ABN 31 109 933 995

LAKE MARGARET PROJECT
TASMANIA
EL28/2009

PARTIAL RELINQUISHMENT REPORT
31st August 2014

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 (EL28 / 2009) on 9th July 2010. This tenement is in joint venture with Clancy Exploration Ltd. where Bass Metals is the Holder / Manager.

At the start of the 5th year of tenure, ending 9/07/2015, Bass has decided to relinquish all but the area surrounding its' main focus to date, reducing the licence from 59sq km to 18sq km.

Bass' intention when acquiring the Lake Margaret licence was to initially focus on the source of an ore-grade Cu glacial erratic in the Basin Lake area. It was then planned to explore the prospective CVC / Lower Tyndall Group horizon to the south, over the remainder of the EL.

Unfortunately, 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. This has remained the situation to this date, with all exploration activity at Lake Margaret during 2012-2014, restricted to the retained area of EL28/2009. Although the prospectivity of the southern part of the licence is acknowledged, Bass is currently unable to fund its exploration and the southern part of the licence is therefore relinquished.

This report summarises the work that has occurred on the relinquished area.

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1 INTRODUCTION

This report is a summary of the exploration activities conducted by Bass Metals on the portion of the Lake Margaret licence EL28/2009 relinquished in September 2014.

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

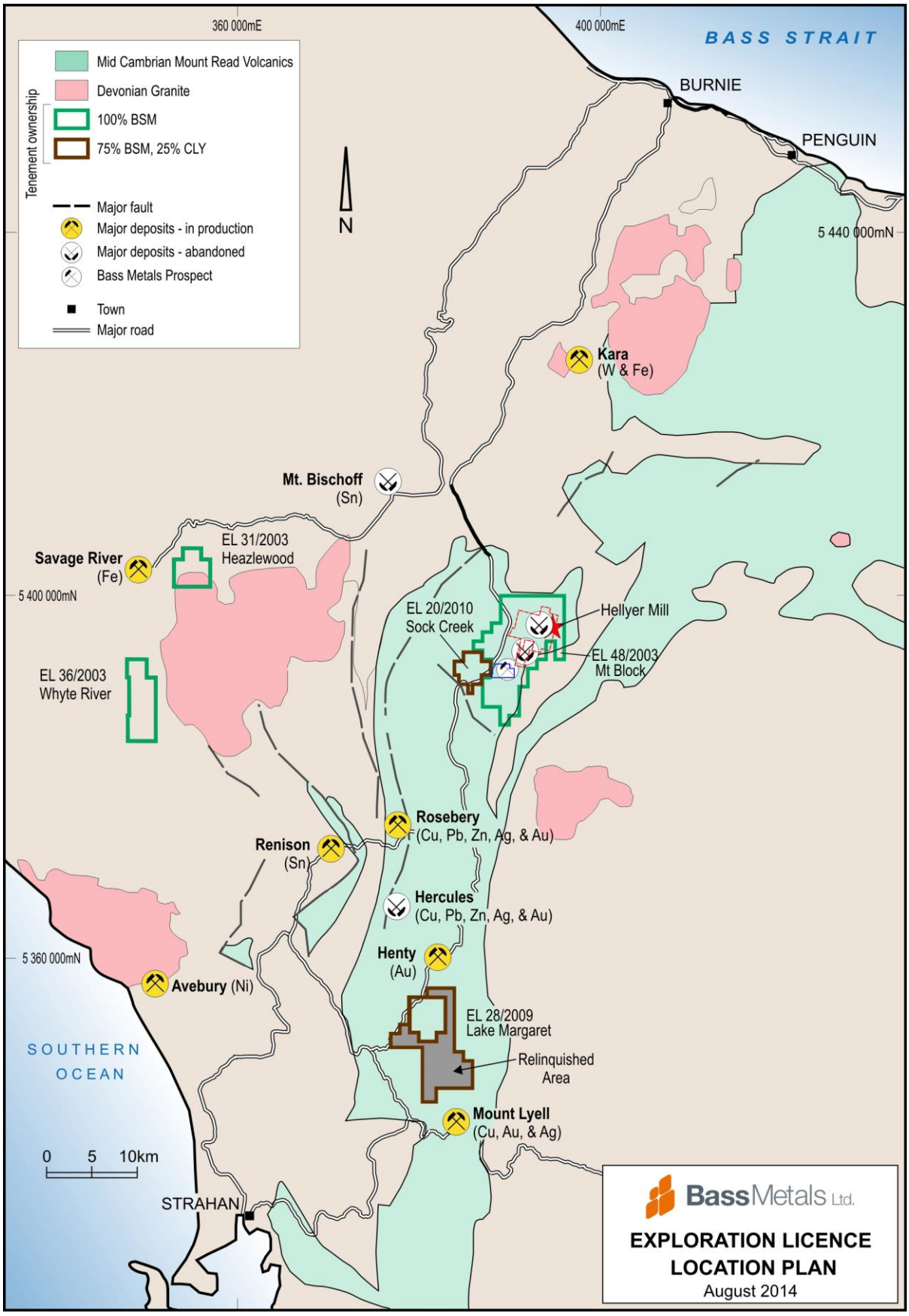
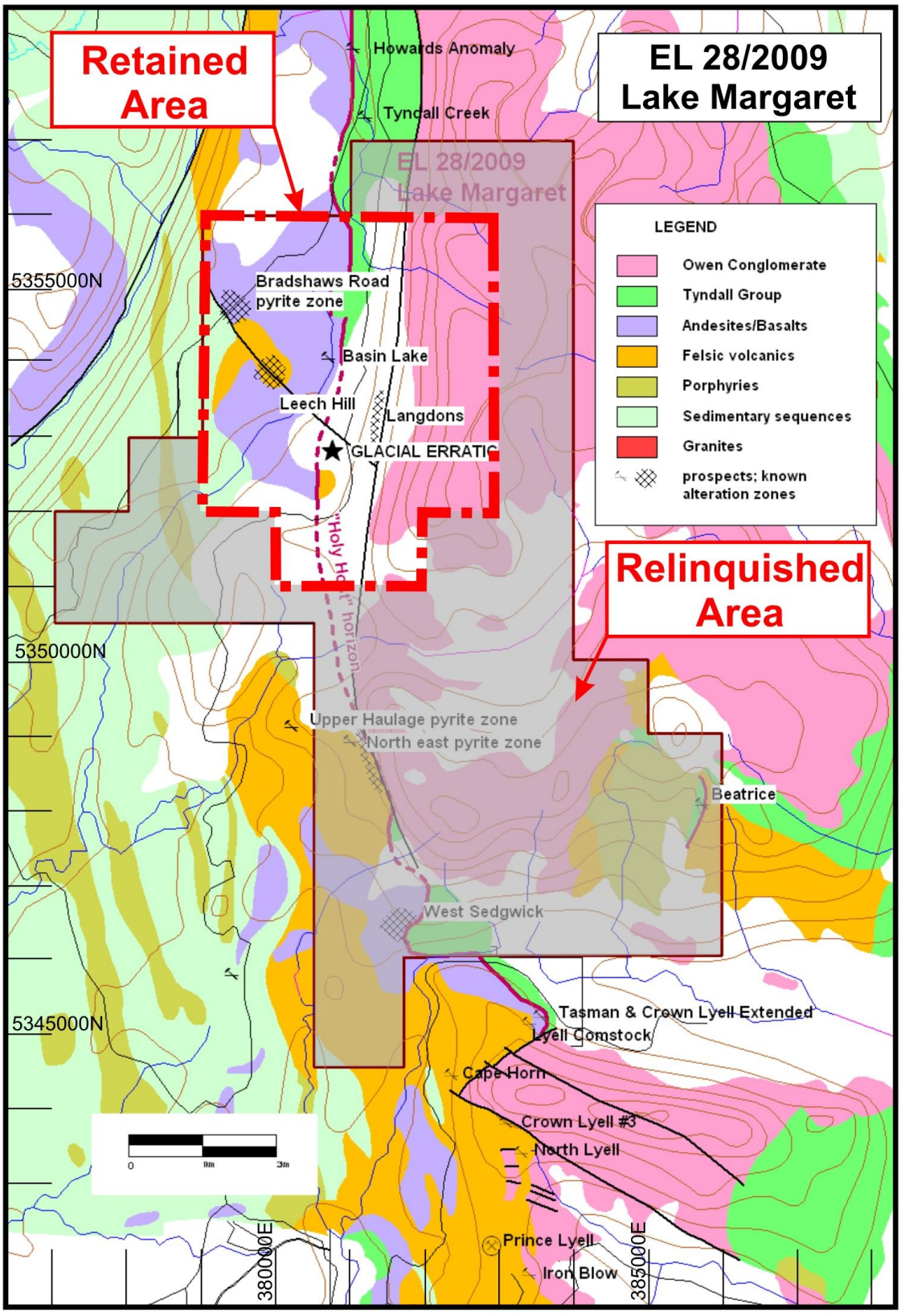


Figure 2: Regional Geology Map



2.0 EXPLORATION HISTORY

2.1 Prospecting and Exploration pre - EL 28/2009

Previous exploration in the tenement area has been largely geophysically driven with holes commonly targeting IP, CSAMT or EM anomalies within the overall volcanic package. In more recent exploration the focus has shifted to targeting favourable geological settings or horizons, broadly associated with favourable pyrite + sericite alteration. Table 1 below briefly outlines the past exploration on the relinquished area since 1958.

Table 1 - Previous Exploration EL 28/2009

Year	Prospect	Company	Exploration Completed
1958	West Sedgwick	Rio Tinto	Completed an EM survey which picked up a 600m long weak anomaly at 46900mN, 81800mE which identified Zig Zag Hill anomaly.
1962	West Sedgwick	RTAE	Completed a three electrode array IP survey along 6 grid lines, no IP response was associated with the Zig Zag Hill anomaly.
1965	West Sedgwick	Pickand Mather & Co International (PMI)	Pegged the ground in 1965 and completed geochemistry sampling, reconnaissance geology. Efforts were concentrated on Basin Lake.
1971 - 1973	West Sedgwick	Mt Lyell Mining & Railway Company (MLMRC)	A large grid was cut where mapping took place identifying the presence of the Tyndall Group (Dora Conglomerate). An IP survey was conducted defining 38 anomalies.
			A 10 foot wide zone of pyrite was discovered (Lake Margaret Tram Pyrite Lens); grading at 1 g/t Au, Ag to 1 g/t Cu to 1020 ppm and very low Zn, Pb.
			3 DDH's were drilled into the Lake Margaret Tram Pyrite Lens to no avail.
1980-81	Comstock Valley	MLMRC	An extensive grid was cut and an IP survey conducted over Comstock Valley. No anomalies identified.
1975	Beatrice Prospect	MLMRC	Geochemical sampling from Itat Creek assayed 1110 ppm Pb & 1130 ppm Zn & 906 ppm Pb and 780 ppm Zn.
1976	Beatrice Prospect	MLMRC	43.5km of grids were cut for mapping, soil sampling and an IP survey was conducted over 38 line km's of the grid
1977	Beatrice Prospect	MLMRC	The cutting of an extra 4km of lines for the collection of -80# soil samples. An anomaly was detected over this area corresponding to a SW trending black shale unit and altered tuff. Values included 510 ppm Cu, 1.1% Pb, 1900 ppm Zn, 6 ppm Ag and Mn values up to 15.5%.
1978	Beatrice Prospect	MLMRC	The anomaly found during 1977 gave follow up to and access track for the collection of rock chip samples over a 80m x 80m grid. 109 samples gave the best interval of 5m at 0.57% Zn, 0.63% Pb, 90ppm Cu and 9 ppm Ag. 3 DDH's were completed here with the best intersection of 7m at 0.4% Pb, 0.58% Zn, and 4.5 ppm Ag from 111.6 - 118.6m. From here a number of surveys were conducted such as; EIP gradient array, Downhole three-array, Schlumberger Array, Dipole-dipole and pole-dipole.
1979	Beatrice	MLMRC	2 additional drill holes were completed along with another 1065 soil samples.

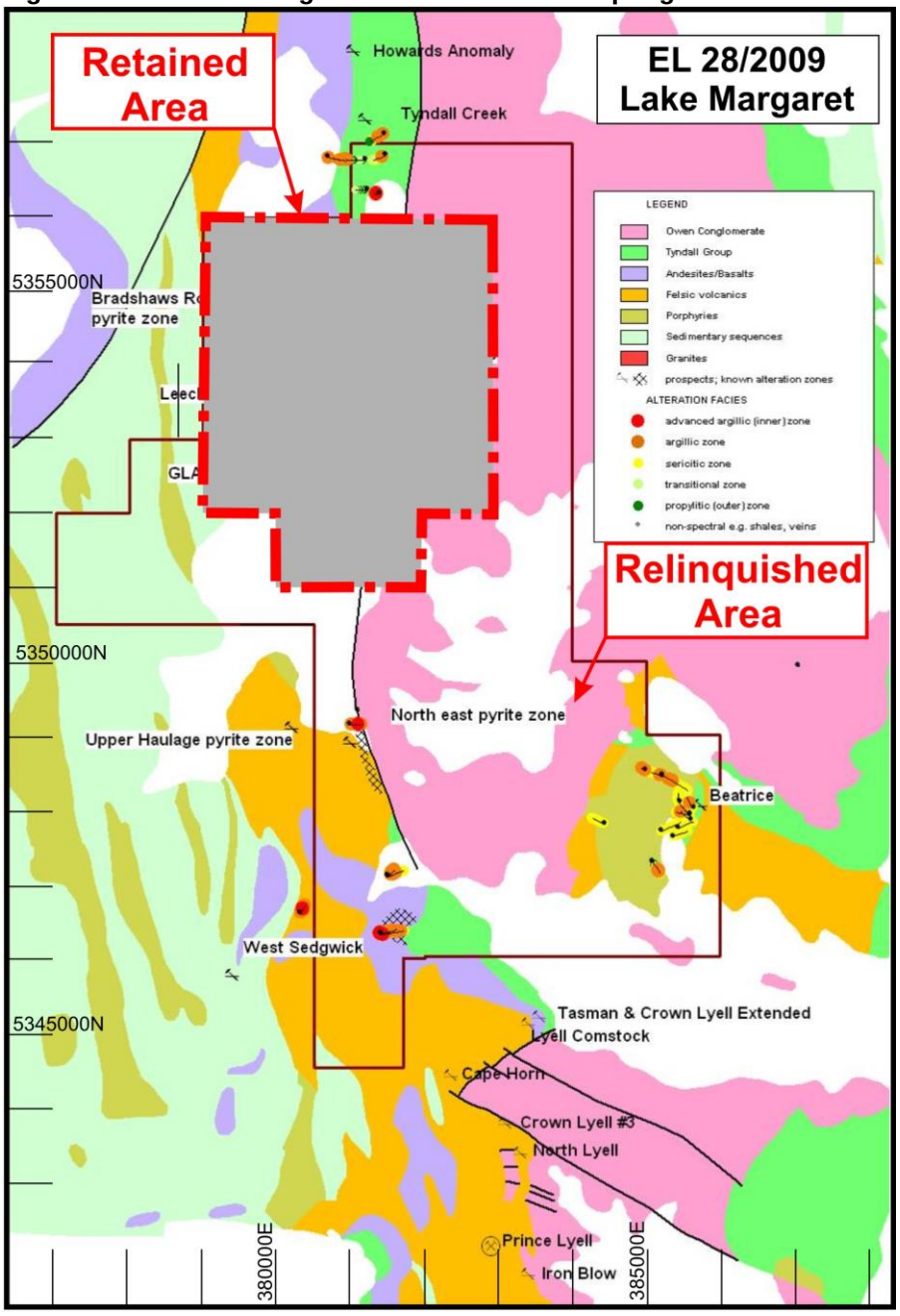
	Prospect		
1983	Beatrice Prospect	MLMRC	15 rock chip samples 3 assaying at >1000 ppm Zn and > 400 ppm Pb.
1985	RTAE Anomaly	MLMRC	1 DDH was conducted failing to intersect any significant mineralisation related to the RTAE anomaly.
1989	Beatrice Prospect	BHP	The Beatrice prospect remained unexplored until 1898 when BHP remapped the area and conducted a UTEM survey.
1991-1992	West Sedgwick	RGC	Mapped at 1:5000 scale and collected 139 rock chip samples, along with soil samples.
1992-1993	West Sedgwick	RGC	1 DDH was conducted to test the volcanics near the intersection of the West Sedgwick and Great Lyell Faults.
1993-1994	West Sedgwick	RGC	A series of 400m spaced holes were drilled to test the CVC- Tyndall Group contact. No off-hole conductors were identified.
1994-1995	West Sedgwick	RGC	1 hole was drilled to test an alteration zone, but failed. West Sedgwick was abandoned.
1994	Beatrice Prospect	BHP / RGC Joint Venture	1 drill hole was completed to test the stratigraphic position hosting the mineralisation.
1996	Beatrice Prospect	BHP / RGC Joint Venture	Minor mapping and 1 DDH was completed to test the black shale horizon which was interpreted as a syn-volcanic shear. No significant mineralisation was intersected.
1997-1998	Lake Margaret	Aberfoyle	3 short diamond drill holes for a total of 170.5m were drilled to test a single anomalous Cu wacker sample (0.34% Cu).
1998-1999	Anthony	Goldfields Exploration	Geochemistry study of rock chips and historic drill holes
1999-2001	Anthony	Goldfields Exploration	1:5000 mapping, geochemistry study, Dipole-Dipole IP Survey (24.7 line km)
2005	Lake Margaret	Copper Strike Ltd.	Review of geophysics
2006-2009	Lake Margaret	Copper Strike Ltd.	IP Survey conducted, 1 drill hole completed. Tenement relinquished due to not finding a JV partner.

3.0 WORK COMPLETED ON THE RELINQUISHED AREA

Bass Metals Lithogeochemistry and SWIR Spectrometry - 2010

The only work carried out on the relinquished area by Bass Metals has been a 2010 program of resampling historic drill core over the entire licence. Twenty six of the holes sampled occur on the relinquished area. From these 697 multi-element ICP-MS/OES litho-geochemical samples were collected as well as 3945 Short Wave Infrared (SWIR) spectra. The mult-element assay data is attached as Appendix 1 and the SWIR spectral data as Appendix 2 and 3. An interpretation of the lithogeochemistry data by Dr Scott Halley is attached as Appendix 4. A summary of the SWIR spectral results is shown below as Figure 3.

Figure 3: Drillhole lithogeochemical / SWIR sampling – drillhole alteration facies



The SWIR spectral sampling revealed the presence of favourable advanced argillic and argillic alteration at West Sedgwick in drillholes W5A, W6, W7 and W8 and at the North East Pyrite Zone alteration, drilled by LMD1. These locations are worthy of further follow-up.

4.0 DECISION TO RELINQUISH

Bass' intention when acquiring the Lake Margaret licence was to initially focus on the source of the ore-grade Cu glacial erratic in the Basin Lake area. It was then planned to explore the prospective CVC / Lower Tyndall Group horizon to the south. A VTEM survey of the entire EL was planned, as well as local multi-element soil surveying of areas indicated as prospective by the drill hole SWIR and lithochemistry sampling. The prospectivity of this stratigraphic horizon in the southern part of the EL was enhanced by the discovery of Vedanta's Copper-Chert deposit, just one kilometre south of the EL28/2009 boundary.

Unfortunately, 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. This has remained the situation to this date, with all exploration activity at Lake Margaret during 2012-2014, restricted to the retained area of EL28/2009. Although the prospectivity of the southern part of the licence is acknowledged as high, Bass is currently unable to fund its exploration and the southern part of the licence is therefore relinquished.

5.0 ENVIRONMENT

No field work was carried out on the relinquished area and consequently no rehabilitation has been necessary.

APPENDIX 1

Historic Drillhole Sampling
Geochemistry Assay Results
(Digital Only)

APPENDIX 2

Historic Drillhole Sampling
Short Wave Infrared Spectral Results
(Digital Only)

APPENDIX 3

Historic Drillhole Sampling

Short Wave Infrared Spectra
Original ASD Spectra Files
(Digital Only)

APPENDIX 4

Historic Drillhole Sampling

Interpretive Notes on Lithogeochemistry
by
Dr Scott Halley

1. Basin Lake Lithogeochemistry

1.1 Magmatic Suites

Figure 1 shows Th, Zr, Nb and P plotted against Sc. Sc is a proxy for the iron content. Basalts have greater than 30ppm Sc. There are two different Sc-rich groups in here. One group has very high Th, Zr, Nb and P contents. These are Suite 3 basalts, and could be classified as shoshonites. The other “basalt” group is not a well defined cluster. These should be checked against the drill logs and see if in fact they are black shales (some black shales can also have a high Sc content). Note also that there is a quartz porphyry unit in red (labeled here as Suite2 porphyry) that has a very distinct high thorium content.

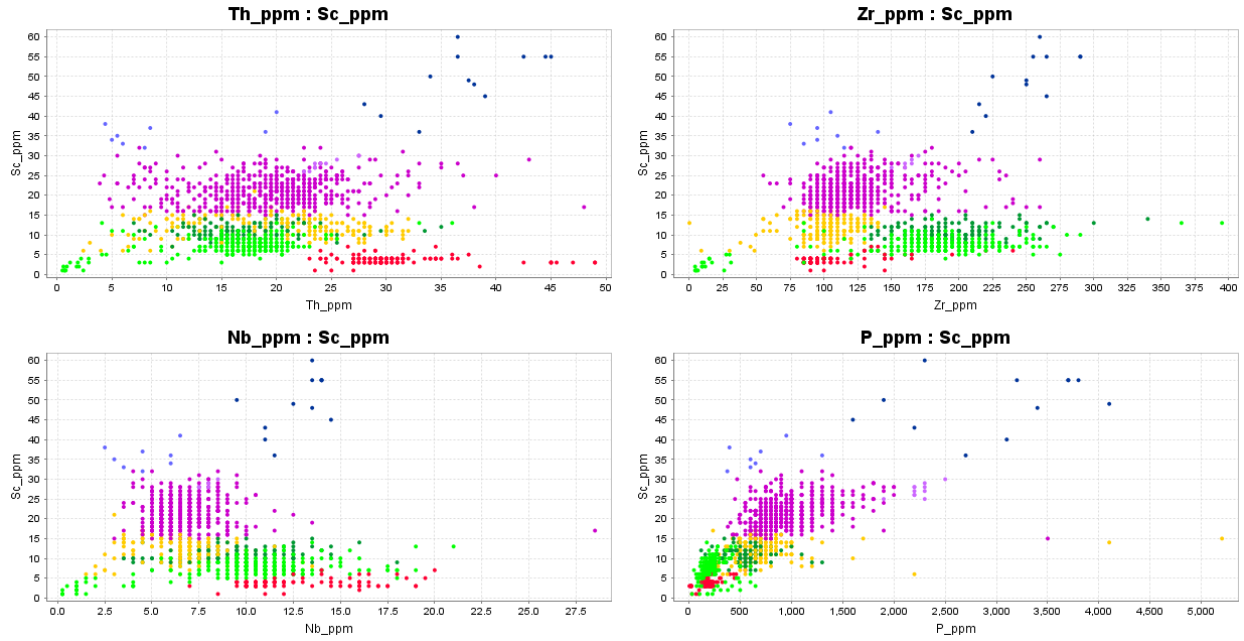


Figure 3.

The points in purple are intermediate compositions (andesites). Note that there is a small population of high Cr andesites. The Sc-Zr plot in particular differentiates andesites (purple), dacites (orange) and rhyolites (green).

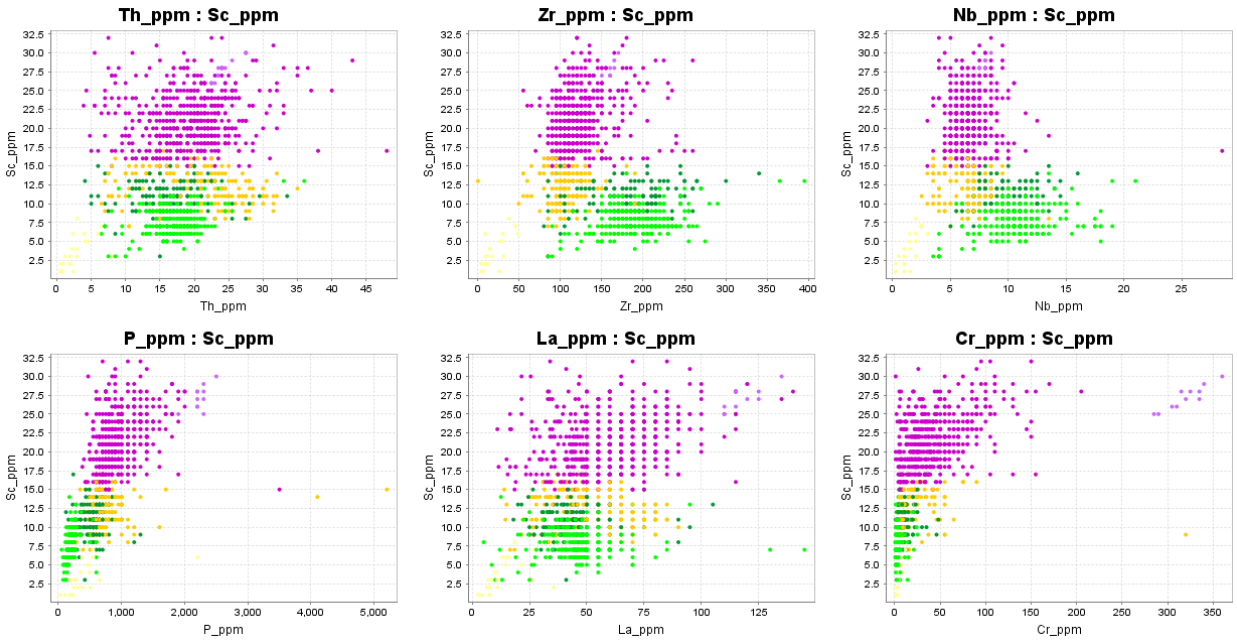


Figure 4.

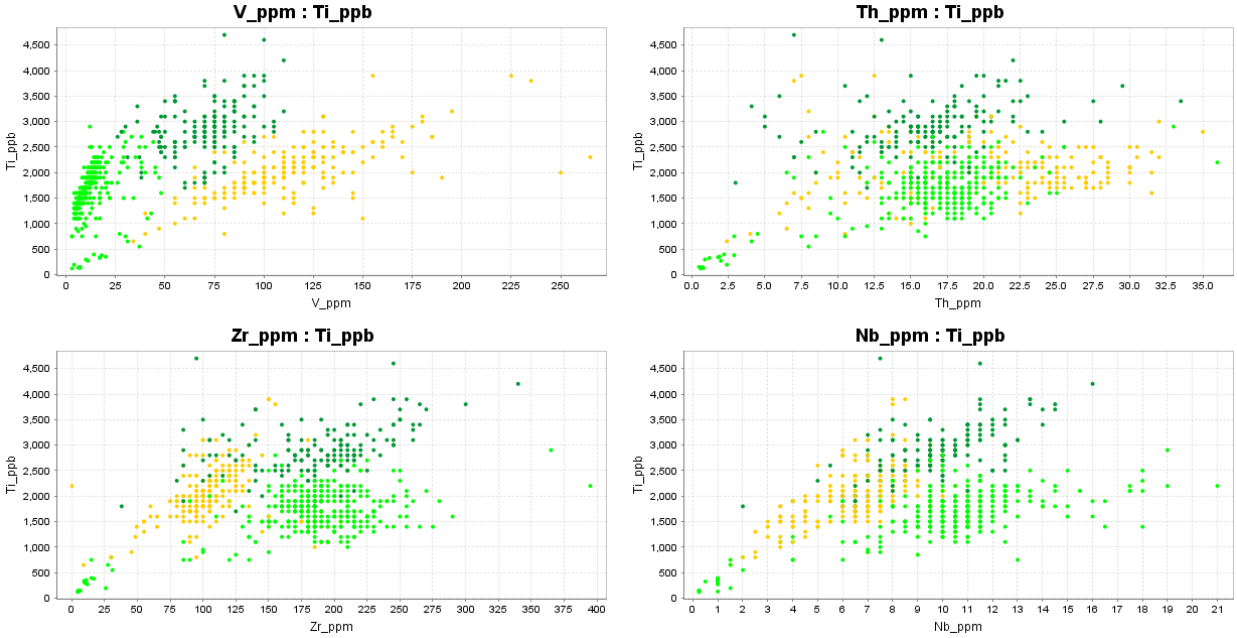


Figure 5.

Figure 3 shows all the dacitic to rhyolitic rocks. These plots show that the felsic compositions can be classified into 3 groups. Again, we need to compare these with the drill logs to correlate against logged units/stratigraphic groups. Note in figure 4 that there is a “tail” of points that head towards the origin on all the plots. These have been coloured as a pale blue group. In the pale blue group, the immobile trace elements are diluted by carbonate; a chemical sediment that lacks immobile traces. These points are limestones. The silicate component of these is projecting towards the andesite and dacite groups.

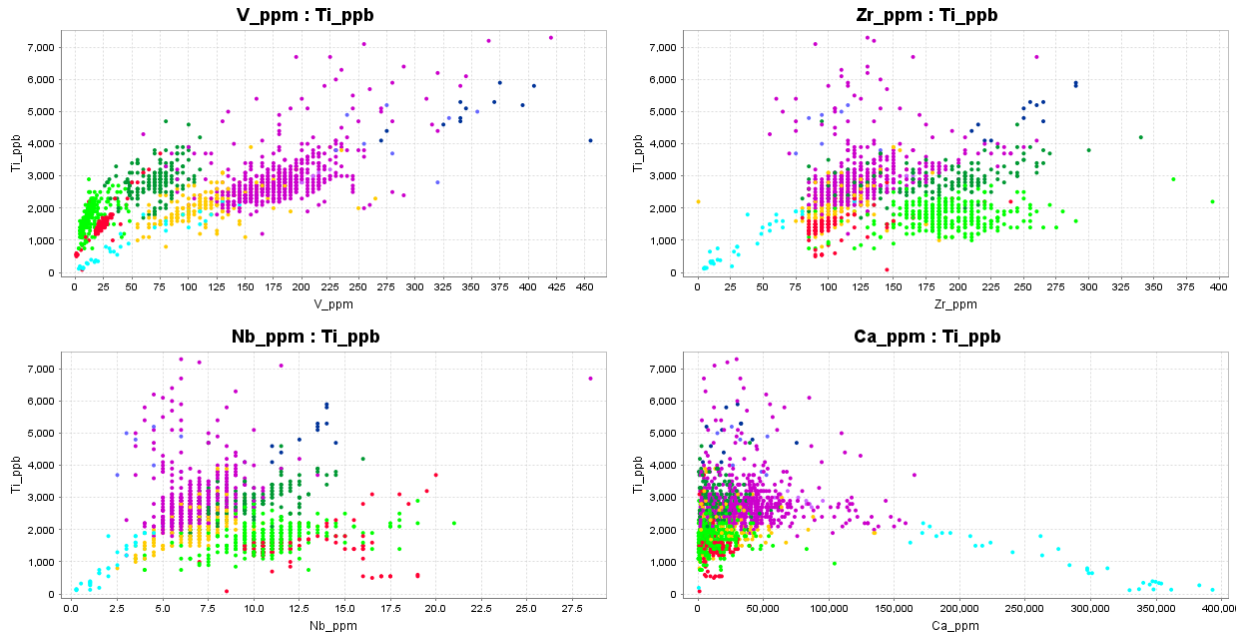


Figure 6.

1.2 Alteration

A convenient way to quantify the chemical changes during alteration is to plot the whole rock analyses as general element rations of K/Al vs Na/Al (figure 5). These are ratios calculated on a molar proportion rather than a weight percent basis. This allows the data to be projected in terms of alteration mineral compositions. In this way, the relative amount of sericite, or albite can be quantified. Each rock type has a different primary composition, so a separate projection is required for each compositional group. Once the alkali-element alteration trends have been identified within each compositional group, all of the data can be re-combined to see the overall alteration picture.

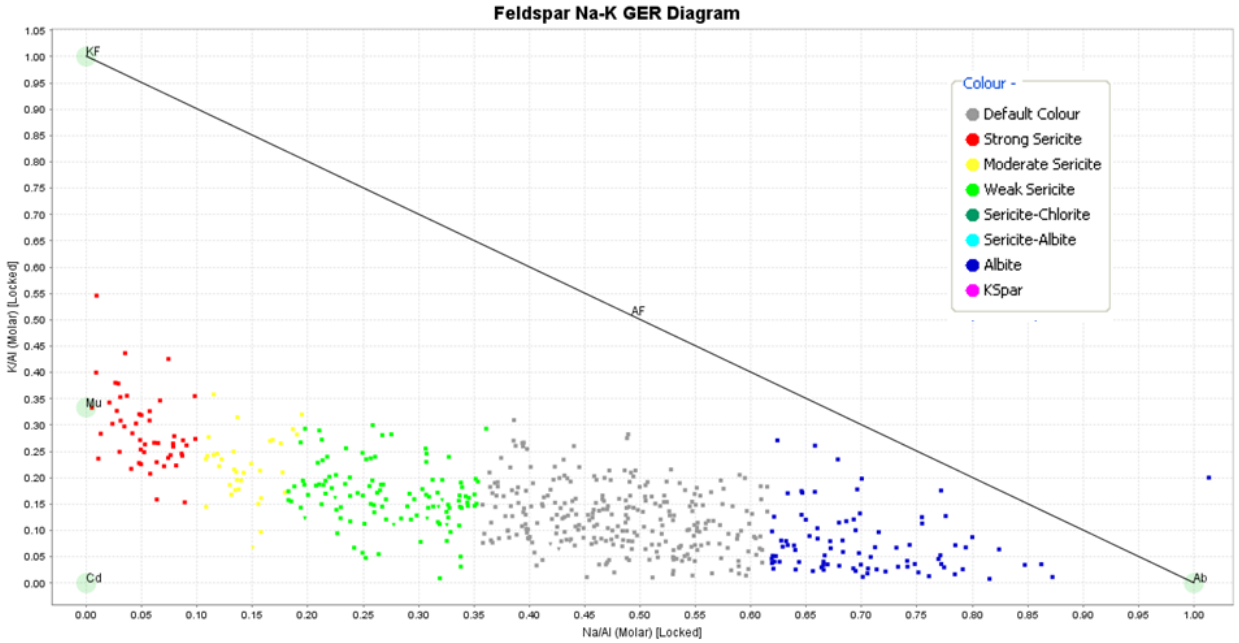


Figure 7.

Figure 5 shows the classification of the alteration in all the andesites. There is a complete spread of mineralogy from albite to sericite. Figure 6 shows the alteration from the rhyolite group. In the rhyolite, there is a big cluster of points that are completely sodium depleted, however they have too much K to be just sericite. Many of these samples contain K feldspar. These all come from Itat Creek on the southern side of Mt Sedwick. The ASD data also shows that these are phengitic micas, like the KSpar-phengite signature around Fossey. Epithermal systems also have this same signature.

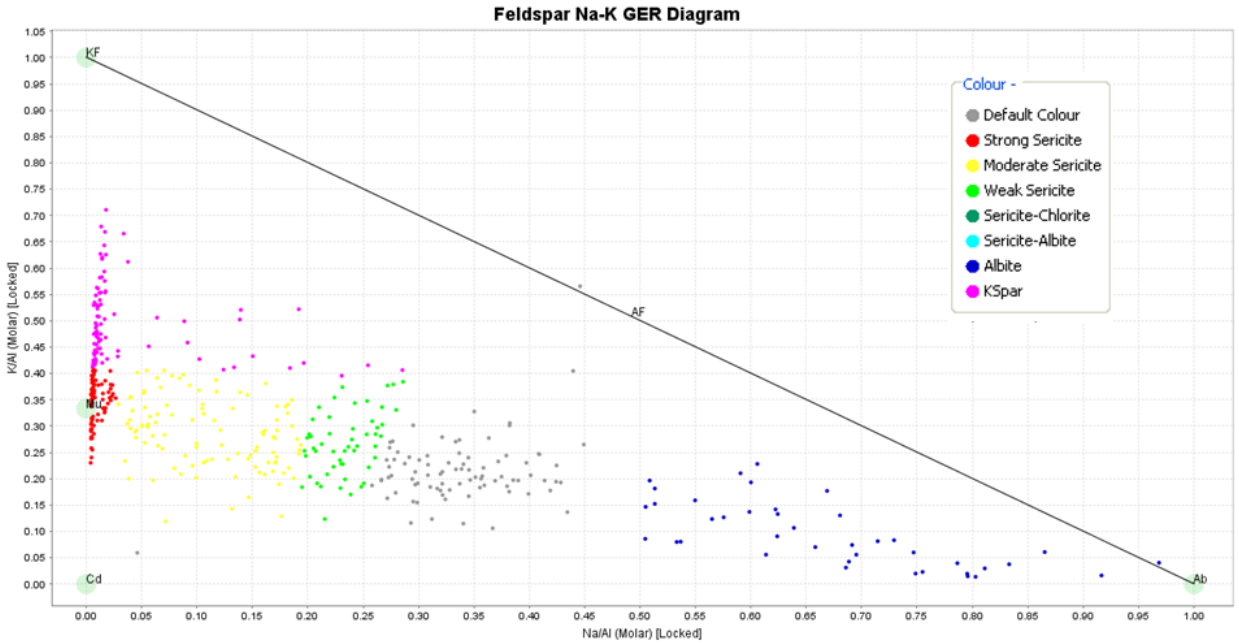


Figure 8. Alteration from the Rhyolite group.

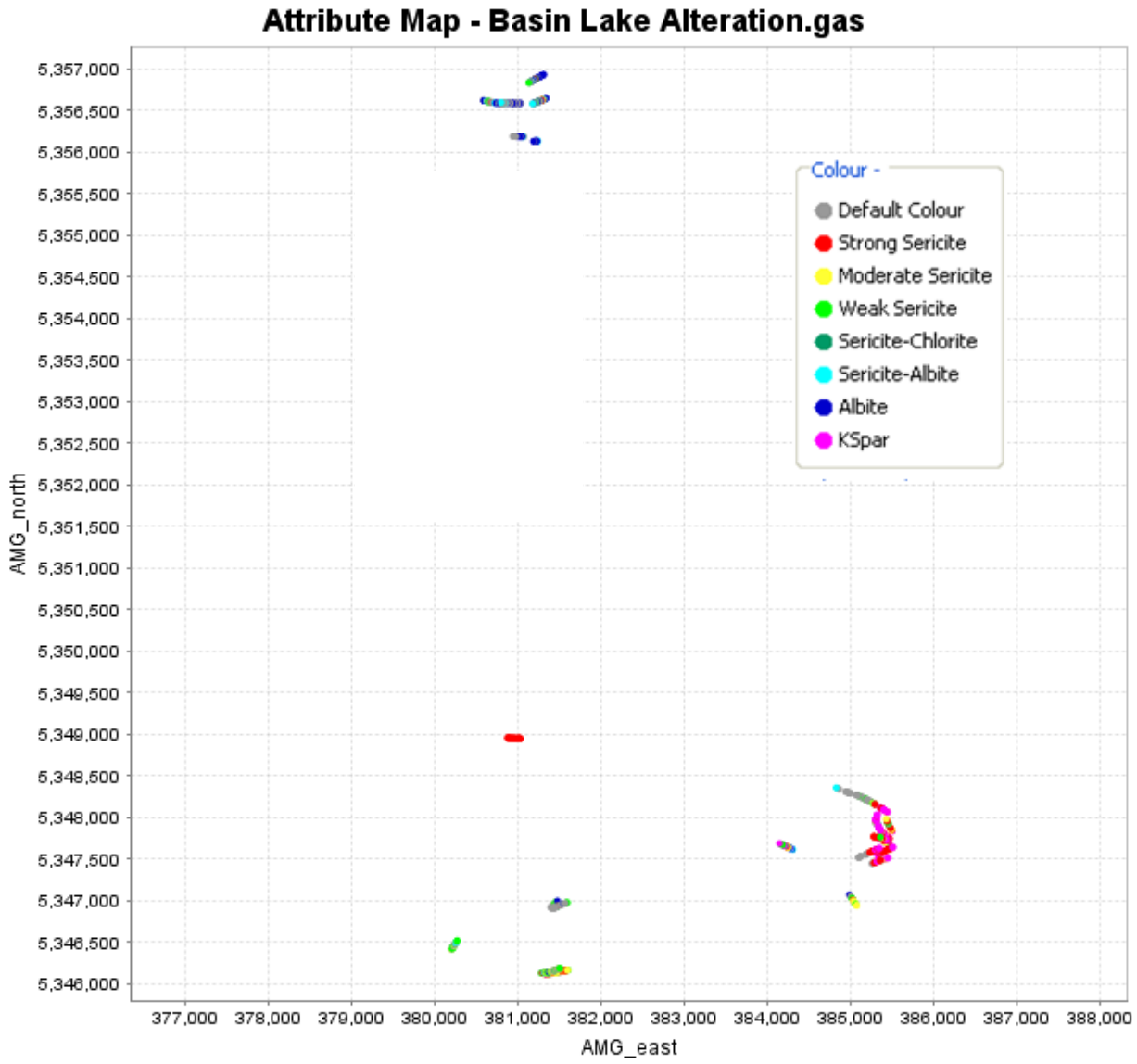
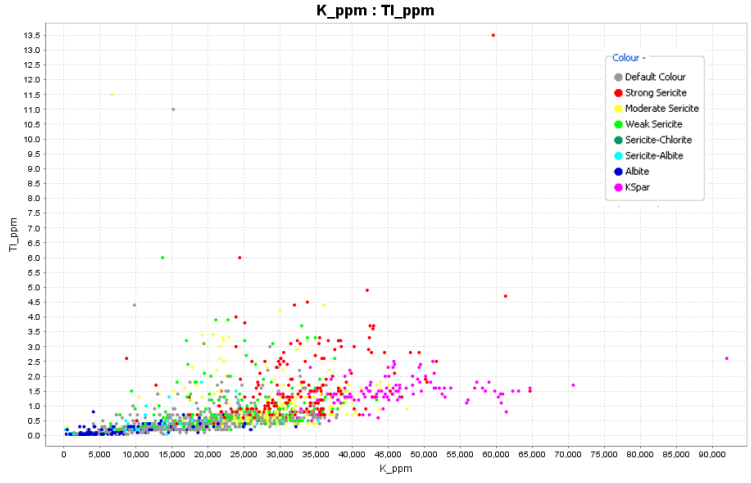


Figure 9. Map view of the alteration signatures.



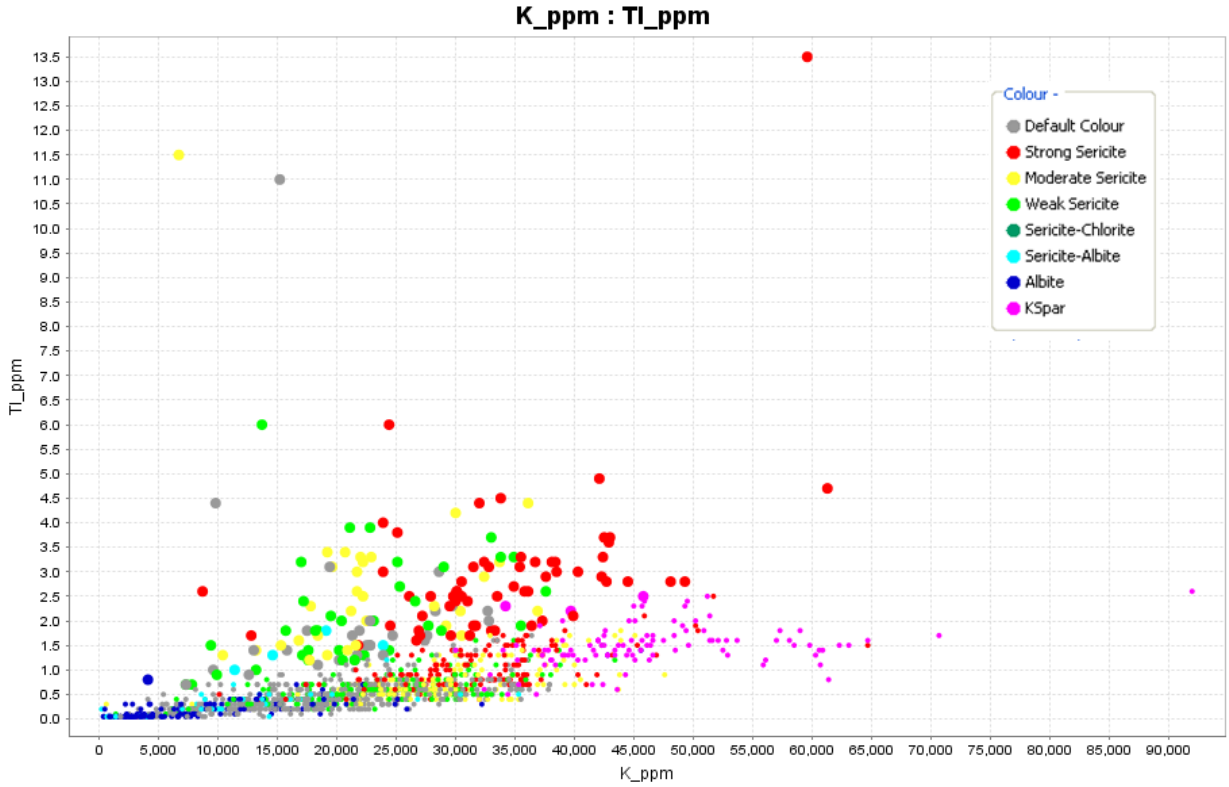


Figure 10.

Thallium is generally hosted in potassic minerals, substituting for K. The important component is the thallium that is hosted in pyrite. A plot of Tl vs K shows a strong linear correlation. It is the enrichment of Tl above this trend that identifies the samples that have Tl-bearing pyrite. These are highlighted in figure 8. This has been flagged as a separate column in the excel file of the lithogeochem data.

1.3 Pathfinder Chemistry

There are a number of highly anomalous pathfinder elements within this data set. In the phyllic alteration zones proximal to porphyry systems, the suite of elements that is diagnostic of this environment is Mo, Te, Bi, Se.
Bi, Te and Se are the most anomalous elements in this data set, but not so much Mo. The average crustal abundances for Bi, Te and Se are around 0.03, 0.01 and 1ppm respectively.

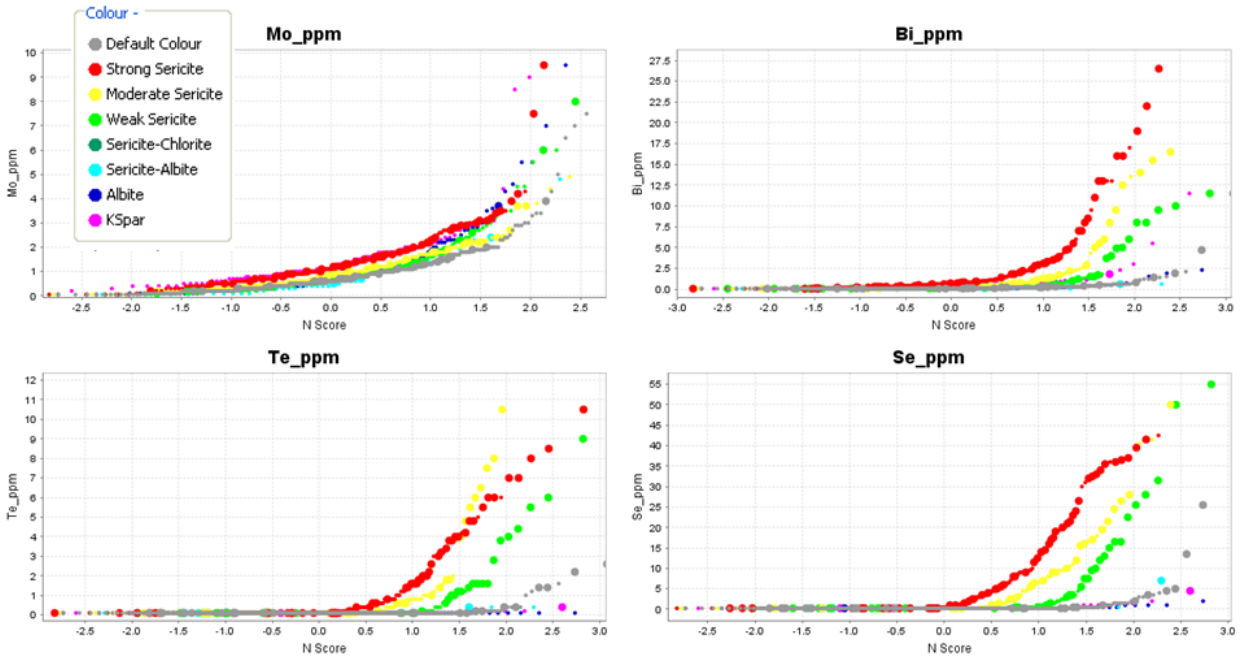


Figure 11.

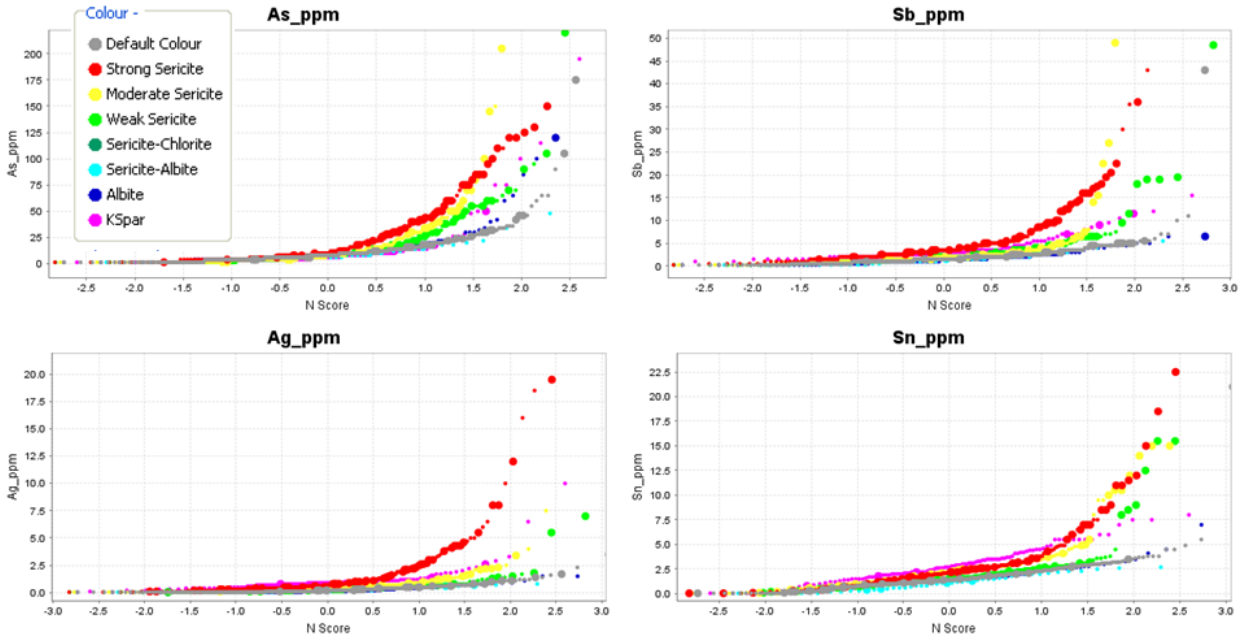


Figure 12.

Arsenic values in this data set are very anomalous. The antimony values are very strong, and they form well defined anomalous zones. The silver values are strongly elevated and there is a distinct anomalous population of Sn results above 4ppm.

Specific Zones

LMD1A is a very interesting hole. The rocks here are intensely altered, and there is a very strong Bi-Te-Se signature. This has some of the most intense alteration and pathfinder signatures in this data set.

Scott Halley Nov. 2010