

**MT BLOCK PROJECT
(LAKE MACKINTOSH GROUP)
TASMANIA
EL48/2003**

**ANNUAL PROGRESS REPORT
11th June 2011 – 10th June 2012**

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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) commenced management of the Mt Block exploration licence (EL48/2003) on 11 June 2006. For the 8th year of tenure ended 10/06/2012 only minor work has been completed on the tenements including designing of drillholes in the Amoeba Prospect. Bass currently has a moratorium on exploration expenditure until 31st January 2013.

Expenditure – Reporting period \$25,791

Total to date \$1,253,246

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1 INTRODUCTION

This report is a summary of the exploration activities conducted on the Mt Block licence EL48/2003, for the period of 11th June 2011 to 10th June 2012.

1.1 Tenure

EL 48/2003 was granted for five years to Saracen Metals Pty Ltd (Saracen) on 11th June 2004 and transferred to Bass Metals Limited (Bass) on 19th October 2006. On 13th March 2009 the licence area was reduced from 65 to 51 square kilometres.]

The licence area excludes two mining leases held by Bass Metals Ltd, CML 103M/1987 Hellyer and ML 68M Que River (see figure 1).

The Mt Block exploration Licence comprises:

- MDC Informal Reserves
- State/Multiple Use Forest
- HEC Land
- Part of Reynolds Falls Nature Recreation Area
- Part of Mackintosh Forest Reserve

1.2 Location and Access

The tenement is located 3 to 18 km's north-northeast of the township of Tullah, on the west coast of Tasmania (Figure 1). Access to the area is via the Murchison Highway which skirts the licences western boundary and tracks which access via the 220kv transmission lines which traverse the area. Access within the tenement is via a limited number of 4WD tracks and ATV-only tracks.

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

1.3 Geology Overview

The rocks which outcrop over the area of EL 48/2003 "Mt Block" are almost all the Middle Cambrian Mt Read Volcanics, a belt of calc-alkaline volcanics which extend from Elliott Bay on Tasmania's west coast around to Deloraine in the central north (see figure 1). The only exceptions to this are some areas with Quaternary alluvial or glacial sediment cover.

The Mt Read Volcanics host a number of volcanic hosted massive sulphides and precious metal deposits including the world class Rosebery, Mt Lyell and Hellyer deposits (figure 1). The Mt Block area is prospective for similar deposits and it is this style of mineralisation which has been the target for exploration within the area.

The base and precious metal deposits of the Hellyer-Mt Charter area are hosted by the Que-Hellyer Volcanics, a package of dominantly mafic to intermediate volcanic, near the top of the Middle Cambrian Mt Read Volcanics (see figures 2, 3, 5 and 6). Further details regarding the geology of the Hellyer-Mt Charter are discussed in section 3.2.1.

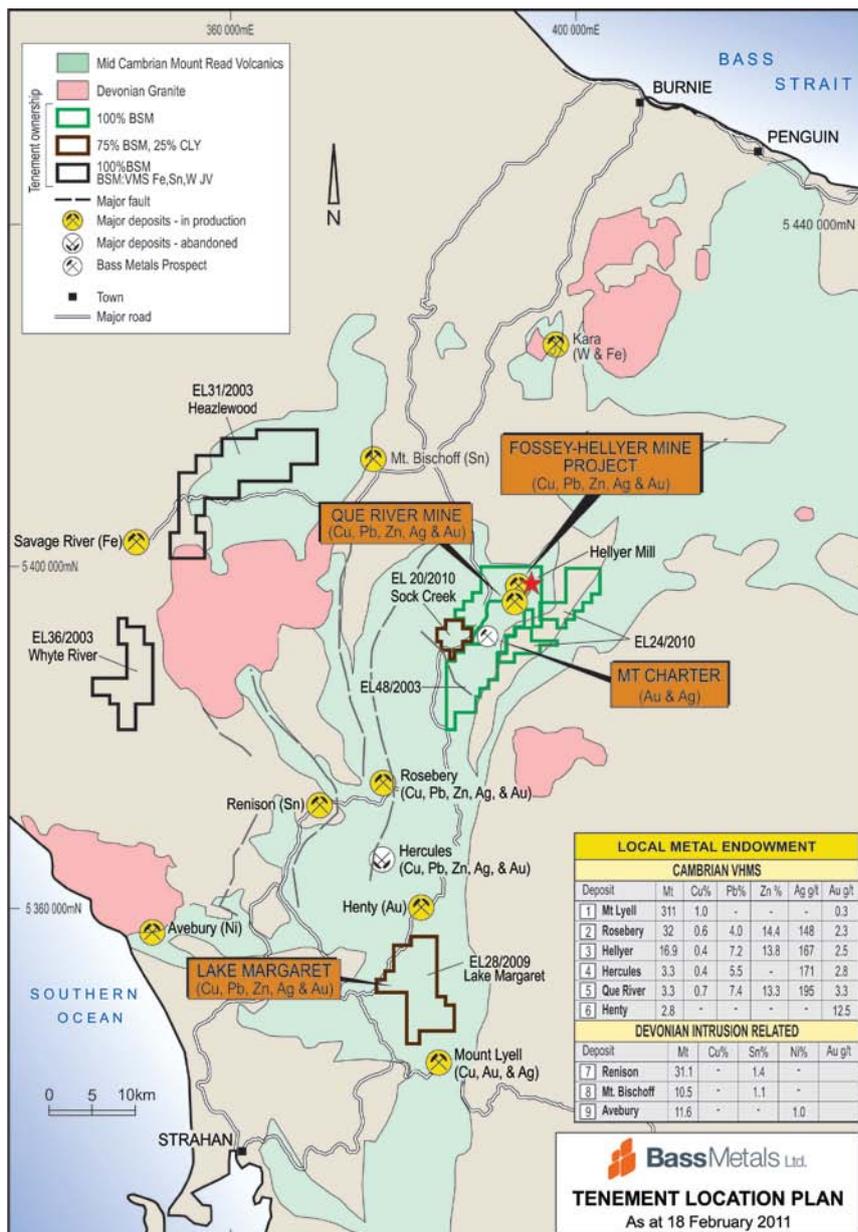


Figure 1. Location Map

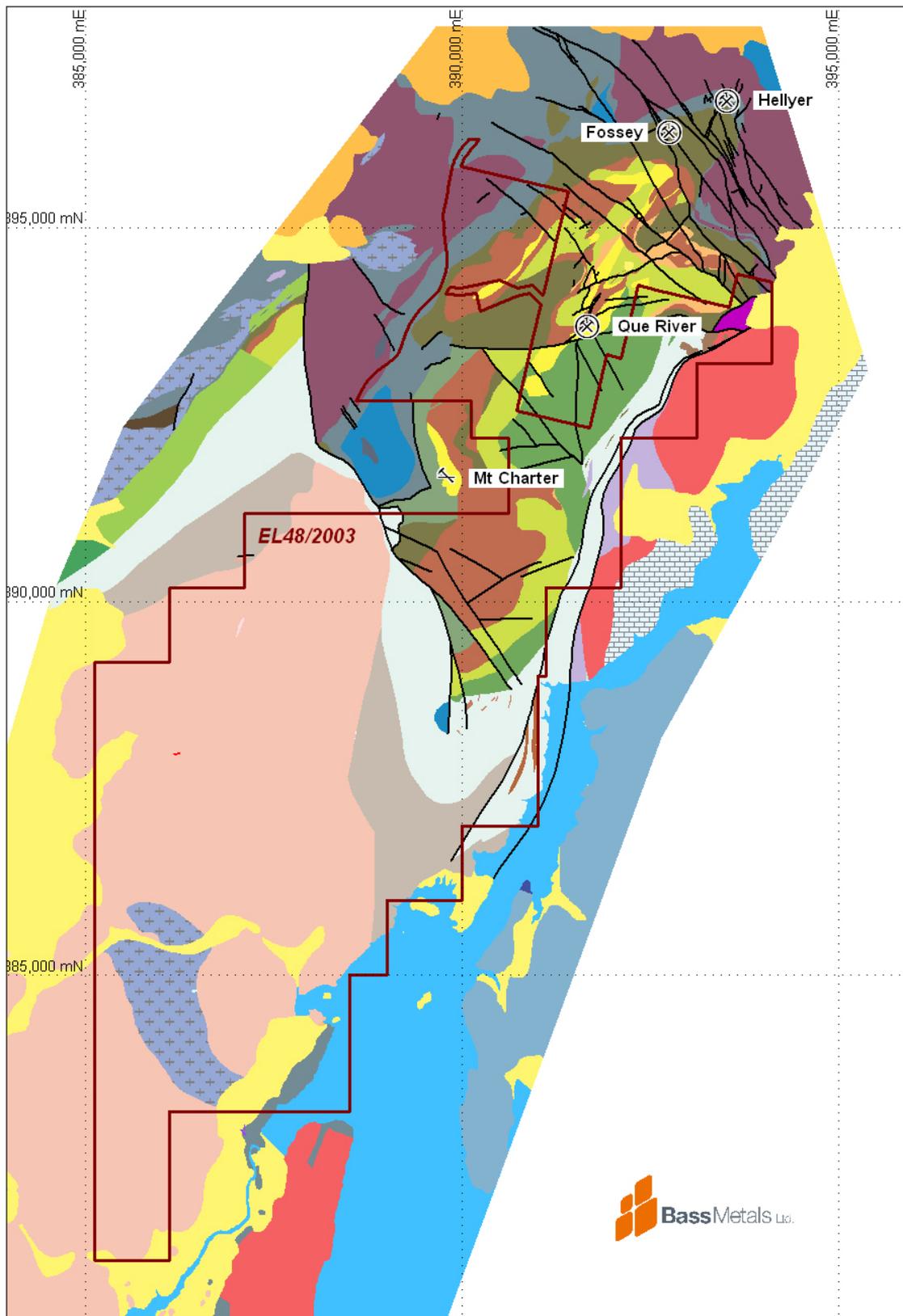


Figure 2. Regional Geology Map (legend is in figure 3 on following page)

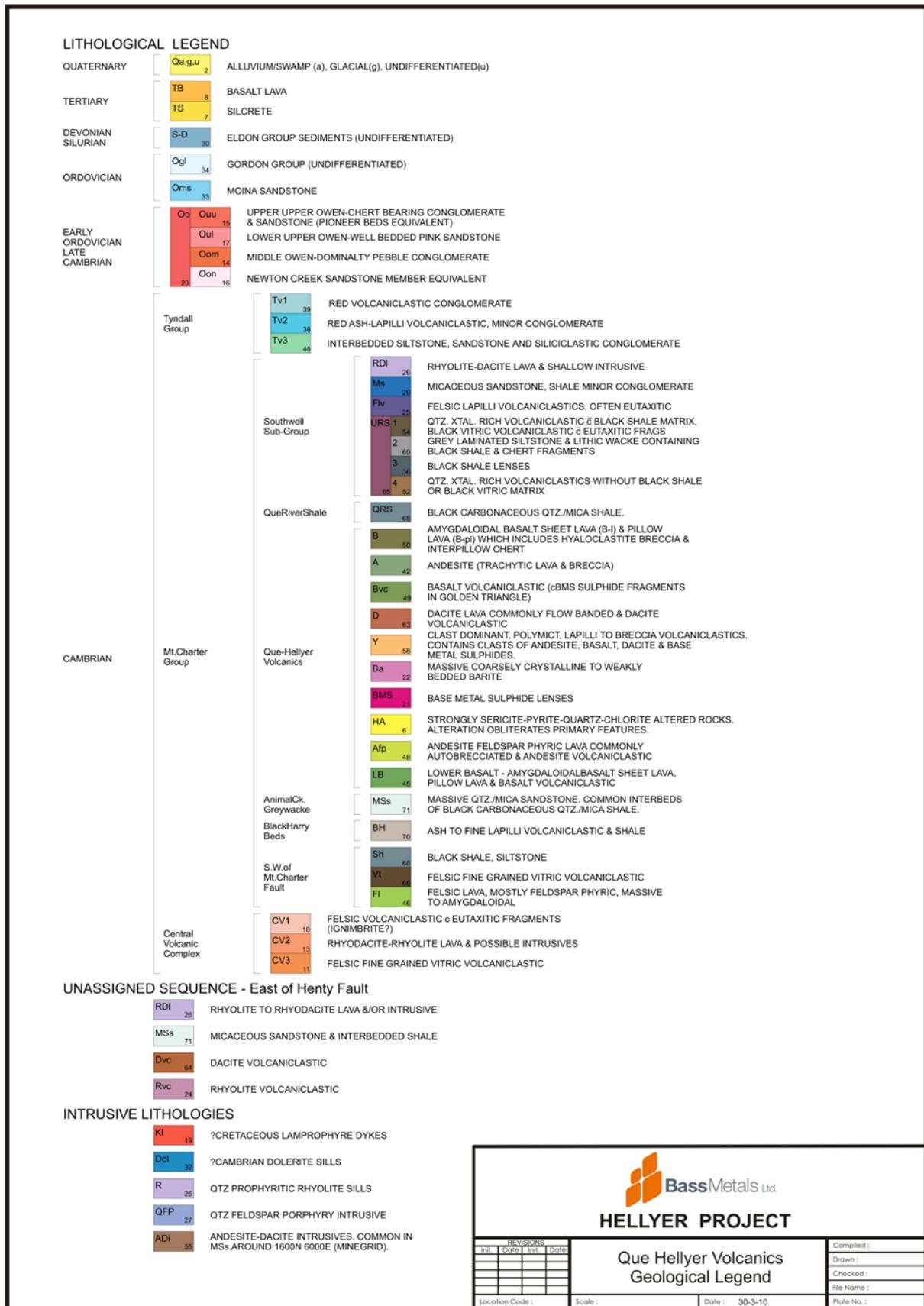


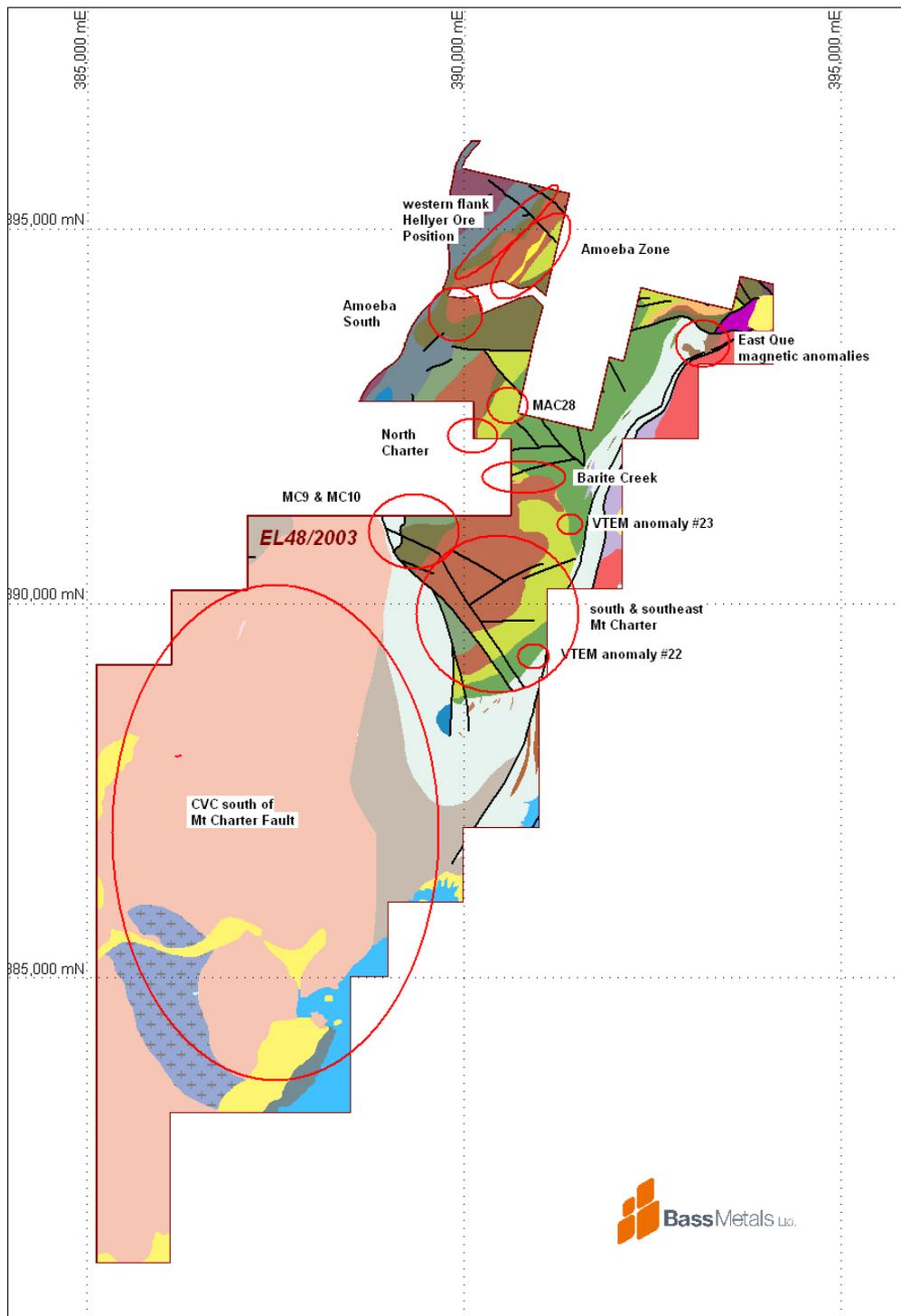
Figure 3. Geological legend (for all figures in which geology is shown)

2.0 EXPLORATION HISTORY – for summary see 2011 annual report.

3.0 WORK COMPLETED/RESULTS during the reporting period - (11th June 2011 – 10th June 2012)

Results from the soil samples collected last year have been reviewed. Drilling of the Amoeba Zone (Figure 4) targets is planned as part of drilling of the D-Zone which has currently been postponed due to Bass Metals financial position.

Figure 4: prospects with the Mt Block EL.

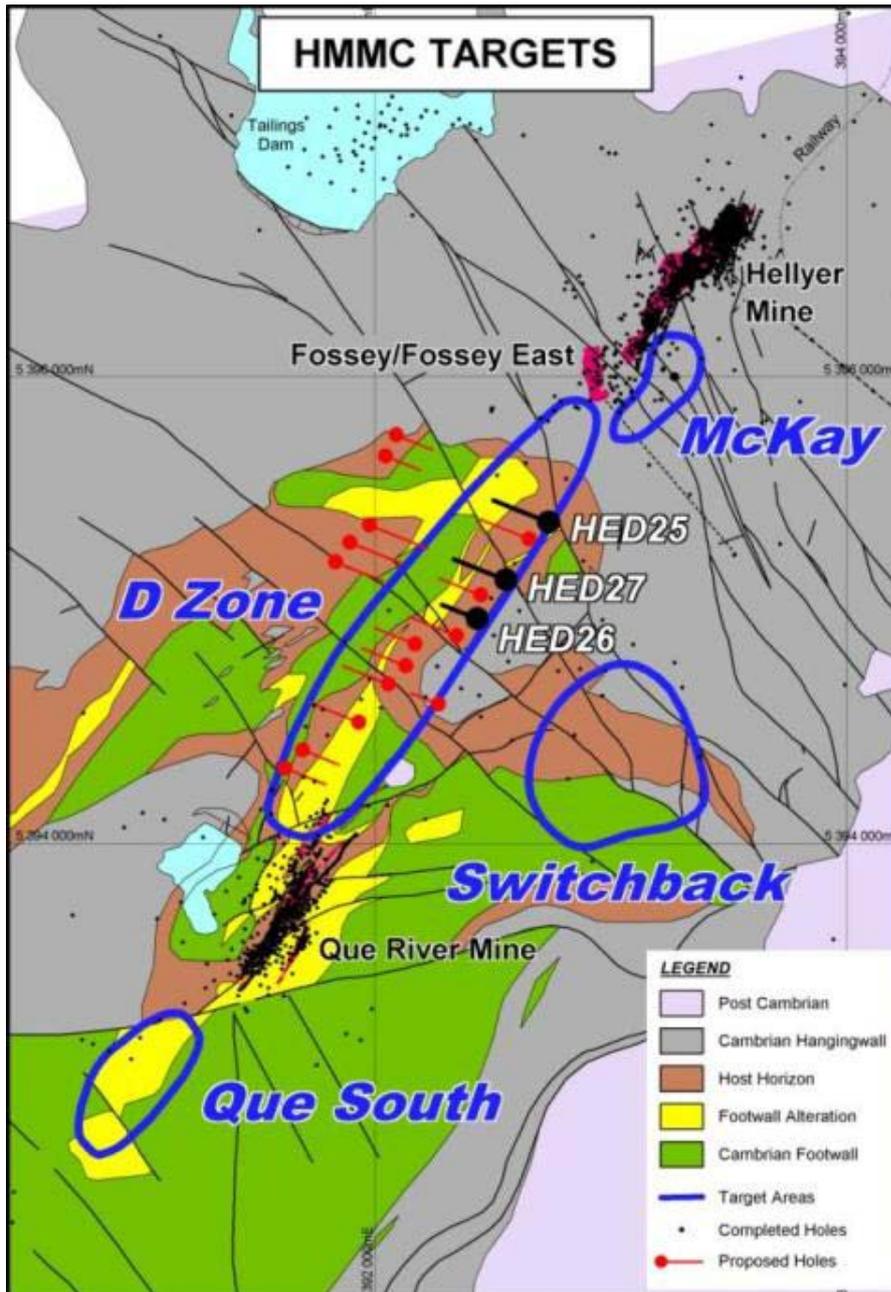


4.0 PROPOSED EXPLORATION

Bass currently has a moratorium on exploration expenditure until 31st January 2013.

When exploration recommences drilling will be completed at the Amoeba Prospect as part of the D-Zone drilling prospect (Figure 4) where five holes are proposed.

Figure 5. Planned drilling at the D-Zone and Amoeba target (refer Figure 4 for additional location information).



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 1 Expenditure 11th June 2011 to 31st March 2012

June 2011- March 2012		
Geoscientific Costs	Geology	18,827
	Geochemistry	6,690
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	\$25,791

7.0 REFERENCES

McPhie J., Doyle M. and Allen R. (1993) Volcanic textures : a guide to the interpretation of textures in volcanic rocks. CODES, Uni. Of Tas.