MT CHARTER PROJECT
TASMANIA
RL11/1997

ANNUAL PROGRESS REPORT
6TH JUNE 2012 TO 5TH JUNE 2013

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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.

From January 2012, as a result of adverse circumstances at its' Fossey Mine operation, expenditure by Bass on all exploration was curtailed, to preserve cash flow. In early 2013 after an asset sale, exploration by Bass resumed and the Mt Charter area is part of an external review, presently underway, of models and exploration strategies.

Only minor work was conducted on the licence during the current reporting period:

Expenditure - Reporting period $281

Total to date $1,206,928

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1.0 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 2012 to 5th June 2013. The licence covers a total area of 4 km^2.

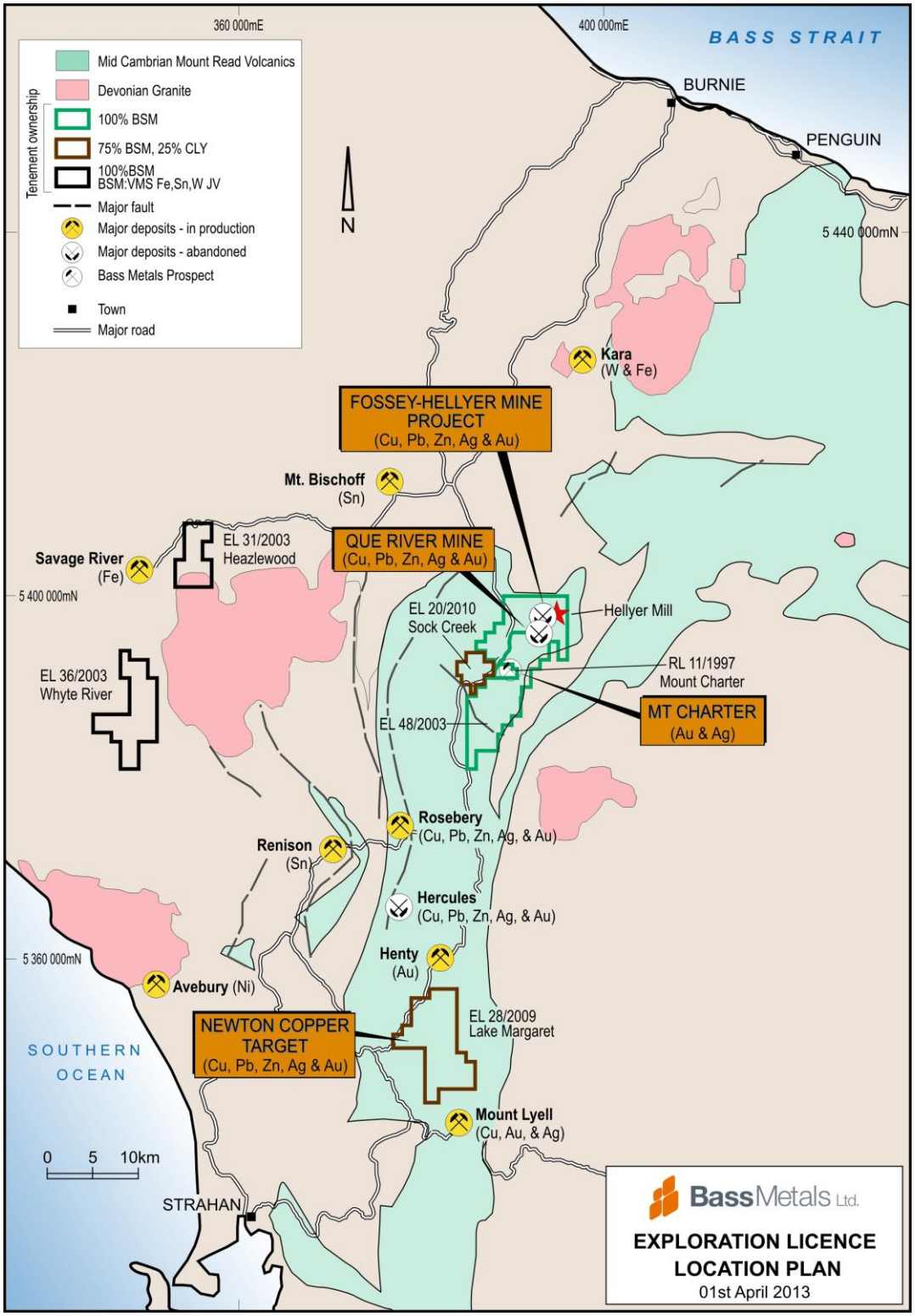
The licence is situated in the northwest corner of Tasmania and was acquired as part of a package of tenements in the Hellyer-Que River area from Intec Ltd. The tenement contains a 6.1 Mt resource of low grade gold-silver mineralisation.

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 on the 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.



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.

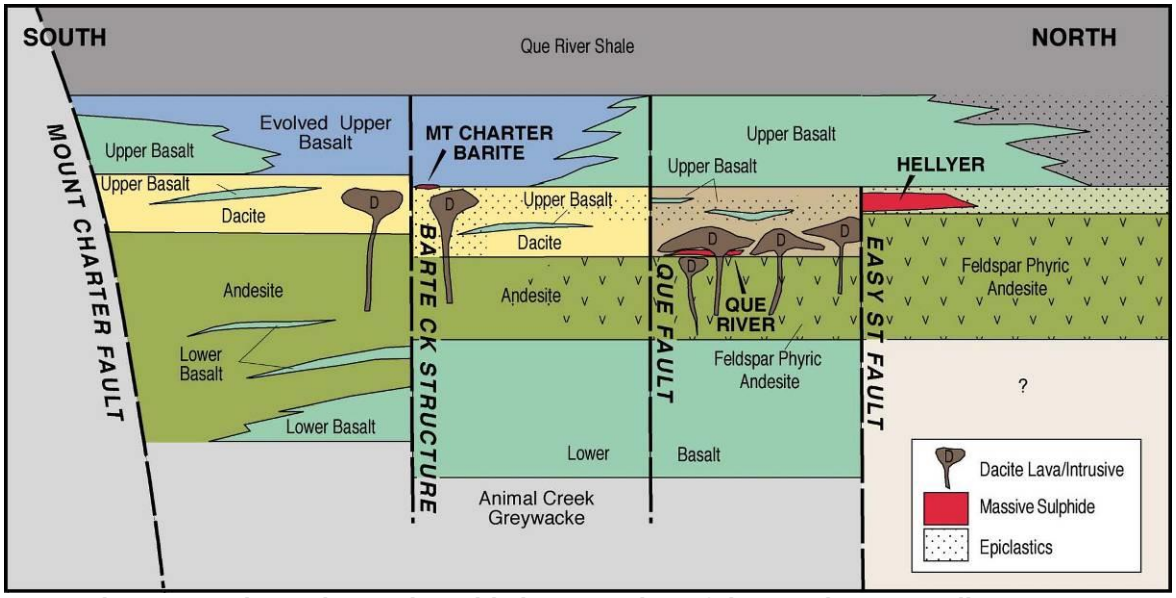


Figure 2. Schematic stratigraphic long-section of the Mt Charter - Hellyer area

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.

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 continues to 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. CURRENT WORK – Exploration completed during the report period (6th June 2012 – 5th June 2013)

No major work was completed during the reporting period.

From January 2012, as a result of adverse circumstances at its' Fossey Mine operation, expenditure by Bass on exploration was curtailed to help preserve cash flow.

In February 2013, Bass Metals sold its' wholly owned subsidiary Hellyer Mill Operations Pty Ltd (HMO) to Ivy Resources Ltd. As part of this agreement Ivy Resources, through HMO, has a sub-licence agreement with Bass Metals over RL11/1997. This agreement gives HMO exclusive rights for the gold deposits on RL 11/1997, including the current Mt. Charter Gold resource and future gold mineralisation discovered on RL 11/1997.

In March 2013 exploration of the Hellyer - Que River - Mt Charter area resumed. The Mt Charter area is part of a review, presently underway, of the current geological model and exploration strategy for the Que Hellyer Volcanics. This review is being done by Bass Metals in conjunction with geological consultants Jigsaw Geoscience and Orefind of Perth, in Western Australia. The process has commenced, with an initial review of the existing datasets and 3-D models, to assess the robustness of the current geological model and to identify alteration signatures that may be indicative of undiscovered VHMS and / or hybrid magmatic related mineralisation. The methodology that has been applied by Bass Metals to explore the Mt Charter area in the past will also be reviewed with the aim to identify potentially new exploration techniques which may improve the likelihood of discovery. The existing 3D geological model will be updated, and integrated with alteration modelling from the multispectral and lithogeochemical datasets that have been collected by Bass Metals to date. The objective is to identify potential "near miss" alteration and / or favourable geological architecture for significant mineralisation.

4. PROPOSED EXPLORATION

Bass Metals proposed exploration over the next year will involve completion of the review of Mt Charter as part of the entire QHV package, with a focus on:

- the potential to drill test the base of the Mixed Sequence deep beneath Mt Charter, exploring for VHMS mineralisation

- potential drilling for VHMS mineralisation beneath hangingwall arsenic ± antimony anomalies located 500m NW from Mt Charter and also at the Charter North Prospect 500m NE of Mt Charter.

5. 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.

6. EXPENDITURE

Owing to Bass' financial difficulties during 2012 only minimal expenditure was incurred on the Mt Charter RL 11/1997 and is shown below in Table 1.

June 2012 to June 2013		
Geoscientific Costs	Geology	
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	$281
	Admin Costs	
	Total - eligible	**$281**

Table 1. Expenditure 6th June 2012 to 5th June 2013.

8. REFERENCES

Bates, S., 2011, Mt Charter Project, Tasmania, Rl11/1997, Annual Progress Report, 6th June 2010 To 5th June 2011. Unpublished Report to Mineral Resources Tasmania.