MT CHARTER PROJECT
TASMANIA
RL11/1997

ANNUAL PROGRESS REPORT
6TH JUNE 2011 TO 5TH 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 unless otherwise stated

ABSTRACT

Bass Metals Ltd (BSM) commenced management of the Mt Charter Retention Lease (RL11/1997) during 2005.

Only minor work was conducted on the lease during the current reporting period including reviewing of the resource for inclusion in the Hellyer gold Project:

Expenditure - Reporting period (to 31st March) $32,758

Total to date $1,525,192

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INTRODUCTION

This report is a summary of the exploration activities conducted on the Mt Charter retention licence RL11/1997, for the period of 6th June 2010 to 5th June 2011. The licence covers a total area of 4 km^2.

The licence is situated in the northwest corner of Tasmania and was acquired as part of a package of tenements in the Hellyer-Que River area purchased from Intec Ltd. The tenement comprises a 6.1 Mt resource of low to moderate grade gold-silver mineralisation. BSMs aim is to grow this resource and assess whether an economic mining opportunity exists within the Au-Ag mineralisation.

1.1 Location & Access

The tenement is located 13 km north-northeast of the township of Tullah, on the west coast of Tasmania (Figure 1). Access to the area is via the Murchison Highway and tracks which access 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 can be found Charter 1:25,000 topographic map sheet and the Sophia 1:100,000 LTIS map sheet.

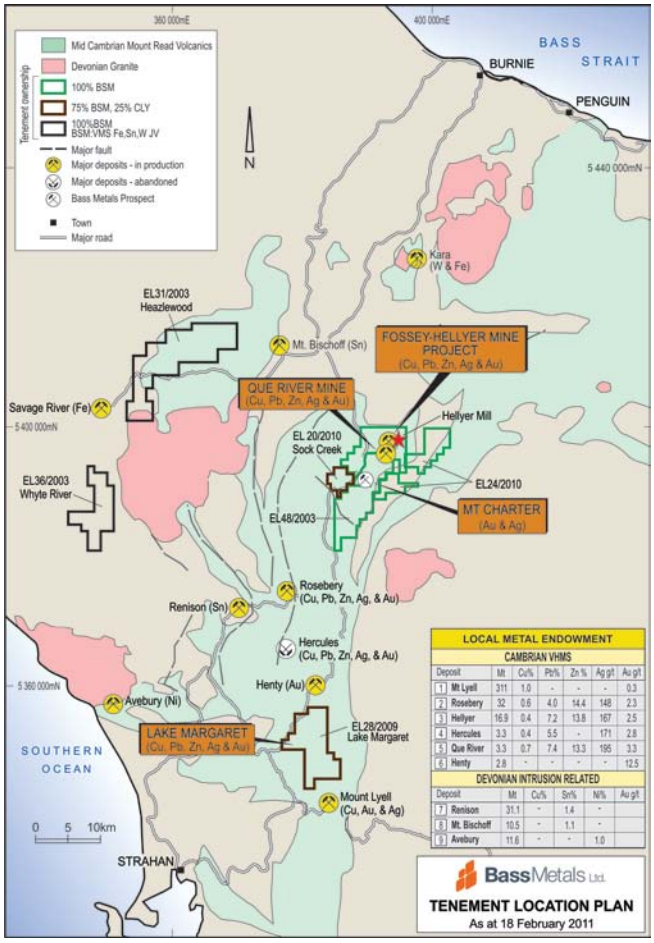

Figure 1. Mt Charter Retention Licence (RL11/1997) location plan

1.2 **Geological Overview**

The base and precious metal deposits of the Hellyer-Que River-Mt Charter area lie above the main Central Volcanic Complex of the Mt Read Volcanics as it passes into a sequence of volcanics and sediments, which near Hellyer and Que River is called the Mt Charter Group. Within the Mt Charter Group is a volcanic package called the Que Hellyer Volcanics (QHV) comprising a group of andesitic to dacitic volcanics and sediments (Figure 2). Que River, Hellyer and Mt Charter are hosted by the highly variable 'Mixed Sequence', sandwiched between basaltic to andesitic volcanics. Volcanic-related and marine sediments cover the volcanics.

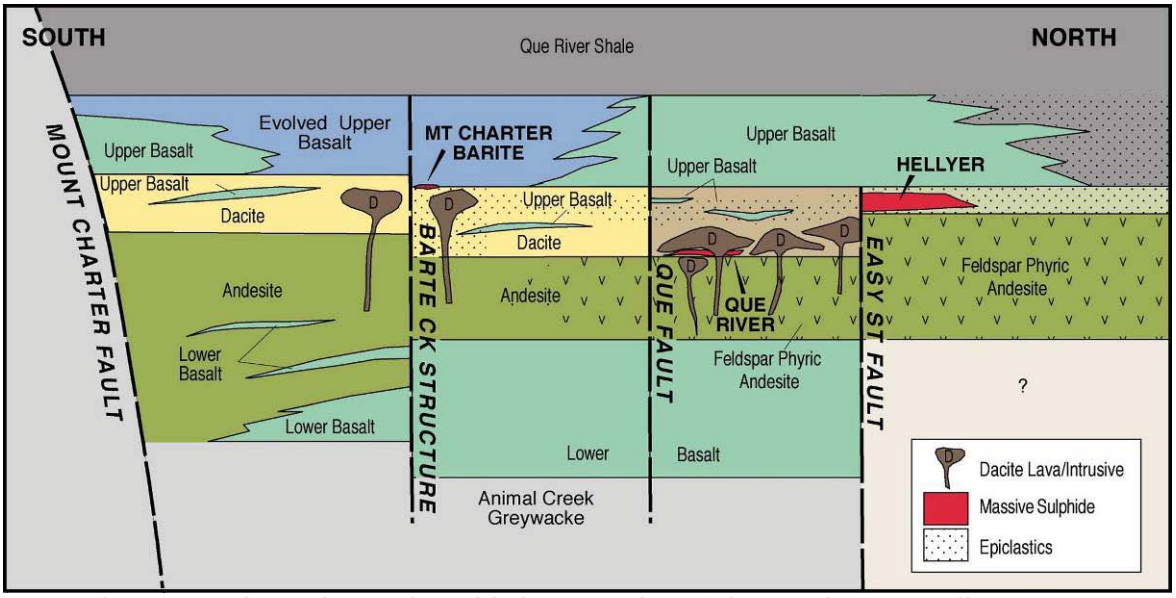

Figure 2. Schematic stratigraphic long-section of the Mt Charter - Hellyer area

The QHV is up to 1000m thick near Que and Hellyer, but wedges out to less than 50m to the North West of Hellyer. The units of the QHV are summarized below:

- The Upper or Hellyer Basalt consists of massive to pillowed amygdaloidal basalt lava and volcaniclastic rocks.
- The Mixed Sequence host to the Que River, Hellyer and Mt Charter systems is comprised of epiclastics, dacitic lavas and breccias.
- The Feldspar Phyric Andesite, a porphyritic andesite lava which is the footwall unit to the Hellyer and Que River deposits and subsequently altered to Silica-Sericite-Pyrite mineralogy at these locations, which in turn is underlain by
- The Lower Basalt, a sequence of basaltic pillow lavas and volcaniclastics, which form the immediate footwall at Que River and Hellyer.

The QHV is overlain by the Que River Shale (Figure 2), which is in turn overlain by rhyolite, felsic volcaniclastics, greywacke and shale of the Southwell subgroup (Figure 3). The Southwell subgroup is overlain by the Mt Cripps subgroup (a correlate of the Tyndall beds at the Henty mine) which is a sequence of volcaniclastics, siltstones and conglomerates only outcropping along the eastern boundary of the Hellyer area tenements.

Beneath the QHV are the Animal Creek Greywacke and Black Harry Beds a sequence of sediments defining the base of the Mt Charter Group.

1.3 Exploration Rationale

The Mt Charter area has been a focus of exploration since the 1970's due to the extensive Silica-Sericite-Pyrite-(Barite) alteration exposed at surface. This alteration is similar to the footwall alteration associated with the nearby Hellyer and Que River Volcanogenic Hosted Massive Sulphide (VHMS) Zn-Pb-Ag-Au deposits.

Given this, early work at Mt Charter aimed at testing the lower contact of the altered Dacite to test the equivalent of the Que River orebody stratigraphic position. In doing so, significant Au-Ag-Ba mineralisation was intersected from surface.

Bass Metals Ltd intends to fully evaluate the shallow gold-silver mineralisation while also testing any deeper Hellyer/Que River style VHMS targets.

2. REVIEW OF PREVIOUS WORK – the reader is referred to the 2011 Annual Report

3. REVIEW OF PREVIOUS WORK – – the reader is referred to the 2011 Annual Report

4.CURRENT WORK – Exploration completed during the report period (6th June 2011 – 5th June 2012)

No major work was completed during the period. The Mt charter gold resource is being reviewed along with the Tailings Dam resource for the Hellyer Gold project.

5. PROPOSED EXPLORATION

Bass Metals proposed exploration over the next year includes;

Further work will need to be undertaken to determine whether there is potential for a significant 'semi-blind' Mt Charter-style system at the base of the mixed sequence / top of footwall andesite.

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 minimise the impact on the environment during track-development and how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

7. EXPENDITURE

June 2010 to June 2011		
Geoscientific Costs	**Geology**	32,758
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	**$32,758**

Table 1. Expenditure 6th June 2011 to 31st march 2012.

8. REFERENCES

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