

**MACKINTOSH CREEK PROJECT
TASMANIA
EL24/2010**

**ANNUAL PROGRESS REPORT
23rd December 2010 – 22nd December 2011**

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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 otherwise stated

EXECUTIVE SUMMARY

Bass Metals Ltd (BSM) was granted the Mackintosh Creek exploration licence (EL24/2010) on 23 December 2010. For this 1st year of tenure ended 22 December 2011 work conducted on the licence has included -

- Initial literature review, and historic data compilation
- Access is being established to allow investigation of the limestone potential

Expenditure – Reporting period \$7,969.62
Total to date \$ 7,969.62

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1 INTRODUCTION

This report is a summary of the exploration activities conducted on the Mackintosh Creek licence EL24/2010, for the period 23rd December 2010 to 22nd December 2011.

1.1 Tenure

EL 24/2010 was granted for five years to Bass Metals Ltd (BSM) on 23rd December 2010.

1.2 Location and Access

The tenement arises from vacant ground and consists of 2 discrete areas located 8km south-west of the Hellyer Mine and 3km East of the Murchison Highway. Access into the area is via Forestry tracks beginning on the High Point of the Murchison Highway.

The licence area lies on the Charter (#3839) and Block (#3838) 1:25,000 topographic map, the Burnie (#SK55-3) 1:250,000 and the Sophia (#8014) 1:100,000 sheets.

1.3 Geology Overview

Dominating the Mackintosh Creek tenement are post-Cambrian sediments ranging from quartz-rich sandstones and quartzites of the Siluro-Devonian Eldon group, through dolomitic limestones and calcareous shales of the Gordon Group, to siliceous conglomerates and sandstones of the Denison Group. Minor outcrops of rhyolitic volcanics of the Camprian Tyandall Group were also noted. (Henham, 1989)

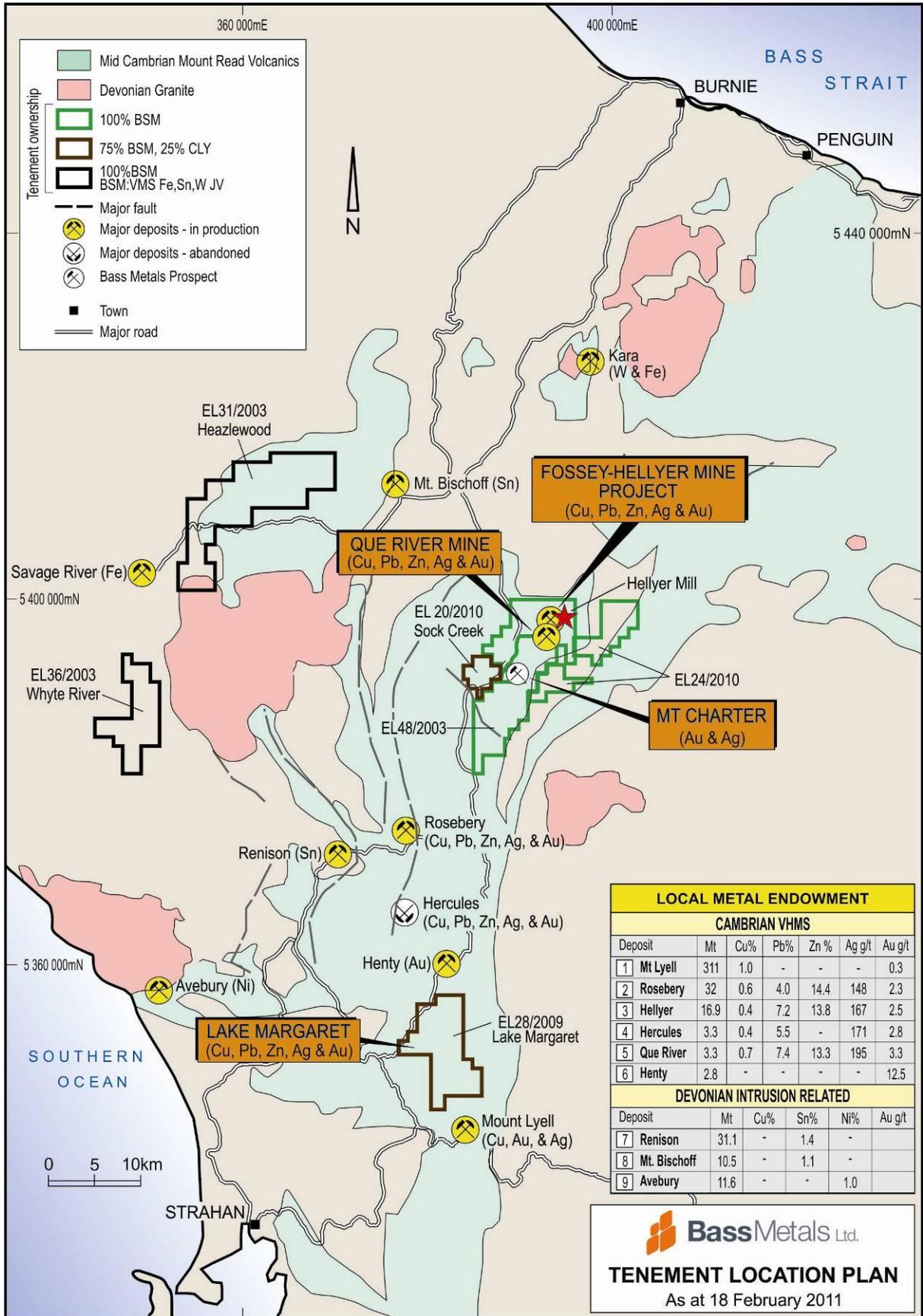


Figure 1. Location Map

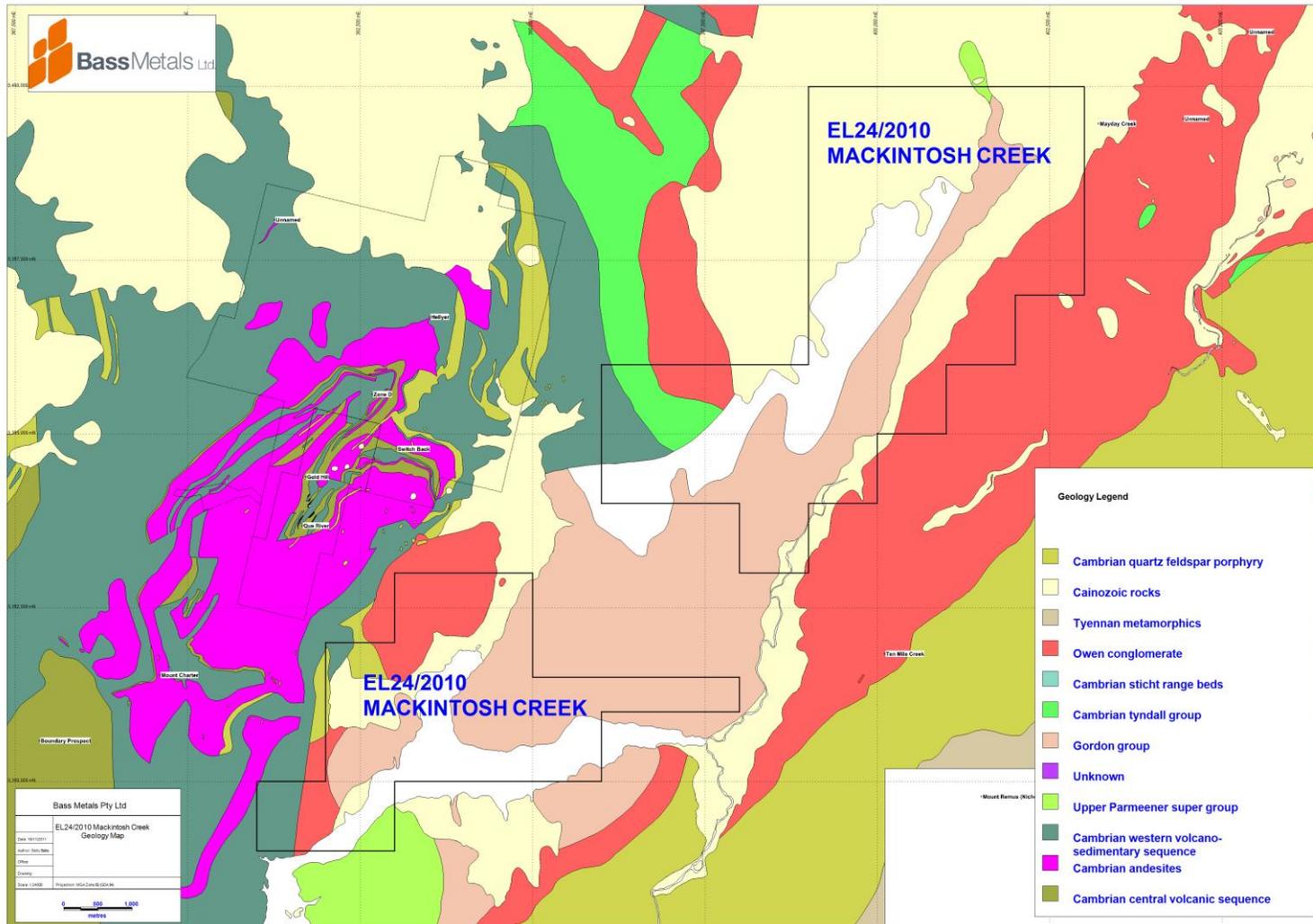


Figure 2. Regional Geology Map (AGD94, Zone 55)

2.0 EXPLORATION HISTORY

2.1 Prospecting and Exploration pre-EL 20/2010

Exploration History (Henham, 1989):

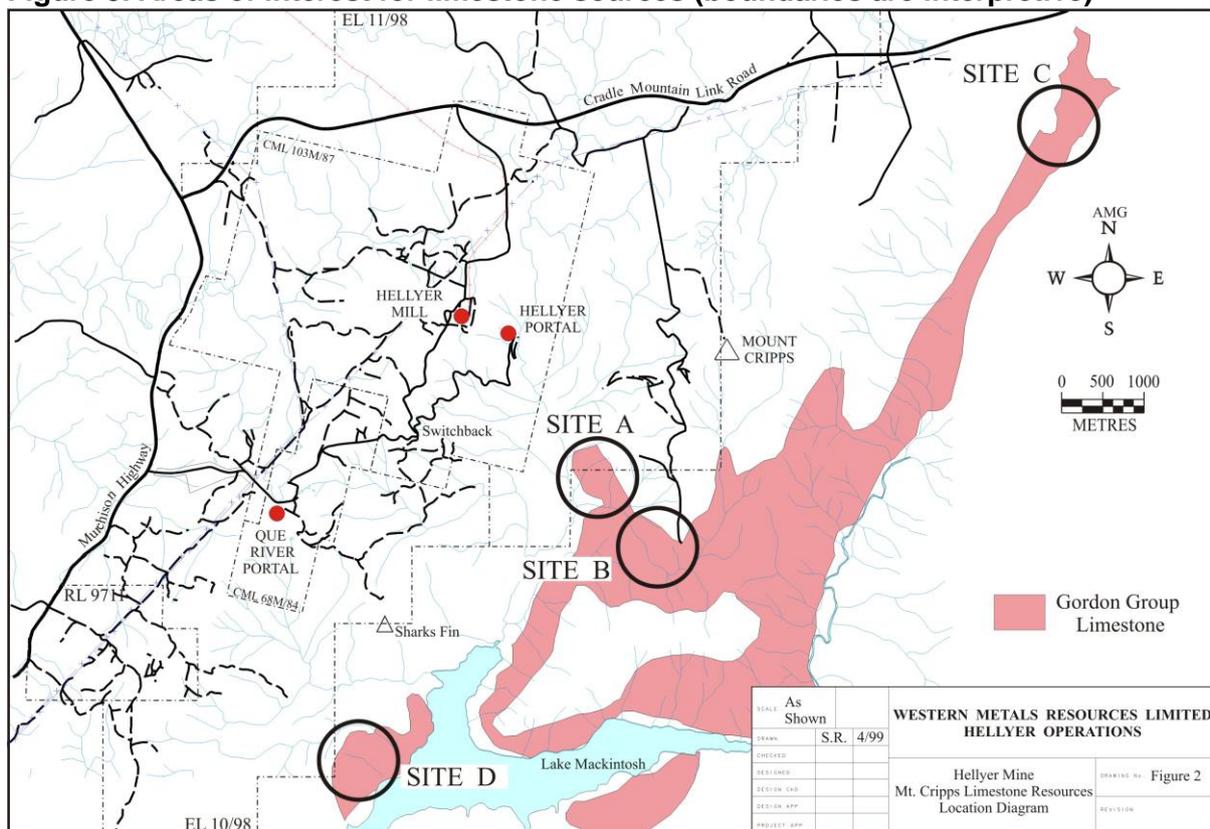
Dates	Company	Exploration Conducted
Mid 60's	Picklands Mather	Stream sediment sampling. Base metal anomalies not followed up. Au not assayed.
1970 – 1976	Aberfoyle Ltd.	Airborne geophysics (HEM 400) resulted in the relinquishment of an area between Southwell Rivers and the Vale. This area was then re-applied for and granted in 1974 after the discovery of mineralization at Que River. Regional stream sediment sampling and airborne EM led to the relinquishment of 45km ² which then became part of EL24/84 (Mt Romulus) tenement.
1974	CRA Exploration	Soil sampling and reconnaissance mapping over schists and Cambrian tuffs lead to no evidence for base metals mineralisation. Again no Au assays were undertaken.
1978 – 1980	Alcoa	A small amount of stream sediment sampling and an aeromagnetic survey was undertaken targeting Sn/W exploration related to Devonian granitoids.
1981 – 1984	Shell	Stream sediment sampling and Dighem surveys were undertaken to test the potential of base metal mineralisation of the Cambrian Volcanics. No Au assays undertaken.
1984 – 2005	Intec Hellyer Metals	EL17/1997 was included in a package of tenements along with 103M/1987, ML68M/1984, 10W/1980, & RL11/1997, 1984 – 1992: Drill testing of three styles of targets was conducted over these 5 tenements as a whole. <ul style="list-style-type: none"> • Drill testing of surface EM anomalies • Testing of targets at the Hellyer ore position at various prospective structural locations and in some cases a slightly deeper Que River ore position and • Testing of the Hellyer ore position, on top of the Hellyer footwall alteration zone, down plunge, north of the Hellyer orebody.
2005 - 2006	Bass Metals	Rigorous targeting method applied to the Hellyer group of leases including the identification of crustal scale fluid pathways, preferential host stratigraphy/lithology, and structural/geochemical traps to mineralisation. This process did not indicate areas of potential mineralisation and was therefore let expire as of 30 th March 2006. This tenement then returned to vacant ground. (Murphy, 2006)

3.0 WORK COMPLETED during the reporting period - (23rd December 2010 – 22nd December 2011)

This tenement was acquired due to the potential as a limestone source for further processing which is currently being investigated at the Hellyer site.

Exploration on EL24/2010 Mackintosh Creek has focused on gaining access to specific areas to investigate the limestone potential. Richardson (1999) reported four areas of interest for limestone resources these areas are detailed below and shown in Figure 3. Site A and B are outside of the current tenement area and were not included as there is a well developed cave system and also megafauna fossils have been identified in these caves.

Figure 3. Areas of interest for limestone sources (boundaries are interpretive)



Site C

General

The northern limit of outcropping limestone in the Mt. Cripps area lies in the headwaters of Mackintosh Creek and is interpreted from Geological survey mapping to come within 500m of the Cradle Mountain link road. Limestone is interpreted in the floor and on the western slopes of the valley. To the north limestone disappears beneath Tertiary Basalt cover but is open to the south. The most suitable location for an open cut would appear to be the broad east-facing spur as shown on Figure 4. Again it must be stressed that the extent of limestone shown is based on sparse data and boundaries are interpretive only.

Access

Access would require 1-2 km of new road from the Cradle Mountain link road and result in a haulage distance of 13 km to the Hellyer mill.

Size

As a rough estimate of potential, assume a wedge shaped resource with dimensions of 400m strike x 200m width x 80m maximum height. This would roughly equate to 3 million cubic meters, which should accommodate an open cut of the required size.

Quality

Samples were not taken at this site for the current report. However, several years ago the author collected limestone float from the vicinity of site B and these were of high grade ($\approx 90\%$ CaCO₃).

Environmental

Lying within a steep sided valley, the site should be relatively obscured from view, except for elevated vantage points such as Mt Beecroft. However, the site lies within a pristine valley, close to the main creek, so potential exists for downstream pollution of the Vale River.

Site D**General**

A fourth possible site for an open pitable limestone resource lies west of Mt Charter, around the western shore of Lake Mackintosh, Figure 5. This site is the least favored of the Mt Cripps options because access is the most difficult and any mining operation would be clearly visible from Cradle Mountain National Park.

Access

Existing exploration tracks originating from the Que River Portal and Switchback, currently extend to the "Sharks Fin" some 1.5 km from site D. However, the tracks were constructed for a 4WD tractor and would require considerable work to be upgraded for haul trucks. Haulage distance to Hellyer would be around ten kilometres.

Size

At least one square kilometre of limestone is interpreted in the site D area. It occurs over a vertical interval of around 100m and should therefore easily contain sufficient resources for the required open pit.

Quality

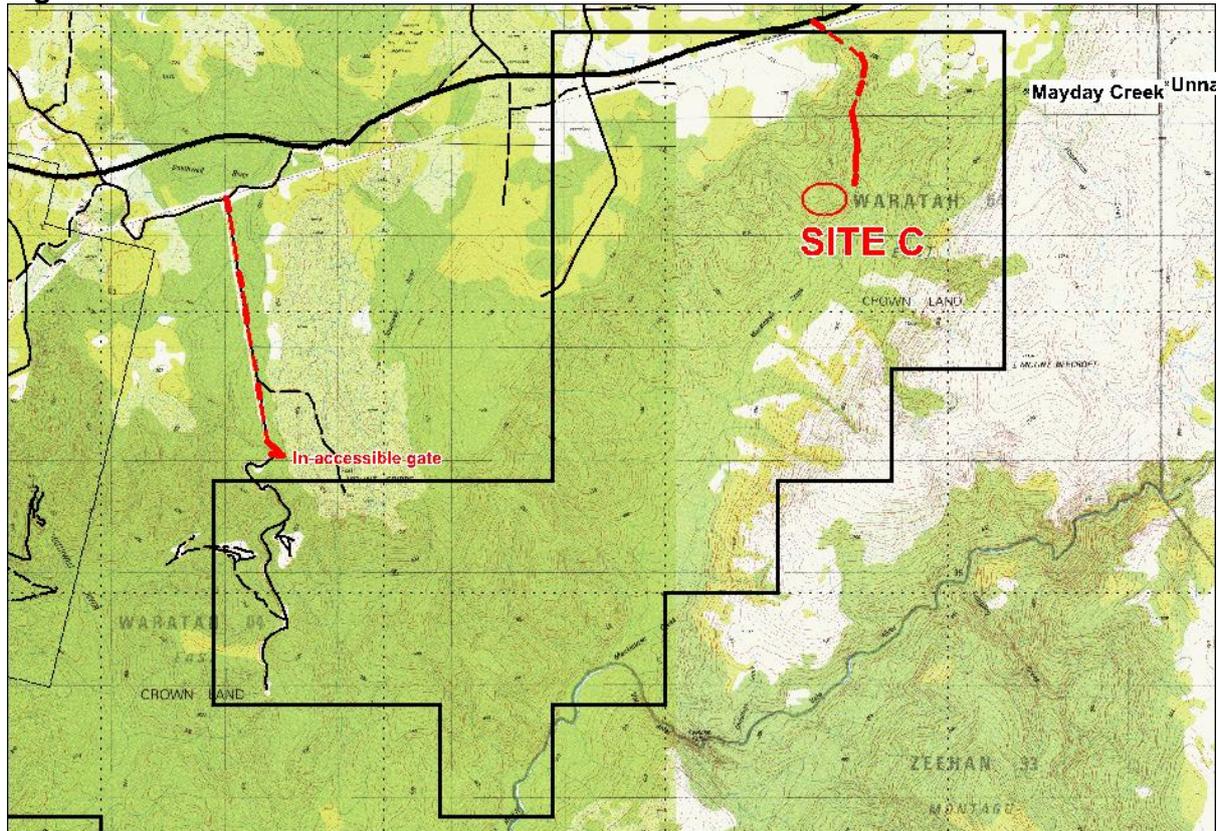
No data is available.

Environmental

Lying on an east-facing slope adjacent to Lake Mackintosh the site would be highly visible from the Cradle Mountain area. It does however have the environmental advantage of being geographically separate from the main limestone / karst area.

Bass' aim was to reach sites A for outcrop observation only and site C. Site A was not reached due to a locked gate in which we are still seeking the key for. Site C was not reached due to terrain and time constraints. See map below showing access to date.

Figure 4. EL24/2010 Northern Tenement – Access to date



4.0 PROPOSED EXPLORATION FOR 2011-12

Continue with gaining access to target areas for investigation of limestone potential.

5.0 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.

6.0 EXPENDITURE

Table 2. Expenditure 23rd December 2010 to 22nd December 2011
**Expenditure reported is up to and including 30th Sept 2011*

December 2010 - December 2011		
Geoscientific Costs	Geology	7,969.62
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	\$7,969,62

Total expenditure up to the 30th September 2011 for the Mackintosh Creek tenement is \$7,969.62.

References:

Henham. R., 1989. Exploration Licence 24/84 Mt Romulus Tasmania. Report on exploration conducted in areas to be relinquished 25th November 1989. **(89_3050)**

Murphy, T., 2006. EL17/1999 Mt Crips Annual and Final Report for the period ended 30 March 2006. Bass Metals Exploration Report **(06_5309)**

Richardson. S., 1999. Potential Limestone Resources in the vicinity of the Hellyer Operations. Western Metals Resources Limited.