

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

**FINAL REPORT
11th June 2009 TO 10th June 2010**

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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 unless otherwise stated

ABSTRACT

Bass Metals commenced management of the Tullah exploration licence (EL47/2003) on 11th June 2004. For the 5th and final year of tenure ended 10th June 2010 exploration conducted on the licence has included:

- Historic exploration compilation,
- Review of the gold potential in the Sterling Valley (Lakeside & Lorrigans Luck prospects),

Bass exploration work has focussed on the base metal potential around the Tullah field, No outstanding targets were generated by this work and the tenement is to be relinquished.

Expenditure – Reporting period \$14,801.29

Total to date \$1,519,334

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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 volcanoclastic units throughout.

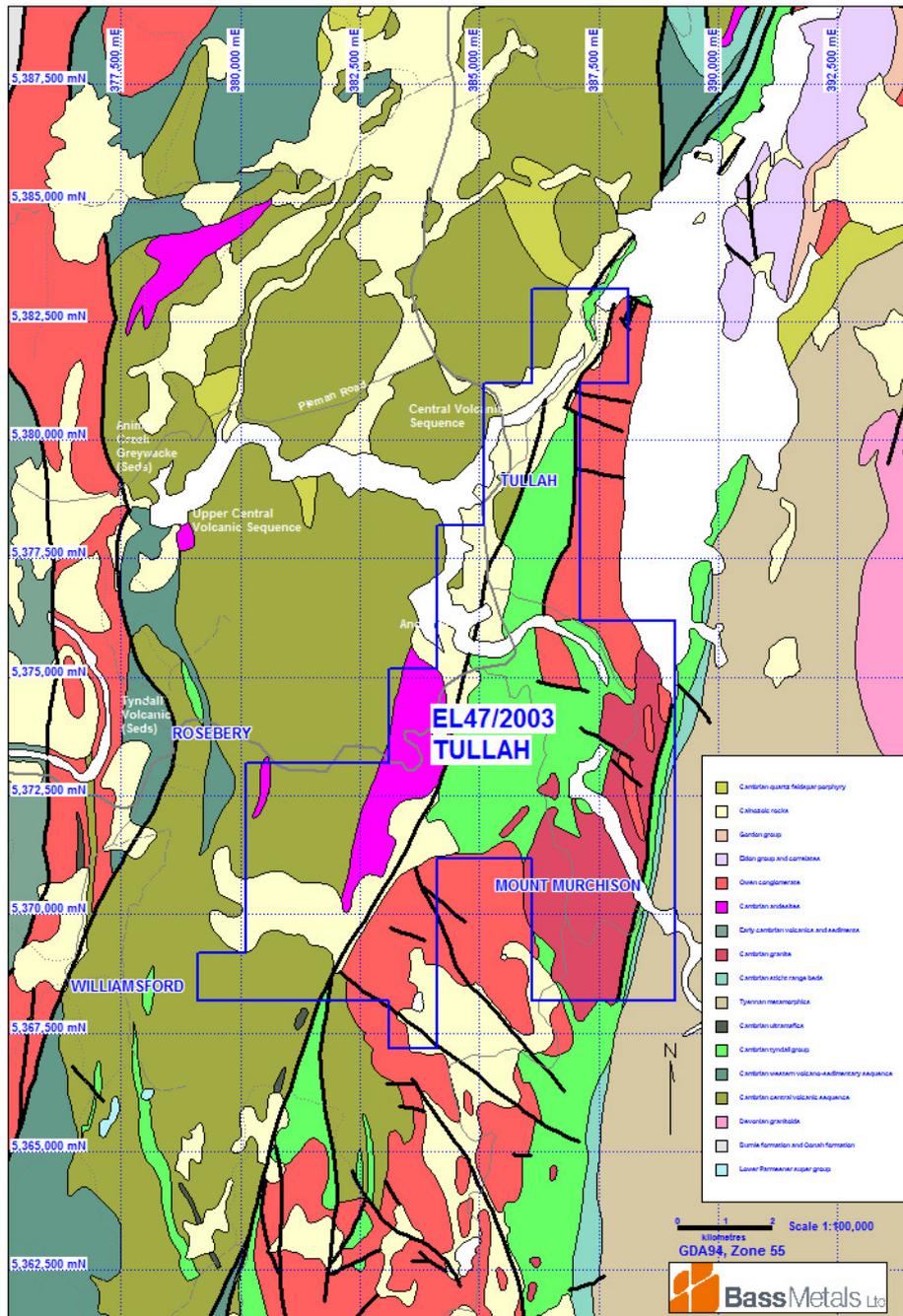


Figure 2. Geological Map including tenement boundary

2. WORK COMPLETED

2.1 Historic Mining:

Historic mines in the Farrell Field are the North Farrell Mine and the New North Farrell Mine. (Figures 3 & 4). The North Farrell Mine operated 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 mineralisation 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 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 mineralisation was deliberately avoided as Zn was penalised at the smelters, due to causing Pb suppression, (Jeckell Smythe pers. comm.) and had no market. Mineralisation 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.

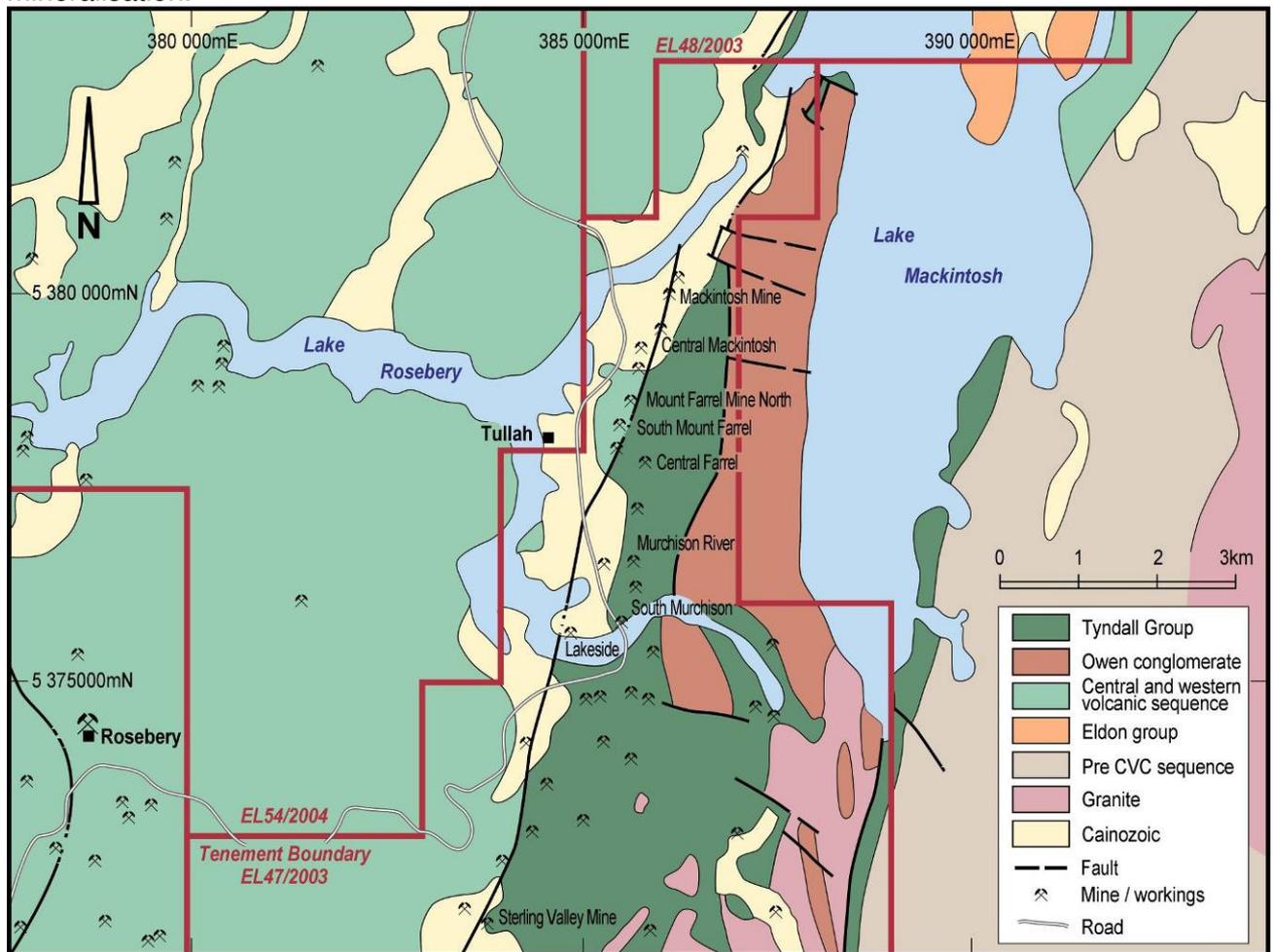


Figure 3. Historic mines and prospects

2.2 Exploration during current licence life:

EL22/90 was granted to Saracen Mineral during 2005 –

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.

On 17th November 2006 BSM purchased this tenement from Saracen

2.3 2006 – June 2007 (BSM)

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

2.4 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 Pasmenco 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.

2.5 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 mineralisation. 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

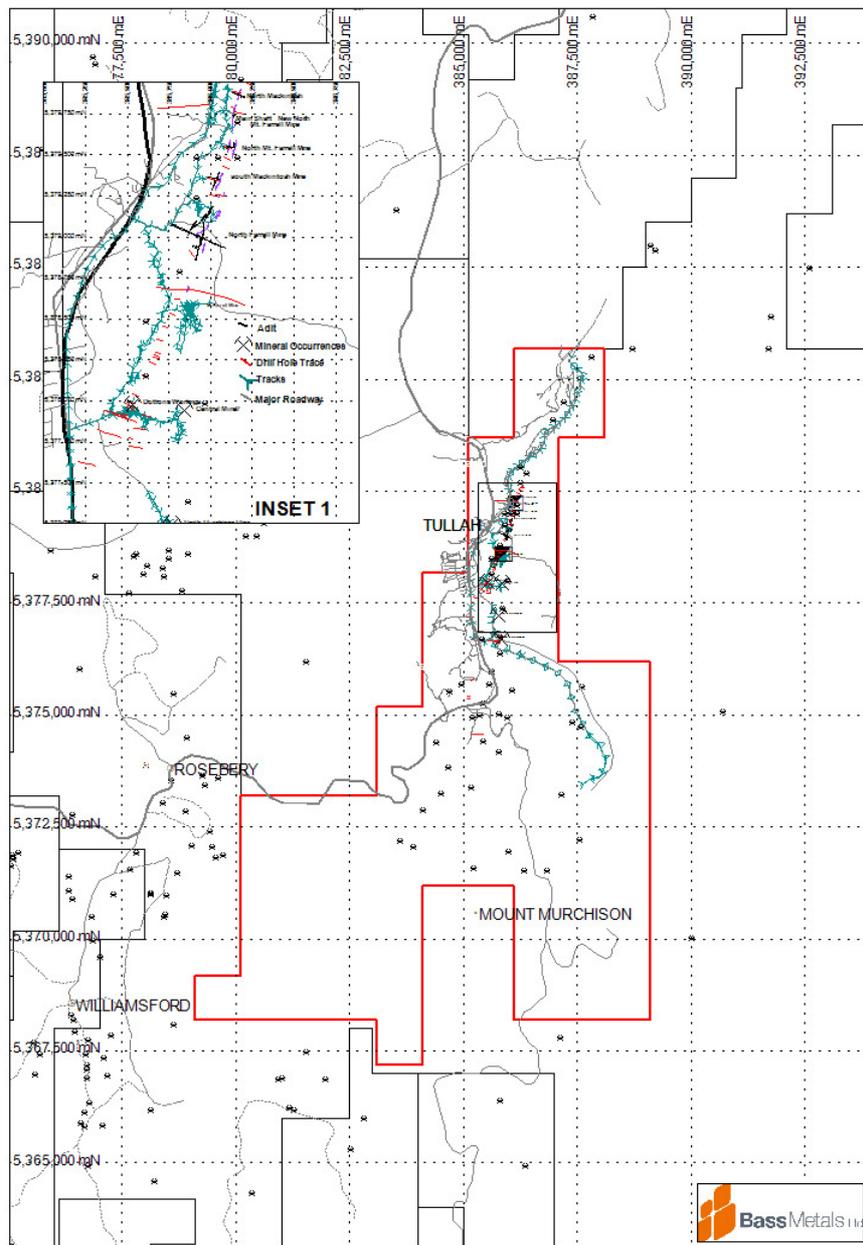
The monthly water sampling regime was undertaken for the months of November 2008, January 2009 & February 2009, due to access issues.

3. CURRENT WORK – Exploration completed during the reporting period (11th June 2009 – 10th June 2010)

Historic exploration compilation

A former Bass Metals employee was employed for a short time to compile previous work. During this time a map was compiled displaying mineral occurrences, drill hole traces and adits. See figure 5 below.

Figure 5. Map of Tullah mineral occurrences and historic mines



Review of the gold potential

A review of the gold potential in the Sterling Valley (Lakeside & Lorigans Luck prospects) was completed during this reporting period. It was concluded that there was little exploration potential here and it was recommended that no further work be completed. Refer to Appendix 1 for full report.

4. 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

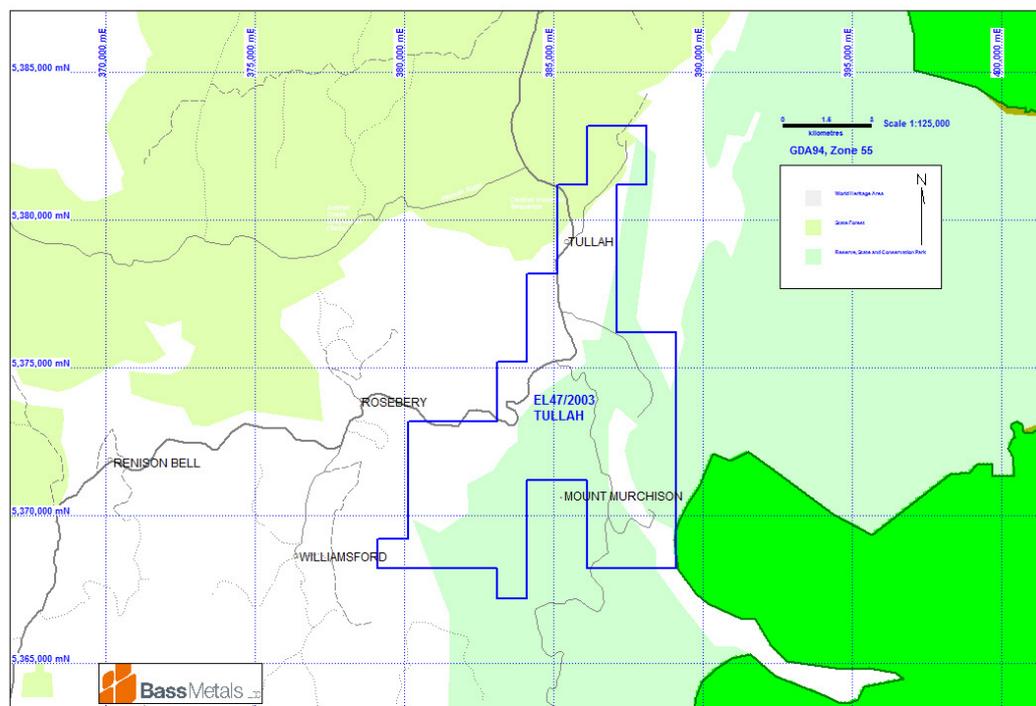


Figure 6. Environmental Activity Map

No ground disturbing activities were undertaken on the Tullah tenement during this reporting period; therefore no rehabilitation was required.

5. EXPENDITURE

| June 2009 - June 2010 | | |
|---------------------------|-------------------------|--------------------|
| Geoscientific Costs | Geology | 12,102.07 |
| | Geochemistry | 20.50 |
| | Geophysics | |
| | Remote Sensing | |
| Drilling & Gridding Costs | Gridding | |
| | Drilling | |
| | Land Access Costs | |
| | Rehabilitation Costs | |
| | Feasibility Study Costs | |
| | Other Costs | 2,678.77 |
| | Admin Costs | |
| | Total - eligible | \$14,801.29 |

Table 1. Expenditure 11 June 2008 to 10 June 2009

**Expenditure reported is up to and including 31st April 2010*

The Tullah exploration licence is part of the Lake Mackintosh Group. Total expenditure for this group up to 31st March 2010 was \$2,946,771 against a required group expenditure of \$1,519,334.

6.REFERENCES

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

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

Gold Potential – EL 47/2003 - Tullah