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MT BLOCK
EL48/2003

ANNUAL REPORT 2017

NORTH WEST TASMANIA

Prepared for: Bass Metals Ltd

Tim Callaghan, January 2017

EXECUTIVE SUMMARY

Exploration on EL48/2003 during 2016 involved a review of historic data and target generation in the Que River area.

Three targets have been identified in the Que River area on or adjacent to EL48/2003, the Amoeba Zone, the Hangingwall Basalt Syncline (HBS) and South Que River.

The Amoeba Zone is an outcropping zone of silica-sericite-pyrite altered dacitic volcanics with associated low order soil geochemistry anomalies. It has previously been tested by one drillhole which identified strongly pyrite altered volcanics but no basemetal mineralisation.

The HBS is a conceptual target. The Que River and Fossey deposits are tightly folded synclinal or anticlinal structures resulting from the deformation of ductile sericitic alteration associated with the deposits. Previous drilling of the HBS has identified altered Que River Mine Sequence (QMS) below the basalt that is generally flat lying. The western side of the syncline has not been drilled and may form an asymmetric synclinal axis if significant alteration was associated with the QMS. This target is high risk but has the potential to host significant basemetal sulphides.

The South Que River target is located on the Que River Mine Lease adjacent to EL48/2003. It is the faulted offset of the Que River Zone south of the Que River Fault. Sparse early historic drilling confirmed sub economic basemetal mineralisation associated with intensely altered QMS. The target occupies a similar stratigraphic-structural setting as the Fossey deposit adjacent to a major cross cutting fault that has not yet been drill tested. The target has the potential to host 0.5Mt of basemetal sulphide mineralisation. A single 3-400m drillhole is proposed to test the target. The hole could be collared from EL48/2003 but most of the hole is located on 68M/1984.

A 300m drillhole testing the HBS will be drilled in the summer of 2017. Further drilling may follow depending on results. Minor field work and target generation of the HBS, South Que River and Barite Creek Fault areas will also be completed.

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1 INTRODUCTION

This report is a summary of exploration activities completed on the Mt Block exploration license EL48/2003 between 11th January 2016 and 10th January 2017.

EL48/2003 surrounds the Hellyer Mine Lease (103M/1987) and the Que River Mine Lease (68M/1984). The Hellyer and Que River Mines are examples of world class poly metallic VHMS deposits. The Que River and Hellyer deposits are particularly enriched in precious metals Au and Ag as well as basemetal sulphides Cu, Pb, Zn. As such the tenement package is regarded as highly prospective for this style of mineralisation.

1.1 TENURE

EL48/2003 Mt Block is held by Bass Metals Ltd after acquisition from Saracen Metals Pty Ltd in October 2006. During the tenure of the EL it has undergone several reductions in land area as well as a merger with the former adjacent EL24/2004, Bulgobac River. The current tenement comprises a total of 46km^2 after the last partial relinquishment in 2016.

EL48/2003 is a mature exploration license and as such requires ongoing term of extension applications and associated work commitments to maintain tenure. Mineral Resources Tasmania have advised Bass Metals that tenure will only be renewed if a drilling program is completed on the EL. The proposed work program detailed in this report is intended to provide targets for a limited drilling program to be completed in the summer of 2017.

1.2 LOCATION AND ACCESS

The tenement is located approximately 15 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 and tracks which access via the 220kv power line which traverses the area. Access within the tenement is via a limited number of 4WD tracks and ATV-only tracks. The license area lies on the Sophia (#8014) 1 :100,000 map sheet and Charter (#3839) and Block (#3838) 1:25,000 topographic map sheets.

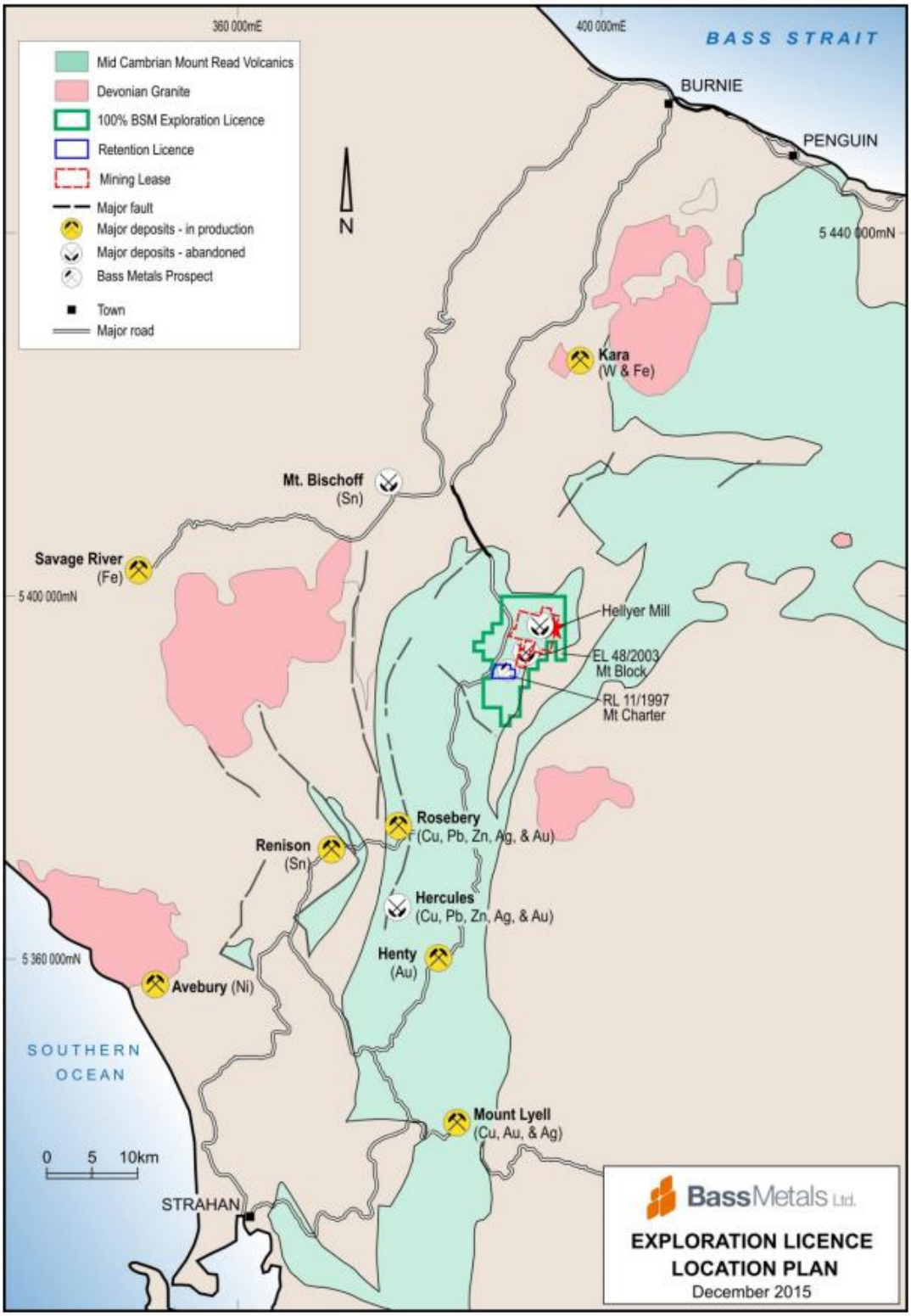

Figure 1. Tenement location plan.

2 REGIONAL GEOLOGY

The Que River, Hellyer and Fossey poly-metallic base metal sulphide and Mt Charter barite-precious metal deposits are hosted in the Que-Hellyer Volcanic (QHV) sequence within the Mt Charter Group of the Cambrian Mt Read Volcanics.

The QHV is a sequence of calc-alkaline mafic to felsic volcanics filling a northeast trending Cambrian submarine extensional basin. The basin depth varies dramatically from up to 1000m thickness near Que River and Hellyer but thins to 50m northwest of the Hellyer mine.

The QHV has been subdivided into several stratigraphic elements summarized below:

Hellyer Basalt (Upper Basalt) - consisting of massive to pillowed amygdaloidal basalt lava and associated volcanoclastic rocks. An associated andesite is located in the Mt Charter region to the south.

Mixed Sequence - host to the Que River, Hellyer and Mt Charter deposit is comprised of epiclastics, dacitic lavas and breccias.

The Feldspar Phyric Andesite consisting of a porphyritic andesite lava in the footwall of the Hellyer and Que River deposits.

The Lower Basalt, a sequence of basaltic pillow lavas and volcanoclastics, which form the immediate footwall at Que River and Hellyer.

The QHV are overlain by the Que River Shale which is in turn overlain by the Southwell Subgroup consisting of felsic volcanoclastics, greywacke and shale. The Southwell subgroup is overlain by the Mt Cripps subgroup (a correlate of the Tyndall beds at the Henty mine) which is a sequence of volcanoclastics, siltstones and conglomerates only outcropping along the eastern boundary of the Hellyer area tenements

The Cambrian deposits have been subjected to the Mid Devonian regional deformation event resulting in folding, faulting, development of a regional foliation and prehnite-pumpellyite to lower greenschist metamorphism. Open, early NW trending folds and associated foliation has been overprinted by a later shallow NE-SW folding event.

Cambrian syn-depositional faults have been reactivated and later brittle faulting is associated with rheology contrasts between earlier alteration facies. Cambrian basin architecture has been a control on volcanism, mineralisation and subsequent deformation.

In the south of the area covered by EL48/2003, the QHV are bound to the east by the northeast trending Henty Fault. The Geology east of the Henty Fault is dominated by Cambrian to Silurian siliciclastic and calcareous sediments of the Wurawina Supergroup.

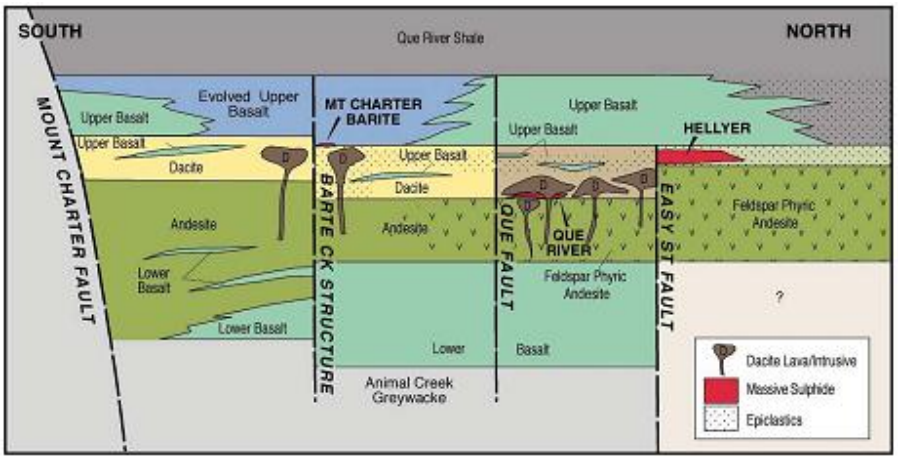

Figure 2. Schematic cross section of Que-Hellyer Stratigraphic sequence.

Much of the geology to the north of the EL is dominated by Tertiary basaltic lavas forming a thick plateau. The Tertiary basalts cover the underlying prospective volcanics making exploration expensive and difficult in the northern EL.

3 EXPLORATION HISTORY

Work carried out in the Mt Block area prior to 2011 is summarised in the 2011 annual report (Denwer, 2011).

2013-2014 Work completed since 2011 included a geochemical review of prospective alteration zones within the QHV. The review was completed by external consultants and Bass Geological staff. Two zones of interest were identified on EL48/2003, the Amoeba Zone and the Barite Creek Fault.

2015 Compilation and digitization of petrographic reports and photographs

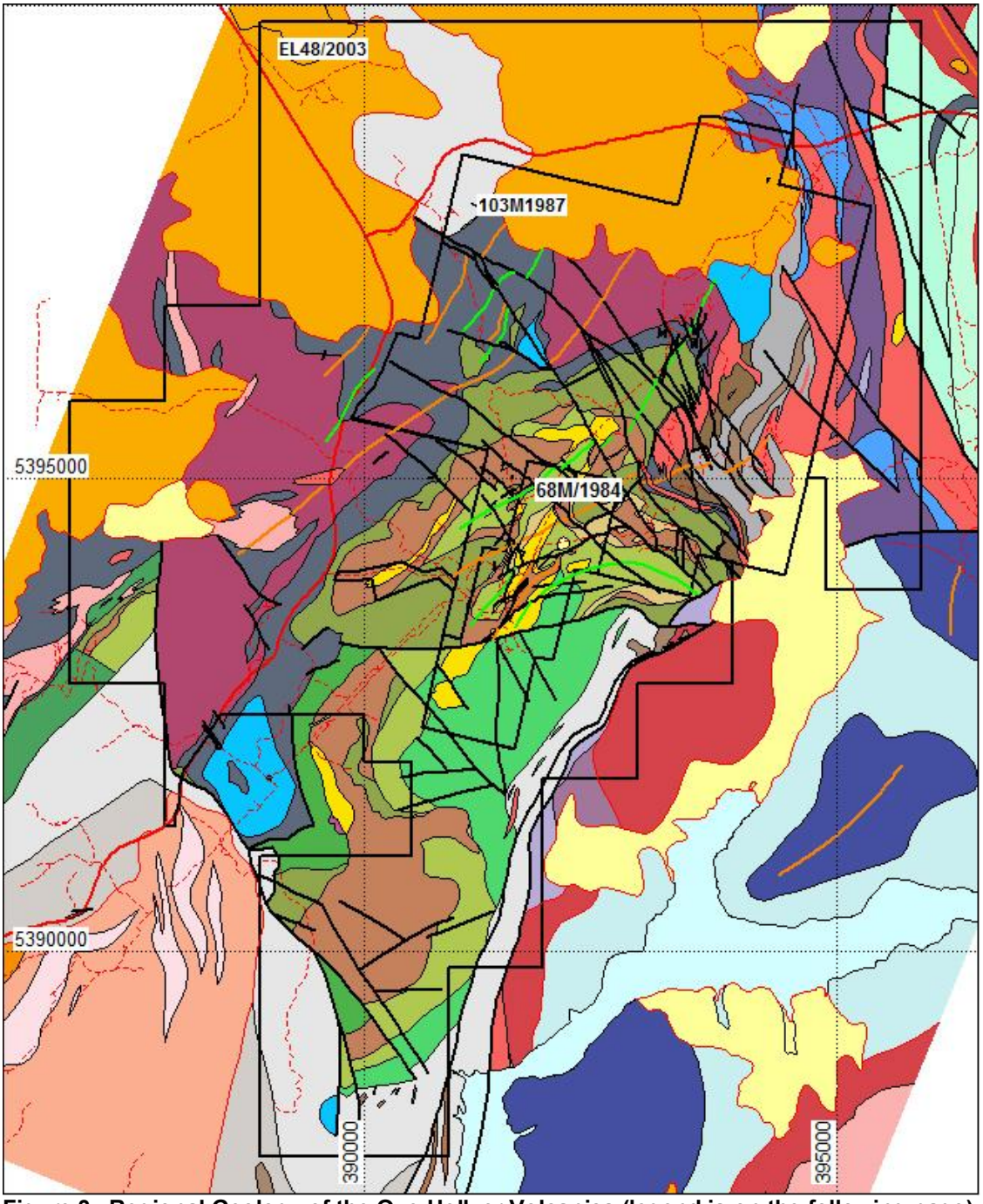

Figure 3. Regional Geology of the Que-Hellyer Volcanics (legend is on the following page).

LITHOLOGICAL LEGEND

QUATERNARY
- Qa,g,u — ALLUVIUM/SWAMP (a), GLACIAL(g), UNDIFFERENTIATED(u)

TERTIARY
- TB — BASALT LAVA
- TS — SILCRETE

DEVONIAN SILURIAN
- S-D — ELDON GROUP SEDIMENTS (UNDIFFERENTIATED)

ORDOVICIAN
- Ogl — GORDON GROUP (UNDIFFERENTIATED)
- Oms — MOINA SANDSTONE

EARLY ORDOVICIAN LATE CAMBRIAN
- Oo Ouu — UPPER UPPER OWEN-CHERT BEARING CONGLOMERATE & SANDSTONE (PIONEER BEDS EQUIVALENT)
- Oo Oul — LOWER UPPER OWEN-WELL BEDDED PINK SANDSTONE
- Oo Oom — MIDDLE OWEN-DOMINALTY PEBBLE CONGLOMERATE
- Oo Oon — NEWTON CREEK SANDSTONE MEMBER EQUIVALENT

CAMBRIAN

Tyndall Group
- Tv1 — RED VOLCANICLASTIC CONGLOMERATE
- Tv2 — RED ASH-LAPILLI VOLCANICLASTIC, MINOR CONGLOMERATE
- Tv3 — INTERBEDDED SILTSTONE, SANDSTONE AND SILICICLASTIC CONGLOMERATE

Mt.Charter Group

Southwell Sub-Group
- RDI — RHYOLITE-DACITE LAVA & SHALLOW INTRUSIVE
- Ms — MICACEOUS SANDSTONE, SHALE MINOR CONGLOMERATE
- Flv — FELSIC LAPILLI VOLCANICLASTICS, OFTEN EUTAXITIC
- URS 1 — QTZ. XTAL. RICH VOLCANICLASTIC ± BLACK SHALE MATRIX, BLACK VITRIC VOLCANICLASTIC ± EUTAXITIC FRAGS
- 2 — GREY LAMINATED SILTSTONE & LITHIC WACKE CONTAINING BLACK SHALE & CHERT FRAGMENTS
- 3 — BLACK SHALE LENSES
- 4 — QTZ. XTAL. RICH VOLCANICLASTICS WITHOUT BLACK SHALE OR BLACK VITRIC MATRIX

QueRiverShale
- QRS — BLACK CARBONACEOUS QTZ./MICA SHALE.

Que-Hellyer Volcanics
- B — AMYGDALOIDAL BASALT SHEET LAVA (B-l) & PILLOW LAVA (B-pl) WHICH INCLUDES HYALOCLASTITE BRECCIA & INTERPILLOW CHERT
- A — ANDESITE (TRACHYTIC LAVA & BRECCIA)
- B+c — BASALT VOLCANICLASTIC (cBMS SULPHIDE FRAGMENTS IN GOLDEN TRIANGLE)
- D — DACITE LAVA COMMONLY FLOW BANDED & DACITE VOLCANICLASTIC
- Y — CLAST DOMINANT, POLYMICT, LAPILLI TO BRECCIA VOLCANICLASTICS. CONTAINS CLASTS OF ANDESITE, BASALT, DACITE & BASE METAL SULPHIDES.
- Ba — MASSIVE COARSELY CRYSTALLINE TO WEAKLY BEDDED BARITE
- BMS — BASE METAL SULPHIDE LENSES
- HA — STRONGLY SERICITE-PYRITE-QUARTZ-CHLORITE ALTERED ROCKS. ALTERATION OBLITERATES PRIMARY FEATURES.
- Ab — ANDESITE FELDSPAR PHYRIC LAVA COMMONLY AUTOBRECCIATED & ANDESITE VOLCANICLASTIC
- LB — LOWER BASALT - AMYGDALOIDALBASALT SHEET LAVA, PILLOW LAVA & BASALT VOLCANICLASTIC

AnimalCk. Greywacke
- MSs — MASSIVE QTZ./MICA SANDSTONE. COMMON INTERBEDS OF BLACK CARBONACEOUS QTZ./MICA SHALE.

BlackHarry Beds
- BH — ASH TO FINE LAPILLI VOLCANICLASTIC & SHALE

S.W.of Mt.Charter Fault
- Sh — BLACK SHALE, SILTSTONE
- Vl — FELSIC FINE GRAINED VITRIC VOLCANICLASTIC
- Fl — FELSIC LAVA, MOSTLY FELDSPAR PHYRIC, MASSIVE TO AMYGDALOIDAL

Central Volcanic Complex
- CV1 — FELSIC VOLCANICLASTIC ± EUTAXITIC FRAGMENTS (IGNIMBRITE?)
- CV2 — RHYODACITE-RHYOLITE LAVA & POSSIBLE INTRUSIVES
- CV3 — FELSIC FINE GRAINED VITRIC VOLCANICLASTIC

UNASSIGNED SEQUENCE - East of Henty Fault
- RDI — RHYOLITE TO RHYODACITE LAVA &/OR INTRUSIVE
- MSs — MICACEOUS SANDSTONE & INTERBEDDED SHALE
- Dvc — DACITE VOLCANICLASTIC
- Rvc — RHYOLITE VOLCANICLASTIC

INTRUSIVE LITHOLOGIES
- KI — ?CRETACEOUS LAMPROPHYRE DYKES
- Dol — ?CAMBRIAN DOLERITE SILLS
- R — QTZ PROPHYRITIC RHYOLITE SILLS
- QFP — QTZ FELDSPAR PORPHYRY INTRUSIVE
- ADI — ANDESITE-DACITE INTRUSIVES, COMMON IN MSs AROUND 1600N 6000E (MINEGRID).

BassMetals Ltd.

HELLYER PROJECT

REVISIONS

Que Hellyer Volcanics Geological Legend

Compiled :
Drawn :
Checked :
File name :
Date : 30-3-10
Plate No. :

4 WORK COMPLETED 2016

Bass Metals lost the services of Experienced geologist Steve Richardson during 2016. The loss of key personnel resulted in a hiatus of exploration activity for much of 2016. EL48/2003 was not renewed until late in the year with Bass metals unwilling to commit to an exploration program without secure tenure.

Consequently, exploration work on the EL was limited during the period.

The author was appointed a as consulting/contract geologist late in 2016 to assist with tenure applications and exploration activities. Exploration focused on target generation for a drilling program to be completed in 2017.

Bass Metals highlighted two areas of interest for exploration in the 2014 and 2015 Annual Reports including the Amoeba Zone and the Barite Creek Fault (Richardson, 2015). The Barite Creek Fault is located in the south of the EL and is relatively difficult to access.

Target generation and site investigations of the Amoeba Zone and Que River area of the EL were completed in December 2016 with a work program generated for the following year. The target generation report is located in Appendix 1.

Three targets have been identified in the Que River area on or adjacent to EL48/2003, the Amoeba Zone, the Hangingwall Basalt Syncline (HBS) and South Que River.

The Amoeba Zone is an outcropping zone of silica-sericite-pyrite altered dacitic volcanics with associated low order soil geochemistry anomalies. It has previously been tested by one drillhole which identified strongly pyrite altered volcanics but no basemetal mineralisation.

The HBS is a conceptual target. The Que River and Fossey deposits are tightly folded synclinal or anticlinal structures resulting from the deformation of ductile sericitic alteration associated with the deposits. Previous drilling of the HBS has identified altered Que River Mine Sequence (QMS) below the basalt that is generally flat lying. The western side of the syncline has not been drilled and may form an asymmetric synclinal axis if significant alteration was associated with the QMS. This target is high risk but has the potential to host significant basemetal sulphides as a large untested area is present.

The South Que River target is located on the Que River Mine Lease adjacent to EL48/2003. It is the faulted offset of the Que River Zone south of the Que River Fault. Sparse early historic drilling confirmed sub economic basemetal mineralisation associated with intensely altered QMS. The target occupies a similar stratigraphic-structural setting as the Fossey deposit adjacent to a major cross cutting fault that has not yet been drill tested. The target has the potential to host 0.5Mt of basemetal sulphide mineralisation. A single 3-400m drillhole is proposed to test the target. The hole could be collared from EL48/2003 but most of the hole is located on 68M/1984.

5 PROPOSED WORK 2016

The Hangingwall Basalt Syncline target will be drilled in the summer of 2017. Further drilling will depend on the results of this drillhole.

Drill collar coordinates are as follows:

Easting	390605E AMG66 Zone 55
Northing	5394170N AMG66 Zone 55
RL	690mRL
Azm	120º
Dip	-56º
Depth	300m

Other work will include further refinement of drill targets. A review of drill intersections in the vicinity of the HBS and South Que River areas will be completed.

Minor field investigations of the HBS, South Que and Barite Creek areas will also be completed.

6 ENVIRONMENT

No work resulting environmental disturbance was completed over the past year. Proposed works will be conducted under the guidelines of Mineral Resources Tasmania's Exploration Code of Practice.

7 PROPOSED EXPENDITURE

Drilling	300m	$45,000
Geology		$15,000
Geochemistry		$2,500
Earth moving		$5,000
Field Supplies		$1,000
Administration		$10,000
Total		**$80,000**

ADDITIONAL NOTES

LIMITATIONS AND CONSENT

The report is provided to Bass Metals Ltd. in the context of an Annual Report for EI48/2003 and should not be used or relied upon for any other purpose.

This report has been prepared using information available to the Author at the time of writing. The opinions stated herein are given in good faith and with the belief that the basic assumptions are factual and correct and the interpretations reasonable.

This report is not intended for the use as a public document nor, in whole or in part, in a public document without written consent to the form and context in which it appears.

COMPETENT PERSON AND JORC CODE

This report was prepared in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Tim Callaghan, who is a Member of the Australian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years' experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context it appears.

FORWARD LOOKING STATEMENTS

Some statements in this announcement regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward looking statements include but are not limited to, statements concerning the Company's exploration program, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "expected", "planned", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.

STATEMENT OF INDEPENDENCE

Tim Callaghan has no material interest or entitlement in the securities or assets of Bass Metals Ltd or any associated companies.

REFERENCES

Richardson, S. 2015. Mt Block, Tasmania, EL48/2003, Annual Progress Report for period Ended 10th January 2015. *Unpublished Report for Bass Metals Ltd.*

Richardson, S. 2016. Mt Block, Tasmania, EL48/2003, Annual Progress Report for period Ended 10th January 2016. *Unpublished Report for Bass Metals Ltd.*

APPENDIX 1

MT BLOCK EL48/2003

DRILLING PROPOSAL

NORTH WEST TASMANIA

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ABN 50886857181

MT BLOCK
EL48/2003

DRILLING PROPOSAL

NORTH WEST TASMANIA

Prepared for: Bass Metals Ltd

Tim Callaghan, November 2016

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LIST OF FIGURES

1 INTRODUCTION

This report is a brief review and discussion of a work program for the Mt Block exploration license EL48/2003 held by Bass Metals Ltd for 2017.

The EL surrounds the Hellyer Mine Lease (103M/1987) and the Que River Mine Lease (68M/1984). The Hellyer and Que River Mines are examples of world class poly metallic VHMS deposits. The Que River and Hellyer deposits are particularly enriched in precious metals Au and Ag as well as basemetal sulphides Cu, Pb, Zn. As such the tenement package is regarded as highly prospective for this style of mineralisation.

EL48/2003 requires ongoing term of extension applications and associated work commitments to maintain tenure. Mineral Resources Tasmania have advised Bass Metals that tenure will only be renewed if a drilling program is completed on the EL. The proposed work program is intended to provide targets for a limited drilling program to be completed in the summer of 2017.

The author was provided with the Que-Hellyer drilling database and associated maps and geophysical/geochemical images in November 2016. The Que-Hellyer area has a long history of mining and exploration. This report is not intended to be a comprehensive assessment of the exploration potential of the district. It is intended to give guidance for the 2017 exploration program only.

Two targets were previously identified for follow up exploration on EL48/2003 (Richardson, 2016), the Amoeba Zone and Barite Creek. Barite Creek is in a remote location and requires additional field geology before a drilling target can be recommended. Consequently, this report has concentrated on the geology in the vicinity of the Que River Deposit.

2 GEOLOGY

2.1 REGIONAL GEOLOGY

The Que River, Hellyer and Fossey poly-metallic base metal sulphide and Mt Charter barite-precious metal deposits are hosted in the Que-Hellyer Volcanic (QHV) sequence within the Mt Charter Group of the Cambrian Mt Read Volcanics.

The QHV is a sequence of calc-alkaline mafic to felsic volcanics filling a northeast trending Cambrian submarine extensional basin. The basin depth varies dramatically from up to 1000m thickness near Que River and Hellyer but thins to 50m northwest of the Hellyer mine.

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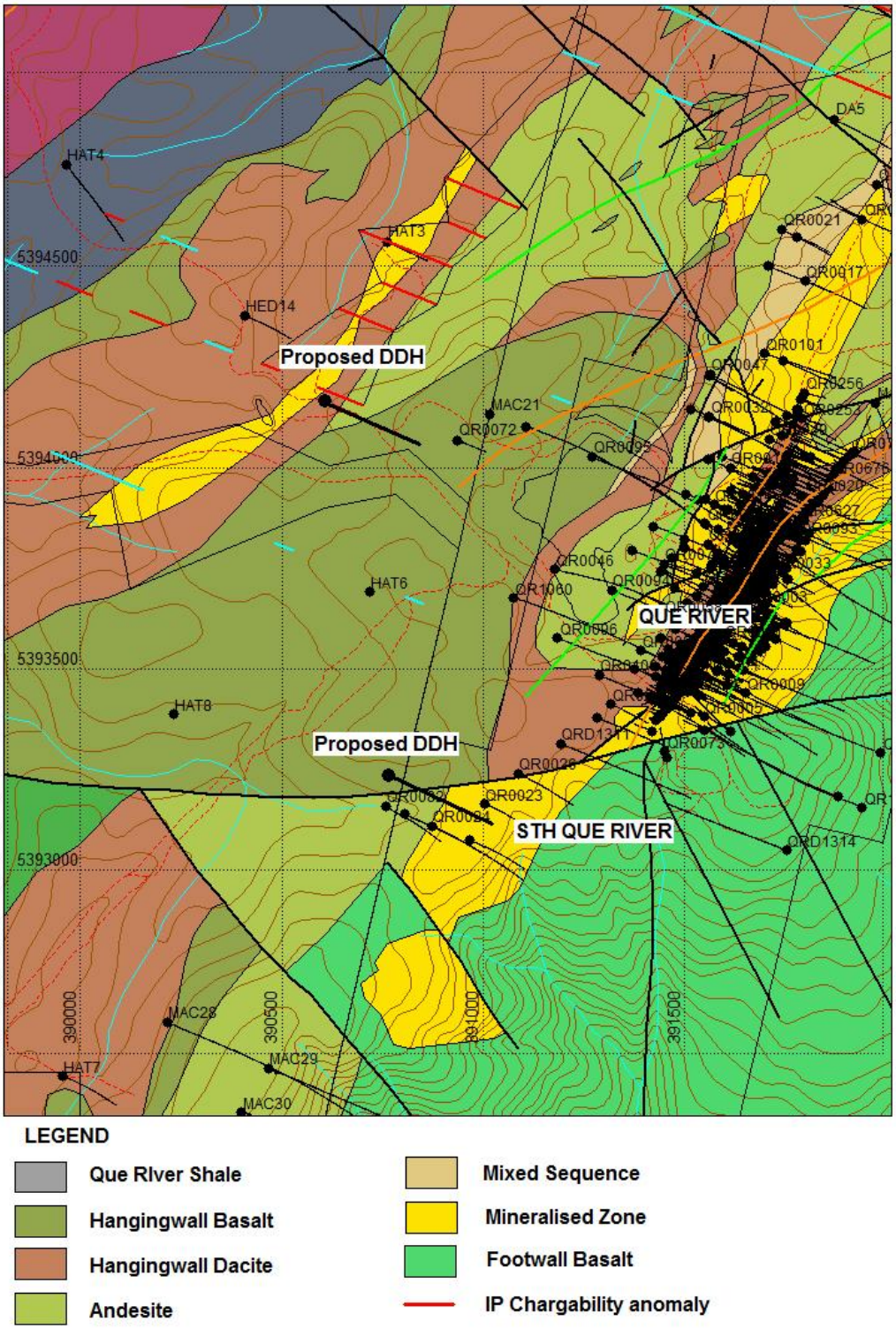

Figure 1. Geology of Que River - Amoeba Zone with drillholes, IP chargability anomalies (red lines).

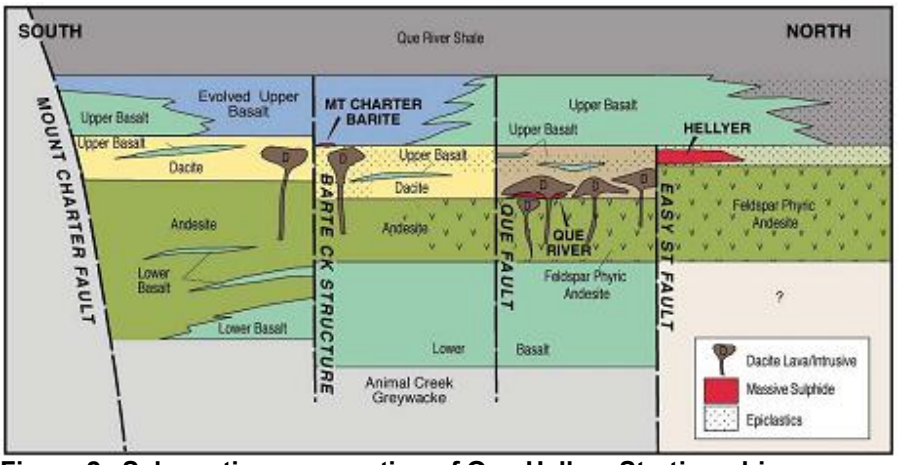

Figure 2. Schematic cross section of Que-Hellyer Stratigraphic sequence.

2.2 LOCAL GEOLOGY AMOEBA ZONE/HANGINGWALL BASALT SYNCLINE

The stratigraphy near Que River is consistent with the Que-Hellyer Volcanics of the region and is well constrained by field mapping and diamond drilling (Figure 1). The stratigraphic package strikes southwest-northeast and is folded into a series of broad to tight synclinal and anticlinal structures. Altered rocks are moderately to strongly foliated striking north-northeast and dipping steeply west.

The Amoeba Zone is located approximately 1km west of Que River. A broad scale syncline separates the Que River deposit from the Amoeba Zone with the Hangingwall Basalt forming the core of the syncline. The Amoeba Zone is hosted in altered dacitic volcanics and volcaniclastics that are probably correlates of the hangingwall dacite of the Que River deposit. Outcrop and drillhole information of the Amoeba zone is sparse and the area is less well defined than the heavily explored Que-Hellyer lineament.

One drill hole HAT3 drilled in 1982 intersects the Amoeba Zone to the north at 5394550N. The drillhole intersected intensely silica-sericite pyrite altered andesitic to dacitic lava breccias and minor volcanoclastics. The hole contained up to 10% disseminated pyrite but no basemetal mineralisation was observed and the hole was not assayed.

Several stratigraphic exploration drillholes have been drilled through the Hangingwall Basalt testing the geology below the syncline including MAC21, HAT6 HAT8, QR1001 and QR0095. The holes confirm the shallow synclinal structure of the upper basalt and the presence of dacitic and andesitic volcanics below (Figure 3). Minor sericite-silica-pyrite alteration was present in MAC21 and QR1001 associated with Que River mineralised sequence volcaniclastics (QMS). Neither hole returned significant basemetal or precious metal anomalies.

The alteration zones associated with the Que River and Fossey deposits are tightly folded into north striking steely west dipping structures. If a significant alteration zone and associated mineralisation was located below the Hangingwall Basalt syncline (HBS), it may occur on the western side of the forming a steeply dipping, asymmetric structure (Figure 3).

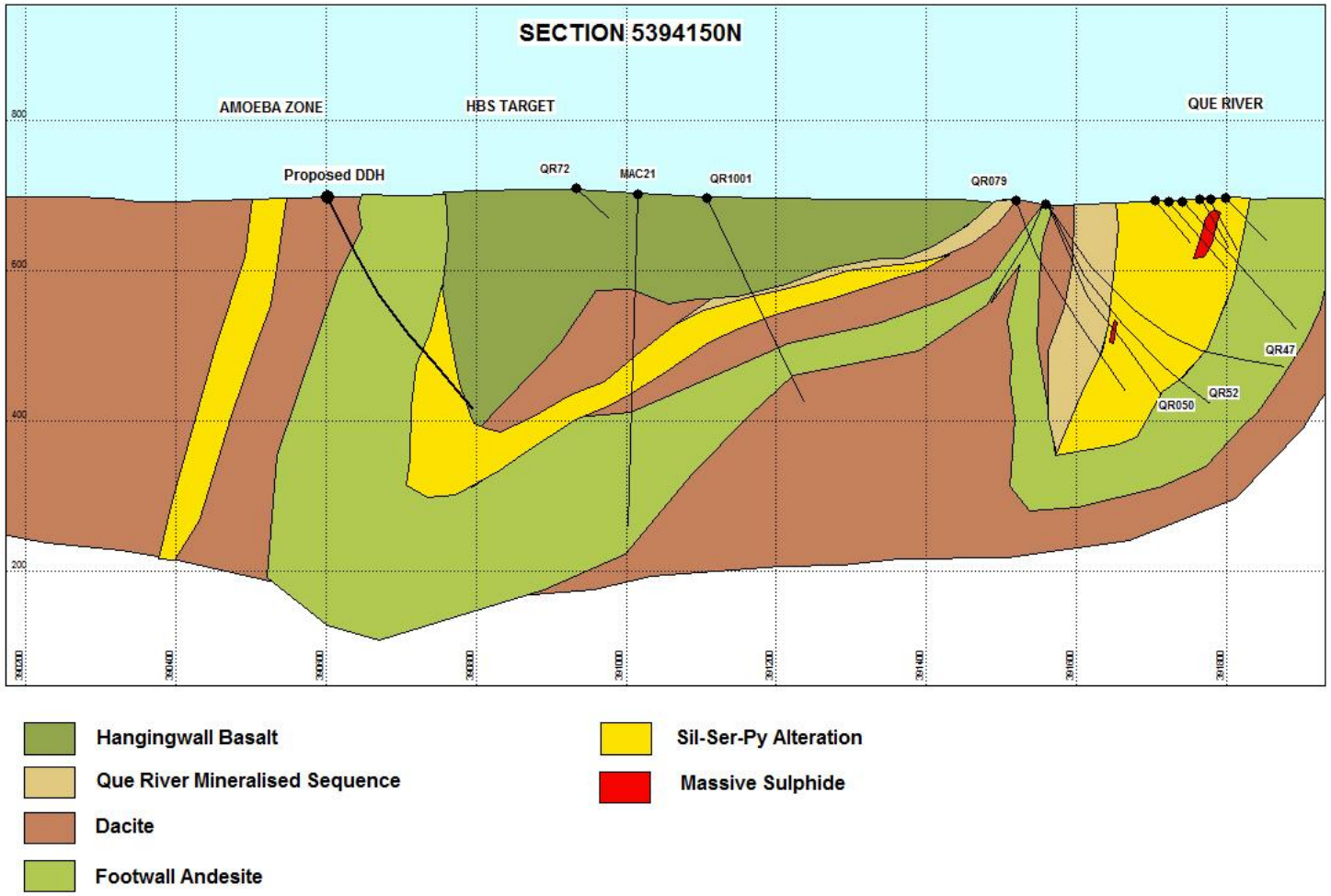

Figure 3. Cross Section 5394150N Interpretive Geology, drillholes and proposed Amoeba Zone Drill Hole.

Historic Aberfoyle Exploration soil sampling indicates that the Amoeba Zone is associated with anomalous soil As, with lesser Pb and Zn (Figures 4 – 6). The soil anomaly is of a lower order than that associated with the QMS. Bass completed soil "pathfinder" geochemistry and short wavelength infra-red (SWIR) spectrometry on drillholes in 2010. The surveys did not identify anomalies that hadn't already been identified by previous Aberfoyle Exploration surveys.

A large unexplained soil Pb and Zn anomaly is located over the HBS. The anomalies where tested by historic holes HA8, HA6 and MAC21 which did not intersect any significant mineralisation. Steve Richardson (pers. comm.) suggests this may be due to low level disseminated base metals in the basalt. Alternatively, if mineralisation was located below the basalt in a synclinal hinge, some remobilization may have occurred during Devonian deformation resulting in low order Pb-Zn creating the associated soil geochemistry anomaly.

2.3 LOCAL GEOLOGY SOUTH QUE RIVER

Immediately south of the Que River deposit the QMS is offset by an east-west striking fault with up to 500m of dextral strike slip offset (Figure 1). The South Que River fault offset has been drilled by six old exploration holes. The drillholes have intersected basemetal sulphide mineralisation associated with strong sericite-silica-pyrite alteration within the host sequence volcaniclastics. Historic soil geochemistry has similar highly anomalous Pb, Zn and As associated with the offset QMS as the Que River deposit (Figures 4 – 6).

The stratigraphic-structural setting of the South Que River target is analogous to the Fossey deposit which is located immediately south of the Easy Street Fault in the Hellyer Mineralised Sequence. There remains the possibility of massive sulphide mineralisation adjacent to the fault that has not yet been drill tested at South Que River. This is a lower risk target than the HBS or Amoeba Zone targets as it is supported by drillhole data and soil geochemistry.

Although the target is on the Que River Mine lease, the collar of a proposed drillhole testing this hypothesis could located on the boundary with EL48/2003. Whether this is sufficient to justify expenditure on EL 48/2003 will require negotiation.

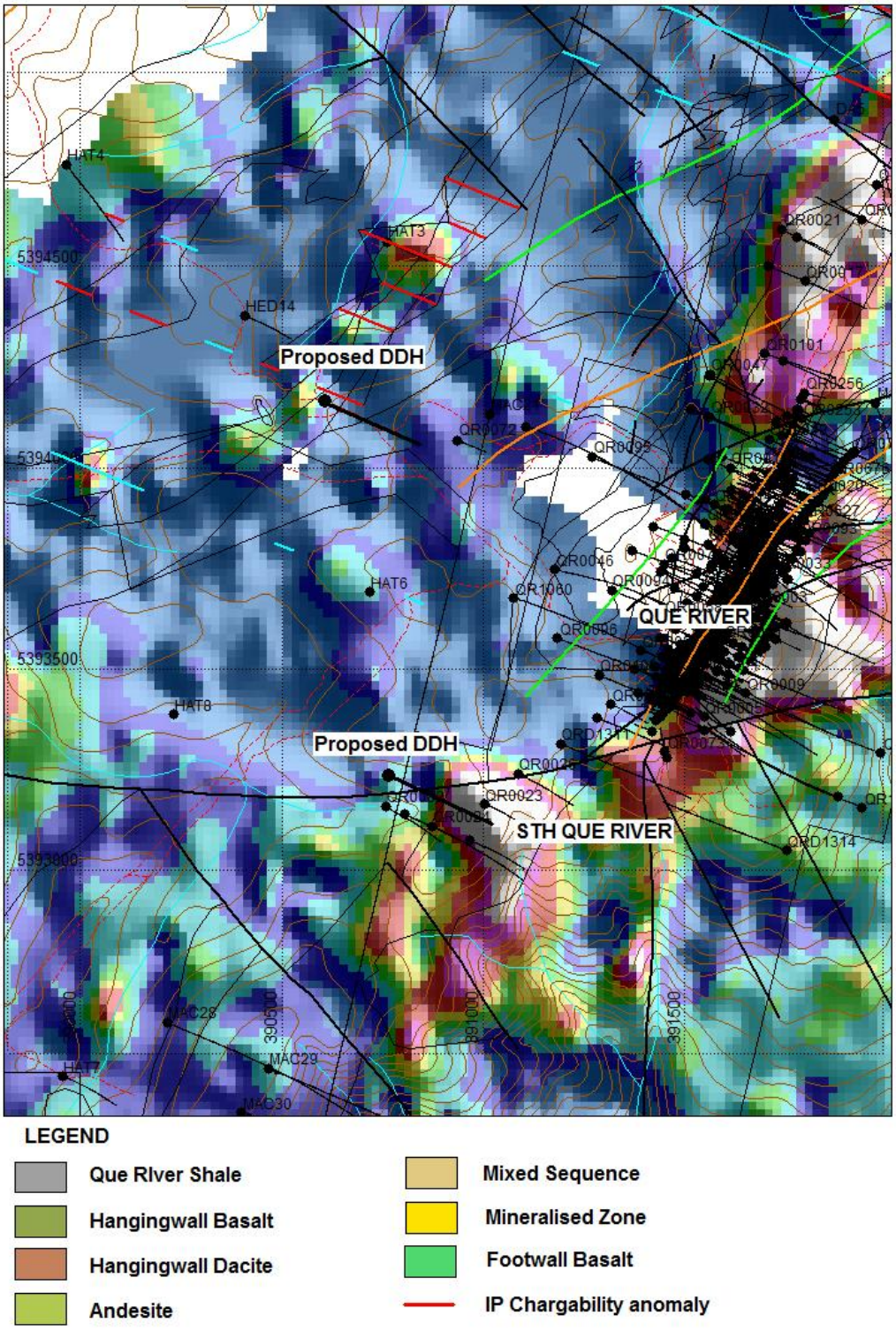

Figure 4. Soil As image, prospects, drill holes and proposed drill holes.

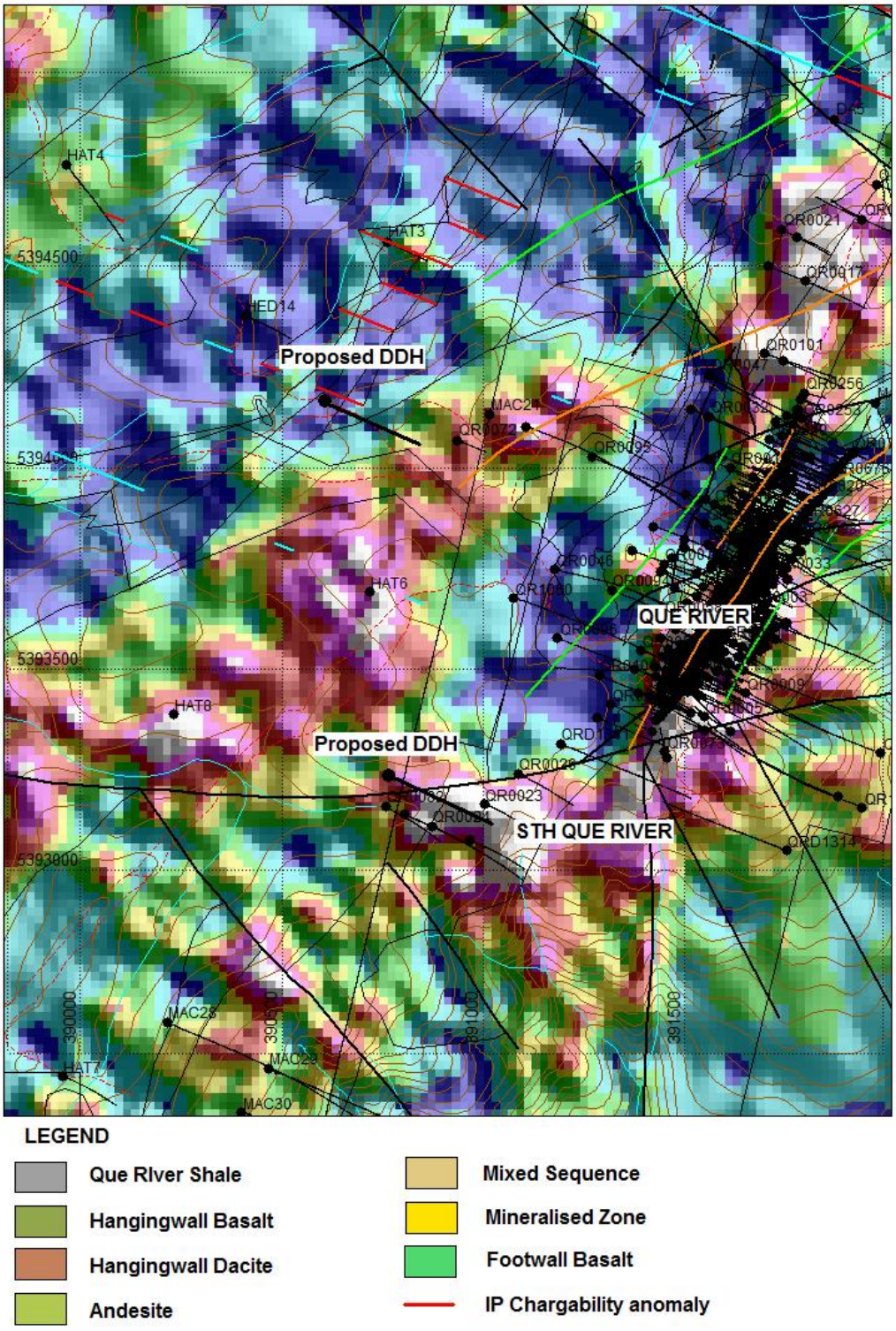

Figure 5. Soil Pb image, prospects, drill holes and proposed drill holes.

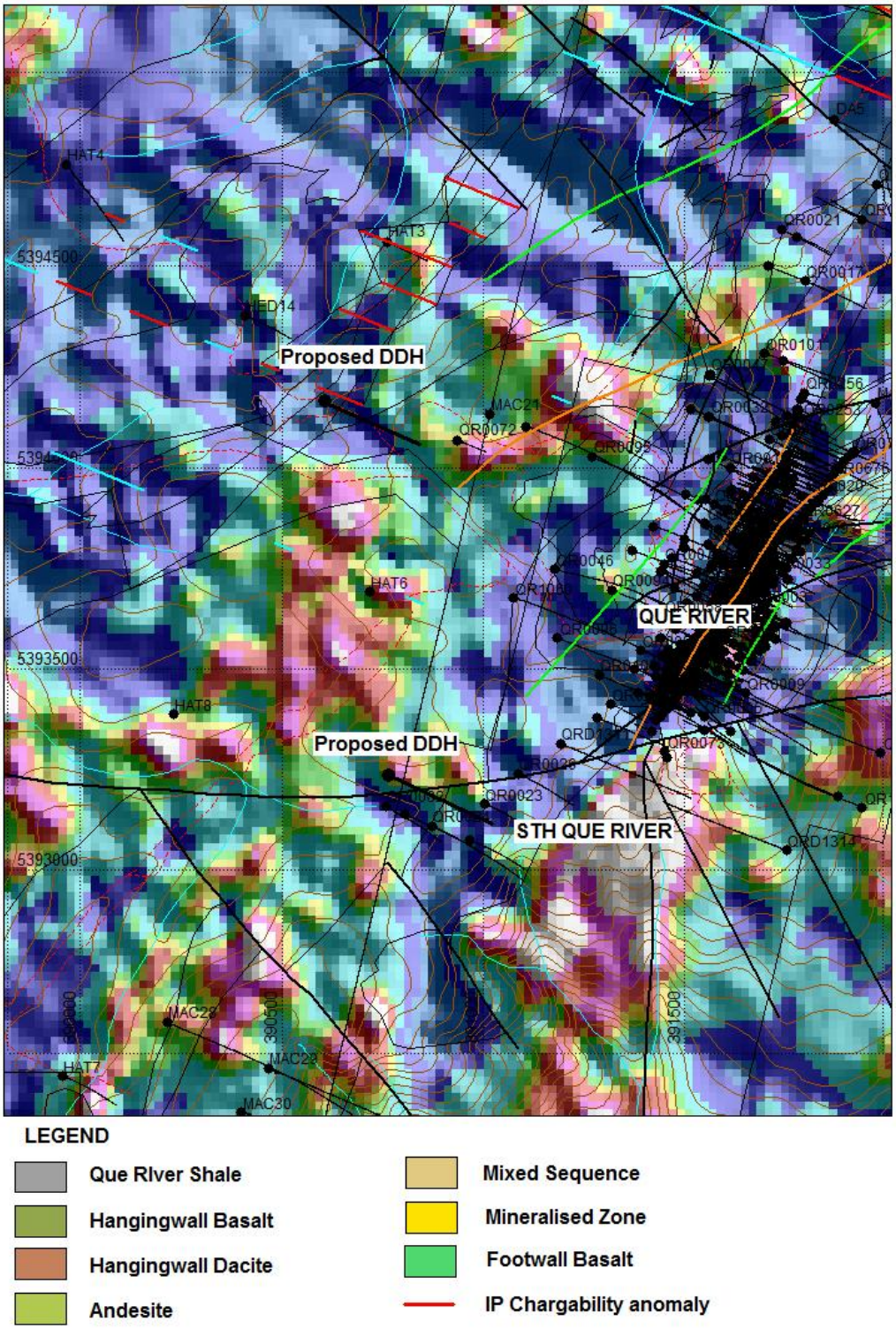

Figure 6. Soil Zn image, prospects, drill holes and proposed drill holes

3 RECOMMENDATIONS AND BUDGET

Two targets have been proposed for drill testing in the Que River vicinity of EL48/2003. Summaries of each are listed below:

- HBS Syncline – One drillhole has been designed to test the conceptual HBS target. The Amoeba Zone is a low order target as soil, geochemistry and a single drillhole have lower basemetal and path finder anomalism than that associated with basemetal mineralisation. The target corresponds with an IP anomaly mapping out the associated disseminated pyrite. This has been ranked as a lower priority target than the HBS.

  Although conceptual the HBS target has the possibility to host a significant sized VHMS body mainly due to the large area of untested potential if the asymmetric syncline/mineralisation hypothesis proves correct. The proposed drillhole is high risk but potentially high reward and is therefore ranked higher than the Amoeba Zone. All expenditure will be costed to the Mt Block EL.

- South Que River – The South Que River target is in a similar structural-stratigraphic setting as the Fossey deposit located just south of Hellyer. Limited historical drilling has confirmed altered and moderately mineralised (sub ore grade) QMS at the prospect. The intersection of the host horizon and the Que River Fault have not yet been drill tested. The target has the potential to host 0.5Mt of VHMS mineralisation. A drillhole testing this zone could be located on the Mt Block EL and Que River ML boundary with the target located on the Que River ML. This hole is regarded as low risk high priority. However, the majority of the target is located on the Que River ML and MRT would need to provide advice on whether expenditure on this target is sufficient for the renewal of EL48/2003.

Although the South Que River Target is a lower risk and high priority target, the HBS target should be drilled to meet expenditure commitments on EL48/2003. Further drilling will depend on the results of the drilling program. The hole will be lined with pvc to allow downhole geophysical surveys to be completed. The hole can be collared from the old Que River access road to minimize environmental disturbance. All exploration activities will be conducted according to Mineral resources Tasmania Exploration Code of Conduct.

Drill collar coordinates are as follows:

Easting	390605E AMG66 Zone 55
Northing	5394170N AMG66 Zone 55
RL	690mRL
Azm	120°
Dip	-56°
Depth	300m

Proposed Budget

Drilling	300m	$45,000
Geology		$15,000
Geochemistry		$2,500
Earth moving		$5,000
Field Supplies		$1,000
Total		**$70,000**

ADDITIONAL NOTES

LIMITATIONS AND CONSENT

The report is provided to Bass Metals Ltd. in the context of an independent review of geological information, and exploration potential for EL48/2003 and should not be used or relied upon for any other purpose.

This report has been prepared using information available to the Author at the time of writing. The opinions stated herein are given in good faith and with the belief that the basic assumptions are factual and correct and the interpretations reasonable.

This report is not intended for the use as a public document nor, in whole or in part, in a public document without written consent to the form and context in which it appears.

COMPETENT PERSON AND JORC CODE

This report was prepared in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Tim Callaghan, who is a Member of the Australian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years' experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context it appears.

FORWARD LOOKING STATEMENTS

Some statements in this announcement regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward looking statements include but are not limited to, statements concerning the Company's exploration program, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "expected", "planned", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.

STATEMENT OF INDEPENDENCE

Tim Callaghan has no material interest or entitlement in the securities or assets of Bass Metals Ltd or any associated companies.

REFERENCES

Richardson, S. 2016. Mt Block, Tasmania, EL48/2003, Annual Progress Report for period Ended 10th January 2016. *Unpublished Report for Bass Metals Ltd.*