

**MT CHARTER
TASMANIA
RL11/1997**

**PROGRESS REPORT
6TH JANUARY 2014 TO 5TH JANUARY 2015**

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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) in 2005.

During the current reporting period, 124 C-horizon soil samples were collected, as part of a broader soil sampling program including the adjacent Mt Block EL48/2003. The program aimed to increase coverage of multi-element soil sampling of the highly prospective “corridor” between Mt Charter and Hellyer, to help refine existing and define new drill targets.

No new targets were indicated on the Mt Charter RL but the known Mt Charter “pathfinder” anomaly was better defined, showing this hydrothermal system to be a major feature, extending well beyond the known gold-silver mineralisation at Mt Charter itself.

For 2015 a single 400m diamond drill hole has been proposed to explore the relatively poorly tested northern end of the anomaly.

Expenditure - Reporting period \$17,741

Total to date \$1,246,077

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1.0 INTRODUCTION

This report is a summary of the exploration activities conducted on the Mt Charter retention licence RL11/1997, for the period of 6th January 2014 to 5th January 2015. The licence covers a total area of 4 km².

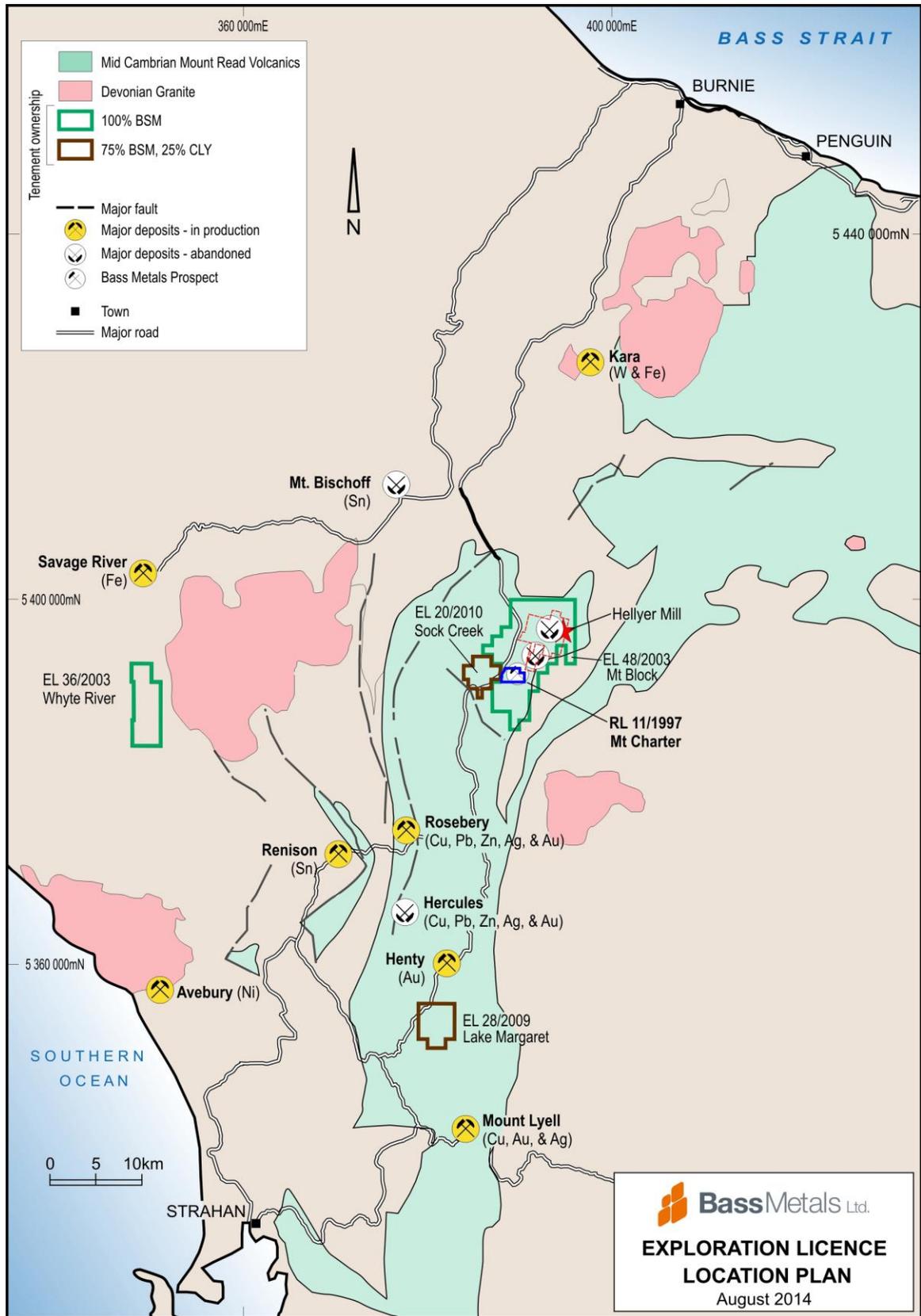
The licence is situated in the northwest corner of Tasmania and was acquired as part of a package of tenements in the Hellyer-Que River area from Intec Ltd. The tenement contains a 6.1 Mt resource of low grade gold-silver mineralisation.

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.

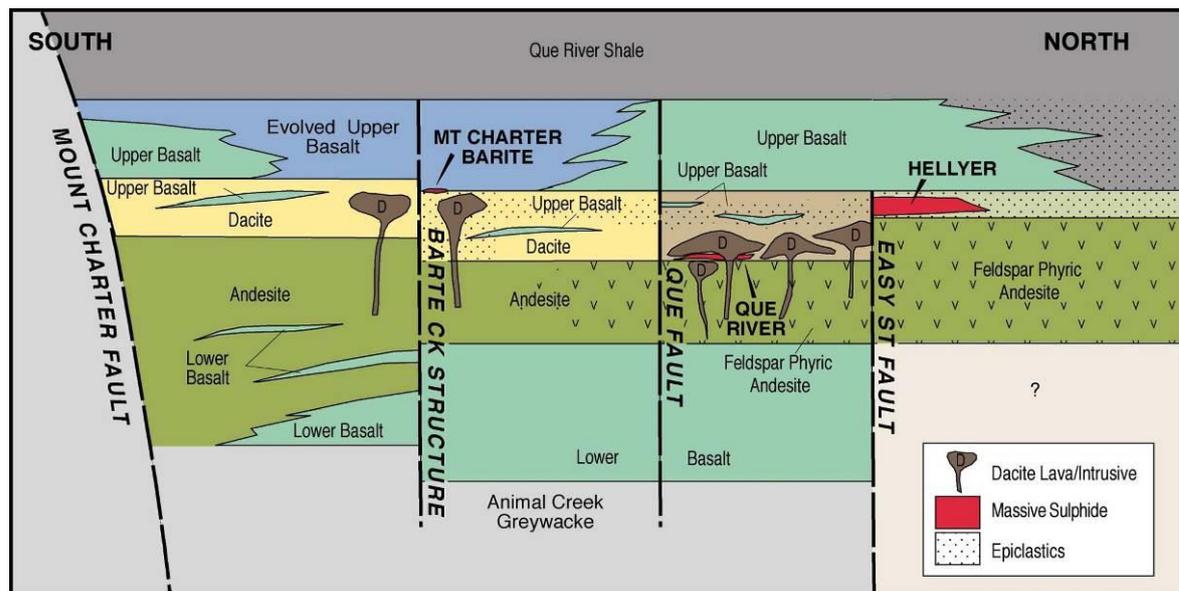
Figure 1. Mt Charter Retention Licence (RL11/1997) location plan.



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 within a sequence of volcanics and sediments, known as 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). The Que River, Hellyer and Mt Charter deposits are hosted by the highly variable 'Mixed Sequence', sandwiched between footwall andesitic and hangingwall basaltic volcanics. Volcanic-related and marine sediments cover the volcanics.

Figure 2: Schematic stratigraphic long-projection of the Que Hellyer Volcanics



The QHV are up to 1000m thick near Que and Hellyer, but wedge out to less than 50m to the north west of Hellyer mine. The units of the QHV are summarized below:

- The Upper or Hellyer Basalt consists of massive to pillowed amygdaloidal basalt lava and volcanoclastic rocks.
- The Mixed Sequence host to the Que River, Hellyer and Mt Charter systems is comprised of epiclastics, dacitic lavas and breccias.
- The Feldspar Phyrlic 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 volcanoclastics, 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 volcanoclastics, greywacke and shale of the Southwell Subgroup. The Southwell Subgroup is overlain by the Mt Cripps subgroup which is a sequence of volcanoclastics, 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 by Aberfoyle Resources focussed on the base metal potential, with only minor emphasis on the outcropping precious metal mineralisation. When Bass Metals began exploration at Mt Charter in 2005 the focus was on evaluation of the shallow gold-silver mineralisation, whilst still acknowledging the potential for deeper Hellyer - Que River style VHMS targets.

2.0 REVIEW OF PREVIOUS WORK

For an account of historic exploration of the Mt Charter RL, the reader is referred to the 2011 Annual Report (Bates 2011).

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 to the gold deposits on RL 11/1997, including the current Mt. Charter Gold resource and future gold mineralisation discovered on RL 11/1997.

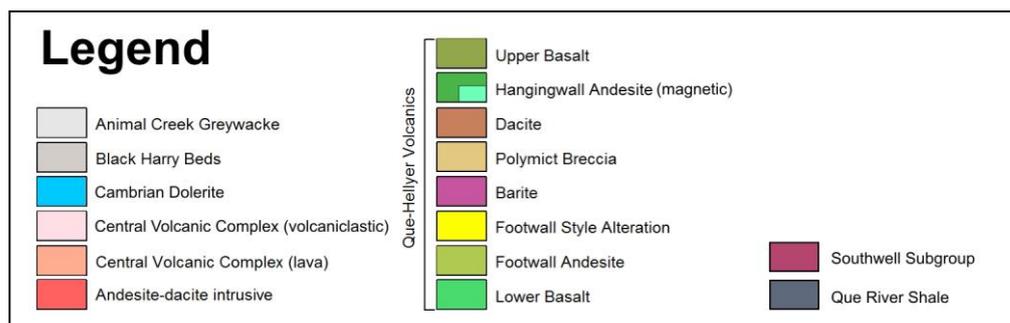
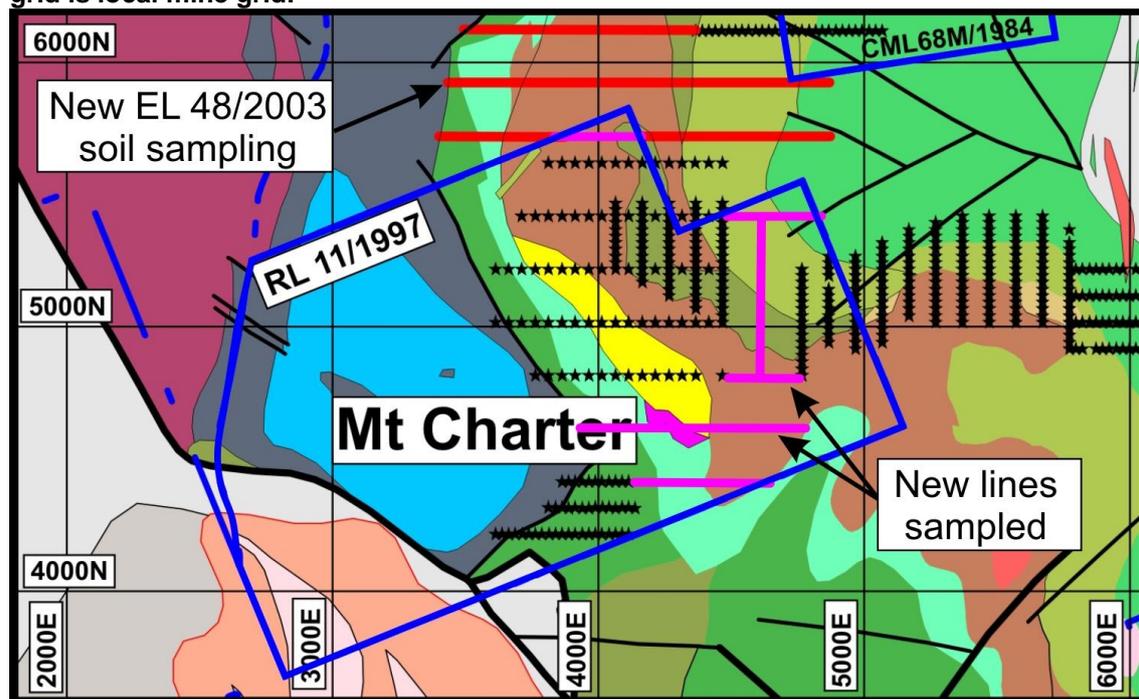
3.0 EXPLORATION COMPLETED DURING THE CURRENT REPORTING PERIOD

From January to March 2014 a 124 sample multi-element soil sampling program was carried out on Mt Charter RL 11/1997.

This soil sampling program was completed in conjunction with soil sampling on the adjacent Mt Block EL 48/2003. It aimed to increase coverage of multi-element soil sampling of the highly prospective “corridor” between Mt Charter and Hellyer to help refine existing and define new drill targets. In particular the pathfinder element anomalies associated with the Mt Charter hydrothermal system had not been properly closed off by previous sampling.

The lines sampled by the additional 2014 soil sampling are shown in pink on Figure 3. Sample locations for those samples collected on RL 11/1997 during 2014 are attached as Appendix 1 (digital only). Assay results for the Mt Charter sampling and QA/QC samples submitted are attached as Appendices 2 and 3 respectively (digital only).

Figure 3: New multi-element soil lines (pink) surveyed in 2014 superimposed on geology – existing samples shown as stars. Legend applies to all figures below and grid is local mine grid.



The additional data from the latest soil survey has been combined with the earlier sampling (2010) and gridded using a spherical search and inverse power of distance interpolation method (power =2). Images of various pathfinder elements from the completed survey are shown below on Figures 4-7. As, Sb and Tl have been shown by recent research to be the most useful pathfinders for VHMS mineralisation in the Que Hellyer Volcanics (QHV).

Figure 4: Gridded As from C horizon soils overlain on geology. Grid is local mine grid.

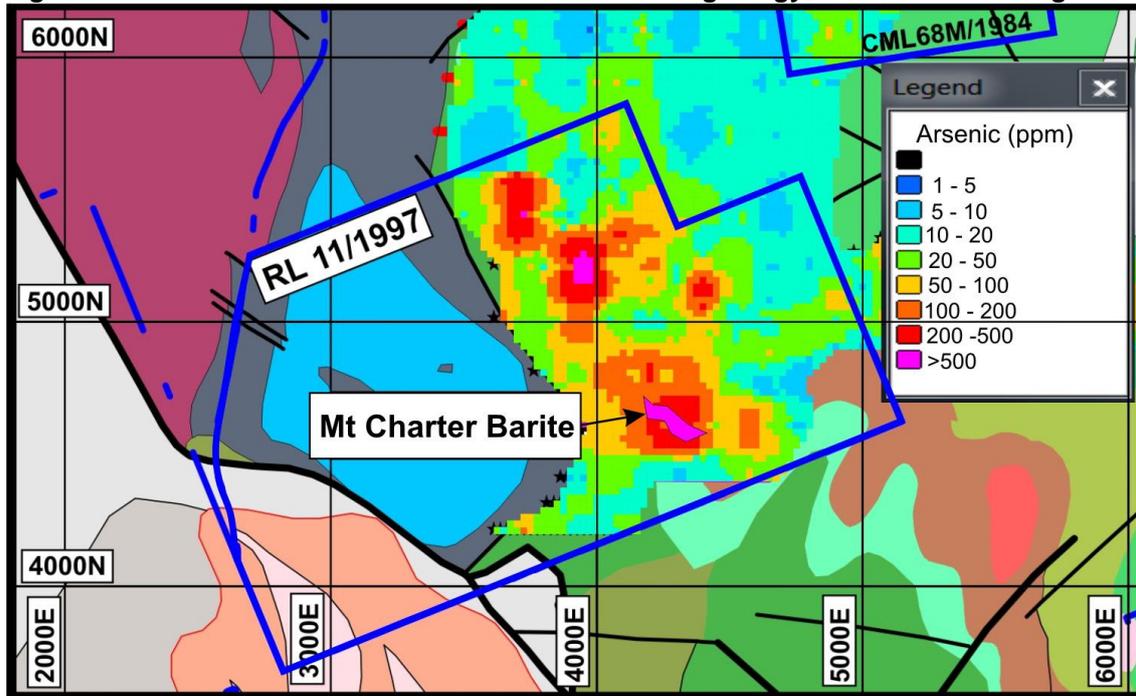


Figure 5: Gridded Sb from C horizon soils overlain on geology. Grid is local mine grid.

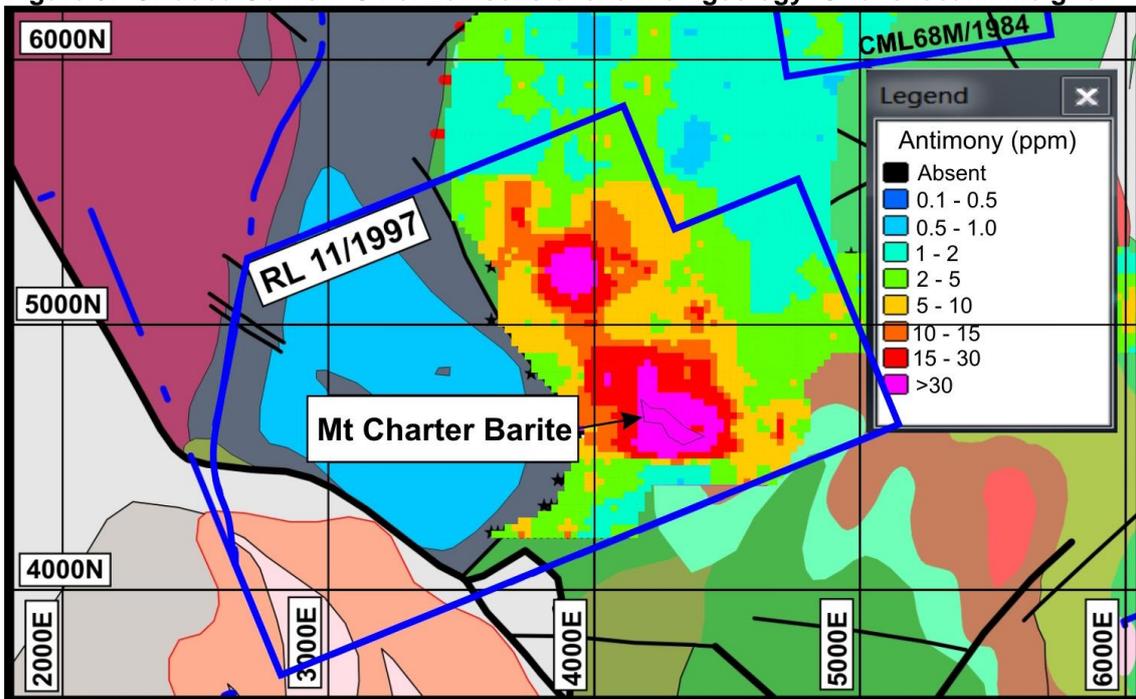


Figure 6: Gridded TI from C horizon soils overlain on geology. Grid is local mine grid.

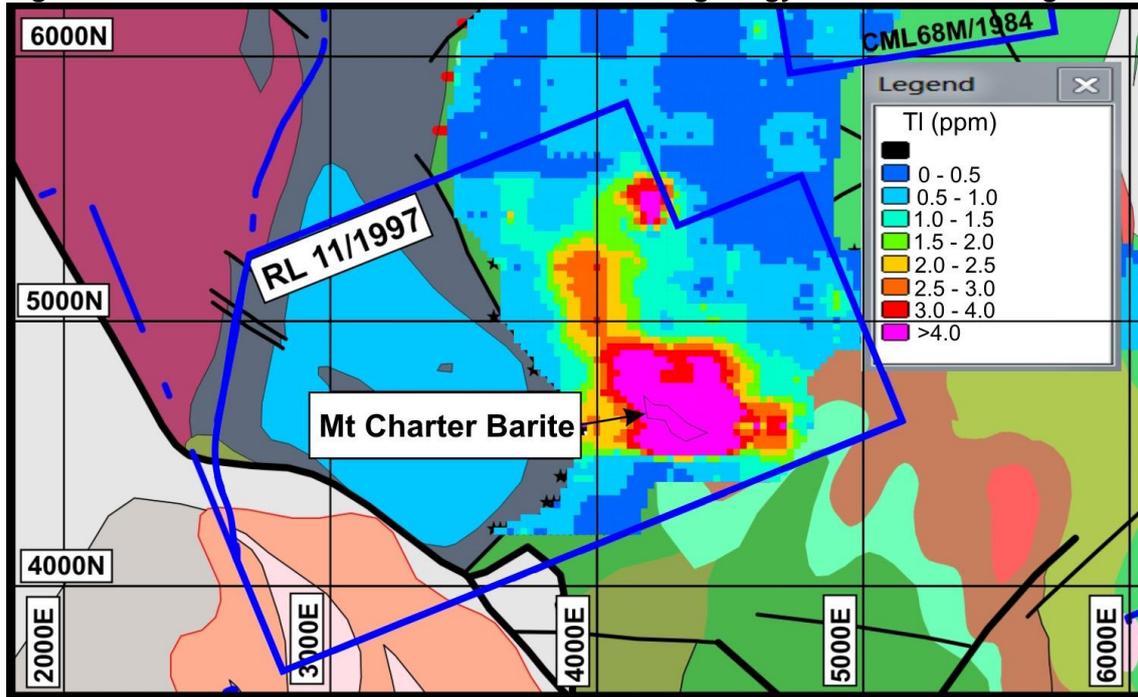
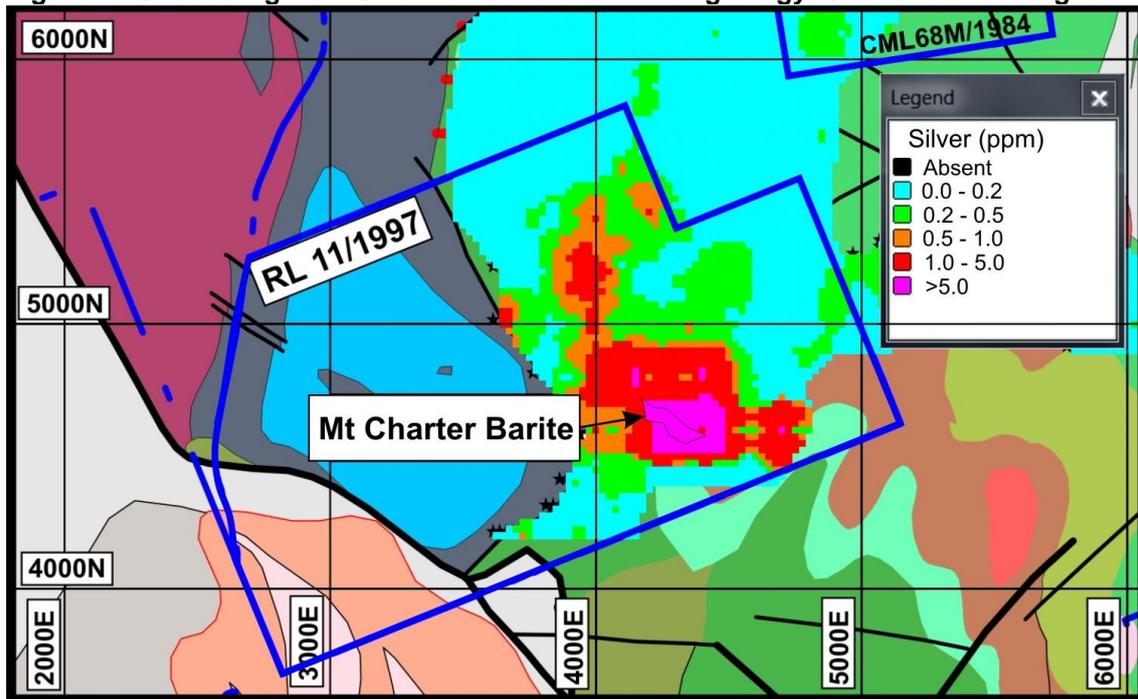


Figure 7: Gridded Ag from C horizon soils overlain on geology. Grid is local mine grid.



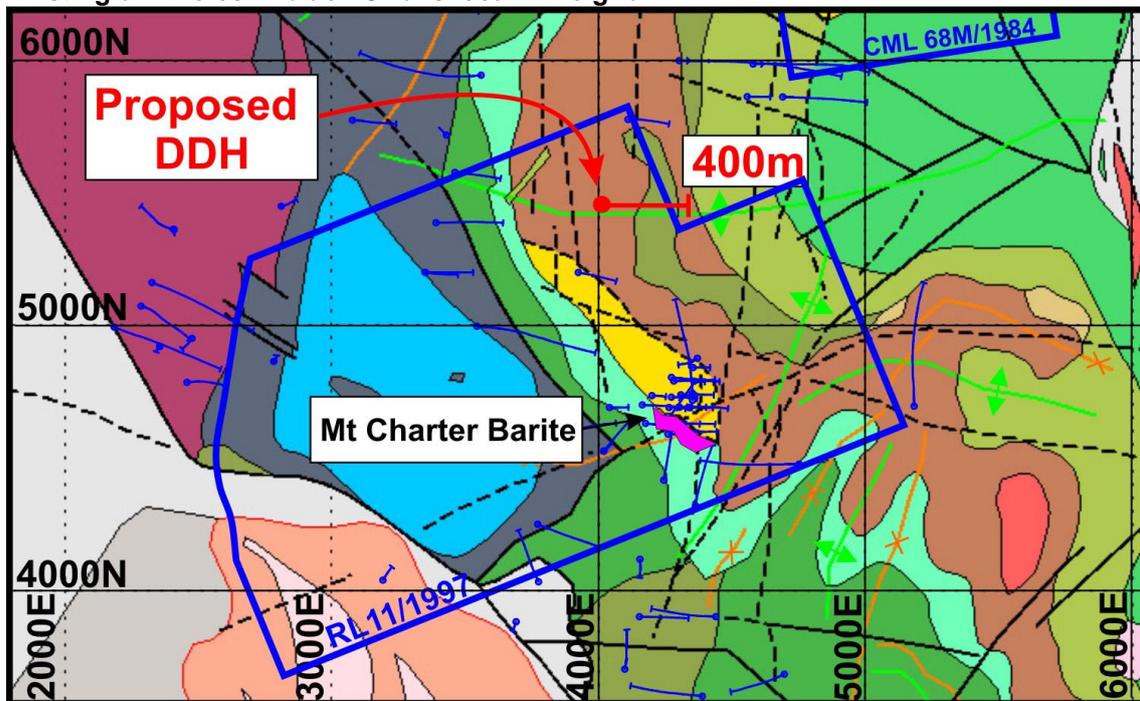
An extensive As-Sb-TI soil anomaly is present at Mt Charter and the drilling that defines the Mount Charter Au-Ag resource is confined to only a small area of the anomaly at the southern margin (Figure 8). Existing drilling has not effectively tested much of this anomaly north of the Mt Charter resource.

4.0 PROPOSED EXPLORATION

From Figures 4-7 it can be seen that the Mt Charter mineralisation occurs at the southern end of an extensive As-Sb-Tl soil anomaly. The levels of pathfinder element anomalism are consistent with proximity to VHMS mineralisation, as seen elsewhere in the QHV. The bulk of the drilling at Mt Charter is focused around the Mt Charter resource or at stratigraphic - structural targets at great depth. There is scope to test this anomaly in an undrilled area north of Mt Charter, within and at the base of Mixed Sequence rocks and very close to the prospective corridor between Mt Charter, Que River and Hellyer.

A single 400m hole on section 5450N (mine grid) is proposed to test the northern end of the anomaly, approximately 225m below surface, at the base of the mapped basalt unit (within the Mixed Sequence) and the base of the Mixed Sequence (Figure 8). The hole would be read with downhole EM.

Figure 8: Plan location of proposed drill hole (red) at the North Charter prospect. Existing drill holes in blue. Grid is local mine grid.



A budget for the proposed 2015 work program is shown below on Table 1.

Table 1: Proposed RL 11/1997 expenditure for 2015

January 2015 - January 2016		
Geoscientific Costs	Geology	\$10,000
	Geochemistry	\$2,000
	Geophysics	\$8,000
	SWIR	
Drilling & Gridding Costs	Gridding	
	Drilling	\$60,000
	Land Access Costs	\$10,000
	Rehabilitation Costs	\$10,000
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	\$100,000

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 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.

6.0 EXPENDITURE

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

Table 2. Expenditure 6th January 2014 to 5th January 2015.

January 2014 to January 2015		
Geoscientific Costs	Geology	
	Geochemistry	\$6,557
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	\$11,184
	Admin Costs	
	Total - eligible	\$17,741

Note: Only figures up to 30th November 2014 are available

7.0 REFERENCES

Bates, S., 2011, Mt Charter Project, Tasmania, RI11/1997, Annual Progress Report, 6th June 2010 To 5th June 2011. Unpublished Report to Mineral Resources Tasmania.