

**LAKE MARGARET PROJECT  
TASMANIA  
EL28/2009**

**ANNUAL PROGRESS REPORT  
10<sup>th</sup> July 2013 – 9<sup>th</sup> July 2014**

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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 Lake Margaret exploration licence (EL28/2009) on 9<sup>th</sup> July 2010. This tenement is in joint venture with Clancy Exploration Limited, where Bass Metals is the Holder / Manager. For this 4<sup>th</sup> year of tenure, ended 9<sup>th</sup> July 2014, work has focused on interpretation and modelling of results from a 2013 soil geochemistry program, as presented here. No further fieldwork has been carried out pending this interpretation.

The partial digest soil anomaly associated with the Great Lyell Fault, which was previously indicated at the southern limit of a 2011 survey, was repeated by the 2013 survey. However, the anomaly was not extended further to the south, as was anticipated.

From January 2012, as a result of adverse circumstances at its' Fossey Mine operation and to preserve cash flow, expenditure by Bass on all exploration was reduced. Following an asset sale in February 2013, Bass recommenced exploration but shortly thereafter ongoing exploration activity again slowed, pending the outcome of a spill of Bass' Board of Directors. A new board is now directing the company and are committed to rebuilding the financial strength of Bass, which will in-turn renew exploration activities on Bass' Tasmanian tenements.

Bass is currently in discussion with a company, active in Tasmania, which is interested in entering into a Farm-in Joint Venture Agreement with Bass Metals on Lake Margaret EL 28/2009. The interested company would take over funding and management of exploration on this licence.

<b>Expenditure –</b>	Reporting period	\$15,208
	Total to date	\$601,025

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2	2013 Partial Digest Soil Geochemistry QA/QC data	Digital only

## **1 INTRODUCTION**

**This report is a summary of the exploration activities conducted on the Lake Margaret licence EL28/2009, for the period 10th July 2013 to 9th July 2014.**

### **1.1 Tenure**

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

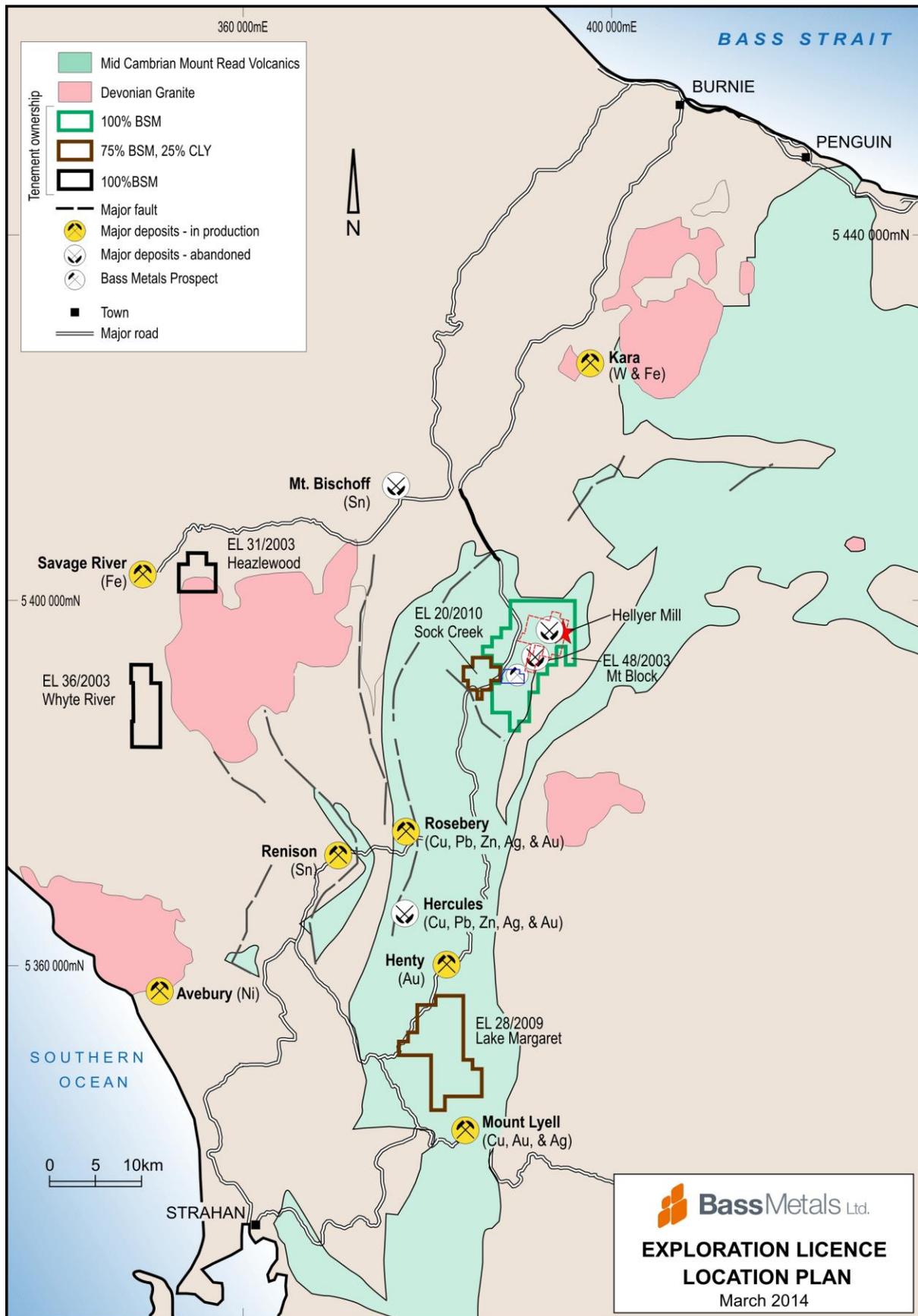


Figure 1. Location Map

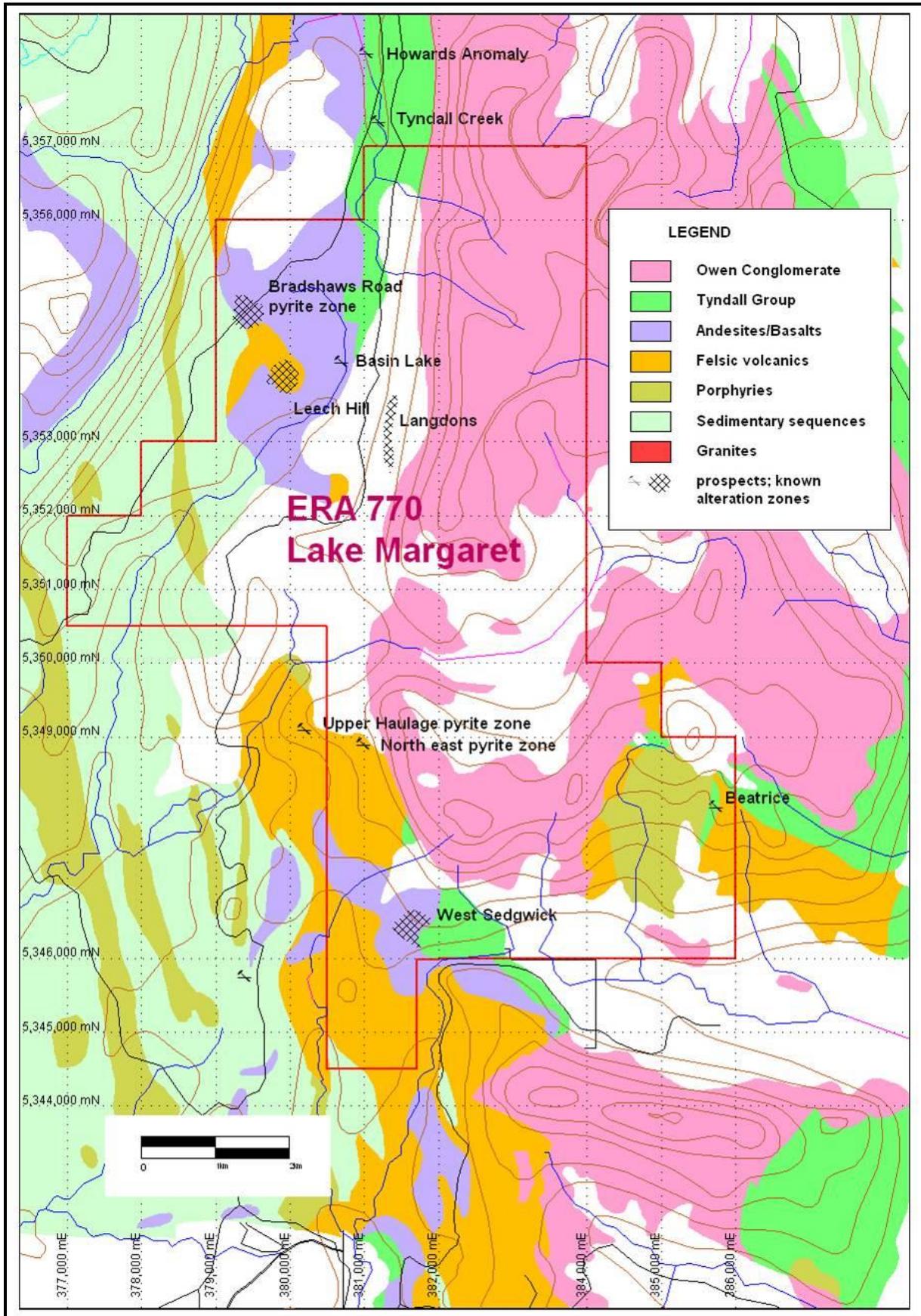


Figure 2. Regional Geology Map (AMG66, Zone 55)

## **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 2012 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 was 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.

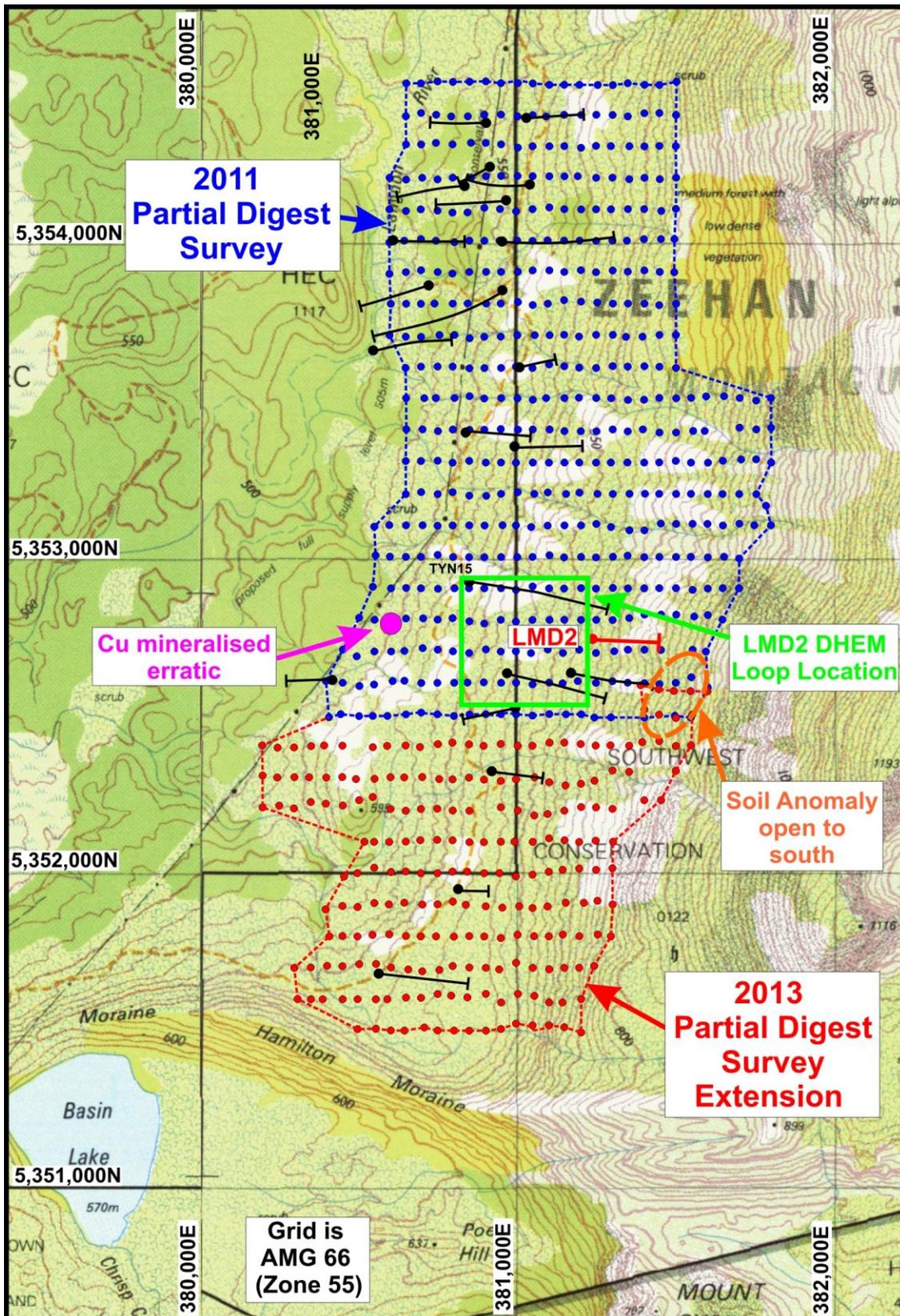


Figure 3: Plan showing location completed 2013 Partial Digest soil geochemistry survey (red dots), with drill holes and glacial erratic location. (AMG66, Zone 55)

### 3.0 WORK COMPLETED DURING THE CURRENT REPORTING PERIOD

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, including the Lake Margaret partial digest soil survey extension. Shortly thereafter ongoing field work again stalled, pending the outcome of a spill of Bass' Board of Directors. A new board is now directing the company and are committed to rebuilding the financial strength of Bass, which will in-turn renew exploration activities on Bass' Tasmanian tenements.

#### 3.1 Partial Digest Soil Geochemistry Program

In March to April 2013 a 221 sample partial digest (MMI) soil sampling program was conducted to close off an open anomaly in the SE corner of a survey carried out in 2011 (Richardson, 2013). 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 Pasmenco 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 last reporting period but an issue with standards and some element values led to re-assay of almost all samples in July 2013. The now accepted values are included with this annual report and are attached digitally as Appendix 1. QA/QC samples for the survey are attached digitally as Appendix 2.

##### 3.1.1 Survey Results

MMI data were processed using "Response Ratios". Response Ratio (RR) was calculated as the assay value / background value, where the background is set as the mean of the lowest quartile of the population. Response ratios from several relevant elements can then be added together to highlight areas with multi-element anomalism.

RR for each element was calculated separately for the 2011 and 2013 surveys. The data was then combined and gridded using inverse power of distance (power=2) with a spherical search radius. Shaded percentile plots for the main elements of the survey are attached as Figure 4.

Three areas of interest are indicated. These are:

- Langdon Prospect – In the north-west of the survey area with elevated Ag, Ba and a lesser extent Pb. This corresponds with hydrothermal alteration previously identified and tested by historic drilling.
- An area around 5352500N (AMG), adjacent to the Great Lyell Fault, (position as indicated by the drilling of Bass Metals hole LMD2, see the 2011 annual report). This feature is anomalous in most metals. The location is consistent with a "North Lyell" style target at the contact between the volcanics and Owen Conglomerate or leakage up the Great Lyell Fault from mineralisation at depth.

- Two anomalies also occur to the west of the Great Lyell Fault anomaly (near holes LMD2 and TYN12). These anomalies overly the historic Basin Lake Prospect.

Both the Great Lyell Fault anomaly and the Basin Lake highs are up-slope from the mineralised glacial erratic. The MMI anomaly associated with the Great Lyell Fault, which was previously indicated at the southern end of the 2011 survey, was repeated by the 2013 survey. However, it was not extended further to the south, as was hoped. It remains only 100-200m in strike length.

Although the Great Lyell Fault MMI anomaly was not as large as hoped for, it adds to the prospective features of this immediate, Basin Lake prospect area:

- chargeability high at depth
- hydrothermal alteration around a potential ore horizon in historic drill holes
- off-hole DHEM anomaly in BLD89-3
- mineralized glacial erratic down-slope

The MMI anomalism, on its' own, is not considered by Bass to be sufficient as a drill target, so it was hoped that DHEM in LMD2 could have been completed by now to enable planning of further drill test of the Basin Lake prospect. However, for logistical reasons it has not been possible to read DHEM in LMD2 in the current reporting period.

#### **4.0 PROPOSED EXPLORATION FOR 2013-14.**

Bass is currently in discussion with a company, active in Tasmania, which is interested in entering into a Farm-in Joint Venture Agreement with Bass Metals on Lake Margaret EL 28/2009. Upon entering the agreement the interested company would take over funding and management of exploration on this licence. They have indicated a preference to undertake a VTEM survey of the entire licence, previously proposed by Bass for the EL (Richardson, 2012).

A DHEM survey of hole Bass hole LMD2 would also be a priority as would field investigation of anomalies resulting from the VTEM survey.

#### **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 1<sup>st</sup> July 2013 to 31<sup>st</sup> June 2014**

June 2012 - June 2013		
<b>Geoscientific Costs</b>	<b>Geology</b>	3,849.95
	<b>Geochemistry</b>	8,231.70
	<b>Geophysics</b>	
	<b>Remote Sensing</b>	
<b>Drilling &amp; Gridding Costs</b>	<b>Gridding</b>	
	<b>Drilling</b>	
	<b>Land Access Costs</b>	
	<b>Rehabilitation Costs</b>	
	<b>Feasibility Study Costs</b>	
	<b>Other Costs</b>	3,126.46
	<b>Admin Costs</b>	
	<b>Total - eligible</b>	<b>\$ 15,208.11</b>

Total expenditure up to the 30<sup>th</sup> June 2014 for the Lake Margaret tenement is \$601,025

## 7.0 REFERENCES

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

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

**Richardson, S., 2013.** Lake Margaret Project, Tasmania, EL28/2009. Annual Progress Report, 10<sup>th</sup> July 2012 – 9<sup>th</sup> July 2013. Unpublished Report to Mineral Resources Tasmania

**APPENDIX 1**

**Partial Digest Soil Geochemistry Assay Results  
(Digital Only)**

## **APPENDIX 2**

### **Partial Digest Soil Geochemistry QA/QC Assay Results (Digital Only)**