MT CHARTER PROJECT
TASMANIA
RL11/1997

PROGRESS REPORT
6TH JUNE 2013 TO 5TH JANUARY 2014

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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. Following an asset sale in February 2013, Bass recommenced exploration on its' Que-Hellyer Volcanic tenements. Shortly thereafter ongoing exploration activity was again stalled pending the outcome of an external geological consultant's review, immediately followed in October by a spill of Bass' Board of Directors. A new board is now directing the company and they are committed to rebuilding the financial strength of Bass, which will in-turn renew exploration activities on Bass' Tasmanian tenements. The current board has set aside funds to carry out exploration activities in the short term. These available funds are at an appropriate level for the company's current financial position and are projected to increase as the Board rebuilds the financial strength of the company.

During the current (seven month) reporting period, the Mt Charter area was part of an external consultant's review of Bass' Que Hellyer Volcanic tenements. The review highlighted a significant pathfinder soil anomaly which extends north from the Mt Charter precious metal resource. However, the anomaly is not closed off to the south. As part of a much larger program to extend modern multi-element soil geochemistry over the full corridor between Hellyer mine and Mt Charter it is planned to completed coverage of prospective stratigraphy on the Mt Charter RL and close this anomaly off to the south.

Trace element data from historic drill holes, and the completed soil sampling, can then be used to model targets in 3D around Mt Charter, ready for drill testing later in 2014.

Expenditure - Reporting period $9,174

Total to date $1,216,102

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1 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 January 2014. The licence covers a total area of 4 km^2.

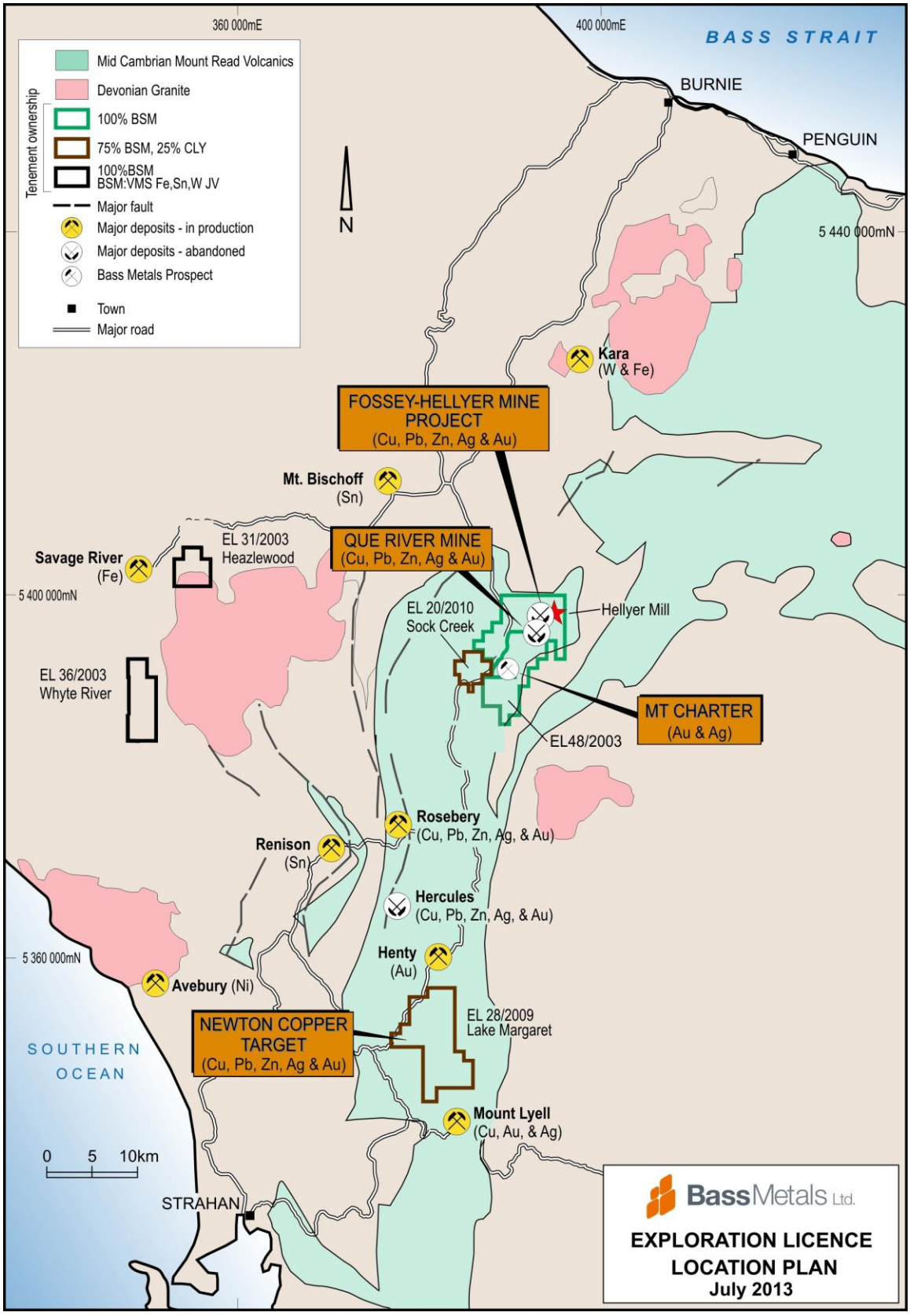
The licence is situated in the northwest corner of Tasmania and was acquired as part of a package of tenements in the Hellyer-Que River area from Intec Ltd. The tenement contains a 6.1 Mt resource of low grade gold-silver mineralisation.

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.



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.

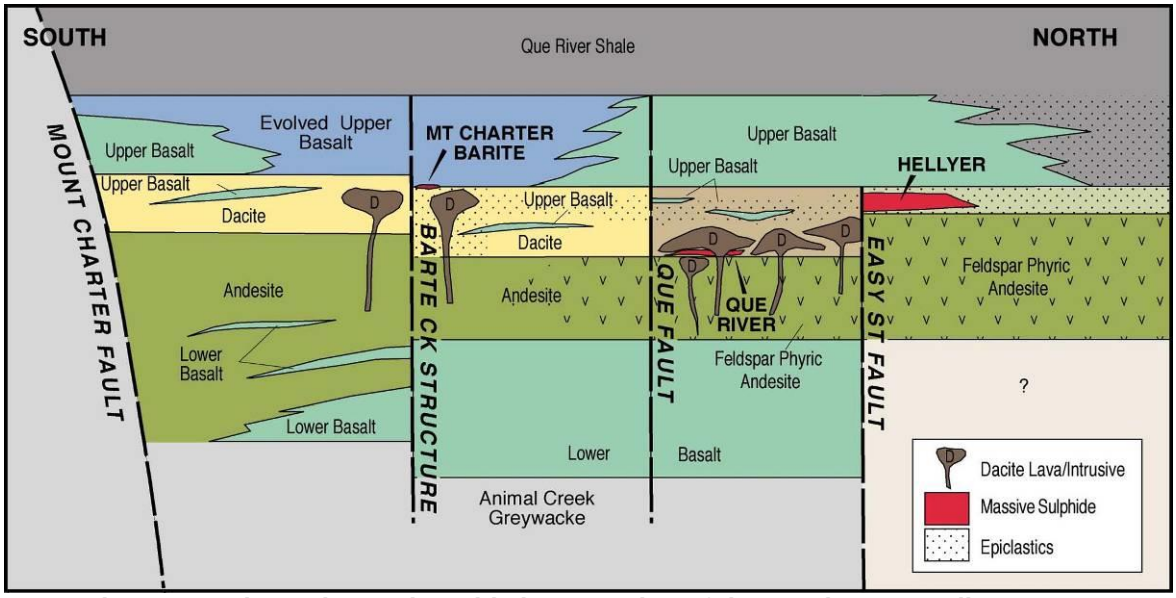


Figure 2. Schematic stratigraphic long-section of the Mt Charter - Hellyer area

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.

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.

2.0 REVIEW OF PREVIOUS WORK

The reader is referred to the 2011 Annual Report (Bates, S., 2011)

3 CURRENT WORK – Exploration completed during the report period (6th June 2013 – 5th January 2014)

No field 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.

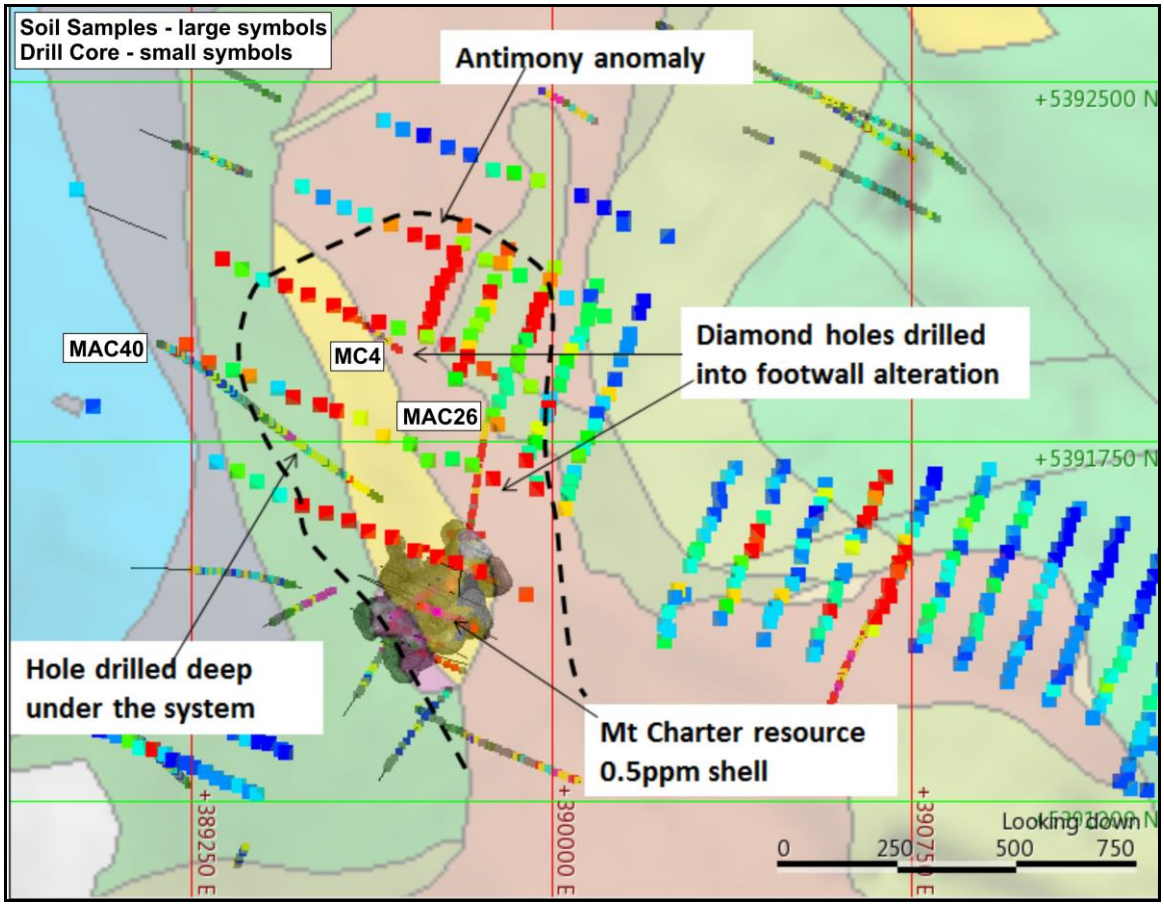
During 2013 the Mt Charter area was part of an external consultants review of the current geological model and exploration strategy for the Que Hellyer Volcanics. The scope of the review was to assess the current geological model and identify targets comprising alteration signatures that may be indicative of undiscovered mineralisation. The work was undertaken as a collaboration between Dr Scott Halley (Mineral Mapping Pty Ltd) and Dr Jun Cowan (Orefind) with consultants from JigSaw Geoscience; Dr Brian Krapez and Mr Carl Young together with Bass' geologists.

The reports from Jigsaw Geoscience and Mineral Mapping are attached to this report as Appendices 1 and 2 respectively. Note that coordinates used in these reports are AGD66 Zone 55.

One of the target areas identified by Mineral Mapping is located on RL 11/1997, immediately north of Mt Charter (Figure 3). The Mount Charter precious metal resource is confined to a very small area at the southern margin of an extensive As-Sb-Tl soil anomaly defined by Bass' 2010-2011 multi-element soil sampling. To the north of the Mt Charter resource, two holes (MAC 26 and MC4) have been collared too far into the footwall alteration to test the optimum stratigraphy. A third hole (MAC40) has been drilled deep under the system. Based on the surface geochemistry, there is a significant strike length of the Mt Charter system that is not yet well drilled and the pathfinder element anomalism extends further to the east than has previously been recognised. The soil anomaly as presently defined is open to the south.

This is an area of complex geology which needs to be understood before this target is drilled. Lithology in these drill holes is difficult to recognize due to the intensity of the alteration. However, immobile trace elements, from the holes that were sampled, map several chemically distinct units that can be tracked from hole to hole.

Figure 3: The Mt Charter area showing the recent pathfinder element soil anomaly (coloured dots) that extends east of the mapped alteration and remains open to the south. Note – Grid is AGD66 Zone 55



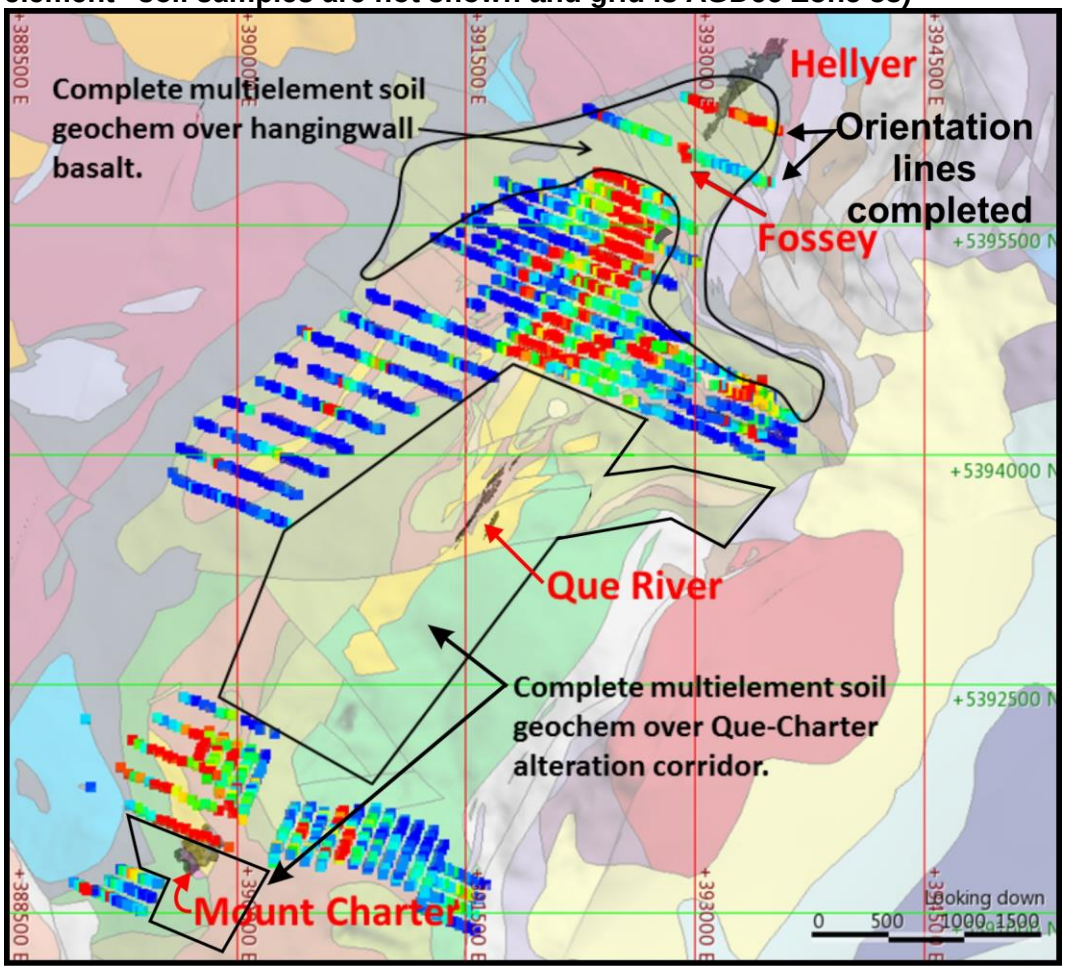
4 PROPOSED EXPLORATION

Figure 4 shows the extent of new generation, ICP-MS/OES soil geochemistry collected by Bass between 2010 and 2011. Where it has been applied this technique has proven very successful for:

- mapping bedrock geology from trace elements
- mapping footwall alteration through detection of pyrite-hosted trace elements,
- defining target areas (some of which have been drilled up to 2012) from the coincidence of anomalous pathfinder elements with prospective stratigraphy

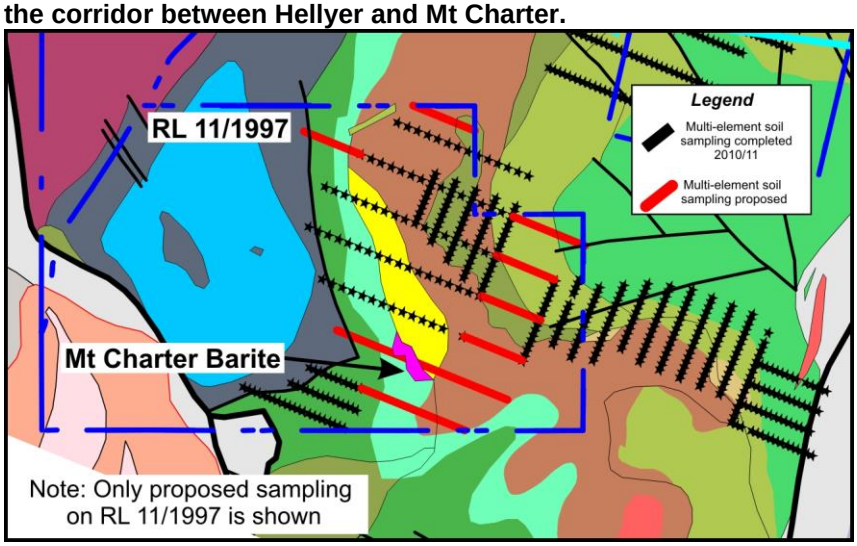
For the above reasons, one of Dr Scott Halley's recommendations, as part of the external consultants review carried out during 2013, is that the existing multi-element coverage should be extended to include the full "corridor" between Hellyer and Mt Charter.

Figure 4: Current modern multi-element soil geochemistry coverage (coloured dots) and proposed soil sampling extensions along the corridor between Hellyer and Mt Charter and the hangingwall basalt south of Hellyer. (Note: historic "ore element" soil samples are not shown and grid is AGD66 Zone 55)



The present sampling at Mt Charter does not close-off the existing anomaly to the south or south-east. It is therefore planned to extend coverage in that direction. The soil sampling extensions proposed for the Mt Charter RL are shown on Figure 5. Note that soil sampling planned for the surrounding Mt Block EL 48/2003, as part of the same program, is not shown.

Figure 5: Location of multi-element soil samples collected by Bass to date and proposed additional sampling on RL11/1997 as part of a broader program to complete coverage of the corridor between Hellyer and Mt Charter.



The proposed expenditure to complete this program on RL 11/1997 is shown in Table 1.

Table 1: Planned RL11/1997 Expenditure for 2014

• Collecting 120 samples (contract technician)	$5,500
• Field vehicle hire	$1,000
• Assaying 120 samples	$4,500
• Interpretation / Geology (consultant)	$5,000
TOTAL	**$16,000**

Upon completion of the soil sampling, existing trace element data from historic drill holes, together with the soil data, will be used to interpret the subsurface geology and model targets in 3D. These can then be drill tested later in 2014 or in 2015, when Bass' financial position has improved.

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

Expenditure incurred on the Mt Charter RL 11/1997 during the reporting period is shown below in Table 2.

Table 2. Expenditure 6th June 2013 to 5th January 2014.

June 2013 to Nov 2013		
Geoscientific Costs	Geology	$9,174
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	**$9,174**

Note: Only figures up to 30th November 2013 are available

7 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.

APPENDIX 1

(Note – all coordinates used in the following report are AGD66 Zone 55)

APPENDIX 2

(Note – all coordinates used in the following report are AGD66 Zone 55)