. Location Plan showing magnetic annomalies (red) and interpreted granite (pink)



During the 2008/2009 summer field season Venture 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. Twenty three stream sediment samples were collected along Contact Creek to serve as an orientation survey within which to compare Aberforyle's data. See appendix 1 for assay results. Four rock chip samples were also collected for multi-element assay and petrographic examination. It was later decided by the responsible geologist that these samples would not be submitted for analysis.

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. EXPLORATION COMPLETED DURING THE REPORT PERIOD

4.1 Bass Metals Ltd – 2009 to 2010 (EL31/2003)

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

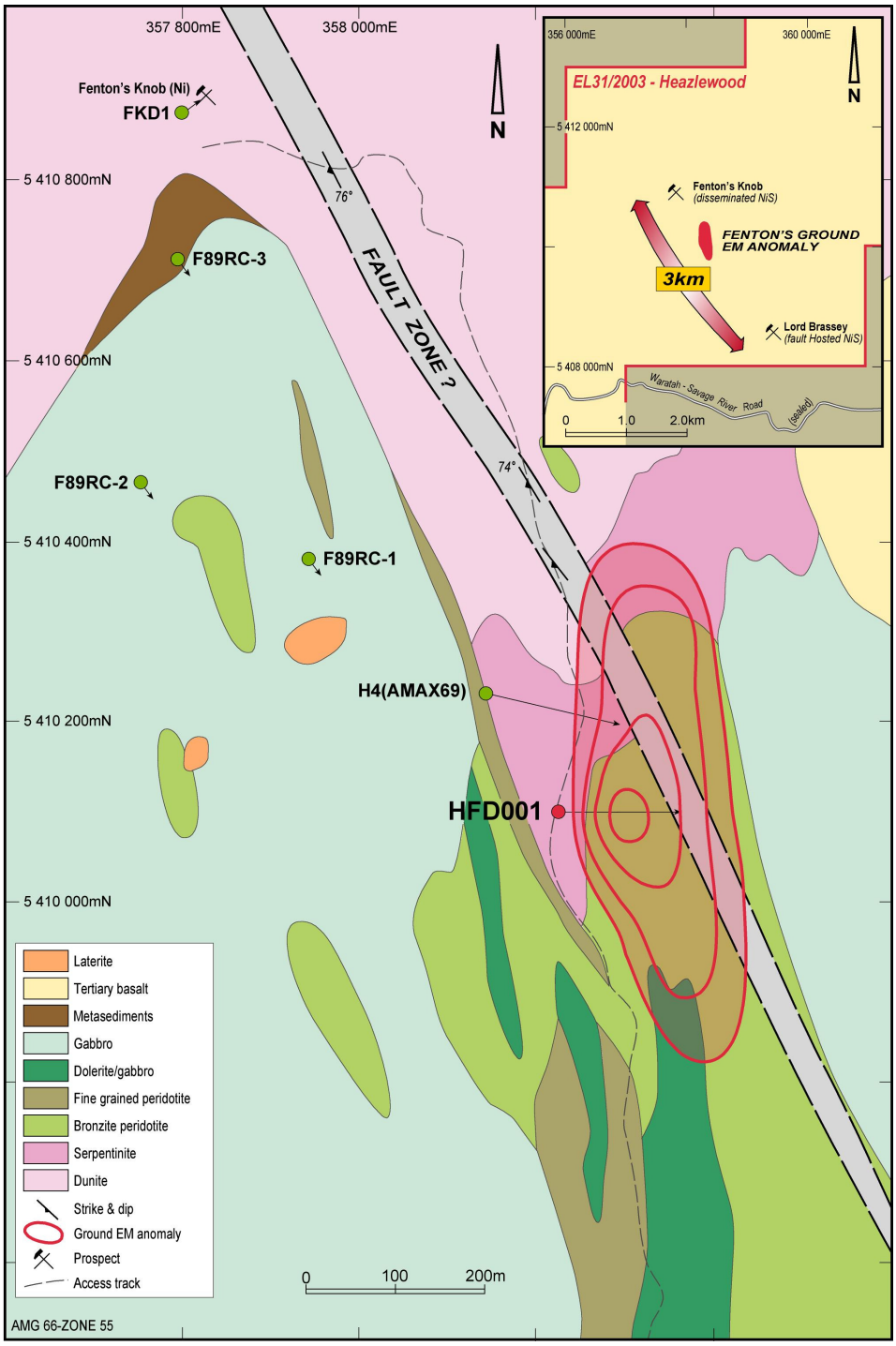
The section below reports on exploration activities between 26th March 2009 and 25th March 2010.

A 12 month extension was sought and granted extending the expiry date to 26/3/2010 which concludes this report.

Drilling of the Fenton's Prospect

Mapping in the area during the ground EM survey indicates that a NW-striking fault is spatially coincident with the conductive anomaly (Figure 17) and suggested a model of mineralisation analogous to the Lord Brassey Ni –sulphide fault-vein deposit. The ground EM anomaly was found to be located between the two known Ni-sulphide occurrences in the Heazlewood Ultramafic Complex (HUC), (Fentons Knob disseminated NiS breccias and the Lord Brassey fault-vein). It was conceivable that the Ground EM anomaly was a larger fault-controlled hydrothermal Ni-sulphide deposit possibly hosted where the structure intersected a favourable unit in the ultramafic stratigraphy. HFD001 was drilled to test the geographical centre of the anomaly as well as the 'hottest' part of the EM anomaly. (Figure 18)

Figure 17. Interpreted geology map of the Fenton's Prospect with HFD001 location illustrated.



The drill hole was completed in May to a total depth of 344.4m. Access issues were challenging due to the onset of the Tasmanian wet season. Drill progress was slow.

The drill-hole passed through a complex of serpentinite with occasional 'spotty' peridotite. Significant clay-pug faults have been intersected from ~170m (Figure 18). From this depth, frequency of silica-carbonate veining has increased. Trace amounts of disseminated sulfides have been observed at 182m associated with more intense veining and very trace disseminated sulphide (possibly chromite) in the interval 230 – 250m. Several small relict gabbroic layers/intrusions(?) are observed and are characterized by overprinting tension gashes with green siliceous infill. Some of this material has been sampled for PGE analysis. The entire length of the hole had abundant magnetite stringer and stockwork style veins. Refer to Appendix 6 for complete drilling report.

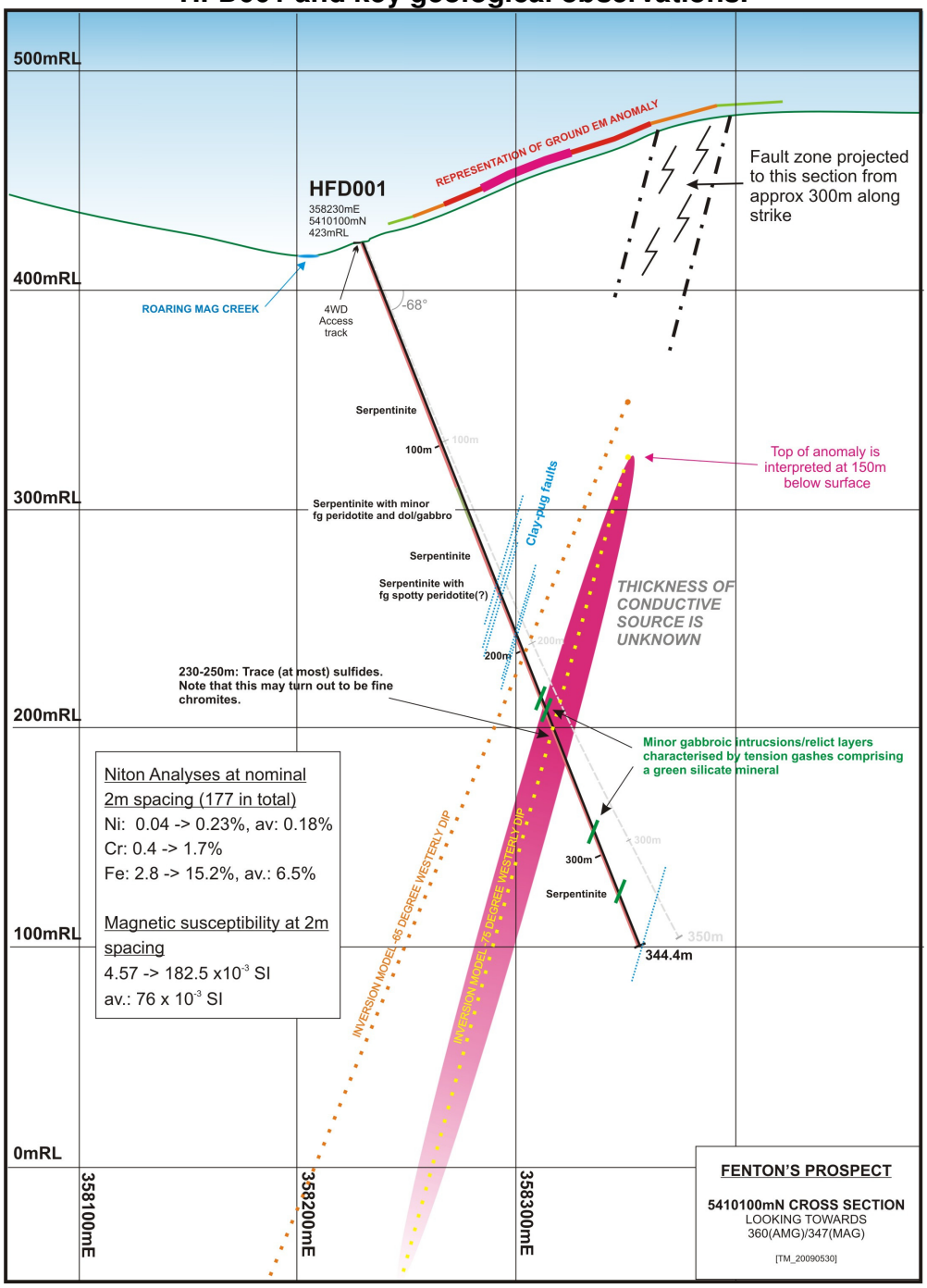
Niton FPXRF analyses of the core were conducted on nominal 2m test spacing and additional test locations as required. 177 analyses were conducted on the HFD001 drill-hole. Results of this work included –

- Ni: 0.042% → 0.24% with average of 0.18%. Note that the remnant gabbroic layers have distinctly lower Ni (0.07%) than the serpentinite (0.18%).
- Cr: 0.40% → 1.74%
- Some zinc contamination was recognised through reaction of the core with the galvanized core trays (64% Zn). The white coating (presumably zinc oxide) assayed up to 1.5% Zn during routing testing with the Niton. Care was taken to avoid these contaminated strips on the core. (See appendix 2 for all results)

Magnetic susceptibility data was collected at the same 2m p point spacing and results ranged from 4.57×10^{-3} → 182.5×10^{-3} SI. The average for the hole was 76×10^{-3} SI. By comparison, massive magnetite has magnetic susceptibility of ~950 and Avebury Nickel ore (containing significant magnetite) has magnetic susceptibility of ~750. (See appendix 3 for all results)

This drill-hole has not explained the EM conductor or magnetic high in the Fenton's prospect area even though the hole was drilled at the mid-point along the EM anomaly. It is possible that the clay-filled faulting (occurring near the anticipated target position – Figure 18) has inherent conductivity but this is currently being evaluated by consultant geophysicist Dr Jovan Silic. Alternatively, the conductor may be in an off-hole location and required identification through down-hole EM survey.

Figure 18. Cross-section on 10100mN illustrating the approximate trace of HFD001 and key geological observations.



Geophysicist – Dr Jovan Silic's comments regarding HFD001

The results of your drilling are somewhat surprising as you already know, I demonstrated with modelling and inversion of date that the agreement between the airborne and ground EM data is excellent using the proposed drill target model, although I was "concerned" that the target may be due to a relatively "thin" highly conductive pyrrhotite zone. Inversion results gave an almost perfect fit between the observed and the modelled date, so right now without further consideration I cannot propose a drastically different model to explain both the airborne and the ground EM data.

I had another look at all the data sets and it is virtually impossible with the current data sets to come up with an alternative model to explain both the ground and the airborne EM data, unless the airborne EM data is being modified by an IP effect. There is no obvious evidence that this is the case in both the airborne and the ground data, which can easily be reconciled with a target dipping to the west.

If the airborne data is being modified by a not so obvious IP effect than it would be possible to dip the target somewhat more to the east, because using ground EM data there was some uncertainty in he dip estimate mainly as a result of the ground EM lines being about 100 meters short to the east.

There are three possibilities to explain the current dilemma.

1. *The EM target is the fault. I think this is unlikely, but as I indicated to you previously in my experience one strong anomaly such as Fenton's was indeed confirmed to be due to a fault.*
2. *We drilled through a fault window.*
3. *We drilled down-dip of the target for the unlikely reasons outlined previously.*

DHEM

DHEM was required to resolve the outstanding question as to whether a metalliferous conductor still exists and where it is located relative to the drill hole HFD001. This was achieved by reusing the Ground EM grid where two existing lines were extended by 100 meters each. A request was submitted for variation to permit TFL08181, to take the threatened species *Epacris glabella* and *Micrantheum serpentinum* within the Heazlewood area. This request was approved returned valid until 1st October 2010. This was sought to enable the small amount (ca. 200m) of grid-cutting and access for a geophysical crew to undertake DHEM on HFD001 testing the Fenton's Prospect. Dr Silic had been requested to design the DHEM which was undertaken during late February Refer to appendix 8 for Jovan Silic's report.

Rehabilitation at the Fenton's and Jones Creek drill sites

Rehabilitation has begun on the Fenton Drill Site. The single hole drilled for (HFD001) is straight forward. Minor works was carried out on the road on the way out to get it back to the standard it was in prior to Bass' activities in the area. The track at Jones Creek (diamond drill hole HJD001) was only lightly scraped to gain access; and there is little or no topsoil or vegetation to pull back over. This has been scarified with the excavator bucket in order to capture some seed for regrowth. Photographs can be found at appendix 8.

4.2 <u>Venture Minerals Ltd – 2009 to 2010 (EL31/2003)</u>
Target: Tin, Tungsten & Iron mineralisation.

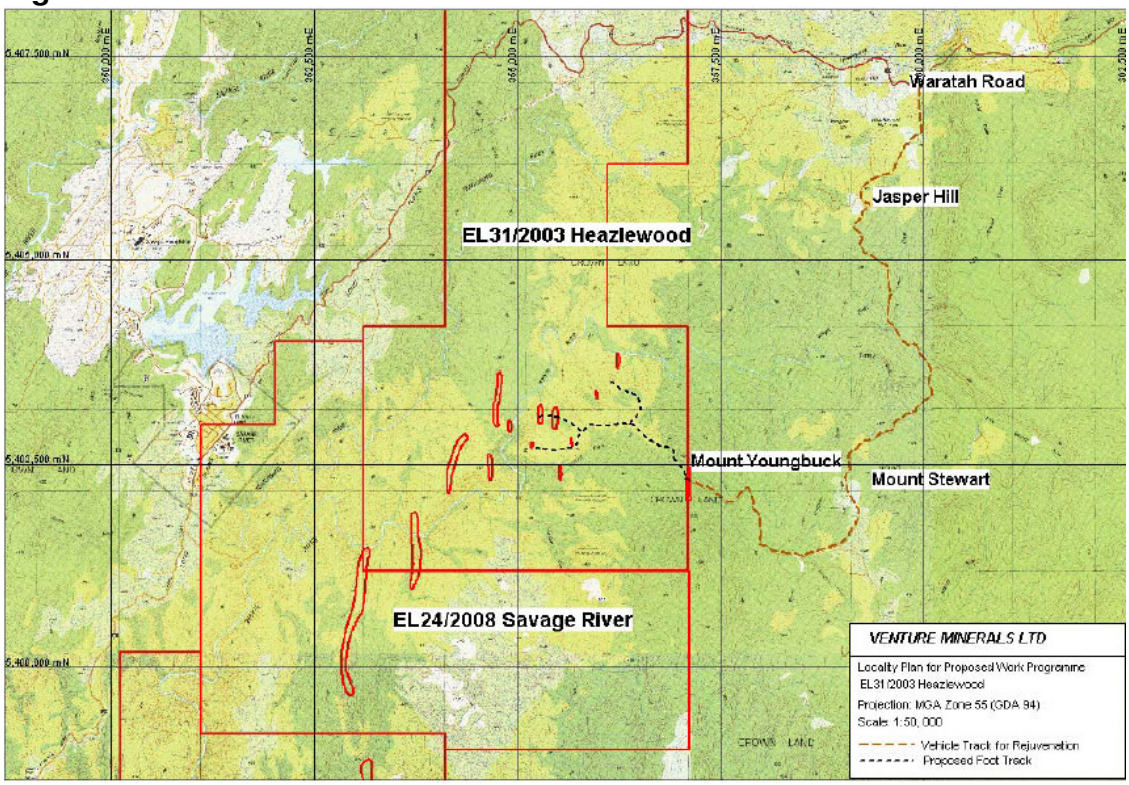
Some 23 stream sediment samples were collected from Contact Creek and tributaries in late January 2009. Assays (Appendix 1) have now been received and indicate modest Sn (up to 45ppm) and W (up to 20ppm) anomalism in a tributary draining the margin of the Meredith Granite adjacent to a conspicuous magnetic high. The stream sediment was dominated by tourmaline-quartz vein float suggesting the presence of a zone of boron metasomatism similar to those in the Mt Lindsay-Stanley area. Follow up stream sediment sampling and prospecting of the lower tributaries to Contact Creek is recommended.

The exposed Mt Youngbuck magnetite-Sn-W skarn is not shedding an identifiable geochemical plume into Contact Creek (although historic data indicates that it does into Scheelite Creek to the east of EL31/2003).

The track to Mt Youngbuck from the road near Heazlewood Hill is badly overgrown beyond the Whyte River crossing and proved very slow going on foot. Track cutting as far as Mt Youngbuck is recommended should this route be used again. Access to the area up the Whyte River from the Whyte-Heazlewood confluence is currently being evaluated and may be the best way to access the magnetic anomalies in the southwest corner of EL31/2003. Exposure in the Whyte River in this area is very good and should allow stratigraphic control and prioritisation of magnetic targets for follow-up work.

Track cutting work to re-establish access from the Waratah Road through to Mt Youngbuck was initiated. Approx 6 days were spent investigating and cutting the track using a 2 person crew. Quad bike access is possible as far as the Whyte River c. 3.8 km from the Waratah Road, and 4 km of old 4WD track has been rejuvenated for foot access. A further 2.2 km of track cutting is required to reach the Mt Youngbuck ridge and options to get quads across the Whyte and Castray rivers are being investigated. (Figure19) Refer to appendix 5 for application documents.

Figure 19. Venture Minerals cut foot track



5. PROPOSED EXPLORATION

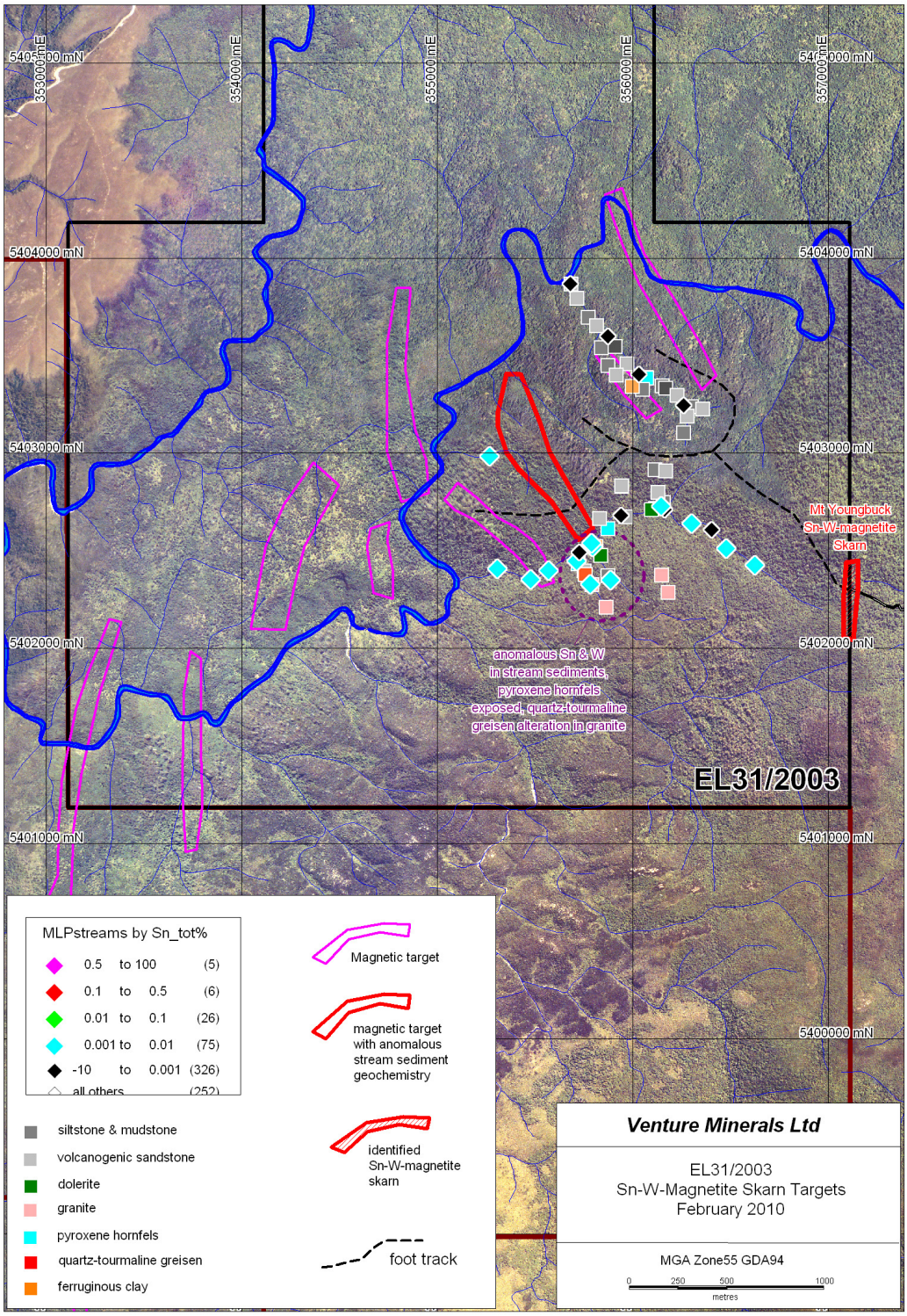
5.1 Bass Metals

During the sixth year of tenure, further exploration is pending approval of for a tenement extension. Under the joint venture terms Venture Minerals are to meet the required expenditure commitment. Bass Metals is reviewing the results from the Heazlewood and Fenton's prospects. Rehabilitation at the Jones Creek and Fenton's drill sites has been completed for the recently completed projects.

5.2 Venture Minerals

Venture plans to cover all of the skarn targets shown on the attached map (Figure 20) with stream sediment sampling, rock chip sampling and geological mapping over the next few months with the aim of identifying which targets are suitable to drill test in the summer of 2010 -2011. The budget for the proposed works is as follows:

Figure 20. Map displaying geochemistry targets



A proposed budget by Venture Minerals is tabulated below.

Table 1. Venture Minerals proposed budget for 2010/2011

EL31/2003 Venture Minerals budget 2010 tenement year	Budget
Geological mapping, rock chip sampling and stream sediment sampling (estimate 50 field days geologist and field assistant, includes messing & logistical support)	$51,500
Petrography of rock chip samples and panned stream sediment concentrates (estimated 20 samples)	$4,000
Assaying (estimated 100 samples assayed for multi-element suite)	$10,000
Mineral separations (skarn indicator minerals)	$12,500
Data review & interpretation, planning, reporting	$16,000
Construction of drill pads for helicopter supported drilling in January - March period 2011	$16,050
Administration	$11,005
Total	$121,055

6. ENVIRONMENT

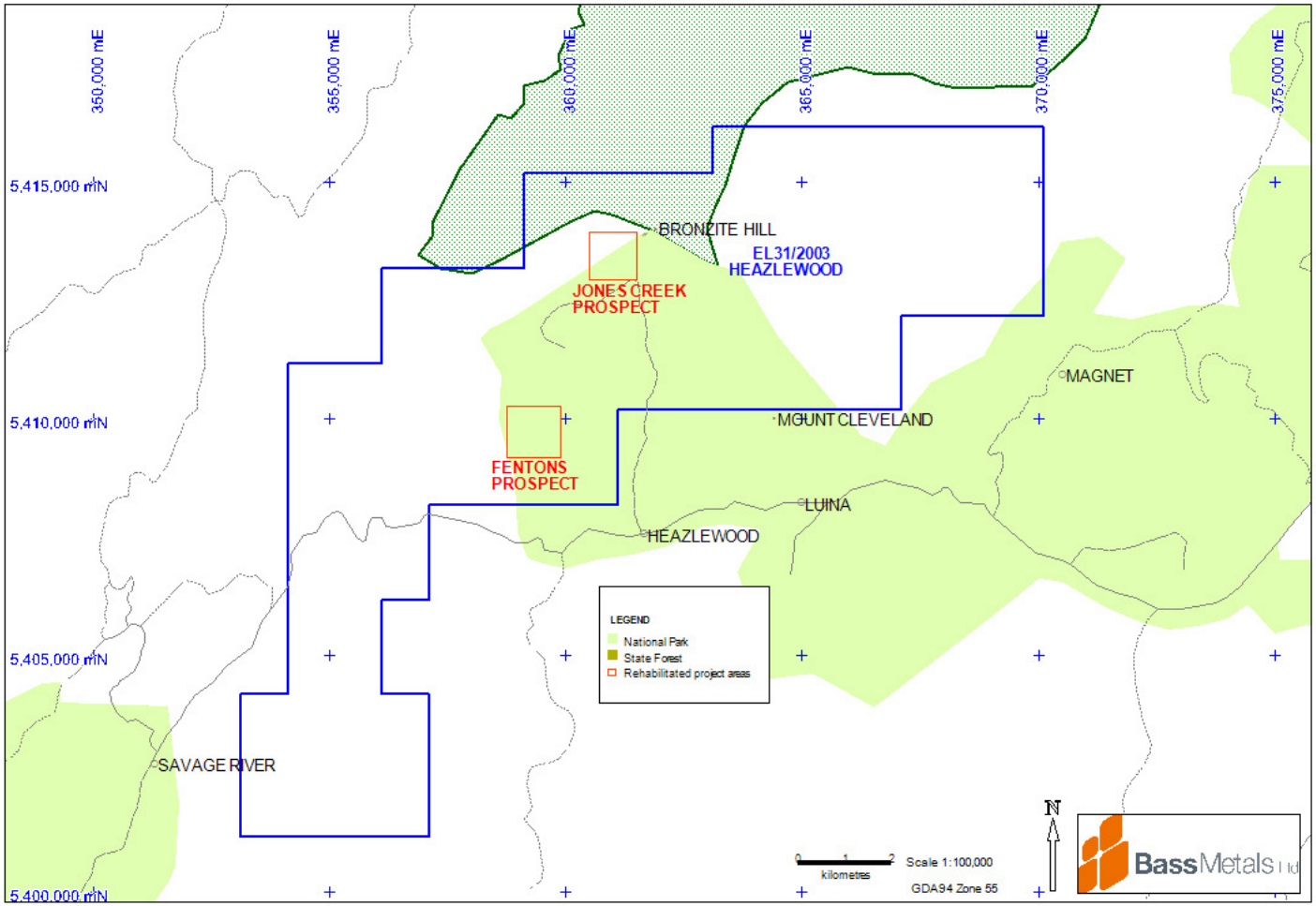
The company has environmental policies in place that minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

Land Tenure
Heazlewood Exploration Licence comprises:

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

The Environmental Activity Map in figure 21 shows the location of the exploration licence relative to conservation areas, and the areas recently rehabilitated.

Figure 21. Environmental Activity Map



7. EXPENDITURE

March 2009 - March 2010		
Geoscientific Costs	**Geology**	173,749
	Geochemistry	820
	Geophysics	1,000
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	
	Drilling	65,360
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	24,998
	Admin Costs	4,859
	Total - eligible	**$272,991**

Table 2. Expenditure 26 March 2009 to 25 March 2010
Expenditure reported is upto and including 31st January 2010

The Heazlewood tenement is part of the Savage River Group; the total expenditure up to the 31st January 2010 for this group is $1,230,478

8. 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

Venture Minerals Stream Sediment Assay Results

APPENDIX 2

Niton FPXRF analyses of HFD001

APPENDIX 3

Magnetic Susceptibility Data HFD001

APPENDIX 4

Venture Minerals – Track cutting application

APPENDIX 5

HFD001 Drill Report

APPENDIX 6

DHEM Report HFD01 – Jovan Silic

APPENDIX 7

Rehabilitation Photographs – HFD01 & HJD01