



VENTURE

MINERALS

**EL31/2003 HEAZLEWOOD
TASMANIA
CONTACT CREEK PROJECT**

**ANNUAL REPORT
23rd March 2012 – 22nd March 2013**

Venture Minerals Ltd – Bass Metals Ltd Joint Venture

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SUMMARY

Exploration Licence 31/2003 located in NW Tasmania is currently held in joint venture by Venture Minerals Ltd (VMS) and Bass Metals Ltd (BSM). During the 2012-2013 reporting period a partial relinquishment was approved reducing the EL31/2003 from 101 km² to 21 km² and Venture Minerals is currently in the process of taking over the tenement management of EL31/2003. Work conducted on the licence for the year ending 22 March 2013 has included collection of 210 soil samples and 22 stream sediment samples over largely geophysical, geochemical, and stratigraphic Sn-W-magnetite skarn targets in the southern part of EL31/2003. An analysis of geochemical and geological data was conducted resulting in a revision of the basement geology and the identification of three Sn-W skarn – carbonate replacement exploration targets.

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Heazlewood Exploration Licence 31/2003 for the period of 26 March 2012 to 25 March 2013. During the 4th year of tenure a 34 km² partial relinquishment was conducted reducing the licence to cover a total area of 101 km². From 2005 the EL31/2003 was subject to a joint venture agreement between Bass Metals (BSM) and Pioneer Nickel Ltd (PIO), then from 2009 a joint venture was formed with Venture Minerals (VMS) for the Fe, Sn & W rights. This joint venture arrangement remains in place with PIO now having reverted to a 2% NSR. A further 80 km² was relinquished during 2011 reducing the licence to 21 km².

The tenement was originally claimed because it encompasses a large ultramafic complex considered prospective for Avebury-style nickel mineralisation. In more recent years exploration has been focused on the granite contact zone for Mt Lindsay-style Sn-W-magnetite skarn and carbonate replacement deposits.

1.1 Location

The tenement is located approximately 25 km west of the township of Waratah in the north-west of Tasmania (Figure 1). Access to the area is via the sealed Waratah Road. Access within the tenement is via a limited number of 4WD and ATV tracks, which require river crossings. Access to the majority of the tenement is on foot. More remote areas of the tenement can only easily be accessed by helicopter, three helicopter landing pads were established north of the Whyte River in 2011.

Topographically the area is of significant relief with limited vehicular access. The most widespread vegetation community in the area is *Nothofagus* rainforest with lesser zones of *Eucalyptus nitida* and *Eucalyptus obliqua*.

The licence area can be found on the Savage River 1:25,000 topographic map sheet and the Arthur River 1:100,000 map sheet.

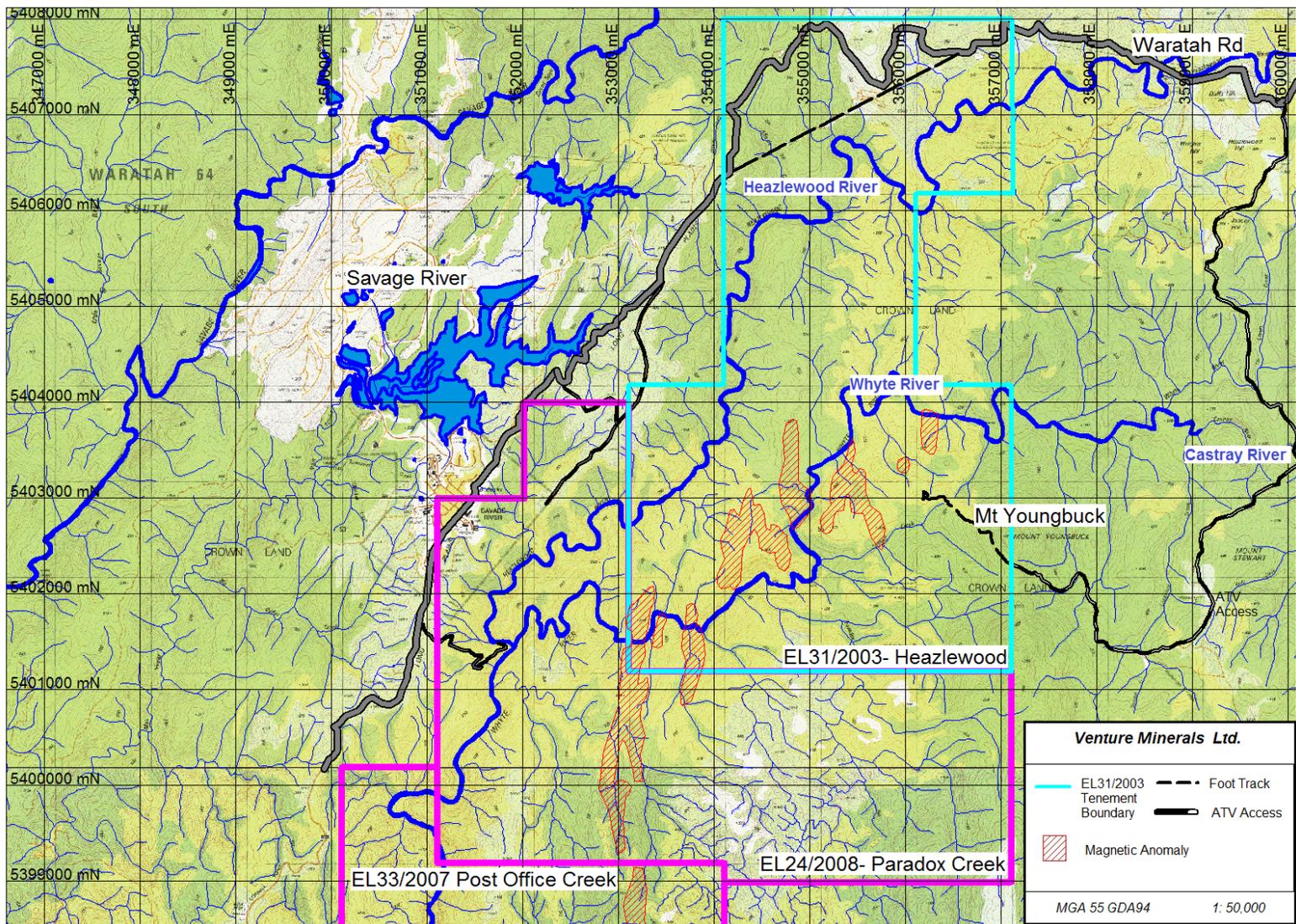


Figure 1. Heazlewood EL31/2003 is located in north-western Tasmania.

1.2 Geology Overview:

From west to east the basement geology of EL31/2003 consists of three main geological units the Oonah Formation, overlain by the Success Creek Group followed by the Crimson Creek Formation; the units are intruded by the dolerites and later intruded by the Meredith Granite (Figure 2). In the north-east of the tenement the basement consists of the Heazlewood Ultramafic Complex. This interpretation is based on a combination of historic and VMS geological mapping.

Heazlewood Ultramafic Complex, 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 volcanoclastic sedimentation, renewal of shallow-marine carbonate sedimentation, and at the top, a Cambrian phase of deep-water siliciclastic sedimentation (Seymour *et al*, 2006).

Success Creek Group

The Neoproterozoic – Early Cambrian Success Creek Group is not as conspicuously deformed as the Oonah Formation, and four formations are generally recognised, comprising a basal conglomerate with sandstone lenses, overlain by quartz sandstone with minor siltstone and conglomerate (Dalcoath Formation), then black mudstone,

siltstone and minor quartz sandstone, and finally siliceous siltstone, red chert and mudstone with minor quartz sandstone, conglomerate and dolomite (Renison Bell Formation, Brown, 1962).

Oonah Formation

The 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 Husetop, 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 (26 Mt at 1.46% Sn), Mt Bischoff (10.54 Mt at 1.1% Sn) and Cleveland (12.4 Mt at 0.62% Sn, 0.25% Cu) (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 between BSM and PIO because of the perceived nickel potential of the large ultramafic complex that made up the central third of the original 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.

In recent years exploration has been largely directed towards finding Mt Lindsay-style skarn mineralisation around the Meredith Contact, and EL31/2003 has been reduced to reflect this exploration focus. The dolomite units within the Success Creek group and the calcareous sandstones within the Crimson Creek Fm adjacent to the Meredith Granite are the targets for skarn or carbonate replacement Sn, W and magnetite mineralisation.

Aberfoyle in the 1980's identified a scheelite bearing magnetite-pyrrhotite-amphibole skarn at Mt Youngbuck on the south-eastern margin of EL31/2003. The Mt Youngbuck skarn is exposed at surface and shows up as a conspicuous north-trending high on magnetic imagery. The six north trending magnetic ridges situated to the west of Mt Youngbuck could also represent magnetite and/or pyrrhotite bearing skarns although surface geochemical sampling of the Contact Creek area indicates mineralisation does not reach the surface.

2. REVIEW OF PREVIOUS WORK – Prior to current tenement area

The reader is referred to previous annual reports.

3. REVIEW OF CURRENT WORK- Reduced tenement area

55 stream sediment samples, 241 soil samples, and 9 rock chip samples were collected over geophysical and stratigraphic skarn targets adjacent to the contact of the Meredith Granite during four consecutive summer field seasons, from 2009 to early 2012.

In 2009 the track to Mt Youngbuck from the road near Heazlewood Hill was badly overgrown beyond the Whyte River crossing and proved very slow going on foot. In late 2009 access to Mt Youngbuck was regained for ATV access, following an approx. 6 day track cutting exercise involving the construction of a barge and log bridge to cross the Castray and Whyte Rivers. During periods of heavy rainfall the Whyte River rose considerably developing strong currents, delaying fieldwork multiple times, in late 2011 three helicopter landing pads were created to aid access to the exploration area's north of the Whyte River. Exploration was largely helicopter supported during the 2011-2012 field seasons.

Results from the stream sediment sampling work indicated high Sn (up to 482ppm) in samples collected from tributaries draining through areas of low topography close to the Whyte River where high Sn is consistently coupled with high Cr (up to 4.79%). The strong positive Sn and Cr coupling and depositional environment suggests the Sn anomalism adjacent to the Whyte River within EL31/2003 is being reworked from terraces of Quaternary alluvial gravels and ultimately derived from a source beyond the tenement (the Meredith Granite and Cleveland tin deposit are within the Whyte catchment).

The soil sample results reflect similar Sn-Cr associations, with most skarn related elements W, As, Zn and Pb being at background values except Cu. Small zones of Cu anomalism were identified in the centre of the exploration area associated with pyroxene hornfels outcrops, however the Cu increase was not reflected in the Sn-W concentrations. In the north-west of the sampling area, a zone of Rb-Ba anomalism was identified from the soils overlying an area of sediments altered to clay, the association of increased weathering and Rb anomalism is a positive sign for deep alteration and can be comparable to the soils overlying the clays of the Main and No2 skarns at Mt Lindsay.

The Contact Creek area contains six discreet magnetic anomalies. Geological mapping of the anomalies identified outcropping magnetic siltstone-sandstones indicating that a potential source of the magnetism could be the presence of multiple zones of weakly magnetic siltstones and sandstones. Biotite and amphibole hornfels are strongly developed throughout the Contact Creek area. Pyroxene hornfels in particular is

considered an encouraging indicator for skarn development, although contact metamorphism could also be responsible. Quartz-tourmaline greisens were also observed at several locations and are an encouraging indication that some of the magnetic anomalies may represent concealed Sn-W-magnetite skarns.

In April 2011 AAM was engaged by Venture Minerals to conduct a LiDAR survey over much of the Mt. Lindsay Project area including part of EL31/2003. Venture also acquired high resolution Worldview2 satellite imagery in early 2012.

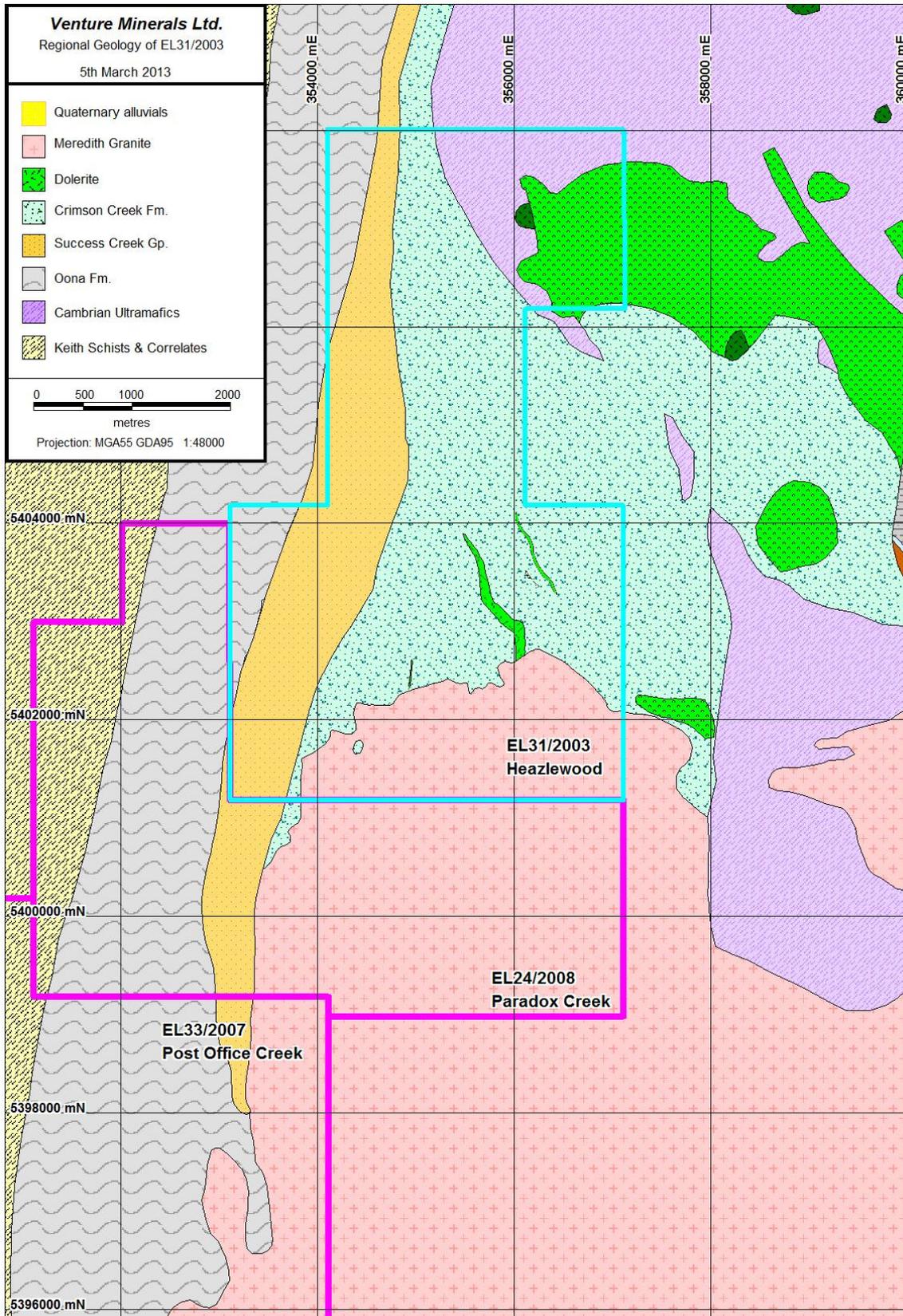


Figure 2. Regional geology of the Heazlewood tenement

4. EXPLORATION COMPLETED DURING THE REPORT PERIOD

Venture's exploration activities during the 2012 anniversary year were focussed on following up geochemical anomalies identified from geochemical data collected in 2010-2011. The 2012-2013 summer fieldwork programmes included soil, stream and rock chip sampling along with extensive geological mapping (Figure 3). Because of difficult access the fieldwork program was largely helicopter supported. During 2012 Venture obtained LiDAR survey data and Worldview2 imagery. The geochemical, lithological and structural data along with aeromagnetic, LiDAR, Landsat and Worldview2 imagery was used to refine geology and define drill targets.

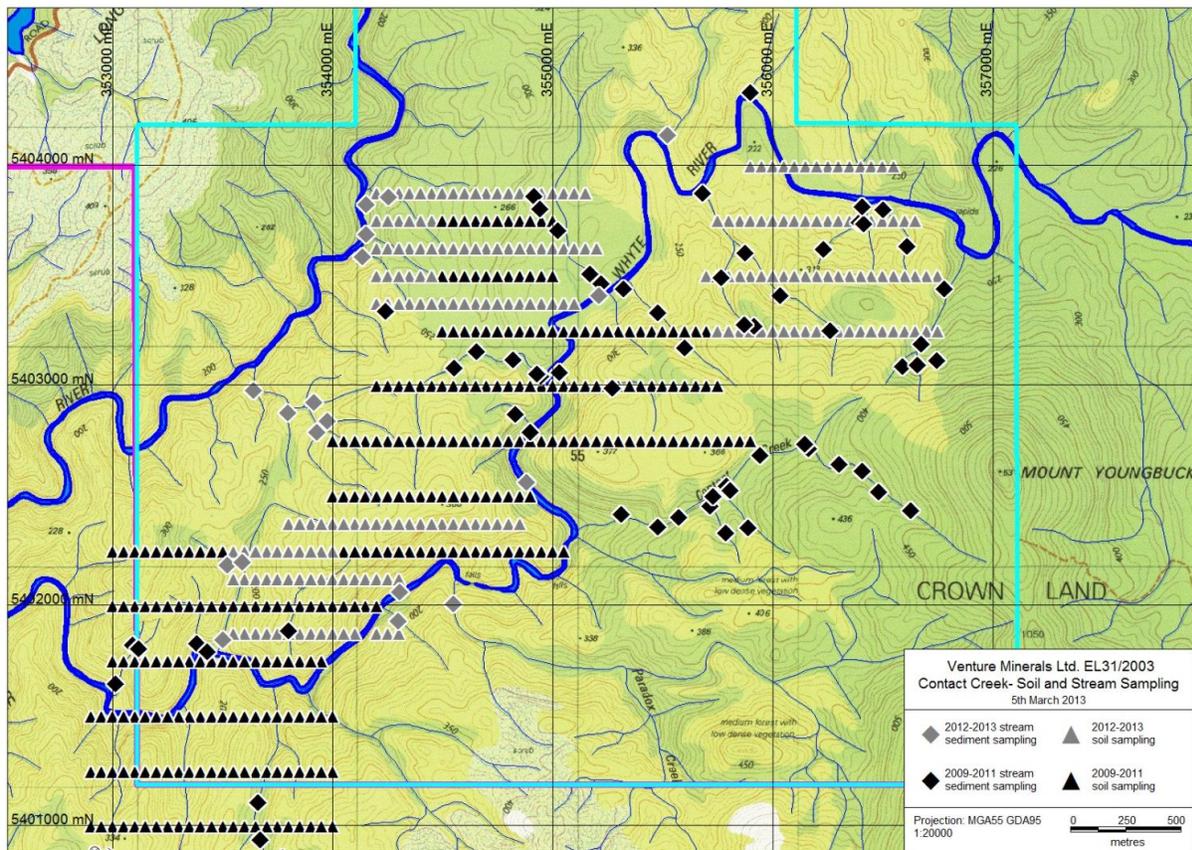


Figure 3. 2012-2013 geochemical surface sampling

4.1 Geological Mapping and Interpretation

Geological mapping of the area shows the presence of >1.5 km thickness of volcanogenic sedimentary rocks between Mt Youngbuck and the confluence of Contact Creek with the Whyte

River which are assignable to, or at the least correlative with, the Crimson Creek Formation. Stratigraphy generally strikes NW and dips from approx. 60° degrees SW to c. 60° NE. Load structures at one location suggest the sequence youngs to the NE (as at Mt Lindsay). At least two dolerite sills up to 100 m thick are identified to the north of Contact Creek, and a 10 m thick north striking dolerite dyke was observed in the Whyte River bed approx. 200m north of Contact Creek confluence.

Using a combination of data from geological mapping, soil geochemistry and a LiDAR derived DTM the basement geology has been redefined somewhat in the Contact Creek area, and the revised geology used to assist distinction between geochemical features associated with stratigraphy or alteration associated with skarn mineralisation.

The transition from the Crimson Creek Fm into the underlying Success Creek Gp is associated with a distinct drop in Cu, V and Cr coupled with an increase in Rb (Figure 4). A field check of this geochemical boundary zone confirms the appearance of blue-grey, quartz-mica rich sandstone weathering to reddish purple sandy micaceous clay, i.e. lithologies more typical of the Success Creek Gp. Bedding within the Success Creek Gp is generally striking NE-SW whereas the Crimson Creek Fm bedding is dominantly striking NW-SE: The change in strike suggests that the boundary between the Crimson Creek Fm and Success Creek Gp in this area is faulted.

A DTM was used to delineate faults and jointing. Two significant NNE-SSW faults and four NE-SW faults were defined along with numerous small faults. A distinct NNE-SSW trending DTM lineament lines up well with the changes in structures, lithology, geochemistry, and topography and it is inferred that this represents the boundary fault between the Success Creek Gp and the Crimson Creek Fm. The revision of the Success Creek Gp and Crimson Creek Fm boundary has made the Success Creek Gp unit significantly thicker at Contact Creek (Figure 5). The well-defined NE-SW trending faults have potential to intersect the granite at depth, and such faults could represent conduits for mineralising fluids. Fault offsets at Contact Creek cannot be determined from the current data.

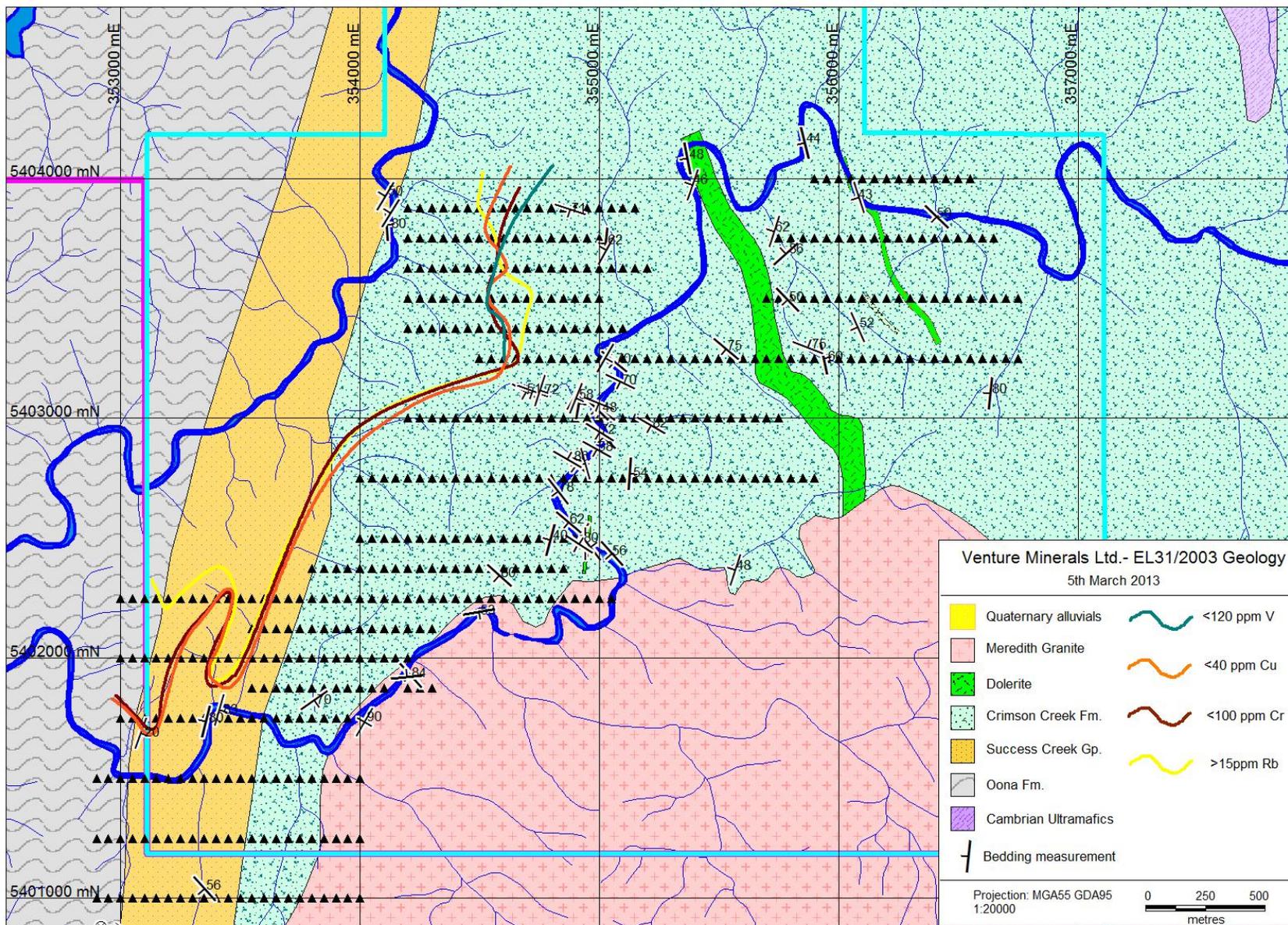


Figure 4. Previous geological interpretation of the Contact Creek Project with V, Cu, Cr and Rb geochemical boundaries

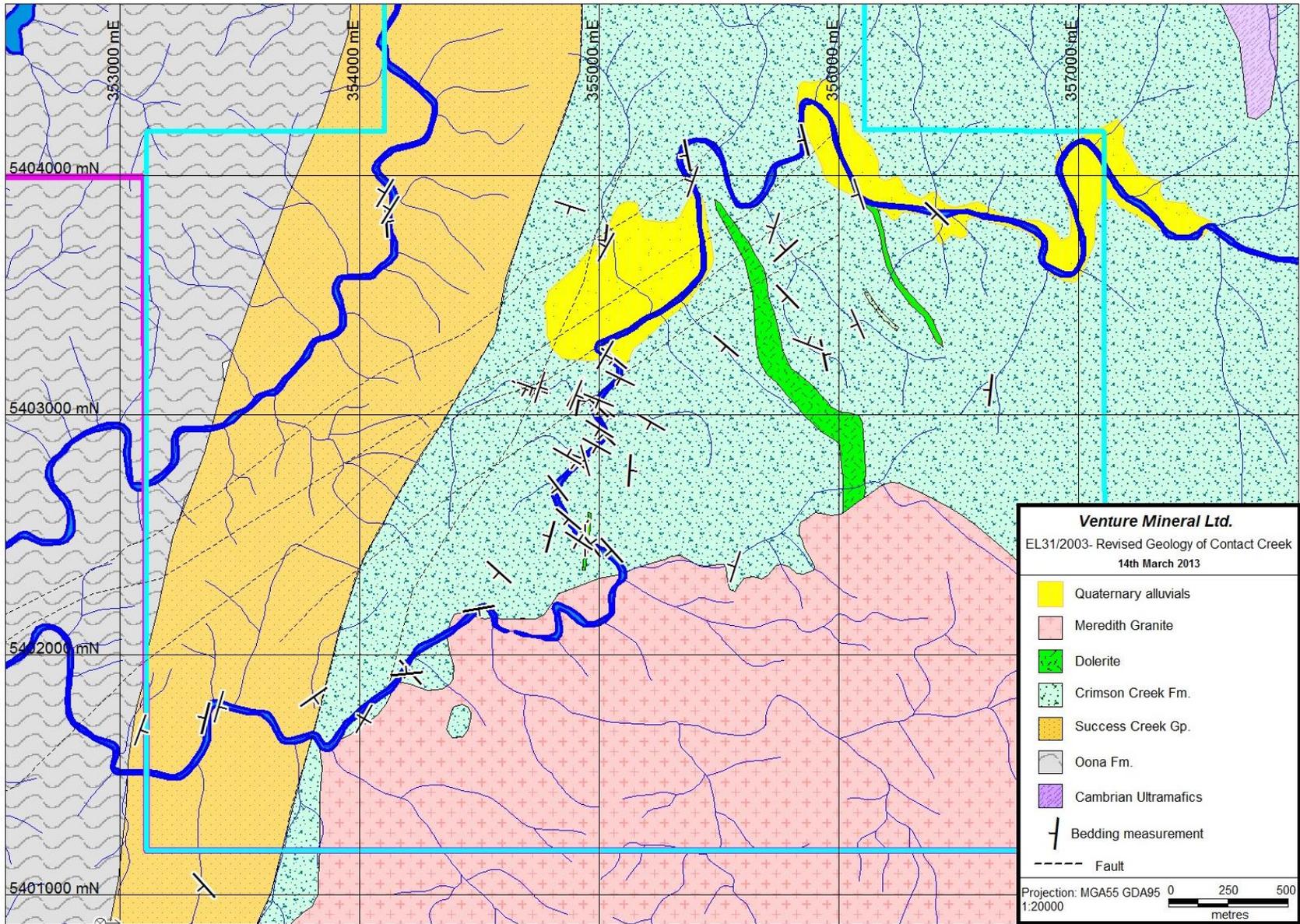


Figure 5. Revised geological interpretation of the Contact Creek Project

4.2 Geochemical Sampling and interpretation

Some 22 panned stream sediment samples and 210 soil samples were collected by Venture during late summer 2012 and 2013. The additional soil and stream sampling was designed to follow up Cu, Sn, Cr, Rb and Ba anomalism identified in the earlier soil and stream samples. All soil, rock and stream sediment samples were assayed for a broad suite of elements including Sn and W at ALS Global by XRF on pressed powders, MS on liquor from a 4 acid digest (hydrochloric, nitric, perchloric and hydrofluoric), and ICP on a 3 acid digest (no HF) in boron free glassware for boron (Appendix A).

Rubidium Anomalism

In 2011-2012 a discreet Rb anomaly was identified in the north-west of the sampled area (Figure 6) associated with a significant zone of clay development, and further sampling and geological mapping was conducted in 2012-2013 to follow up this target. The mapping indicates that the clay zone is not specifically linked to the Rb increase and the change in geochemistry (Cr, V and Cu as well as Rb) reflects a change from volcanogenic siltstone and sandstone of the Crimson Creek Fm in the east to micaceous quartz sandstone of the Success Creek Gp to the west.

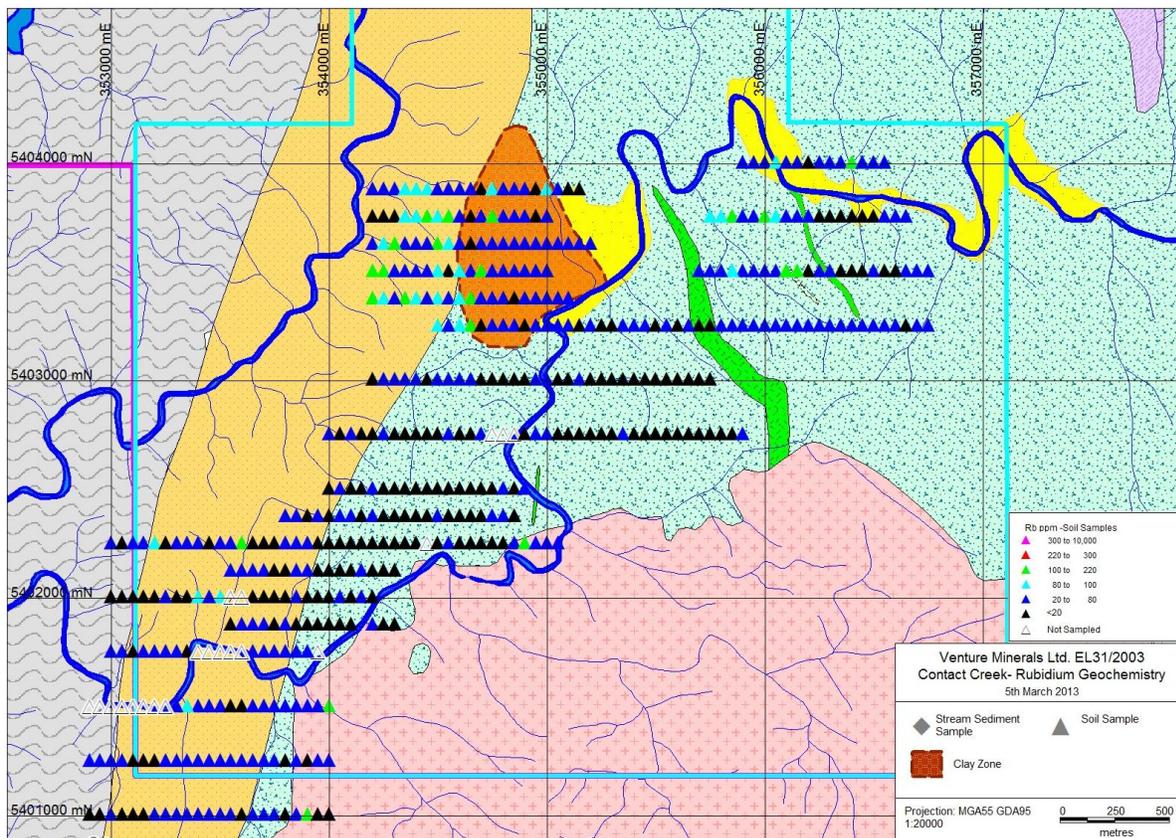


Figure 6. Thematic map displaying Rb values of soil samples

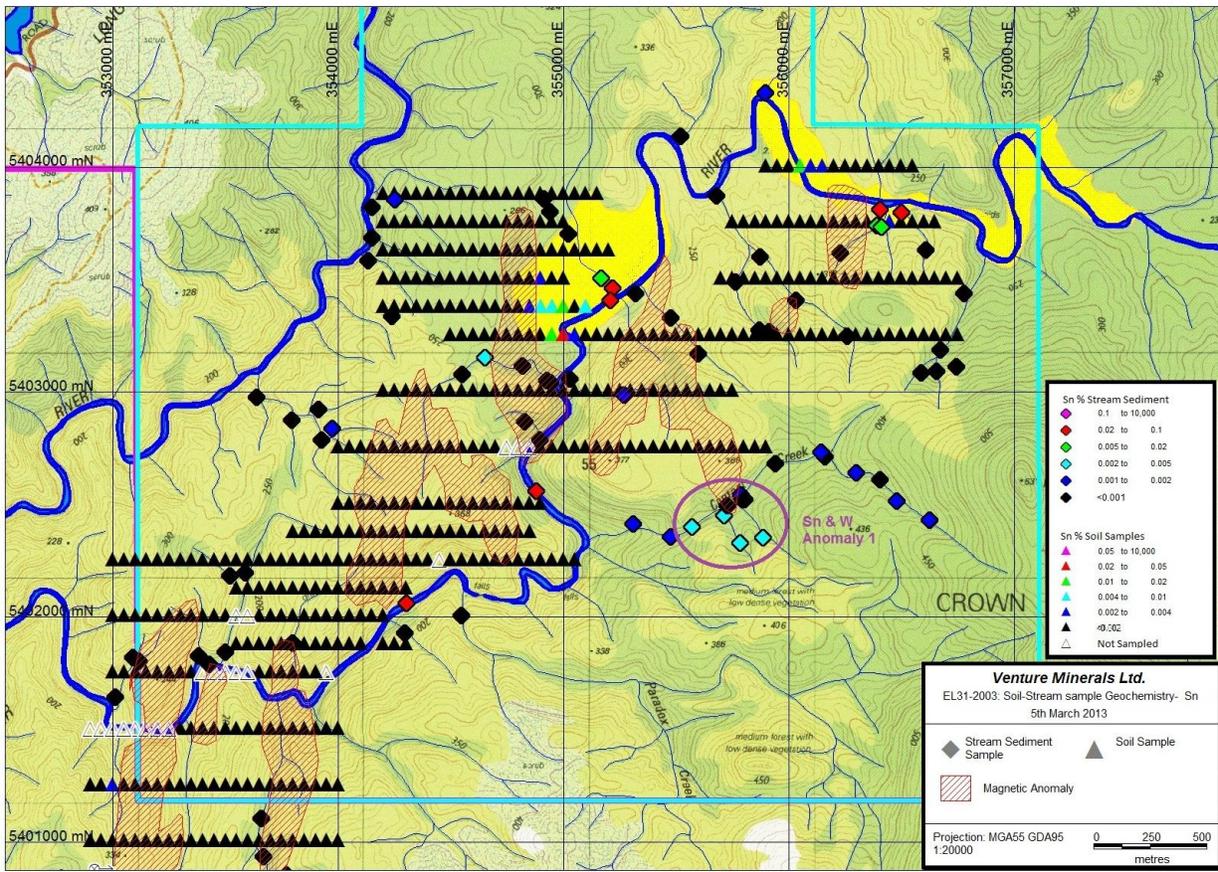


Figure 7. Thematic map displaying the soil and stream sediment sample Sn values

Tin-Chrome Anomalism

Further geochemical soil and stream sediment sampling was conducted in 2012-2013 to follow up the Sn-Cr anomalism identified in samples collected from low lying topography close to the Whyte River.

Two distinct smooth, low lying alluvial gravel zones with minor scars from previous river paths are clearly identifiable on DTM. The alluvial flats match the two known areas of high Cr-Sn anomalism. Recent sampling indicates the soil from the Quaternary gravel zones are significantly anomalous for Cr (up to 7,760 ppm), with patchy Sn (up to 311 ppm) anomalism associated. Previously the Cr-Sn relationship was only evident in the stream sediment samples, but the correlation is now also observed in the soil samples (Figures 7&8).

Sandstones and siltstones of the Crimson Creek Fm average of 190 ppm Cr with anomalous values as high as 864 ppm. Although the Crimson Creek contains elevated Cr values, the Cr content would be insufficient to create soil values up to 7,760 ppm Cr.

To the east of the Contact Creek project area the Whyte River catchment drains a large area of ultramafic, a likely source for the Cr. 10km to the north-east the Cleveland tin fields are located within the Whyte River catchment. Therefore to investigate whether the Whyte River is contaminated with significant concentrations of Sn and Cr, three stream sediment samples were collected at locations along the Whyte River. The assays confirmed the Whyte River sediment load contained consistently high values of Cr (>10,000ppm) and variably high values of Sn (280-760ppm). Further work confidently confirms the Sn-Cr anomalism is being reworked from terraces of Quaternary alluvial gravels and ultimately derived from a source beyond the tenement.

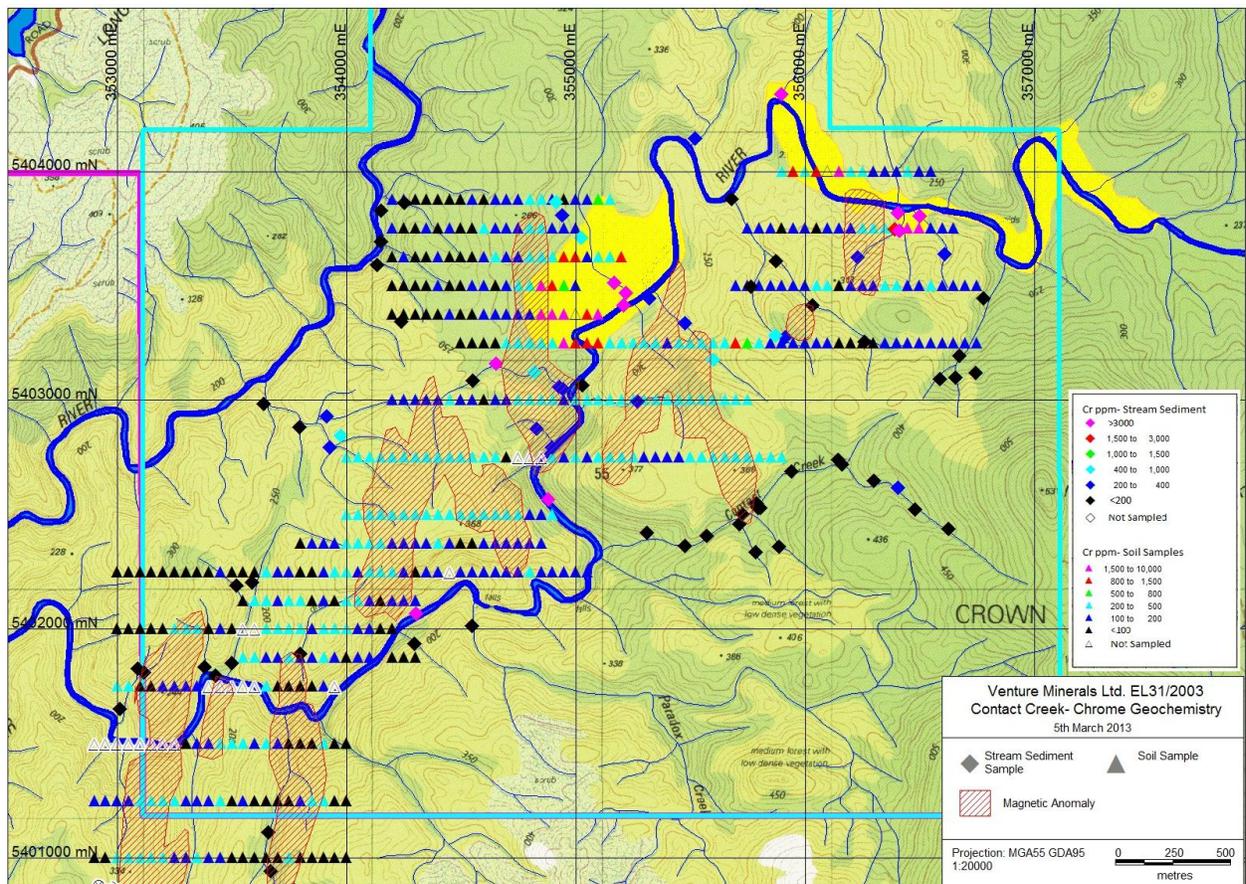


Figure 8. Thematic map displaying the soil and stream sediment sample Cr values

Tin-Tungsten Anomalism

Modest Sn (up to 45ppm) and W (up to 20ppm) was identified in stream sediments collected from tributaries draining the margin of the Meredith Granite (see Figure 7, Sn-W anomaly 1).

Mapping of Contact Creek found outcropping quartz-tourmaline greisen in close proximity to the anomalous samples. Heavy mineral separation identified cassiterite, wolframite, garnet, amphibole and vesuvianite along with large percentages of topaz within the samples, indicating the potential for skarn-greisen style mineralisation. A stream sediment sampling program along with geological mapping to follow up the Sn-W anomalism is currently being conducted.

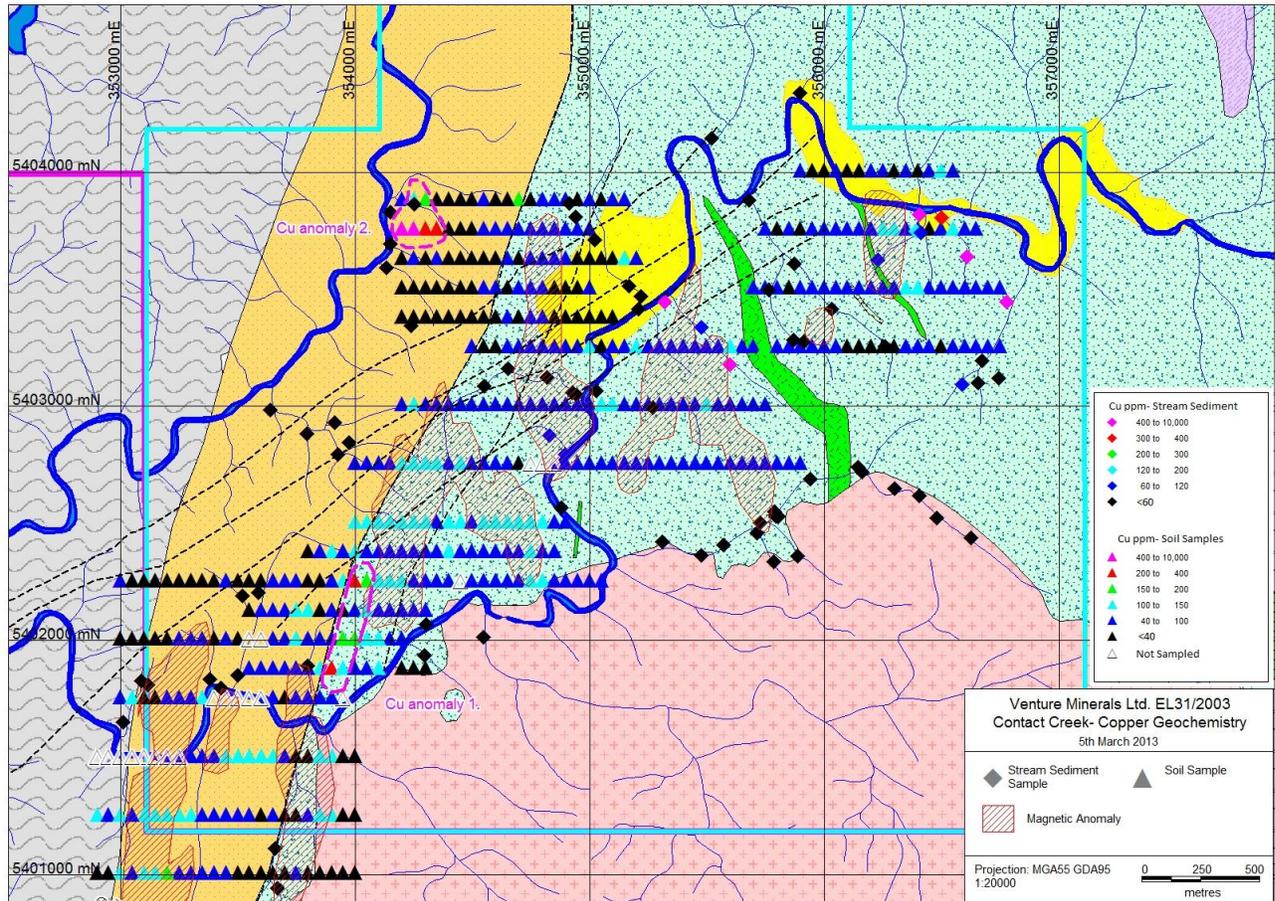


Figure 9. Thematic map displaying the soil and stream sediment Cu values

Copper Anomalism

Cu was also found to be anomalous (up to 930ppm) in numerous stream sediment samples south of the Whyte River. To follow up the Cu stream anomalism a soil sampling program was proposed in the north-east of the sampling area. Sampling was conducted on 4 soil lines approx. 250m apart, samples were collected at 50m intervals. Assay results showed there was no significant Cu increase in the soils. Geological mapping identified that the dolerite sills of this area contained trace amounts of chalcopyrite, which is most likely concentrating in the creeks.

Additional soil lines were also completed to further define Cu Anomaly 1 (Figure 9). Cu anomalism was consistent with previously identified Cu anomalous soil samples. Cu anomaly one overlies and runs parallel to the NNE-SSW fault which potentially forms the boundary between the Success Creek Gp and Crimson Creek Fm. Indicating the potential that the fault may represent a conduit for mineralising fluids. The presence of mineralisation may be further supported by the association the Cu Anomaly 1 with exposures of calc-silicate alteration.

Cu Anomaly 2 (Figure 9) a discreet cluster of 6 Cu anomalous soils (up to 508ppm), was identified in soils designed to test the north-eastern Rb target. Along with an increase in Cu, Cu Anomaly 2 also displays a significant increase in V increasing from background levels ~100-200ppm to 310-560ppm. The source of the Cu-V anomalism is unknown, further investigation is required.

5. PROPOSED EXPLORATION ACTIVITIES 2013-2014

Venture does not consider the currently defined Sn-W-magnetite skarn targets within EL31/2003 to be refined enough for drill testing and is planning the follow-up fieldwork:

- Stream sediment sampling of the northern tributaries of the Heazlewood River has recently been completed, assay results are pending. Sampling has been designed to identify whether Sn-W-Fe alteration is occurring in the north of EL31/2003.
- In the early 1980's Aberfoyle identified a scheelite bearing magnetite-pyrrhotite-amphibole skarn at Mt Youngbuck, the identified mineralisation is located approximately on the south-eastern margin of EL31/2003. A historic review of the Aberfoyle geological data is presently in progress. The aim of the review and follow up field work is to be able identify the exact location of the Mt Youngbuck skarn and to assess whether mineralisation is likely to extend westwards into EL31/2003. Depending on the findings of the historic review a geochemical sampling program will be proposed to cover Mt Youngbuck. The data collected will be compared to the six magnetic anomalies in the Heazlewood area, potentially indicating whether similar style mineralisation is likely.

- To follow up Sn & W Anomaly 1 a geological mapping and stream sediment program is planned. The stream sediment program aims to identify and define Sn-W mineralisation in the granite; mapping will concentrate on identifying zones of greisen and veining. The geological and structural information collected will be used to potentially find correlation between mineralisation within the granite and the magnetic anomalies. The vegetation overlying the granite is very thick and progress on foot is very slow, therefore a series of foot tracks will need to be cut before field work can commence.
- Additional geological mapping to cover Cu Anomaly 1 is required to increase confidence in drill testing and to aid drill hole design. Follow up field inspection is required at Cu Anomaly 2 to identify the source of the Cu-V anomalism. Fieldwork will be helicopter supported as Cu Anomalies 1 and 2 cannot be easily accessed on foot. Established helipads can be used.

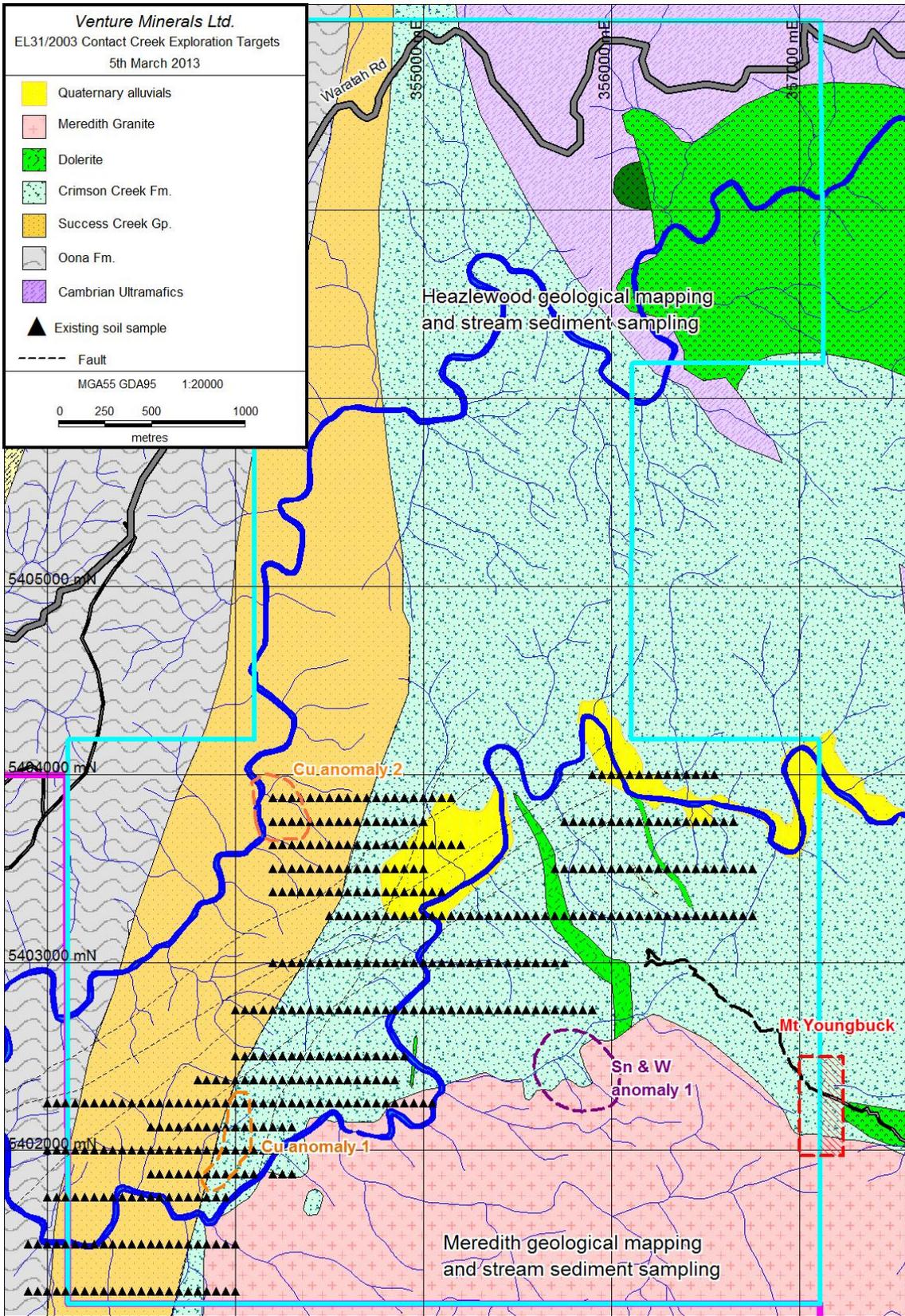


Figure 10. EL31/2003 exploration targets 2013-2014

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