

**LANGDON RIVER
(Previously Lake Margaret)
TASMANIA
EL28/2009**

**ANNUAL REPORT
10th July 2014 – 9th July 2015**

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 (now Langdon River) exploration licence (EL28/2009) on 9th July 2010. This tenement is in joint venture with Clancy Exploration Limited, where Bass Metals is the Holder / Manager. For this 5th year of tenure, ended 9th July 2015, no further field work has been completed

During the current year Joint Venture agreements to fund future exploration have been sought but to date Bass has been unable to secure a Joint Venture partner. Bass is continuing in discussions with other companies, with the aim of securing funds to enable continued drill testing of the Basin Lake / Langdons prospect area.

| | | |
|----------------------|------------------|-----------|
| Expenditure – | Reporting period | \$4,418 |
| | Total to date | \$605,443 |

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1.0 INTRODUCTION

This report is a summary of the exploration activities conducted on the Lake Margaret licence EL28/2009, for the period 10th July 2014 to 9th July 2015.

1.1 Tenure

EL 28/2009 was granted for five years to Bass Metals Ltd (BSM) on 9th July 2010. The original licence covered an area of 59 sq km but in October 2014 the southern part of EL 28/2009 was relinquished and the EL was reduced to 18 sq km. A further reduction of 4 sq km is currently being sought.

1.2 Location and Access

The original tenement arose from the relinquishment of EL35/2004 by Copper Strike and was 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 through the tenement – Figure 1.

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 the prospective stratigraphic zone around the contact between the Tyndall Group and the CVC, which is 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.

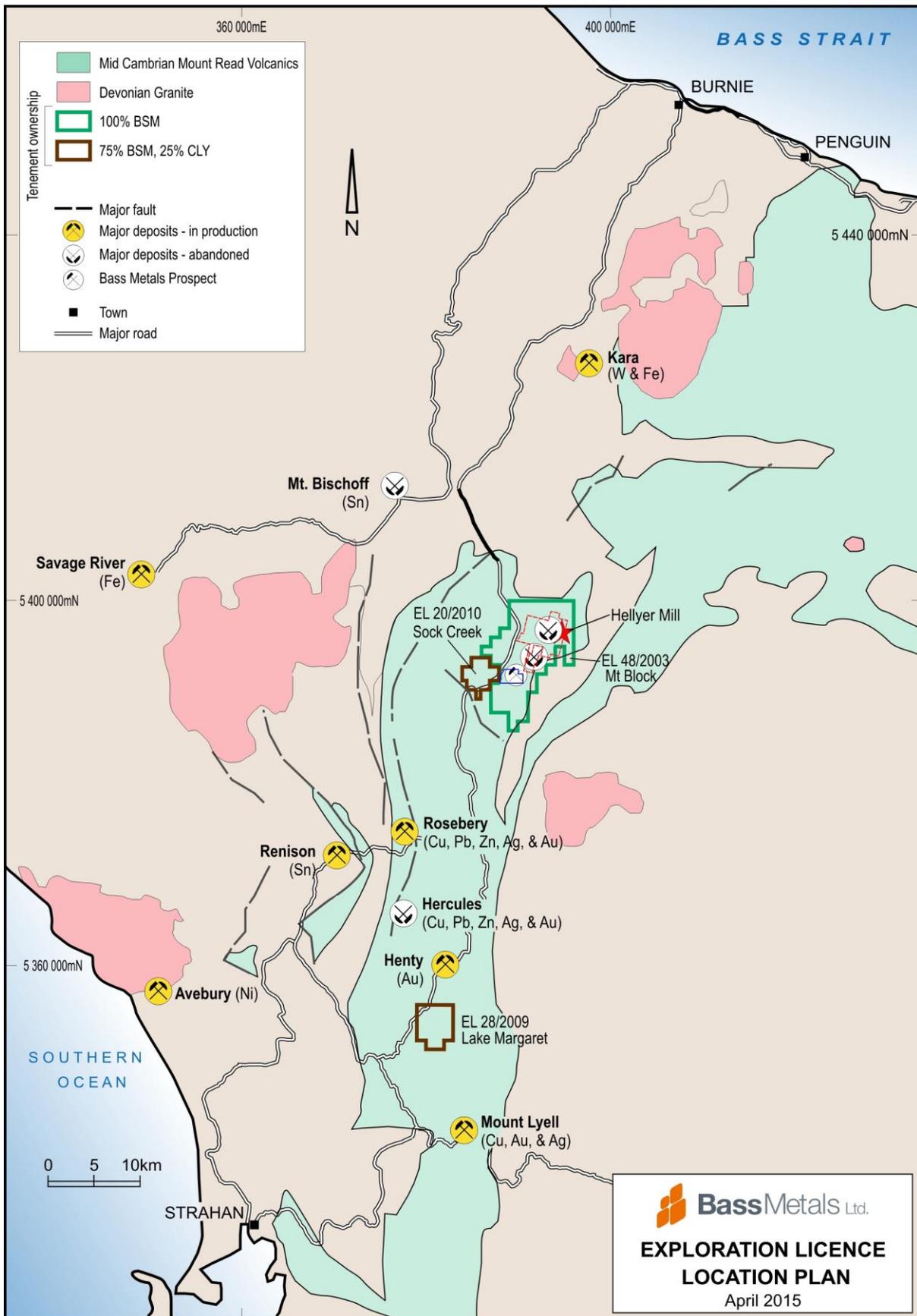


Figure 1. Location Map

2.0 EXPLORATION PHILOSOPHY

When applying for the Lake Margaret EL Bass geologists recognised the potential for any or all of three separate styles of mineralisation to occur:

- Henty style gold
- poly-metallic VHMS (Hellyer / Rosebery style) deposits
- North Lyell style high-grade copper deposits.

The EL contains the enigmatic glacial erratic near Basin Lake, with ore grade copper in a high sulphidation epithermal assemblage. The source of this erratic remains unknown but there are indicators that it may be locally sourced.

After granting of the EL Bass' exploration in 2010 and 2011 proceeded on the following fronts:

- Spectral and ICP lithogeochemical study of all existing drill core
- Diamond drilling of a "North Lyell" style conceptual target at Basin Lake.

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. Following an asset sale in February 2013, Bass was able to recommence exploration at a low level, including further MMI soil sampling work at Basin Lake but in 2014-2015 lack of funds has meant that no effective field work could be carried out. Instead Bass has been attempting to, unsuccessfully to date, attract a Joint Venture partner to fund exploration on EL28/2009.

In October 2014 Bass reduced EL28/2009 from 59 to 18 sq km to focus only on the area around the mineralized glacial erratic target, where diamond drilling of LMD2-4 had occurred.

3.0 EXPLORATION HISTORY

Historic exploration on the licence area is summarised in the 2011 Annual Report (Bates, 2011). Exploration work conducted by Bass Metals to date is summarised below.

3.1 ICP Lithogeochemistry and SWIR Study

During 2010 Bass Metals conducted an alteration study of the whole original Lake Margaret tenement, with both short-wave infrared spectral data and trace element lithogeochemical samples collected from all available drillcore and significant outcrop. Bass collected 8777 spectral measurements from 56 holes and 1467 lithogeochemical samples.

Results supported the presence of high-sulphidation epithermal type alteration minerals in historical drillcore at Basin Lake, consistent with the high-sulphidation copper sulphide minerals described from the boulder of high grade copper ore and supports the interpretation that the source of the boulder is proximal.

Favourable hydrothermal alteration was also noted in drillholes from the West Sedgwick prospect elevating this area in prioritisation for follow-up work. This prospect has now been relinquished.

Detailed analysis of the data was undertaken by Dr Scott Halley and results were reported in the 2011 Annual Report (Bates, 2011).

3.2 Diamond Drilling Program at Basin Lake / Langdon Prospect

The presence of the copper mineralised glacial erratic was taken as an indicator for the prospectivity for North Lyell style mineralisation in the Basin Lake / Langdons Prospect area.

In 2011 Diamond drillhole LMD2 (351m) was drilled to test the region upslope from the mineralised erratic, identify the Great Lyell Fault (GLF), and intercept mineralisation and alteration that is adjacent to the structure in the North Lyell position.

The remaining two holes LMD3 (32.5m) and LMD4 (65.1m) were drilled as vertical holes close to the high-grade glacial erratic. These holes were designed to test whether the erratic was in-situ or close to source. The two holes do suggest the erratic source is further up the hill. The holes intercepted varying depths of glacial cover overlying Anthony Road Andesite.

The results from this drilling program were discussed in Bates, 2011.

3.3 Partial Digest Soil Geochemistry Program

Following the lack of success with the 2011 drilling program a method was sought to better target the next phase of drilling in the Basin Lake / Langdons area. Prospective stratigraphy in the area 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.

The results of this survey were described in the 2012 annual report (Richardson, 2012).

The most significant anomaly identified by the 2011 survey was a multi-element response in the SE corner of the grid. This was up-slope from the mineralised glacial erratic and aligned well with the interpreted position of the Great Lyell Fault, as indicated by the drilling of Bass Metals hole LMD2. It was thought that these anomalous values could be the result of secondary dispersion from the source of the mineralised erratic. The location was consistent with a target at the contact between the volcanics and Owen Conglomerate.

As the anomaly was on the edge of the 2011 survey and open to the south, in 2013 a second partial digest (MMI) soil sampling program was conducted to close off the anomaly.

The results of this survey were described in the 2013 annual report (Richardson, 2013).

Unfortunately the anomaly was not extended further to the south, as was hoped. It remains only 100-200m in strike length.

4.0 WORK COMPLETED DURING THE CURRENT REPORTING PERIOD

Due to lack of funds no field work was completed during the reporting period.

5.0 PROPOSED EXPLORATION FOR 2015-16.

Bass Metals remains in discussion with potential Joint Venture partners in an attempt to secure funds, so that exploration at the Basin Lake / Langdon prospects can be continued.

A DHEM survey of Bass drill hole LMD2 is a priority. The results from this survey would be applied to refining the next drill target at Basin Lake / Langdons which would be based on:

- A chargeability high at depth
- Off-hole DHEM anomaly in BLD89-3
- Hydrothermal alteration around a potential ore horizon in historic drill holes
- Partial digest multi-element soil anomaly up-slope adjacent to the Great Lyell Fault
- Copper mineralised glacial erratic down-slope

6.0 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.

7.0 EXPENDITURE

Table 1: Expenditure 1st July 2014 to 30th June 2015

| June 2014 - June 2015 | | |
|---------------------------|-------------------------|-----------------|
| Geoscientific Costs | Geology | 4,418 |
| | Geochemistry | |
| | Geophysics | |
| | Remote Sensing | |
| Drilling & Gridding Costs | Gridding | |
| | Drilling | |
| | Land Access Costs | |
| | Rehabilitation Costs | |
| | Feasibility Study Costs | |
| | Other Costs | |
| | Admin Costs | |
| | Total - eligible | \$ 4,418 |

Total expenditure up to the 30th June 2015 for EL28/2009 is \$605,443

8.0 REFERENCES

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

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

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