HEAZLEWOOD PROJECT
(SAVAGE RIVER GROUP)
TASMANIA
EL31/2003

ANNUAL PROGRESS REPORT
23rd March 2011 – 22nd March 2012

Tenement Holder/Manager
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Distribution:
Mineral Resources Tasmania
Bass Metals Ltd
Venture Minerals

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 2011 – 25th March 2012

ABSTRACT

Bass Metals Ltd (BSM) commenced management of the Heazlewood exploration licence (EL31/2003) on 26 March 2005. During this reporting period a partial relinquishment was approved reducing the licence to 21km². Work conducted on the licence in conjunction with the Venture Minerals joint venture for the year ended 22 March 2012 has included:

During 2011 EL31/2003 was reduced significantly from an area of 101 km^2 to 21km^2 covering the north western margin of the Meredith Granite and Oonah Fm., Success Creek Group and Crimson Creek Fm. (or correlate) within c. 6 km of the Meredith contact.
Some 227 soil samples and 35 stream sediment samples were collected over largely geophysical and stratigraphic Sn-W-magnetite skarn targets in the southern part of EL31/2003 adjacent to the contact of the Meredith Granite during the summer of 2011.

Expenditure - Total for the period to 31st December 2011 $64,692

Total for tenement life to 31st December 2011 $981,186
Total for Savage River Group to 31st December $1,589,970

An exploration budget (Stage 1) of $59,300 is proposed for the 2012-13 tenement year.

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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 2011 to 25 March 2012. During the 4th year of tenure a partial relinquishment was approved relinquishing 34km² allowing this licence to cover a total area of 101 km^2. From 2005 the Heazlewood licence was subject to a joint venture agreement between Bass Metals (BSM) and Pioneer Nickel Ltd (PIO) in relation to base metal rights. And from 2009 a joint venture was formed with 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. A further 80km² was relinquished during 2011 reducing the licence to 21km².

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. More recent exploration has focused on the granite contacts for Mt Lindsay style skarn deposits.

1.1 Location:

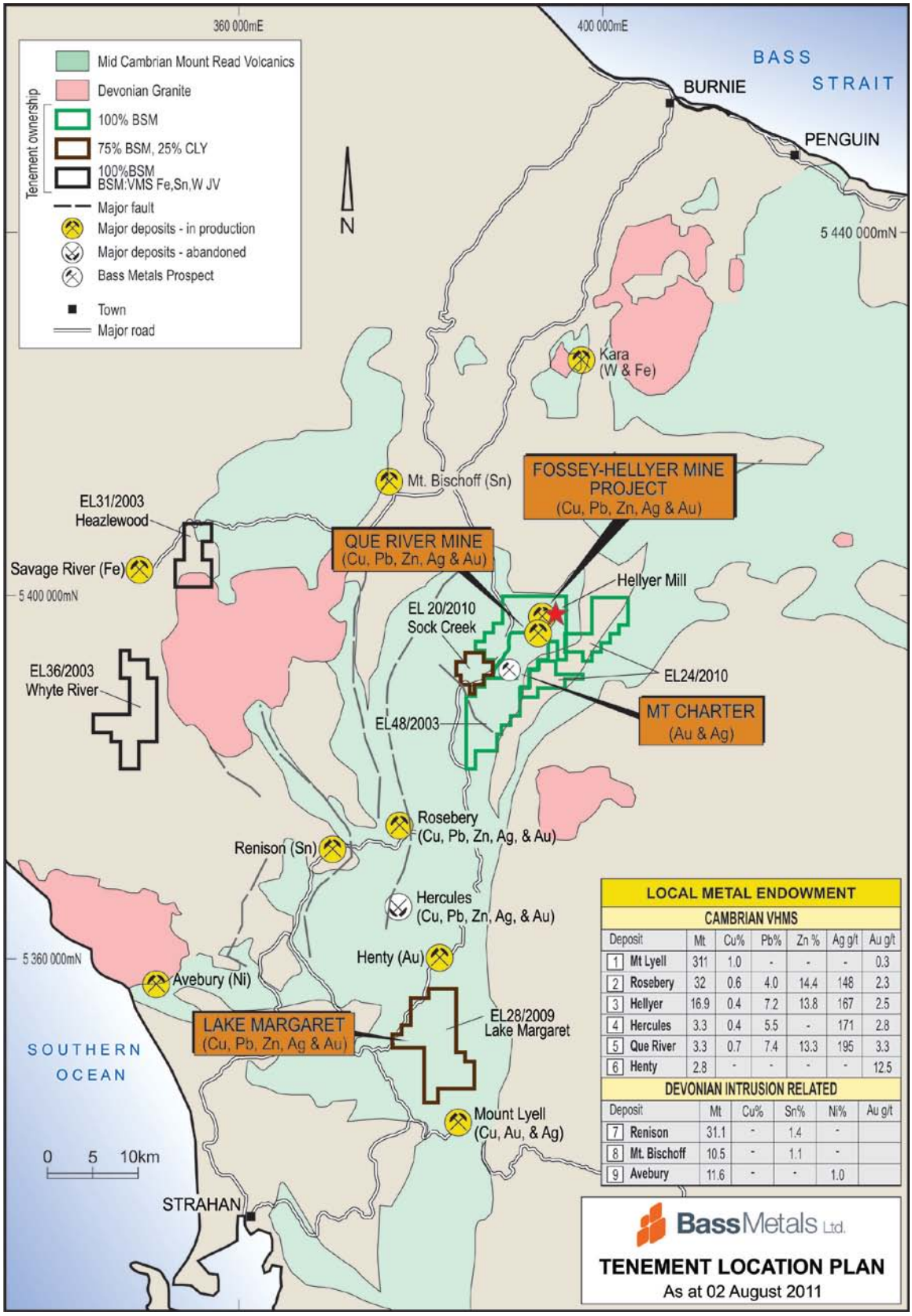
The tenement is located approximately 10 km west of the township of Waratah, on the west coast of Tasmania (Figure 1). Access to the area is via the sealed Corinna Road. Access within the tenement is via a limited number of 4wd tracks, which require river crossings. Access to the majority of the tenement 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 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. 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.

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 allochthonous 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).

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).

Burnie and Oonah Formation
The Burnie and Oonah Formation is a thick, polydeformed Proterozoic quartz wacke turbidite succession, widespread in western Tasmania. The formation comprises of two lithological associations. The dominant quartz wacke turbidite association, which includes minor alkaline dolerite intrusions and lavas, consists of interbedded quartz sandstone, quartz wacke, 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).

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, Dalcoath, 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).

Tertiary Basalts
Radiometric dates from basalts across Tasmania indicate an age range of between 16.4Ma and 64.5Ma (Everard *et al.*, 2004).

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 was considered high. More recently exploration led by Venture Minerals has focussed on Mt Lindsay style skarn mineralisation.

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

The reader is referred to previous annual reports.

3. REVIEW OF CURRENT WORK- this tenement

The reader is referred to previous annual reports.

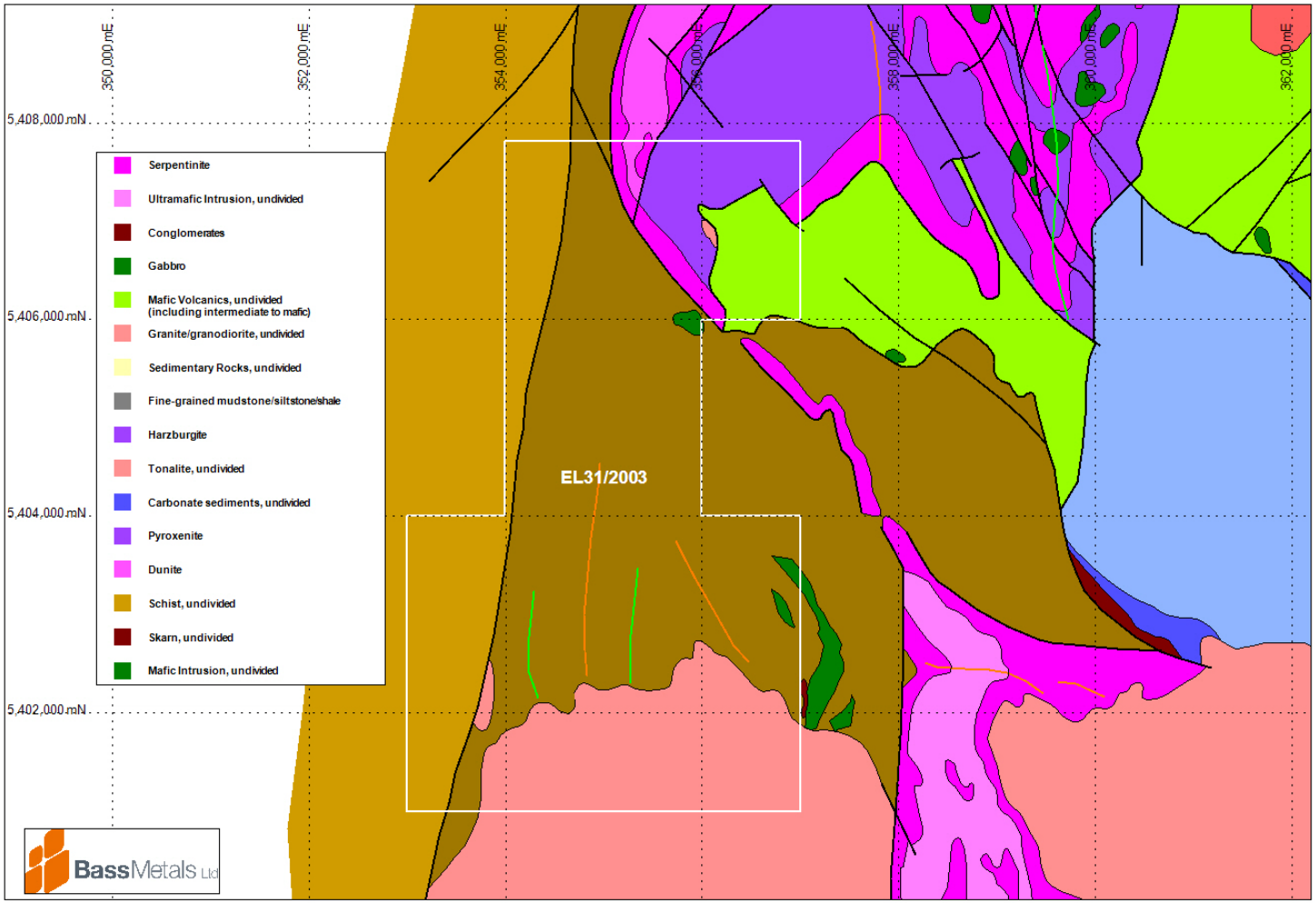


Figure 2. Regional geology of the Heazlewood tenement

4. EXPLORATION COMPLETED DURING THE REPORT PERIOD

227 soil samples and 35 stream sediment samples were collected over largely geophysical and stratigraphic Sn-W-magnetite skarn targets in the southern part of EL31/2003 adjacent to the contact of the Meredith Granite during the summer of 2011. All field work was helicopter supported because the deeply gorged terrain makes access to the sampling area difficult. Three helipads were cleared but sample lines were not cut. See Appendix A to C for geological interpretation and assay results.

AAM was engaged by Venture Minerals to conduct a LiDAR survey over much of the Mt. Lindsay Project area including part of EL31/2003. The Airborne Laser Scanning (ALS) data was acquired from a fixed wing aircraft on April 5th and April 6th 2011. GPS base station support was acquired by Tritech Professional Services using an Optech ALTM Gemini 70 kHz Static RTK system. This allowed an assessment of the accuracy of the ALS data. Reduction of the ALS data proceeded without any significant problems. Laser strikes were classified into ground and non-ground points using a single algorithm across the project area. Manual checking and editing of the data classification further improved the quality of the terrain model. The Datum Projection Geoid Model was GDA94 MGA Zone 55 and Ausgeoid98, and Primary Reference Station WCP1 357205.518, E 5380864.729 N, 268.738 RL. Project specifications and technical processes were designed to achieve vertical data accuracy of 0.30 m and horizontal <0.30 m (1/5500 flying height). Ground definition in vegetated terrain may contain localized areas with systematic errors or outliers which fall outside this accuracy estimate. Laser strikes were classified into “ground” and “non-ground”, based upon algorithms tailored for major terrain/vegetation combinations existing in the project area. The definition of the ground may be less accurate in isolated pockets of dissimilar terrain/vegetation combinations. Ground data was compared to 231 test points obtained by field survey on clear ground and assumed to be error-free, achieving a mean difference of -0.250 m, standard deviation of 0.041 m and RMS 0.254 m. Venture is currently investigating processing of over-fly areas to obtain more complete LiDAR coverage of EL31/2003. The final data is expected within the next 4-8 weeks.

Venture is also acquiring Worldview2 imagery over EL31/2003. Currently available archive Worldview2 imagery is not entirely cloud free but it is hoped that cloud free high-nadir imagery will be acquired during February or March 2012.

On completion of the 2011 summer field programme none of the identified targets within EL31/2003 were considered drill ready and Venture decided to conduct follow-up soil and stream sediment sampling and geological mapping. A helicopter-supported field programme is currently in progress and expected to be completed in March 2012.

Discussion of 2011 Field Programme Results:

Rb Anomalism

Background level of Rb in the Crimson Creek Formation is typically around 5-25ppm. Along the western end of soil sample lines 5403250mN, 54032500mN and 5403750mN there is a distinct increase in Rb, up to 124ppm. Coupled with the Rb anomalism there is an increase in Ba within the soils. Geological mapping of the area identified a large zone of purple-red ferruginous clays after a clastic sedimentary micaceous rock. This area of Contact Creek is not particularly well mapped and has been tentatively assigned

to the Crimson Creek Fm. At Mt Lindsay the soils overlying the Main and No.2 skarns show a discrete Rb-Ba anomaly, hence the Rb-Ba anomaly at Contact Creek could indicate the presence of concealed Sn-W skarn. There are also significant clay zones overlying the known skarns at Mt Lindsay. However, similar levels of Ba & Rb are quite widely observed in the underlying Success Ck Group and the "anomaly" could simply represent incorrect stratigraphic assignment.
Geological mapping, rock chip sampling and a series of new and extended soil lines is proposed to further evaluate the Ba-Rb anomaly.

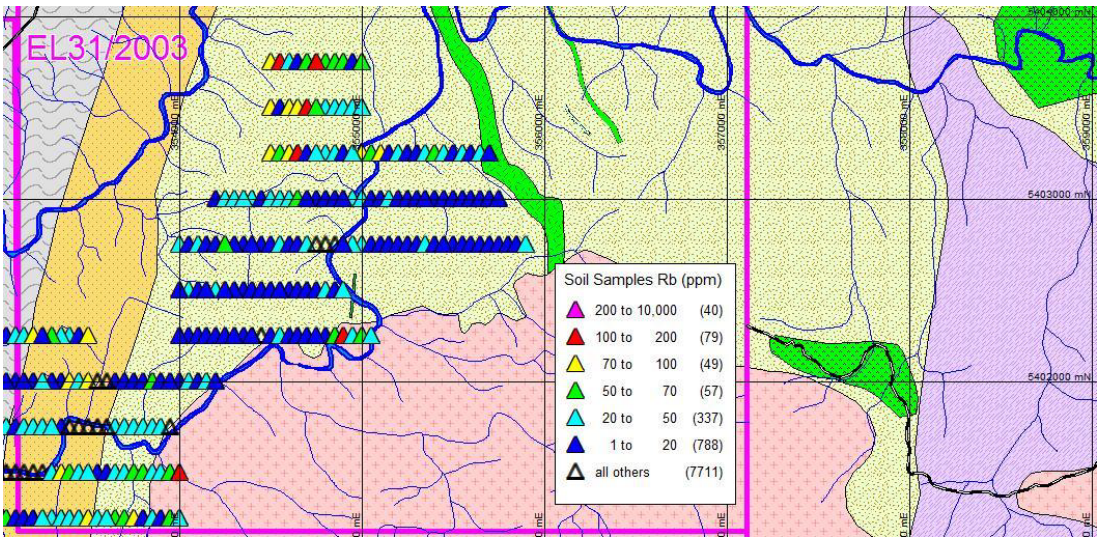


Figure 3: Soil Rb ppm

Cr Anomalism
Cr reaches up to 4.8% in the tributaries to the Whyte River. Chromite grains from the heavy mineral concentrates were probed, returning Cr >65%. Such high Cr is relatively unusual and most likely sourced from the Wilson River Ultramafic Complex (WRUC) or correlates. The presence of gold and osmiridium in sample MRSS035 supports the theory that the ultimate source of the chromite is from the WRUC or correlates, probably via reworked alluvial gravels. Cr concentration in the soils overlying the Crimson Creek Formation is typically around 100-300ppm. On the Whyte River flood plains and areas of high flat lying topography Cr is up to 800-1500ppm. Soils on steep slopes typically have Cr around 100-250ppm.

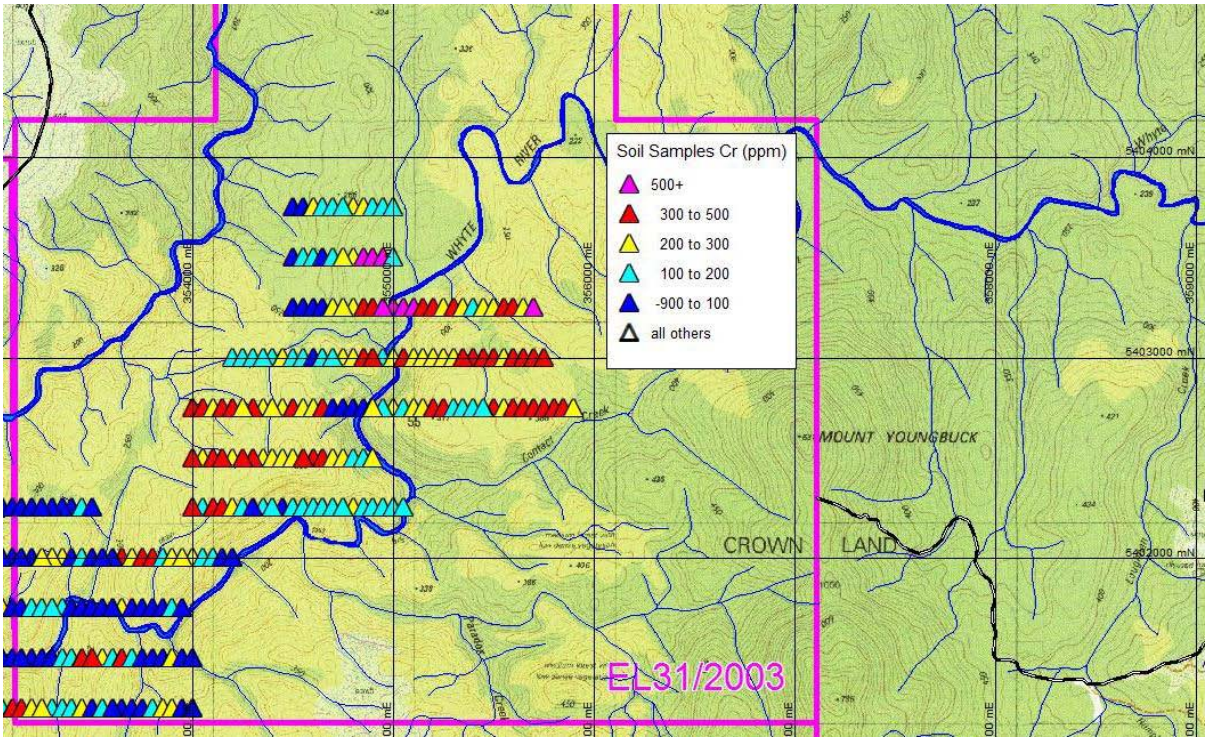


Figure 4. Soil Cr ppm

Sn Anomalism

Cassiterite was identified in six samples (up to 482 ppm Sn) at two locations taken from higher elevations of the White River flood plain. The Sn anomalism is largely restricted to soils and streams taken from the Whyte flood plain. Heavy minerals are much more abundant in sediment samples from streams draining the Whyte River flood plain, and the presence of chromite in particular suggests an ultimate source area including the WRUC (see discussion above) and potentially known tin deposits such as Cleveland.

It is possible that the Sn anomalism in the Whyte River area may not be entirely from reworked alluvial sources and local Sn sources may be masked. Stream sediments from creeks draining off the granite into Contact Creek have low-level Sn anomalism (20-50ppm) and very low Cr indicating at least some local sources. Wolframite along with cassiterite was identified in the heavy mineral separation of stream sediment samples draining off the Meredith granite suggesting the presence of cassiterite-wolframite bearing greisen in the local area. Several exposures of quartz-tourmaline-topaz greisen were identified in tributaries to Contact Creek by Venture geologists and follow up investigation including mapping and soil sampling is recommended.

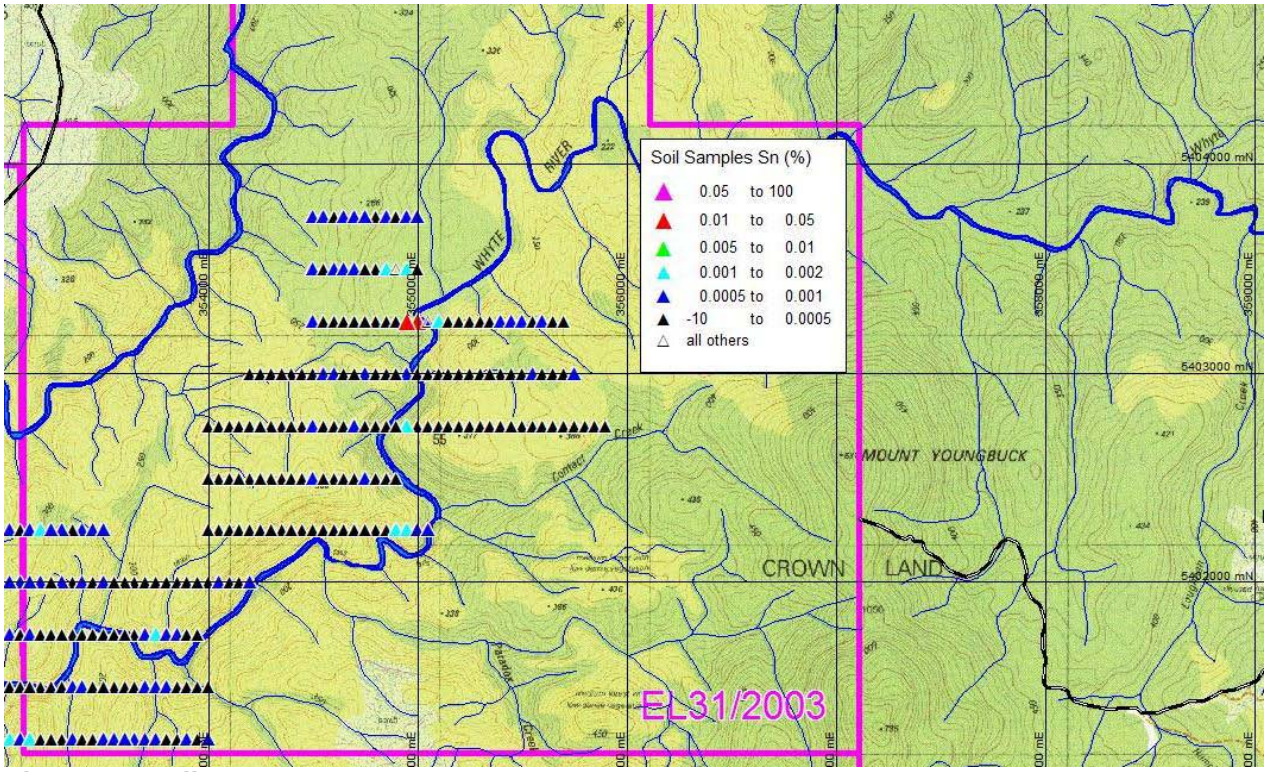


Figure 5: Soil Sn ppm

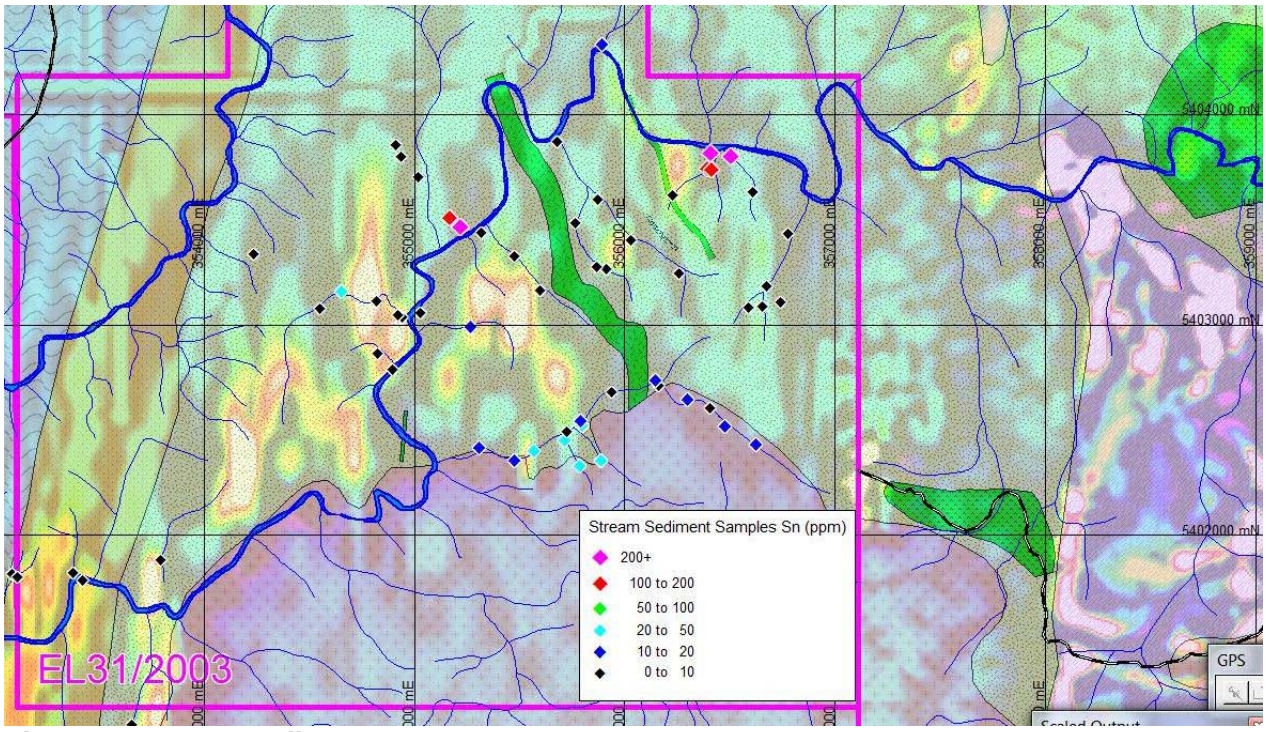


Figure 6: Steam Sediment Sn ppm

Cu Anomalism

Cu in soils over the Crimson Ck Fm in the Mt Lindsay and Contact Creek areas typically ranges from 50 to 100ppm. There is a cluster of 4 anomalous Cu values (168-243ppm) at Contact Creek along lines 5402000 and 5402250 (MGA55). Cu is anomalous in the soils overlying the Main and No. 2 skarns at Mt Lindsay, although there are also sporadic unexplained Cu anomalies. The Cu anomalism at Contact Ck coincides with the occurrence of pyroxene microskarn.

There are also several streams on the eastern side of the Whyte with strongly anomalous Cu, up 930ppm. Three of the samples have low Cr and do not appear to represent a reworked alluvial source. Soil sampling of the area is recommended. Additional soil samples are proposed to more tightly constrain the area of Cu anomalism, reducing spacing of the soil sample lines to 75m.

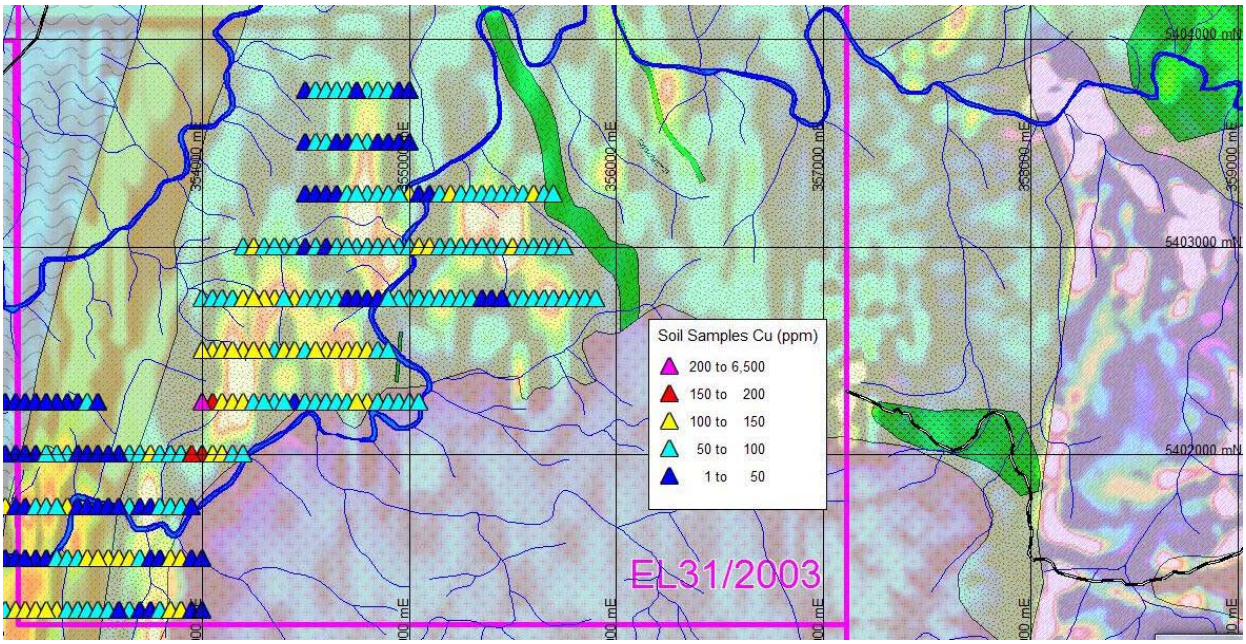


Figure 7: Soil Cu ppm

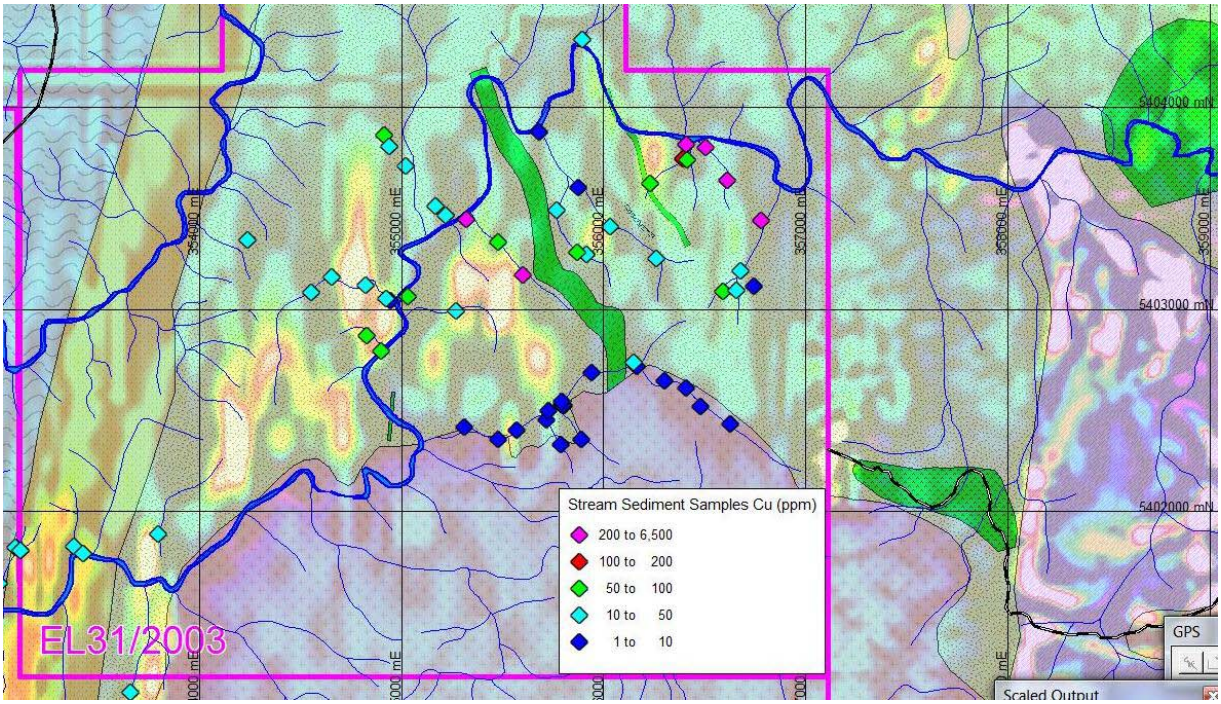


Figure 8: Stream sediment Cu ppm

5. PROPOSED EXPLORATION

5.1 Bass Metals

During the eighth year of tenure, further exploration is pending approval of the submitted application for extension. Under the joint venture with Venture Minerals; Venture Minerals are to meet the required expenditure commitment. Venture will pursue the below explained exploration proposal on the southern end.

5.2 Venture Minerals

EL31/2003 Proposed Exploration Activities 2012-2013
During 2011 EL31/2003 was reduced significantly from an area of 101 km^2 to 21.5 km^2 covering the north western margin of the Meredith Granite and Oonah Fm., Success Creek Group and Crimson Creek Fm. (or correlate) within. 6 km of the Meredith contact. A small area of ultramafic and mafic rocks is included in the northeast corner of the reduced EL32/2003. The exploration focus is on identifying skarn, carbonate replacement or greisen Sn and W mineralisation within the Oonah Fm., Success Creek Group or Crimson Creek Fm. (or correlate).

Venture does not consider the currently defined Sn-W-magnetite skarn targets within EL31/2003 to be refined enough for drill testing and is currently conducting a helicopter supported soil sampling, stream sediment sampling and geological mapping programme to follow-up results of the 2010-2011 fieldwork. The planned programme includes collection of 200 soil and stream sediment samples (Figure 9), and is expected to be completed in March 2012. Venture is also obtaining additional filtered ground returns from the 2011 LiDAR survey, and acquiring Worldview2 imagery. The objective is to integrate the geochemical and geological data with aeromagnetic, LiDAR, Landsat and Worldview2 imagery to refine drill target definition.

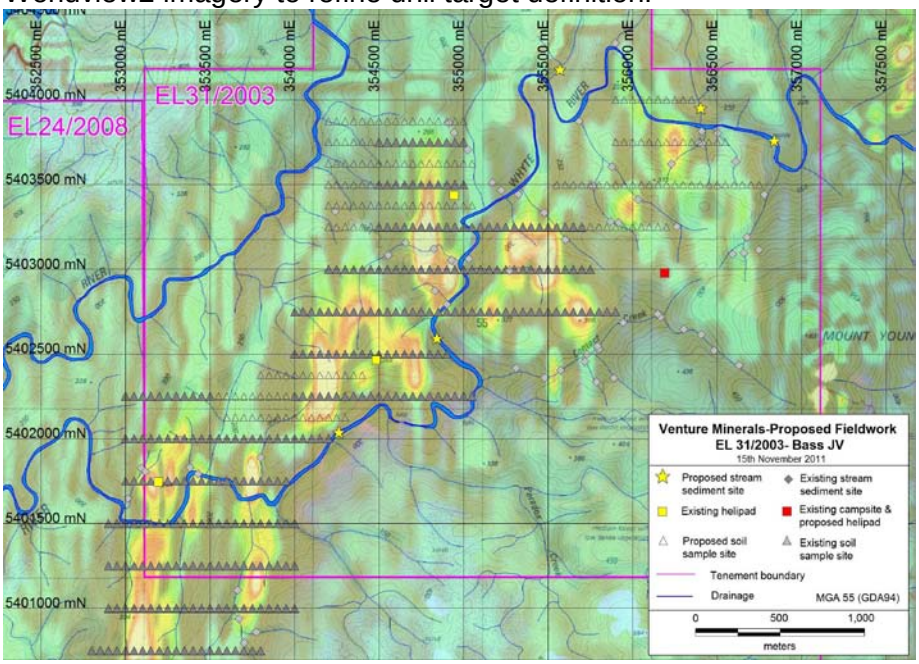


Figure 9: Proposed soil and stream sediment sampling summer 2012

Table 2. Venture Minerals proposed exploration activities and budget for 2012/2013

Part1	**Cost**
Interpretation of 2012 Data and Target Generation: Drape geochemical and geological data, and Landsat, Worldview2, and aeromagnetic imagery over extended LiDAR DTM. Interpret with focus on fault and carbonate unit identification. Prioritise and rank Sn-W skarn and greisen targets.	$10,000
Field Inspection of Priority Sn-W targets: helicopter supported field inspection programme when weather allows (probably late 2012). Mapping and geochemical sampling if necessary to validate targets. Budget includes 8 hours helicopter support, 2 weeks field work by 2 person field team, 150 samples for assay and petrography.	$39,300
Review & redefinition of targets, reporting.	$10,000
Total Part 1 April 2012 - March 2013	$59,300

Part2 (contingent on success of Part1) Single 300m hole diamond core drill programme	**Cost**
Drill site preparation	$12,000
Diamond core drilling	$60,000
Helicopter support	$56,000
Assaying	$2,500
Drilling supervision	$6,000
Data management and reporting	$5,000
Total Part 2 magnitude & timing contingent on success of Part 1	$141,500

6. ENVIRONMENT

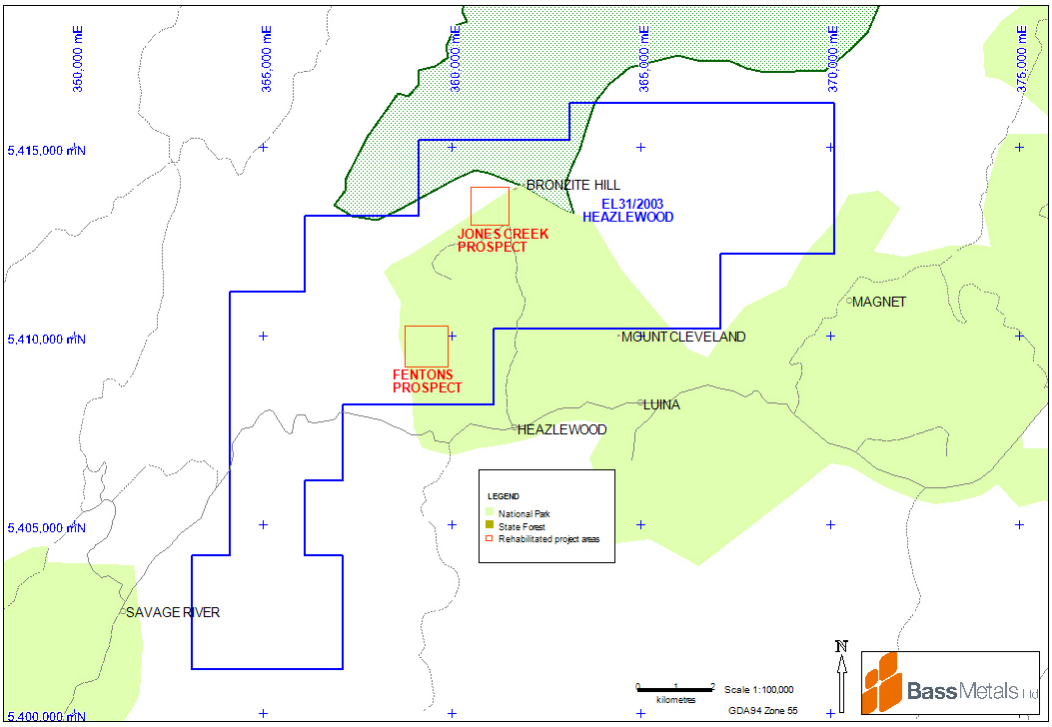
The company has environmental policies in place that minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

Land Tenure
Heazlewood Exploration Licence comprises:

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

The Environmental Activity Map in figure 10 shows the location of the exploration licence relative to conservation areas, and the areas recently rehabilitated.

Figure 29. Environmental Activity Map



7. EXPENDITURE

March 2011 – Dec 2012		
Geoscientific Costs	**Geology**	20,104
	Geochemistry	32,151
	Geophysics	
	Remote Sensing	4,900
Drilling & Gridding Costs	**Gridding**	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	7,537
	Admin Costs	
	Total - eligible	**$64,692**

Table 2. Expenditure 26 March 2011 to 31st December 2012
Total includes VMS expenditure of $55,758

The Heazlewood tenement is part of the Savage River Group; the total expenditure up to the 31st January 2012 for this group is $1,589,970.

8. REFERENCES

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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 A

VENTURE MINERALS

SOIL SAMPLE LOCATIONS AND ASSAY RESULTS

APPENDIX B

VENTURE MINERALS

STREAM SEDIEMENT SAMPLE LOCATIONS AND ASSAYS

APPENDIX C

VENTURE MINERALS

GEOLOGICAL LOCATIONS AND OBSERVATIONS