

**MT BLOCK PROJECT
TASMANIA
EL48/2003**

**PROGRESS REPORT
11th June 2013 – 10th January 2014**

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Distribution:

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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 Mt Block exploration licence (EL48/2003) on 11 June 2006.

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. However, 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.

For the current seven month reporting period, ending 10-1-2014, EL48/2003 was part of an external consultant's review of Bass' Que-Hellyer Volcanic tenements. This review highlighted one pathfinder soil anomaly on EL48/2003, east of Mt Charter and adjacent to the Henty Fault. The review also demonstrated the potential to extend pathfinder soil geochemistry to hangingwall stratigraphy to detect deep mineralisation.

As part of a 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 Mixed Sequence and hangingwall stratigraphy on EL48/2003 during 2014.

Using the completed corridor survey results, together with multi-element data from historic drill holes, targets would be modelled in 3D, ready for drill testing later in 2014.

Expenditure –	Reporting period	\$34,919
	Total to date	\$1,058,492

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1 INTRODUCTION

This report is a summary of the exploration activities conducted on the Mt Block licence EL48/2003, for the period of 11th June 2013 to 10th January 2014.

1.1 Tenure

EL 48/2003 was granted for five years to Saracen Metals Pty Ltd on 11th June 2004 and transferred to Bass Metals Limited (Bass) on 19th October 2006. On 13th March 2009 the licence area was reduced from 65 to 50 square kilometres and in June 2013 it was further reduced to 27sq km.

The licence area excludes two mining leases, Hellyer CML 103M/1987 held by Ivy Resources Ltd and Que River CML 68M/1984 held by Bass.

The Mt Block exploration Licence comprises:

- MDC Informal Reserves
- State/Multiple Use Forest
- HEC Land
- Part of Reynolds Falls Nature Recreation Area
- Part of Mackintosh Forest Reserve

1.2 Location and Access

The tenement is located 3 to 18 km's north-northeast of the township of Tullah, on the west coast of Tasmania (Figure 1). Access to the area is via the Murchison Highway which skirts the licences western boundary and tracks which access via 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 lies on the Sophia (#8014) 1:100,000 map sheet and Charter (#3839) and Block (#3838) 1:25,000 topographic map sheets.

1.3 Geology Overview

The rocks which outcrop over the area of EL 48/2003 are dominated by Middle Cambrian Mt Read Volcanics, a belt of calc-alkaline volcanics which extend from Elliott Bay on Tasmania's west coast around to Deloraine in the central north. The Mt Read Volcanics host a number of volcanic hosted massive sulphides and precious metal deposits including the world class Rosebery, Mt Lyell and Hellyer deposits (Figure 1). The Mt Block area is prospective for similar deposits and it is this style of mineralisation which has been the target for exploration within the area.

The base and precious metal deposits of the Hellyer-Mt Charter area are hosted by the Que-Hellyer Volcanics (QHV), a package of dominantly mafic to intermediate volcanics, near the top of the Middle Cambrian Mt Read Volcanics (see Figures 2, and 3).

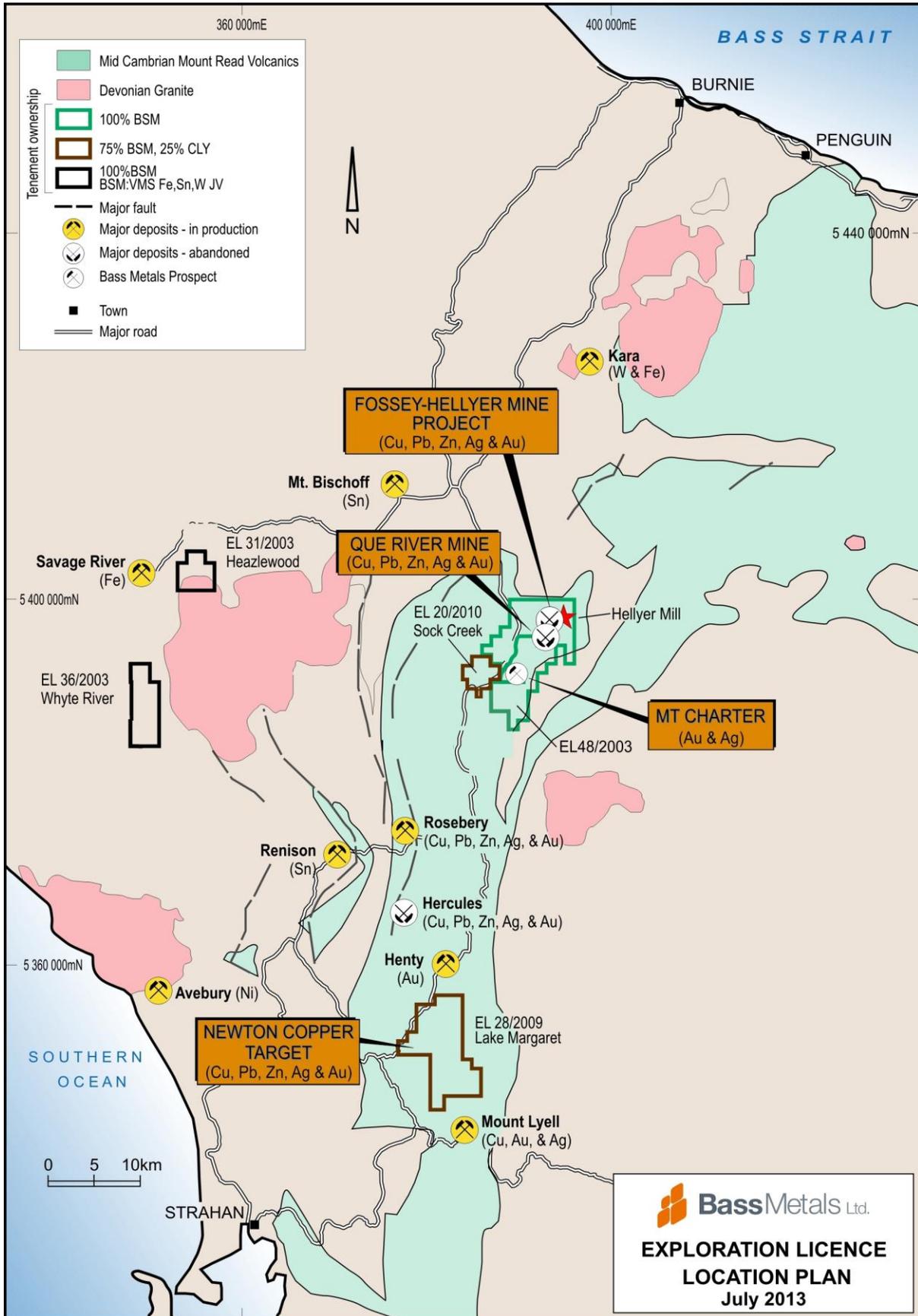


Figure 1. Location Map

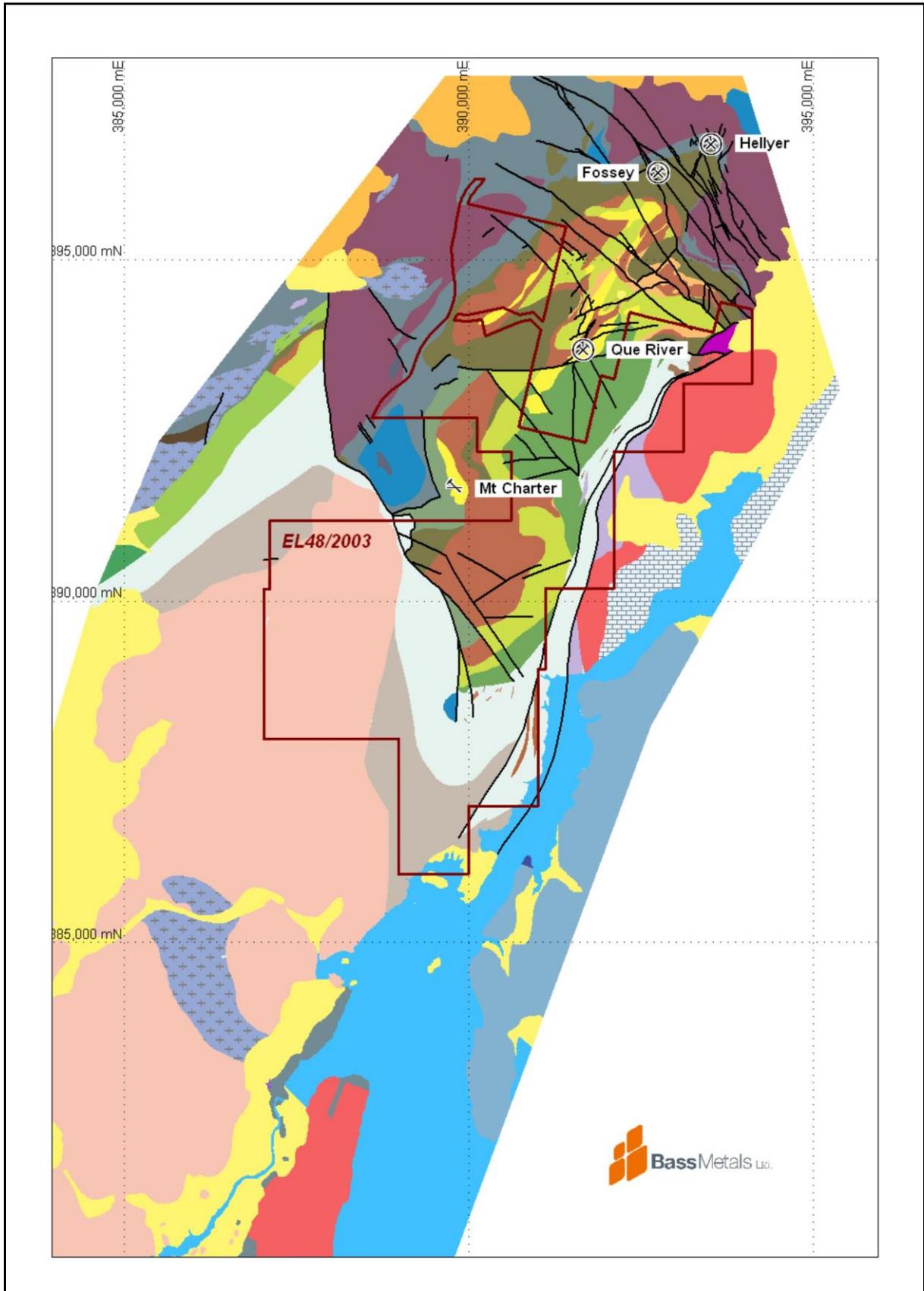


Figure 2. Regional Geology Map (legend is in Figure 3 on following page)

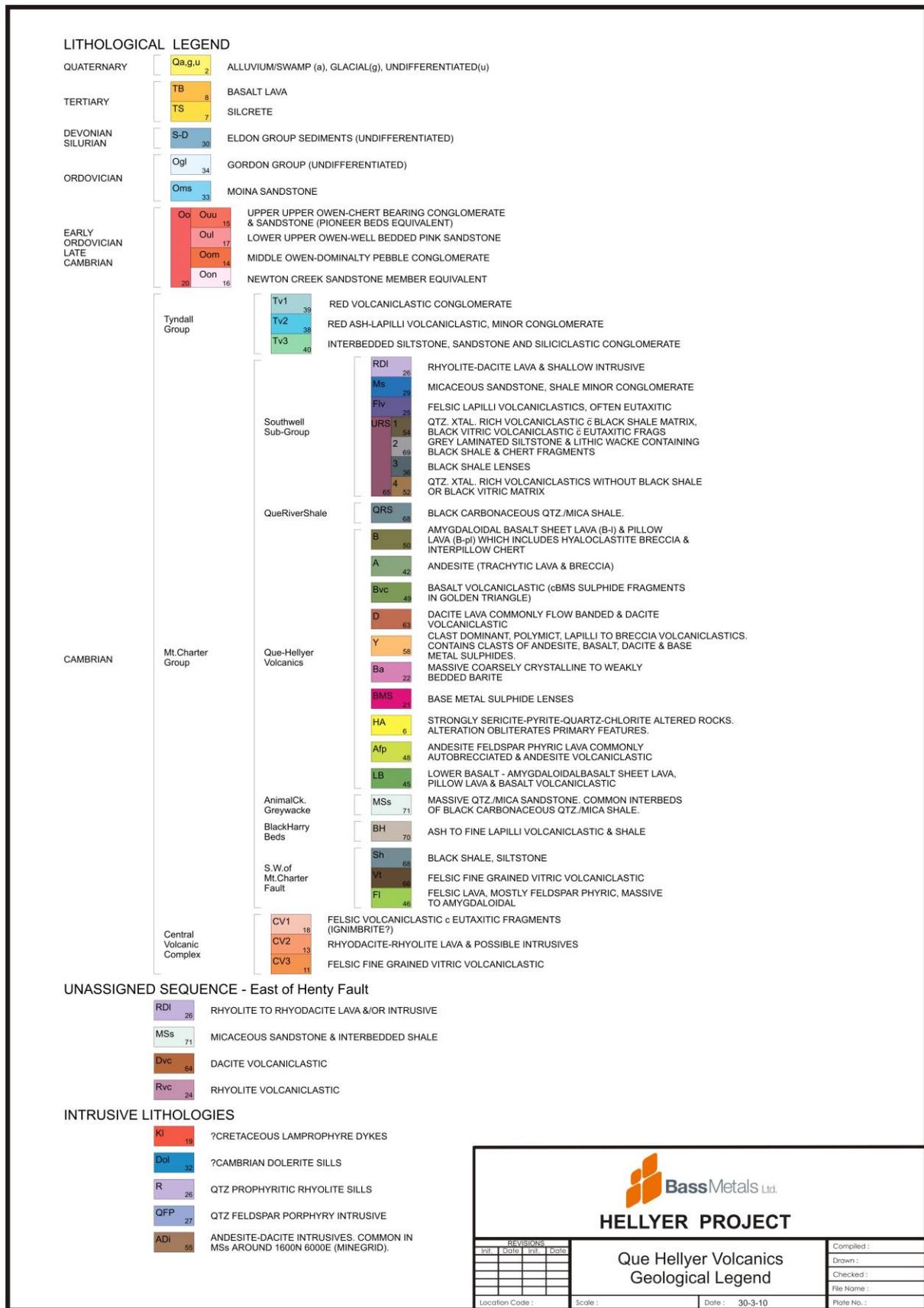


Figure 3. Geological legend for Figure 2

2.0 EXPLORATION HISTORY

Previous work carried out in the Mt Block area is summarised in the 2011 annual report (Denwer, 2011).

3.0 WORK COMPLETED DURING THE REPORTING PERIOD - (11th June 2013 – 10th January 2014)

No field work was completed during the reporting period.

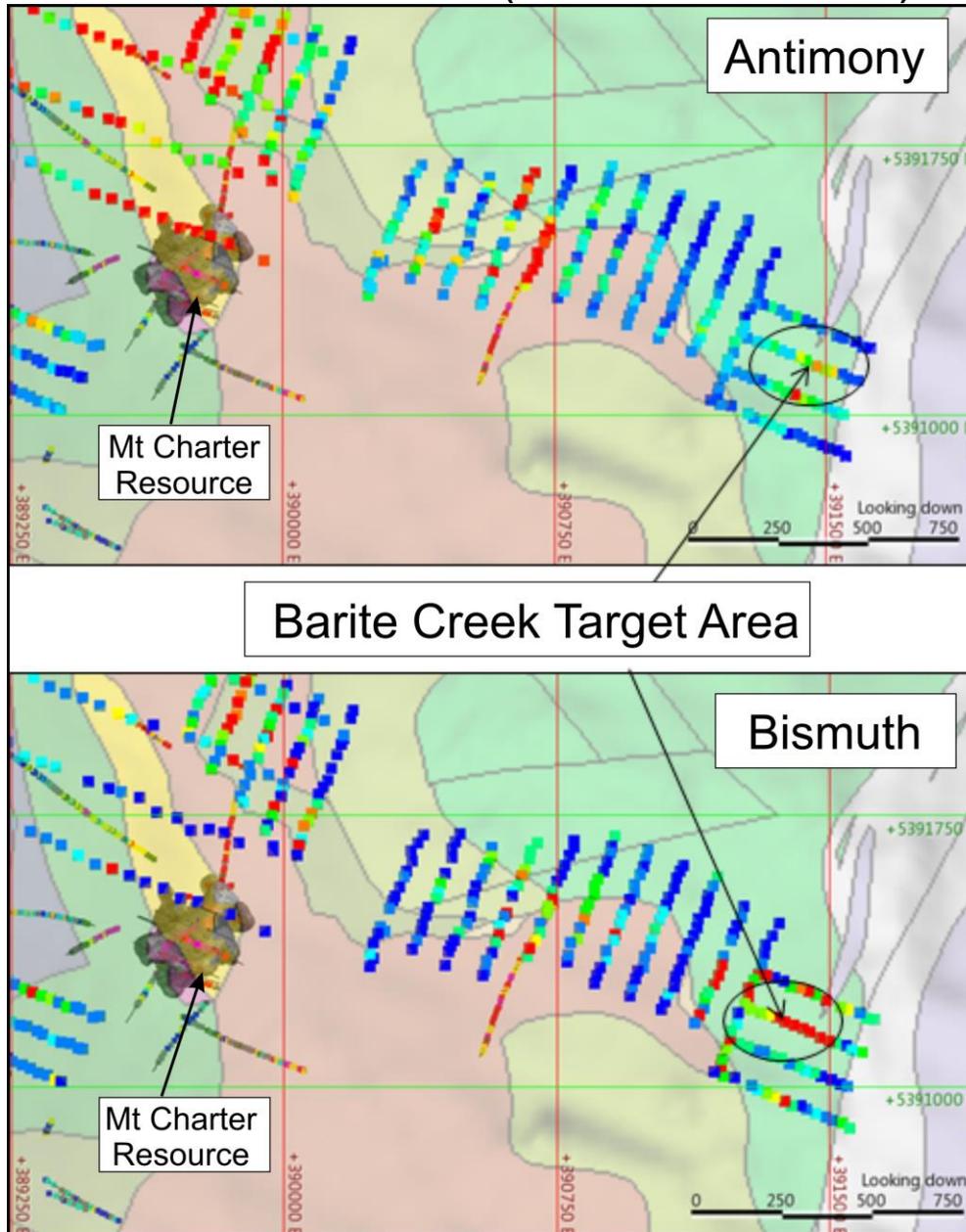
From January 2012, as a result of adverse circumstances at its' Fossey Mine operation, expenditure by Bass on exploration was curtailed to help preserve cash flow. In February 2013, Bass Metals sold its' wholly owned subsidiary Hellyer Mill Operations Pty Ltd (HMO) to Ivy Resources Ltd and with the newly available funds recommenced exploration on its' QHV tenements. Shortly thereafter ongoing field work 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 2013 the Mt Block exploration licence area was part of an external consultant's review of the current geological model and exploration strategy for the QHV. 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.

Final 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 EL48/2003, near Barite Creek, to the east of Mt Charter and adjacent to the Henty Fault (Figure 4). The area trending east from Mt Charter is moderately anomalous in arsenic, antimony and bismuth in soils all the way to the Henty Fault. This zone broadly corresponds to the Barite Creek Structure identified by Aberfoyle in the 1990's and interpreted as a synvolcanic fault. Only one hole has previously been drilled into this area (MAC 37), with good alteration but lacking significant base metal assays. The new pathfinder geochemistry is highlighting the eastern end of this zone, near the Henty Fault; an area that was not evident in the historic ore-element soil surveys. This target has significant levels of bismuth, indicating that this is a hotter part of the system.

Figure 4: Plan of the Barite Creek pathfinder soil anomaly. Large symbols show antimony assays from the soil geochemistry at top; blue<1ppm, red>5ppm; and bismuth assays from soils, lower; blue<0.1ppm, red>1ppm. The small symbols show the alteration index from drillholes. (Note- Grid is AGD66 Zone55)

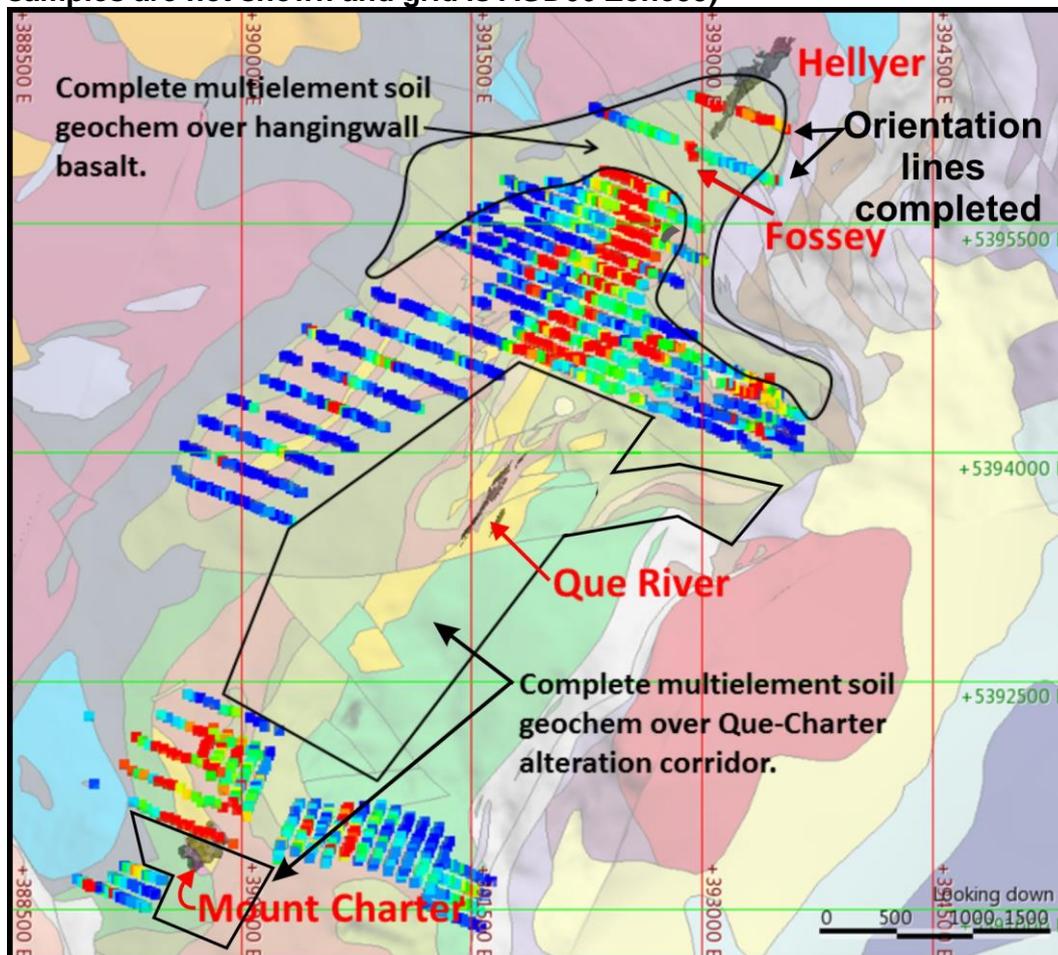


4.0 PROPOSED EXPLORATION

Figure 5 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

Figure 5: 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 Zone55)



Up until now the new soil sampling has focused on footwall rocks. However, in early 2013 an orientation survey was undertaken over hangingwall basalt on top of the Hellyer and Fossey orebodies. This survey showed that pathfinder elements were anomalous in soils associated with hangingwall alteration above these deposits, allowing the orebodies to be detected by the method up to 200m away.

For the above reasons, one of Dr Scott Halley’s recommendations, as part of the external consultants review, is that the existing multi-element coverage should be extended to include the full “corridor” between Hellyer and Mt Charter and that previously un-surveyed hangingwall stratigraphy should also be covered.

In addition, Jigsaw Geoscience, as part of their review, reinterpreted the geology around Que River Mine and proposed that Mixed Sequence rocks about 1km to the east (MAC 12 area) trended into Que River Mine, rather than being cut-off by the Que Fault as is currently thought. This possibility, together with prospectivity of these rocks will be investigated by an area of pathfinder and trace element soil sampling out to the east of the Que River Mine Lease.

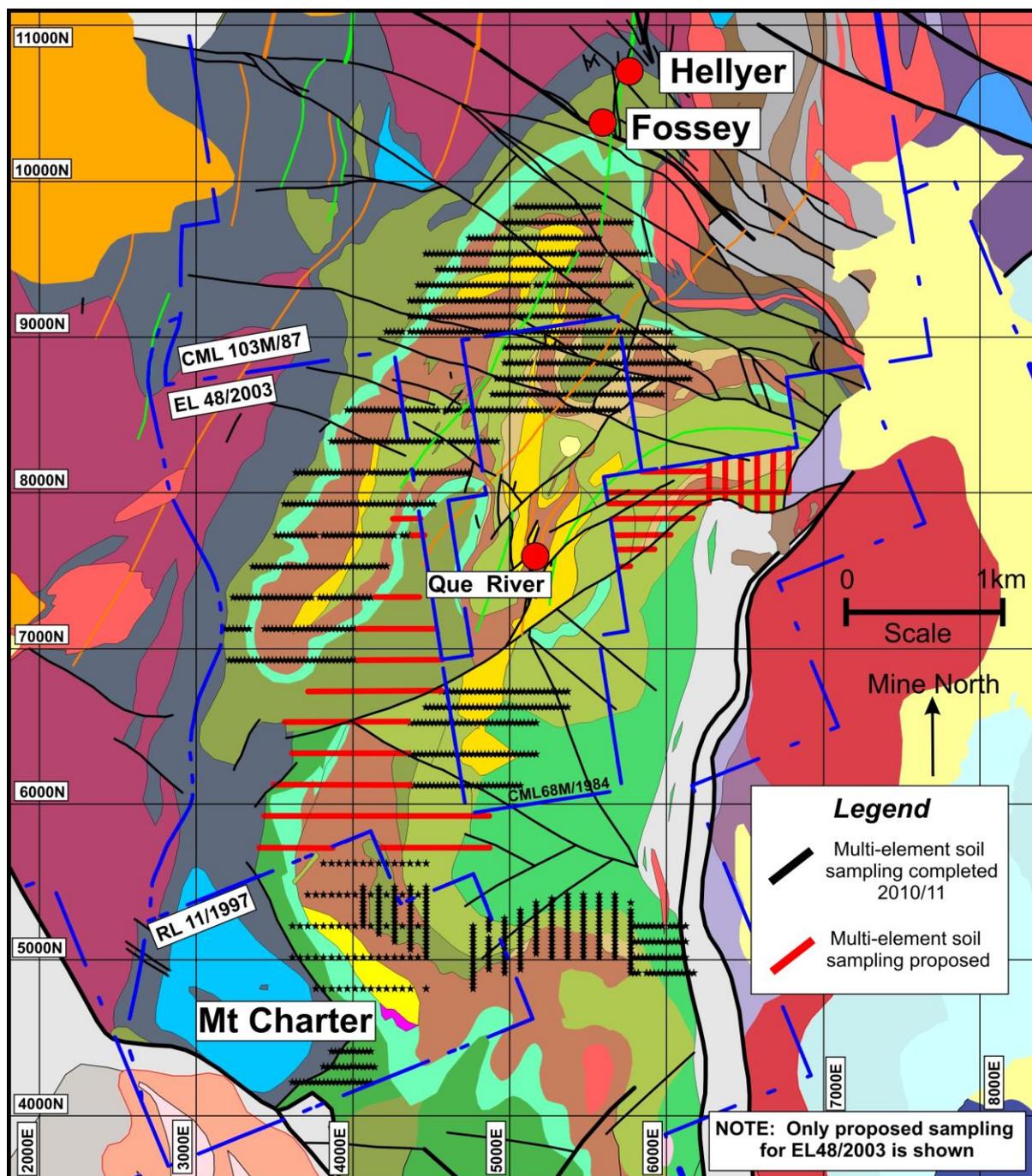
The areas where the soil sampling would take place on the Mt Block EL are shown on Figure 6. Note that soil sampling planned for the adjoining ML’s and Mt Charter RL, as part of the same program, is not shown.

It is also planned that the Barite Creek pathfinder soil geochemistry anomaly, adjacent to the Henty Fault, will be rock-chip sampled and mapped in early 2014.

Table 1: The proposed expenditure for 2014 is:

• 2 line km gridding for access to remote areas	\$6,000
• Collecting 530 samples -	\$19,000
• Field Vehicle 21 days -	\$3,000
• Assaying 550 samples -	\$23,000
• Interpretation (consultant)	\$5,000
• Geology / supervision	\$5,000
TOTAL	\$61,000

Figure 6: Location of multi-element soil samples collected by Bass to date and proposed additional sampling on EL48/2003 as part of a broader program to complete coverage of the corridor between Hellyer and Mt Charter (historic ore-element soil samples are not shown and grid is local mine grid)



5.0 ENVIRONMENT

Bass Metals 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.

6.0 EXPENDITURE

Table 2 Expenditure 11th June 2013 to 10th January 2014

June 2013- Nov 2013		
Geoscientific Costs	Geology	\$32,536
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	\$2,383
	Admin Costs	
	Total - eligible	\$34,919

Note: *Expenditure figures available up to Nov.30th 2013*

7.0 REFERENCES

Denwer, K., 2011, Mount Block Project, Tasmania, EL 48/2003, Annual Progress Report, 11th June 2010 To 10th 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)**