Bass Metals Ltd.

ABN 31 109 933 995

LAKE MARGARET PROJECT
TASMANIA
EL28/2009

ANNUAL PROGRESS REPORT
10th July 2012 – 9th July 2013

Tenement Holder/Manager
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Distribution:
Mineral Resources Tasmania
Clancy Exploration
Bass Metals Ltd

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 Lake Margaret exploration licence (EL29/2008) on 9th July 2010. This tenement is in joint venture with Clancy Exploration Limited where Bass Metals is the Holder / Manager. For this 3rd year of tenure ended 9th July 2013 work conducted on the licence has included -

- A 221 sample partial digest soil geochemical survey

This licence was exempted from exploration expenditure commitments by Mineral Resources Tasmania for the period 1st February 2012 to 31st January 2013.

Expenditure –	Reporting period	$15,912
	Total to date	$585,817

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1 INTRODUCTION

This report is a summary of the exploration activities conducted on the Lake Margaret licence EL28/2009, for the period 10th July 2012 to 9th July 2013.

1.1 Tenure

EL 29/2008 was granted for five years to Bass Metals Ltd (BSM) on 9th July 2010.

1.2 Location and Access

The tenement arises from the relinquishment of EL35/2004 by Copper Strike and is located immediately along strike from the Mt Lyell mine at Queenstown in western Tasmania. Access to the area is off the Murchison Highway onto the Anthony Road which runs alongside and in parts dissecting the tenement.

The licence area lies on the Franklin (#8013) 1:100,000 map sheet and West Coast (#3634) 1:25,000 topographic map sheets.

1.3 Geology Overview

Geologically the Lake Margaret tenement contains some of the most prospective ground in the Mt Read Volcanics outside of current mine leases. The stratigraphic zone around the contact between the Tyndall Group and the CVC is the host to mineralisation at Henty and Mount Lyell south of the Henty Fault and Hellyer, Que River, Rosebery and Hercules north of the Henty Fault. The tenement also contains the horizon on which massive sulphide clasts outcrop in the spillway to the Newton Creek dam, immediately to the north of the Lake Margaret tenement.

The tenement also contains a glacial erratic with ore grade copper in a high sulphidation epithermal assemblage. The source of this erratic is unknown though there are indicators that it may be locally sourced. Exploration is hampered in the tenement as much of the area is covered by Quaternary glacial deposits.

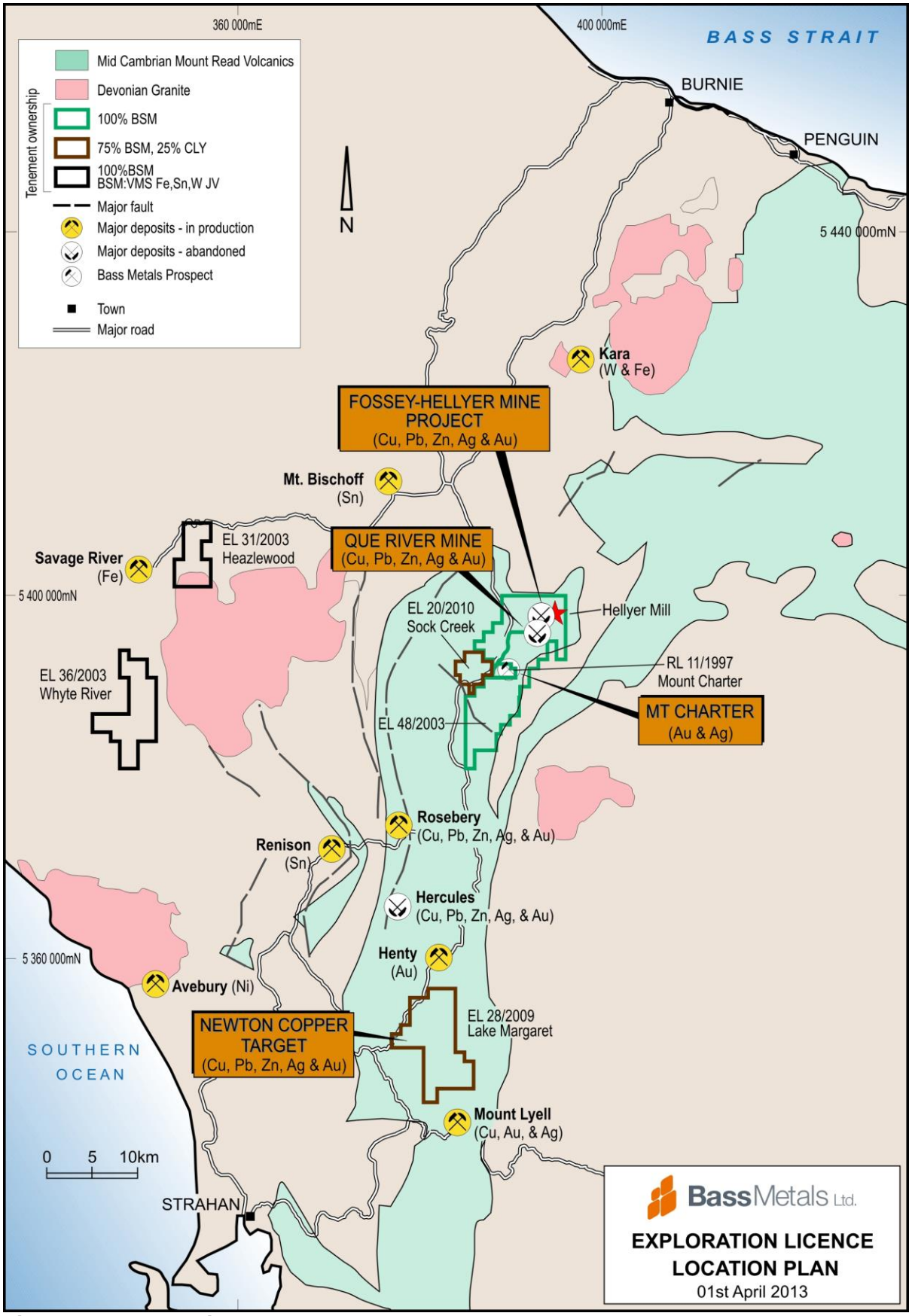

Figure 1. Location Map

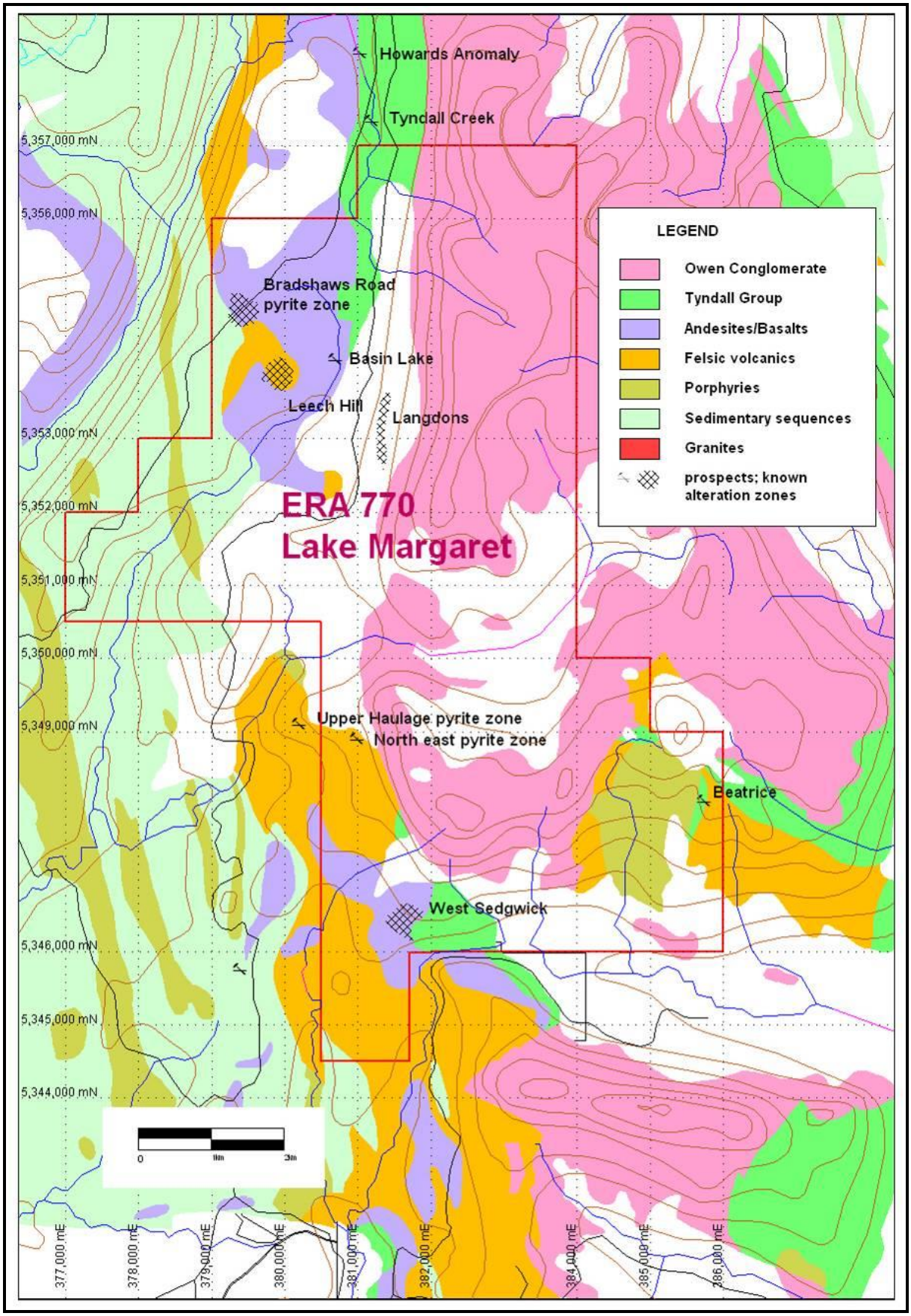

Figure 2. Regional Geology Map (AMG66, Zone 55)

2.0 EXPLORATION HISTORY

Previous exploration on the licence area is summarised in the 2011 annual report (Bates, 2011).

2.1 Partial Digest Soil Geochemistry Program

Prospective stratigraphy to the west of the Great Lyell fault is largely covered by Quaternary glacials up to several tens of metres thick. Partial digest soil geochemistry was seen as a potential method to explore the volcanics beneath this transported overburden. In 2011 a soil sampling program was undertaken over the area around existing drill holes displaying zones of hydrothermal alteration and the previously reported copper mineralised erratic. (Figure 3)

The results of this survey were described in the last annual report (Richardson, 2012).

The most significant anomalous area identified by the 2011 survey was a multi-element response in the SE corner of the grid. This is up-slope from the mineralised glacial erratic and aligns well with the interpreted position of the Great Lyell Fault, as indicated by the drilling of Bass Metals hole LMD2 (Bates, 2011). It is thought that these anomalous values could be the result of secondary dispersion from the source of the mineralised erratic. The location is consistent with a target at the contact between the volcanics and Owen Conglomerate.

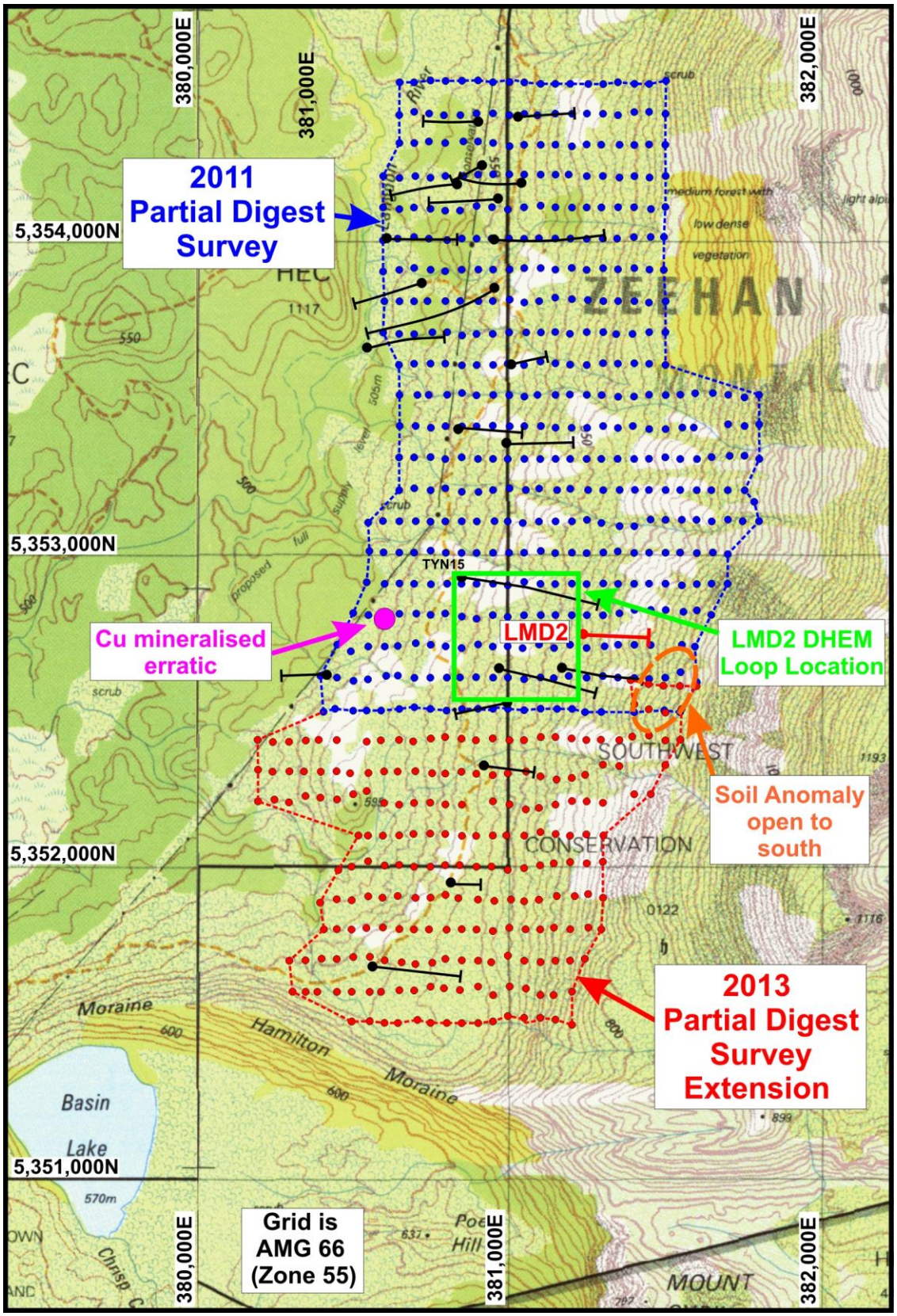

Figure 3: Plan showing location completed 2013 Partial Digest soil geochemistry survey (red dots), with drill holes and glacial erratic location. (AMG66, Zone 55)

3.0 WORK COMPLETED DURING THE CURRENT REPORTING PERIOD

3.1 Partial Digest Soil Geochemistry Program

Due to the financial difficulties experienced by Bass Metals, EL 28/2009 was granted an exemption from exploration expenditure commitment from 1-2-2012 to 31-1-2013. No work was undertaken during the reporting period until work resumed in March 2013.

As the SE anomaly defined by the 2011 partial digest soil survey was open along strike to the south, it was considered that the soil survey needed to be extended in this direction, to fully define the potential target.

In March to early April 2013 a 221 sample partial digest soil sampling program was conducted. The location of the sample points is shown above on Figure 3 (red dots). Samples were collected on 50m centres, along twelve 100m spaced lines, between 5351500N and 5352600N (AMG66, Zone 55). No line cutting was undertaken and some proposed sample sites could not be collected due to thick vegetation. Samples were taken from the base of the A horizon and were analysed by Bureau Veritas laboratories in Adelaide, using a method optimized for Western Tasmanian conditions, in conjunction with Pasminco during the 1990's (method Deepleach 42). This method utilizes a (0.1M) tetra-sodium pyrophosphate leach.

Assay results were received towards the end of the reporting period but at the time of writing there appears to be a problem with included standards and the values of many elements. This issue is currently being investigated by the laboratory, so results of the survey will need to be presented in the next annual report. Sample locations are attached as Appendix 1.

3.2 LMD2 Downhole EM Survey

In April 2013 an attempt was made to conduct a DHEM survey of Bass drill hole LMD2, drilled in 2011 to test a target against the Great Lyell Fault (Bates, 2011). Access to this hole when drilled, was via tracked vehicle but it was thought that the DHEM gear could be man-carried to the drill collar. Unfortunately, slippery muddy conditions prevented the receiver winch from being carried to the collar. Another attempt will be made to survey this hole in late June using a smaller winch. The location of LMD2 and the proposed DHEM loop, is also shown on Figure 3.

4.0 PROPOSED EXPLORATION FOR 2013-14.

The following work is proposed for 2013 - 2014:

- Complete the downhole EM survey of drill hole LMD2
- Interpret the results of the combined partial digest soil geochemical surveys
- Diamond drill test any soil geochemical anomaly or off-hole conductor of sufficient quality from the partial digest and downhole EM surveys
- A VTEM survey was planned for EL48/2009 but currently the feasibility of 3D IP is being investigated to survey the Central Volcanic Complex – Tyndall Group contact from the southern edge of the licence through to the North East Pyrite Zone prospect.

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. The soil sampling program was very low impact with only foot access and no grid lines being cut.

6.0 EXPENDITURE

Table 1: Expenditure 1st June 2012 to 31st June 2013
Expenditure reported is up to and including 31st May 2013

June 2012 - June 2013		
Geoscientific Costs	**Geology**	2,369.27
	Geochemistry	10,151.06
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	3,392.50
	Admin Costs	
	Total - eligible	**$ 15,912.83**

Total expenditure up to the 31st May 2012 for the Lake Margaret tenement is $585,817

7.0 REFERENCES

Bates, S., 2011. Lake Margaret Project, Tasmania, EL28/2009. Annual Progress Report, 10th July 2010 – 9th July 2011. Unpublished Report to Mineral Resources Tasmania

Richardson, S., 2012. Lake Margaret Project, Tasmania, EL28/2009. Annual Progress Report, 10th July 2011 – 9th July 2012. Unpublished Report to Mineral Resources Tasmania

APPENDIX 1

Partial Digest Soil Geochemistry Sample Locations