Bass Metals Ltd.
ABN 31 109 933 995

MT BLOCK
TASMANIA
EL48/2003

PROGRESS REPORT
11th January 2014 – 10th January 2015

Tenement Holder/Manager
Bass Metals Ltd.
Level 5 / 10 Market Street
Brisbane, Queensland 4000

Geologist:

Steven Richardson
Senior Exploration Geologist
Hellyer Exploration Base, TAS

Distribution:
Mineral Resources Tasmania
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 Mt Block exploration licence (EL 48/2003) on 11 June 2006.

On 28th March 2014 approval was granted to consolidate EL 48/2003 with the adjacent EL 24/2004 Bulgobac River.

During the current reporting period, 399 C-horizon soil samples were collected, as part of a broader soil sampling program, including the adjacent Mt Charter RL11/1997. The program aimed to increase coverage of multi-element soil sampling of the highly prospective "corridor" between Mt Charter and Hellyer and also to examine the package of Mixed Sequence rocks to the east of Que River mine; in order to help refine existing and define new drill targets.

No new targets were indicated on the Mt Block EL.

For 2015 a single 400m diamond drill hole has been proposed to test the relatively poorly drilled Amoeba Zone target area.

Expenditure –

Reporting period	$54,384
Total to date (for merged EL48/2003 and EL24/2004)	$1,987,490

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1 INTRODUCTION

This report is a summary of the exploration activities conducted on the Mt Block licence EL 48/2003, for the period of 11th January 2014 to 10th January 2015. The report includes the area of EL 24/2004 Bulgobac River, which has now been consolidated with EL 48/2003

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.

On 28th March 2014 approval was granted to consolidate EL 48/2003 with the adjacent EL 24/2004 Bulgobac River. The combined EL has an area of 58 square kilometres (Figure 2).

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 (Figure 2).

Figure 1: EL 48/2003 Location Map

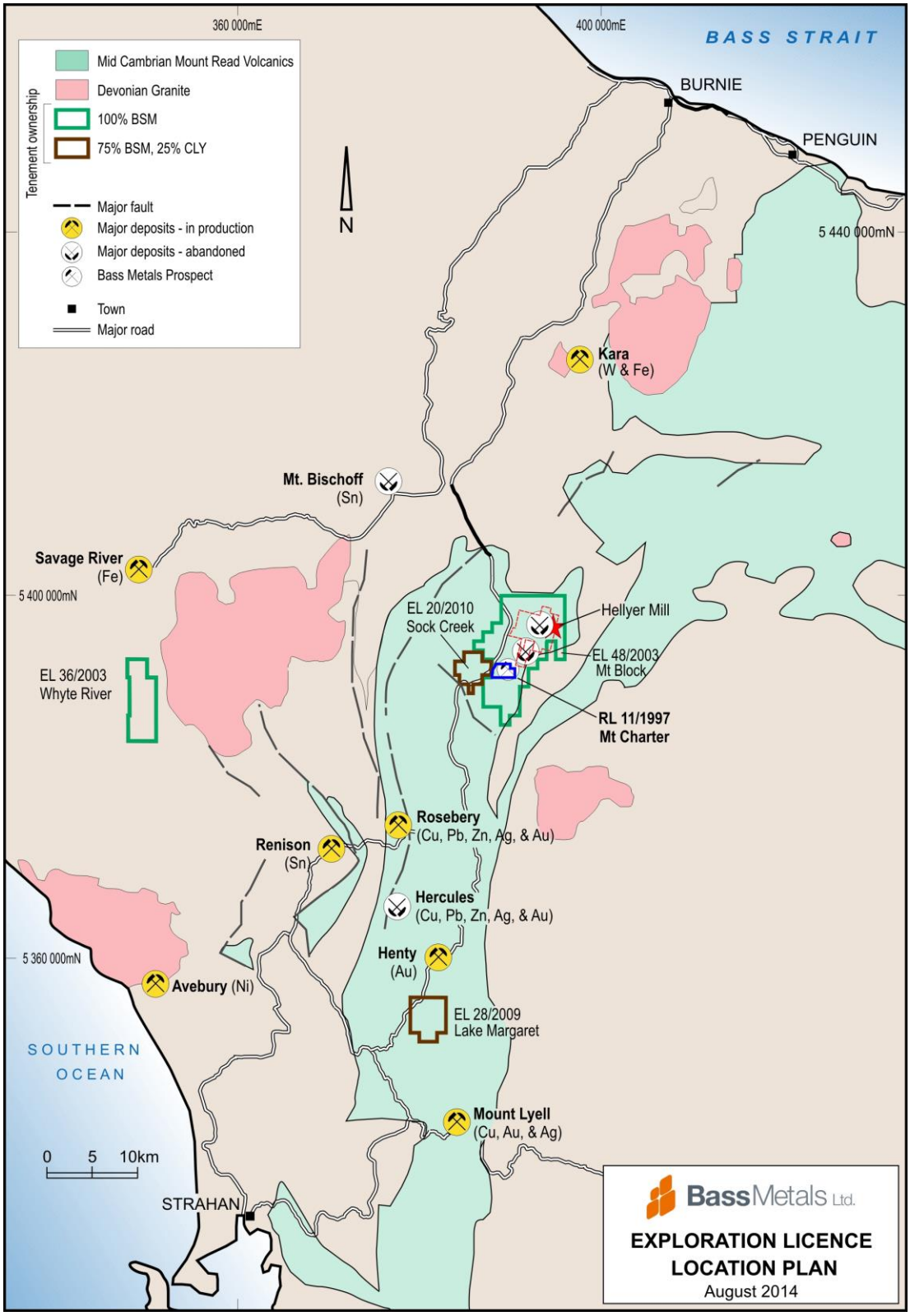


Figure 2: Regional Geology Map (legend is on Figure 3 on following page)

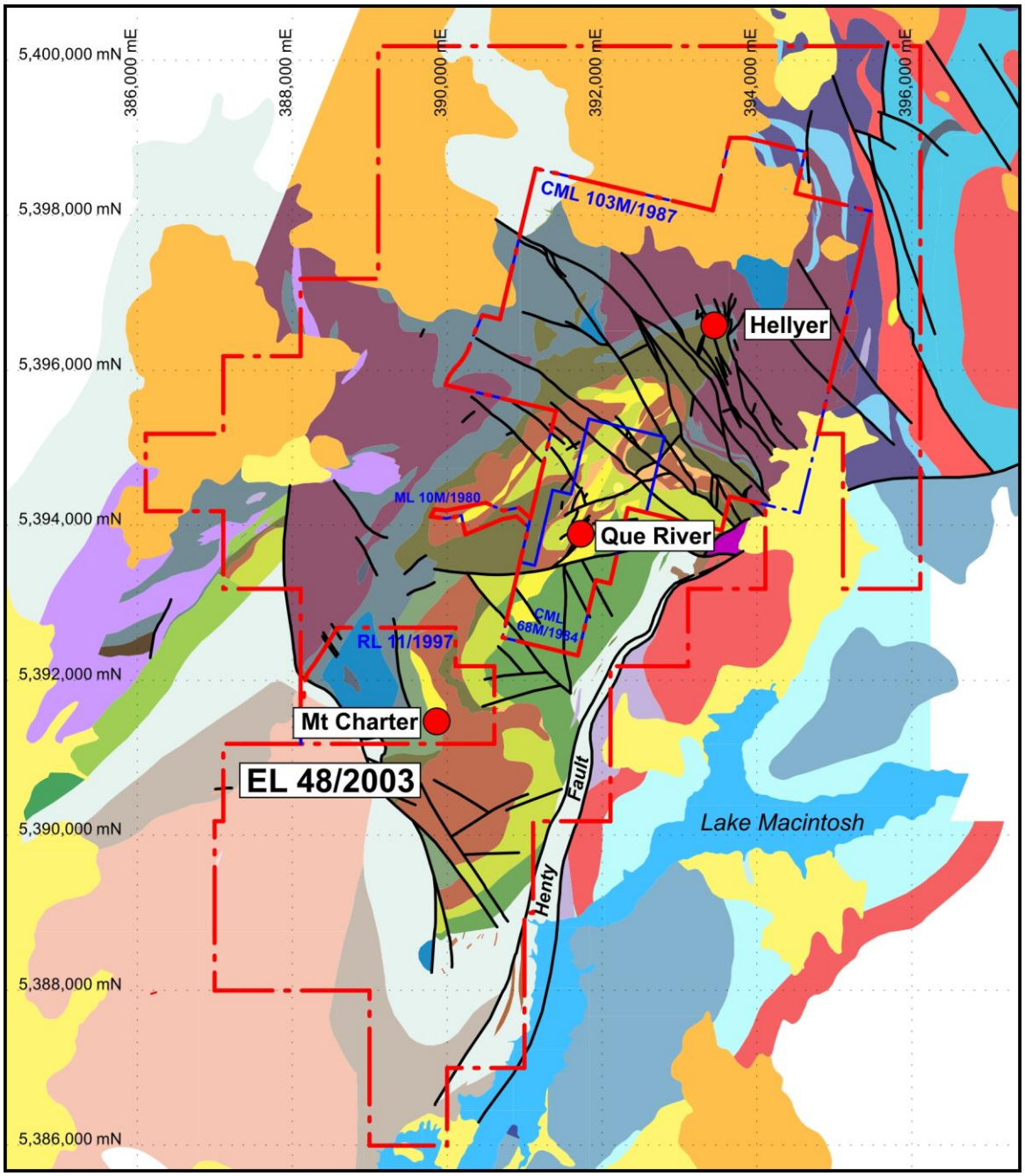
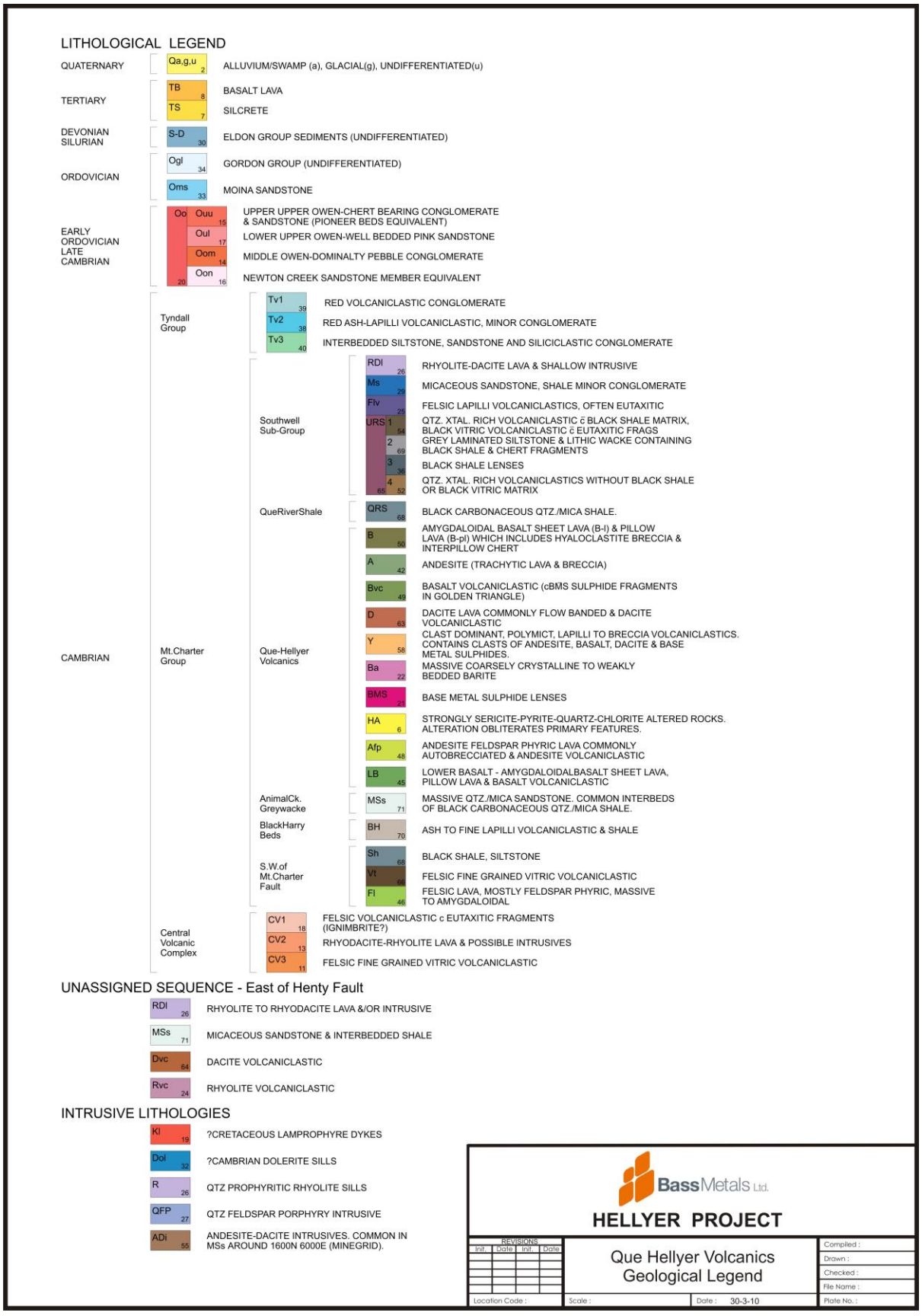


Figure 3: Geological legend for Figure 2



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 CURRENT REPORTING PERIOD

From January to March 2014 a 399 sample multi-element soil sampling program was carried out on Mt Block EL 48/2003. This soil sampling program was completed in conjunction with soil sampling on the adjacent Mt Charter RL 11/1997.

This soil sampling program aimed to:

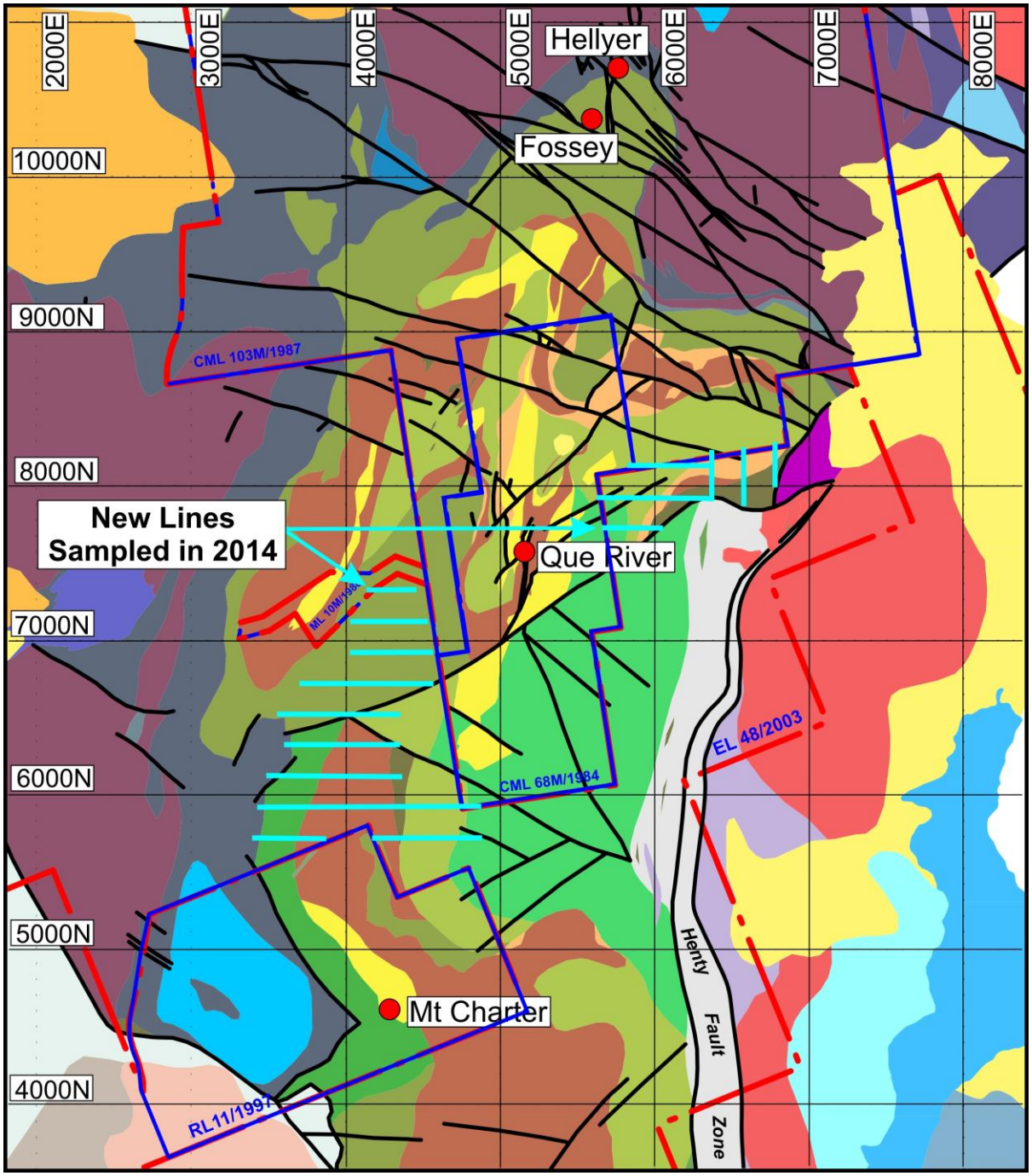
- Increase coverage of the multi-element sampling of the highly prospective "corridor" between Mt Charter and Hellyer – to help refine existing and define new drill targets.

- Jigsaw Geoscience, as part of their 2013 review of exploration in the QHV, reinterpreted the geology around Que River Mine and proposed that Mixed Sequence rocks about 1km to the east 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 would be aided by sampling out to the east of the Que River Mine Lease.

- Begin sampling of the hangingwall basalt adjacent to the corridor, after a 2013 orientation soil sampling survey over the top of Fossey and Hellyer orebodies, showed that a hidden system could be detected.

The lines sampled by the additional 2014 soil sampling are shown in blue on Figure 4. Sample locations for those samples collected on EL 48/2003 during 2014 are attached as Appendix 1 (digital only). Assay results for the Mt Block sampling and QA/QC samples are attached as Appendices 2 and 3 respectively (digital only).

Figure 4: New multi-element soil lines (light blue) surveyed in 2014 superimposed on geology – 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 5-8. 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). Ag is of use for defining Mt Charter style precious metal rich mineralisation.

Figure 5: Gridded As from C horizon soils overlain on geology. Grid is local Mine Grid

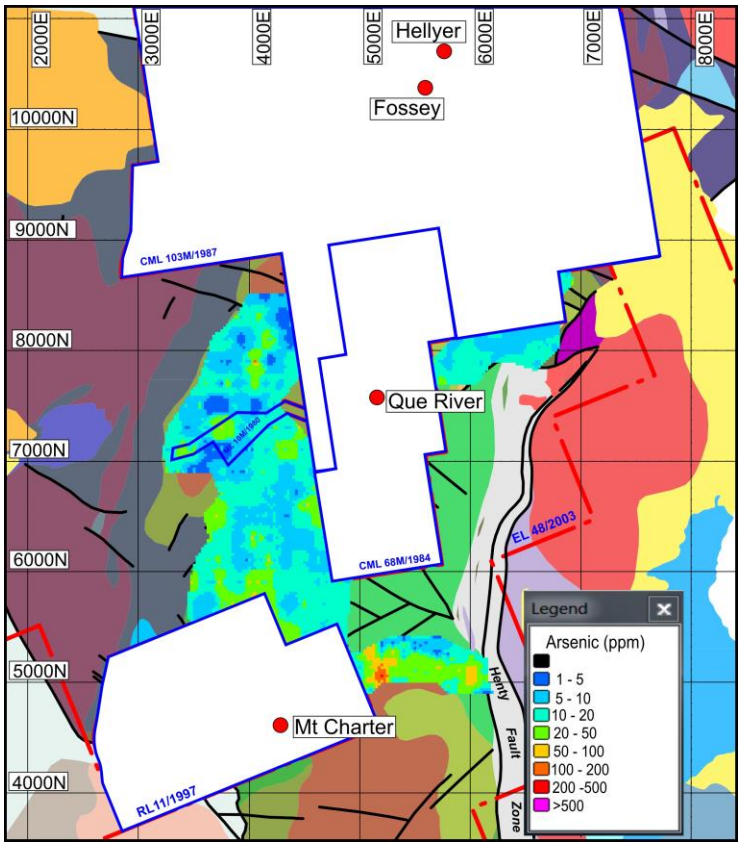


Figure 6: Gridded Sb from C horizon soils overlain on geology. Grid is local Mine Grid

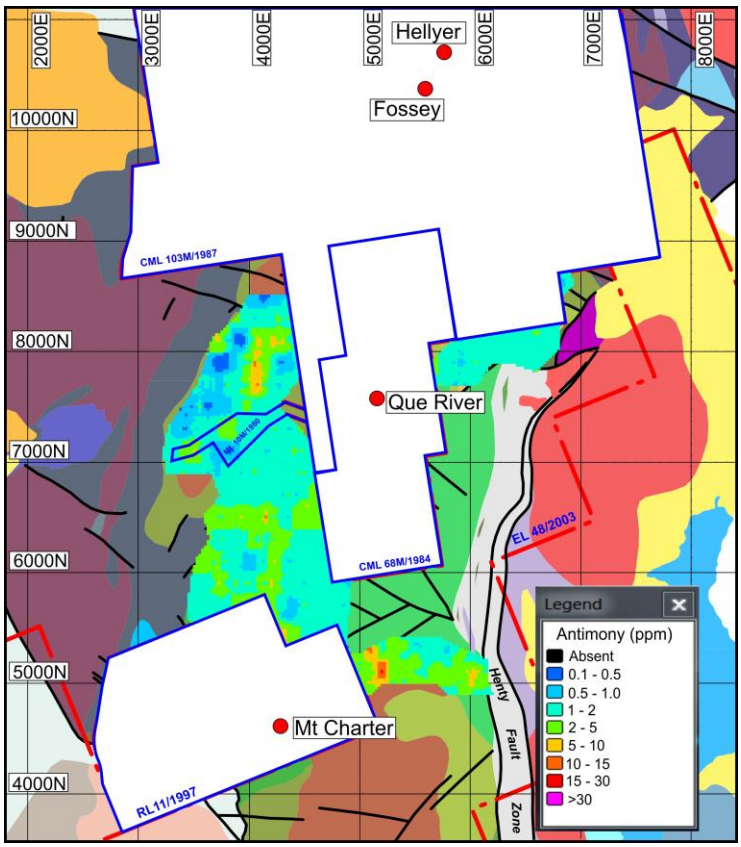


Figure 7: Gridded Tl from C horizon soils overlain on geology. Grid is local Mine Grid

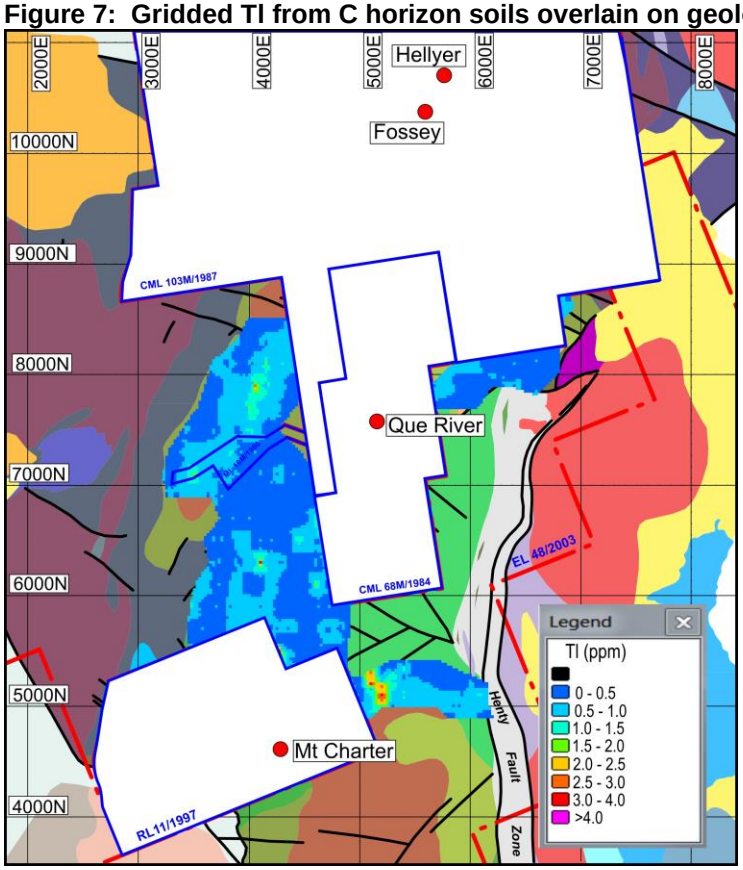
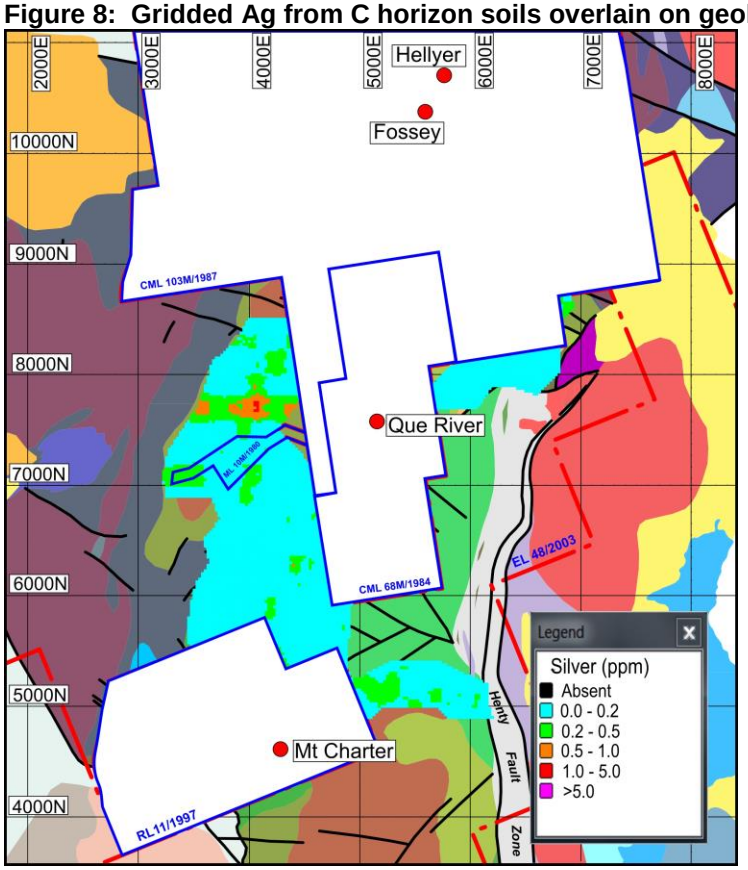


Figure 8: Gridded Ag from C horizon soils overlain on geology. Grid is local Mine Grid



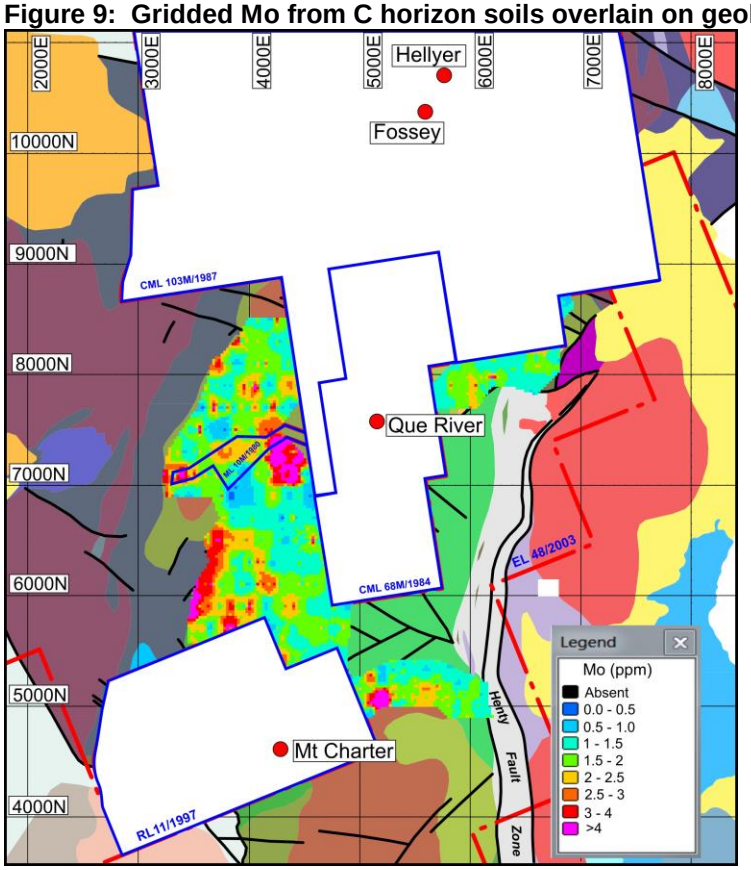
No new significant pathfinder element anomalies have been identified by the extended soil sampling.

Mixed Sequence stratigraphy to the east of Que River mine is uniformly low in all pathfinders and “ore” metals, which lowers the perceived prospectivity of this area. In addition, trace elements such as Cr do not support the continuation of this portion of Mixed Sequence stratigraphy into the Que River Mine area, as proposed by Jigsaw Geoscience in 2013.

Hangingwall stratigraphy in the Mill Site Syncline, SW of Que River Mine and north of the Que Fault does not display any elevated pathfinder geochemistry, decreasing the potential for deeply buried mineralisation in the core of this fold.

Molybdenum values are shown below on Figure 9. Areas of coherent elevated Mo generally relate to the contact with the Que River Shale, so are probably derived from organic matter and syngenetic pyrite in the shale. An exception is a large Mo anomaly in the Hellyer Basalt, east of Que River Mine. This anomaly is not associated with other elements and is centred on the Que River sub-station, so presumably is caused by contamination.

Figure 9: Gridded Mo from C horizon soils overlain on geology. Grid is local Mine Grid

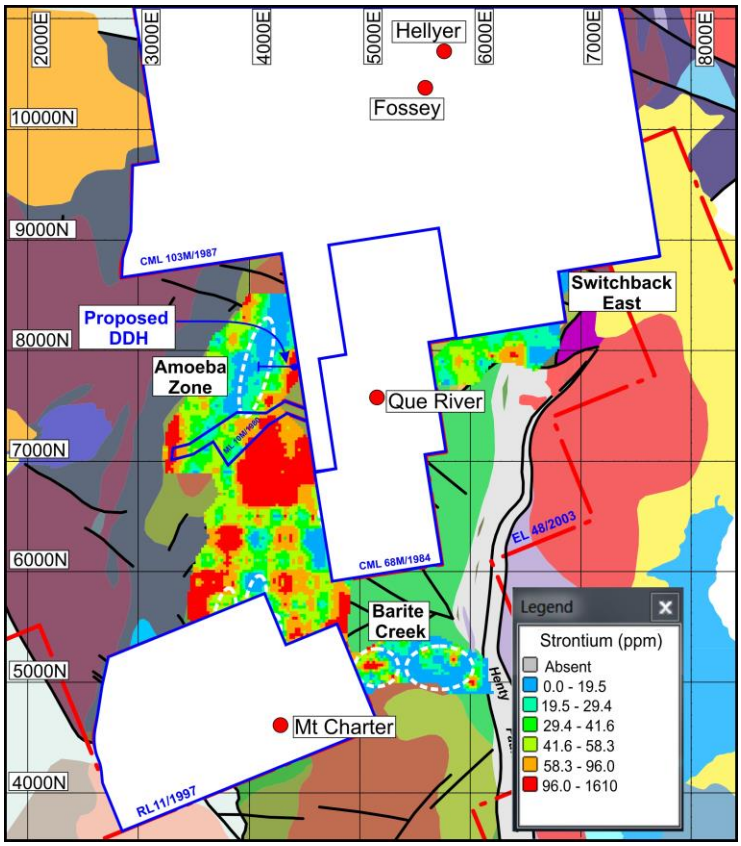


4.0 PROPOSED EXPLORATION

As discussed above no new targets have been generated by the extension of the multi-element soil sampling on EL48/2003.

In 2013 two targets on EL48/2003 were reviewed and identified as not being fully tested – Amoeba Zone and Barite Creek (Figure 10). The Amoeba Zone target is logistically far easier to access, of equal prospectivity to the Barite Creek target and is proposed for drill testing in 2015.

Figure 10: Amoeba Zone and Barite Creek targets overlain on Sr from C horizon soils. Proposed 400m diamond hole for 2015 is shown. Grid is local Mine Grid



The Amoeba Zone is exposed in the hinge of the westernmost anticline of Que-Hellyer volcanics. There is mapped sericite-silica-pyrite alteration at surface which has an expression in the soil geochemistry - a narrow and largely continuous arsenic anomaly with local moderately elevated Sb and Tl. Sr depletion associated with the alteration zone can be seen in Figure 10. There is a large subsurface area of prospective Mixed Sequence host rocks between the Amoeba Zone and Que River mine.

In 2015 it is planned to re-commence diamond drilling on the QHV tenements held by Bass Metals beginning with a test of the Amoeba Zone target. A single 400m hole on section 7800N (mine grid) is proposed to test the Mixed Sequence rocks adjacent and on the eastern side of the Amoeba Zone, at approximately 200m below surface. This would be below surface EM penetration for a Que River sized target. The hole would be read with downhole EM to search for off-hole conductors.

A budget for this proposed work is shown below in Table 1.

Table 1: Proposed EL 48/2003 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

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. No grid line cutting was undertaken to complete the 2014 soil sampling.

6.0 EXPENDITURE

Table 2 Expenditure 11th January 2014 to 10th January 2015

January 2014 - Nov 2014		
Geoscientific Costs	Geology	$15,842
	Geochemistry	$38,112
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	$430
	Admin Costs	
	Total - eligible	**$54,384**

Note: *Expenditure figures available up to Nov.30th 2014*

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.