

ABN 31 109 933 995

Annual Report

for the year ended 30 June 2009

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1. CORPORATE DIRECTORY

DIRECTORS

Don Boyer (Non Executive Chairman)
Michael Rosenstreich (Managing Director)
Craig McGown (Non Executive Director)
Tony Treasure (Non Executive Director)

COMPANY SECRETARY

Susan Hunter

REGISTERED OFFICE

16 Thelma Street
West Perth Western Australia 6005

PO Box 1330
West Perth Western Australia 6872

Telephone:(08) 9322 8044
Facsimile:(08) 9481 2846
Website:www.bassmetals.com.au
Email:admin@bassmetals.com.au

LEGAL ADVISORS

Wright Legal
Unit 1 103 Collins Street
West Perth WA 6005

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Page Seager Lawyers
162 Macquarie Street
Hobart, TAS 7000

FINANCIAL RISK ADVISORY

Noah's Rule
Level 8, 182-186 Blues Point Road
McMahons Point NSW 2060

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone:1300 55 70 10

AUDITORS

Grant Thornton (WA) Partnership
Level 1
10 Kings Park Road
West Perth WA 6005

STOCK EXCHANGE LISTINGS

ASX Limited (Code: BSM & BSMOA)
Deutsche Börse (R2F-Ber (Berlin) and R2F-FRA (Frankfurt))

2. REVIEW OF OPERATIONS

2.0 OVERVIEW

Bass Metals has maintained its focus on developing what it regards as its next main growth asset; the Fossey Mine development. Cash flow generated from the Que River mine enabled the Company to make significant progress to achieving that objective, including:

- A maiden high grade Mineral Resource at its Fossey discovery; and,
- Acquisition of the Hellyer Mill, all supporting infrastructure, the Hellyer tailings resource and dredge for an initial cash payment of \$4.0 million.

The feasibility study work for the Fossey mine development continues to progress well, and in combination with the resources at Que River and Hellyer Mine this development has the potential to be a key near-term growth driver for the Company.

A second, possibly greater value driver for Bass Metals is growth through exploration. Whilst the drilling focus for much of the year has been on the Fossey deposit delineation and then infill drilling; important drilling programmes were also completed at Que River and on several regional targets. The Company has commenced several exciting initiatives utilising new exploration techniques such as the spectral profiling almost all of its drill core library of 85km to generate new vectors toward mineralisation, and hence new deposit targets.

Developing and growing the Company's asset base has been funded through difficult economic times by the profitable, high-grade Que River polymetallic open pit mining operation. Effectively for the past 2 years, the significant growth of the Company's assets has been internally funded. Subsequent to the end of this financial reporting period, the Company reported that an extension to the Que River Ore sales agreement has been executed which will see mining there continue for another 12 months, by when the Company plans to recommission its Hellyer Mill.

The Company's financial performance based on Que River has broadly been in line with expectations and consistent with the previous financial year performance. The "headline" profit result for the year is \$19.1 million, but this must be put into the broader context of the Company's activities as summarised below:

Que River Mine (including hedge gains of \$1.1M)	15.3M
Que River Mine amortisation	(6.8M)
Gain on acquisition of Hellyer operating infrastructure and mining lease	16.7M
Administration and business development (net of interest and other income)	(1.8M)
Capitalised exploration and project evaluation expenditure written off	(2.1M)
Hellyer operating infrastructure - care & maintenance	(0.9M)
Exploration expenditure expensed as incurred	(0.2M)
Income tax expense	(1.1M)
Profit after income tax	\$19.1M

The major contribution to the profit result was the gain on acquisition of the Hellyer assets as a result of the Company having to adhere to the Business Combinations Australian Accounting Standard. However this should not overshadow or detract from the very positive contribution from the Que River Mine operation of \$8.5 million, consistent with the half year result.

Bass Metals current financial position is sound with cash of \$4.5 million and a working capital position of \$7.4 million as at 30 June 2009. This position is after significant payments throughout the year including:

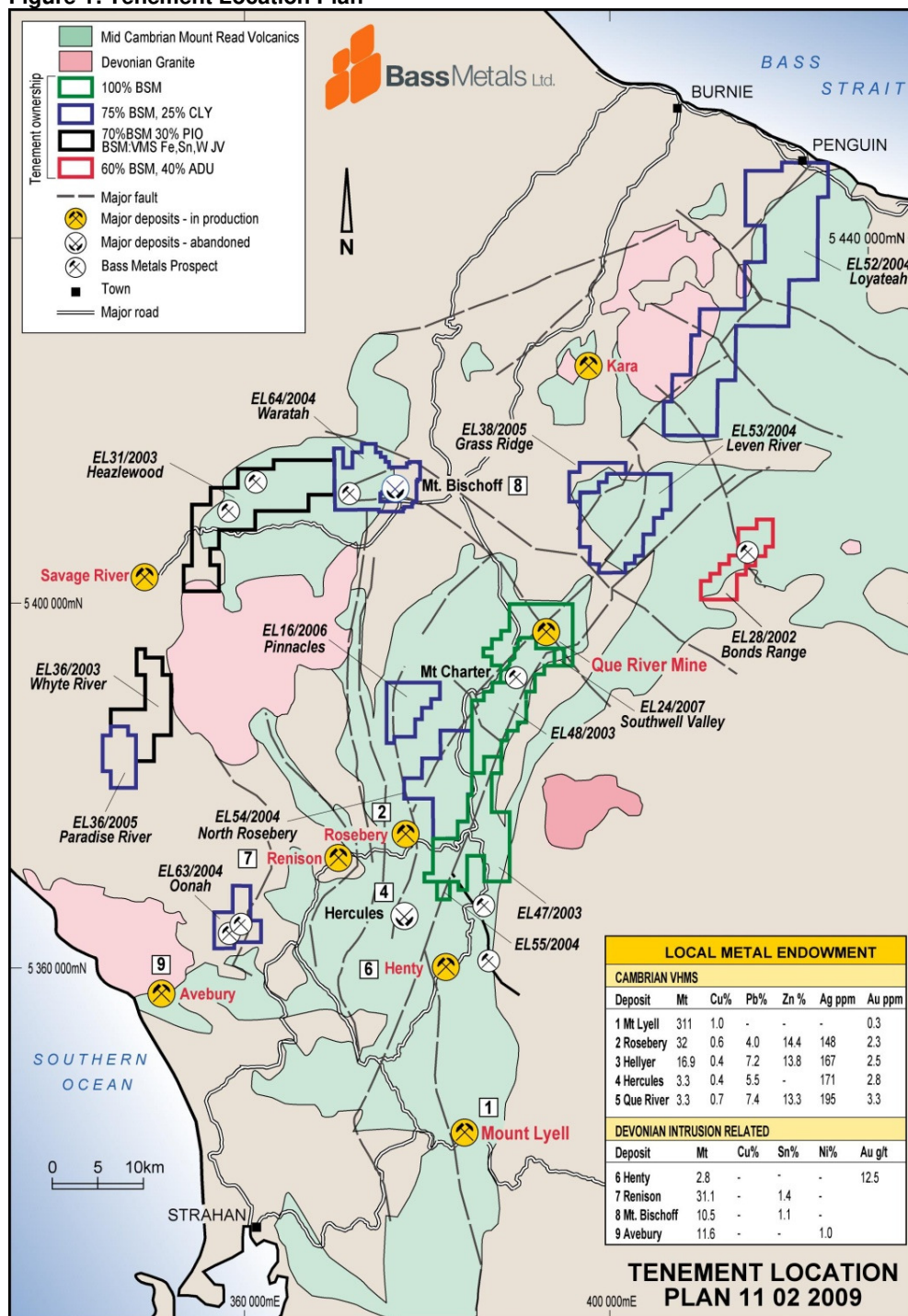
- Exploration - \$4.2M
- Hellyer operating infrastructure payment to Intec Ltd - \$4.0M
- Environmental bonds to cover Hellyer Mill/Mine lease - \$1.0M
- Hellyer maintenance and environmental costs (from Dec 08) - \$0.9M
- Corporate administration and business development costs (net of interest income) - \$1.5M

2. REVIEW OF OPERATIONS (continued)

During the year, the Company's major shareholder, Intec Ltd elected to divest its entire holding of 23.99 million shares (23.16%). Metals Finance Limited (ASX:MFC) acquired 20.61 million shares (19.9%) on the 17 November 2008, and subsequently purchased another 1.0 million shares to lift their position to 21.61 million shares or 20.85% of the issued capital of the Company. Mr Tony Treasure was appointed a Non-executive Director of the Company representing MFC.

Clearly the 2009 financial year was a transformational period for the Company in terms of both technical and financial outcomes. Further detail on both these aspects of the Company's growth is provided in the following sections of this report.

Figure 1: Tenement Location Plan



2. REVIEW OF OPERATIONS (continued)

2.2 MINE OPERATIONS - Que River Mine (Zn-Pb-Ag-Au-Cu)

Mining operations commenced at Que River in late September 2007 and have continued through this past financial year. The mine is a simple open pit mining operation with ore being sourced almost entirely from the high-grade PQ pit during the period. Ore is stockpiled, sampled and assayed before being trucked to the Rosebery flotation concentrator owned by MMG Australia Limited. Bass Metals is paid a percentage of the zinc, lead, copper, gold and silver contained in the ore under an Ore Sales Agreement.

2.2.1 Safety and Environment

No lost time injuries or material environmental incidents have occurred during the year. In September 2009 the project reached the milestone of 2 years without a lost time injury.

2.2.2 Mining Activities

Mined tonnages of ore during the year exceeded predictions from the Ore Reserve model by 18%. Actual mined grades for all contained payable metals significantly exceeded predictions as presented in Table 1.

Table 1: Production Comparison – Mined vs. Predicted FY2009

	Tonnes**	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Cu (%)
Predicted (OBM*)	56,350	9.4	5.9	139	4.0	0.2
Ore Mined	66,608	18.9	10.2	272	5.9	0.4
Variance to OBM	18%	101%	74%	96%	49%	107%

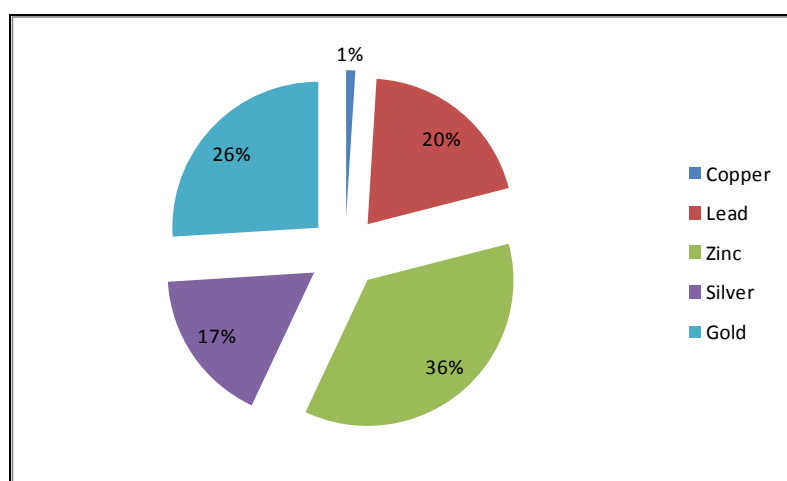
(*OBM=Ore Body Model used for the original budget; **Tonnes are wet metric tonnes (wmt))

2.2.3 Ore Sales

A total of 66,935 tonnes of ore were sold to MMG Australia Limited during the year in accordance with a binding Ore Sales Agreement. A significant inventory position has been maintained with 5,565 wmt remaining as at the end of the year.

Zinc is the dominant revenue driver, but gold and silver together comprised 43% of the revenue reinforcing the strong exposure to both base and precious metal price movements.

Figure 2: Revenue Split by Metal for FY2009



2. REVIEW OF OPERATIONS (continued)

2.2.4 Operating Performance

Revenue

Revenue for ore sold during the year was \$23.8 million, a significant increase to the previous year's revenue of \$9.4 million. This amount does not include hedging gains associated with ore sold.

After correcting for minor moisture content, ore tonnes sold were 65,926 dry metric tonnes (dmt) which yielded gross revenue of \$361/dmt sold. Revenue quoted above is based on actual tonnes delivered and invoiced. Revenue estimates and eventual cash flows are affected by the time lag between delivery of the sold ore and fixing the realised price. This time lag is four months for zinc and lead, one month for gold and silver and six months for copper.

Hedging gains associated with ore sold during the year were \$1.1 million or approximately \$16 per tonne of ore sold.

Costs

A summary of costs for the mining operation since start up is presented in Table 2 below. Site operating costs fell 22% in line with the project reaching stable production. As detailed in the financial statements accounting policy notes, amortisation of mine properties is based on a unit of production based calculation.

Table 2: Unit Operating Costs

Cost Centre	FY09	FY08
	\$/t ore sold	\$/t ore sold
Site Operating costs	68	88
Treatment Costs	40	40
State Royalties	21	4
Depreciation & Amort.	103	57
Total Operating Cost	232	189

Total capital costs incurred during the financial year were \$0.06 million, and \$0.66 million for the project to date, which are in line with the mine plan.

Operating Margin

On a Profit & Loss basis, Que River generated a profit for the Company during the year as shown in Table 3 below, a 119% improvement on the previous financial year. The operating margin over costs was 56% and, after addition of the average realised hedge gains of \$16 per tonne, the margin increased to \$145 per tonne of ore sold or 62% over costs.

Table 3: Unit profit estimate –per tonne of ore sold

		FY09	FY08
	Unit	value	value
Average ore value	\$/t	361	247
Total Operating Costs	\$/t	232	188
Operating Margin	\$/t	129	59
Operating Margin	%	56	31
Realised hedge gains	\$/t	16	38
Total Margin over costs	\$/t	145	97

2. REVIEW OF OPERATIONS (continued)

2.2.5 Que River Mine Outlook

At the end of the financial year, the operation had Ore Reserves reported in accordance with the JORC Code of 101kt as presented below in Table 4. Full details were reported to ASX on 14 September 2009.

Table 4: Que River Combined Ore Reserves as at 30 June 2009

JORC Classification	Tonnes (k)	copper %	lead %	zinc %	silver g/t	gold g/t
Total Probable	87.0	0.7	3.2	6.3	95	1.0
Total Proven	13.7	0.4	10.9	19.4	279	5.5
Total Reserves	101	0.7	4.3	8.0	120	1.6
<i>Inferred Resource</i>	<i>6</i>	<i>0.2</i>	<i>7.2</i>	<i>13.7</i>	<i>176</i>	<i>3.6</i>
Total In-pit Inventory	107	0.6	3.9	7.5	110	1.4

The revised Que River Ore Reserve reported in accordance with the JORC Code is presented in Table 4. This Ore reserve is a subset of the Mineral Resource in Table 5. It is based on current mining practices and cost structures and full details were reported to ASX on 14 September 2009.

The PQ North Ore Reserve component of this Ore Reserve comprising 21kt grading 0.3% Cu, 7.2 % Pb, 12.9 % Zn, 195 g/t Ag and 2.8 g/t Au is subject to approval from the EPA, which is expected in the near term, as well as normal external factors such as metal prices and exchange rates staying at sufficiently high levels to maintain reasonable margins.

The new mine plan extracts a relatively small, shallow portion of the Que River Mineral Resource. The Company intends to evaluate the remainder of the resources at Que River as potential mill feed to its Hellyer plant commensurate with the potential start up in late 2010 treating Fossey ore. The initial mining focus could be on the copper rich zones at S-lens to "bulk-up" production of copper concentrates planned to be produced from the Fossey mill feed. However the economics and viability of all the Que River resources could be enhanced by utilising a Hellyer Mill treatment scenario with lower haulage and treatment costs and potentially higher payability factors for the recovered metals.

2.3 MINERAL RESOURCES

Bass Metals has a large and diversified Mineral Resource Inventory comprising high grade massive sulphide base and precious metal mineralisation, tailings from the former Hellyer Mine operations containing gold and base metal sulphides and a shallow, hard-rock gold-silver resource.

2.3.1 Polymetallic Massive Sulphide Resources

The Company's recent focus has been on the high grade massive sulphide polymetallic resources at Fossey, Hellyer and Que River. These are reported at a (Pb+Zn)>5% cut off in Table 5 below in accordance with the JORC Code.

The Fossey Mineral Resource is the focus of a Feasibility Study, referred to as the Hellyer Mine Project (refer Section 2.4) evaluating the viability of an underground mining development.

2. REVIEW OF OPERATIONS (continued)

Table 5: Combined Polymetallic Massive Sulphide Mineral Resources

Deposit	JORC Classification	Tonnes ⁴ (m)	copper %	lead %	zinc %	silver g/t	gold g/t
Fossey¹	Indicated	0.69	0.4	6.1	10.4	143	2.5
	Inferred	0.11	0.3	4.3	7.4	106	2.1
	Total	0.80	0.4	5.8	9.9	137	2.5
Hellyer Remnants²	Indicated	0.64	0.4	4.0	6.8	83	1.3
	Inferred	0.11	0.2	4.9	8.1	107	1.5
	Total	0.75	0.3	4.1	7.0	87	1.3
Que River³	Measured	0.08	1.3	3.1	6.0	119	1.6
	Indicated	0.45	1.2	2.8	5.6	85	0.7
	Inferred	0.18	1.0	2.6	4.8	72	0.7
	Total	0.72	1.1	2.8	5.4	85	0.8
Total Combined		2.27	0.5	3.0	5.2	76	1.1

¹ Fossey Resource is as reported to ASX 18th August 2009

² Hellyer Remnant Resource is as reported to ASX 26 October 2007.

³ Que River Resource is as reported to ASX 14 September 2009.

⁴ Rounding errors may occur

2.3.2 Tailings Resource

The Company also has a significant tonnage of tailings which contain a large base metal and gold inventory as reported in Table 6, in accordance with the JORC Code. Full details on this Mineral Resource were reported to ASX on 23 June 2009. This resource contains approximately 800,000 ounces of gold and 550,000 tonnes of zinc, lead and copper, and Bass Metals is evaluating ways to recover these metals into saleable concentrate products.

Table 6: Hellyer Tails Mineral Resource Estimate, June 2009

JORC Classification	Tonnes (m)	copper %	lead %	zinc %	silver g/t	gold g/t
Measured	4.9	0.2	3.1	2.8	105	2.7
Indicated	2.5	0.2	3.0	2.6	104	2.6
Inferred	2.1	0.2	2.9	1.7	103	2.4
Total	9.5	0.2	2.8	2.5	104	2.6

2.3.3 Gold-Silver Resource

At Mt Charter a large tonnage low grade gold-silver Mineral Resource has been delineated. The resource is reported above a 0.7 g/t Au cut-off within the mineralised envelope boundary and is classified as Indicated and Inferred in accordance with the JORC code (December 2004), as listed in Table 7 below.

Table 7: Summary of Classified Mt Charter Mineral Resource

JORC classification	Tonnes (m)	gold g/t	silver g/t	zinc %
Indicated	1.9	1.2	36	0.7
Inferred	4.2	1.2	35	0.4
Total	6.1	1.2	36	0.5

Complete details on the Mt Charter Mineral Resource were reported to ASX 30 October 2006.

2. REVIEW OF OPERATIONS (continued)

Competent Persons Statement

Exploration results

The information within this report that relates to exploration results is based on information compiled by Mr Kim Denwer and Mr Mike Rosenstreich who are both full time employees of the Company. Mr Rosenstreich is a Member of The Australasian Institute of Mining and Metallurgy and Mr Denwer is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

Mineral Resources & Ore Reserves

Individual attributions relating to each of the Resource and Reserve estimates can be found within the ASX reports cited with each estimate presented within this report.

Technical Detail

This Report aims to provide a high level summary of various technical aspects of the Company's projects. For more details on the underlying technical parameters the reader is referred to the ASX Reports on the Bass Metals' website, www.bassmetals.com.au

2.4 ADVANCED PROJECT EVALUATION - HELLYER MINE PROJECT (HMP)

2.4.1 Overview

The Hellyer Mine project study refers to the evaluation of mining ore from the Fossey, Hellyer and Que River resources at a combined rate of approximately 400ktpa and processing through the Hellyer Mill to produce separate zinc, lead and copper-precious metals concentrates over a mine period of up to 5 years. The initial phase of the study is a detailed feasibility study focussing on the Fossey deposit to supply the ore feed for the first 2 to 2.5 years. Subject to the results of that feasibility study the Company plans to prove up further reserves from the Que River and Hellyer resources as well as from possible new discoveries, to sustain production for 5 years or more.

The Fossey discovery was made in September 2007, and over the past financial year the feasibility study has achieved several key milestones which may lead to production:

- Completion of the initial Fossey resource estimate which increased the overall JORC compliant resource for the HMP to 2.3 million tonnes of high grade polymetallic mineralisation (Table 5 and Figure 3).
- Completion of infill drilling to 25 metre centres at Fossey culminating in the revised Fossey resource reported 18 August 2009.
- Acquisition of the Hellyer processing plant, associated infrastructure and the Hellyer Mining lease including the Hellyer Tailings Resource which was settled in March 2009.
- Completion of significant metallurgical and mineralogical test work programmes for Fossey mineralisation.

The feasibility study is well advanced and is planned to be completed in the first half of the 2010 financial year.

The HMP and in particular the Fossey Feasibility Study is of a high priority due to the rapid lead time to significant scale production that drives the Company's growth plans. The generally high grade nature of the resources, the relatively low start-up costs with the recent acquisition of the Hellyer Mill and supporting infrastructure for an upfront cost of just \$4.0 million underpins these ambitions. Whilst the initial focus of the HMP is on mining the 800kt Fossey resource the Company has several other options to expand the projected treatment schedule, subject to further evaluation, to include the 1.5 million tonne Hellyer and Que River remanant resources, the 10 million tonne tailings resource as well as the potential for third party toll treatment arrangements to utilise the idle capacity of the 1.5Mtpa Hellyer processing plant.

2.4.2 The Hellyer Mill & Associated Infrastructure.

On 10 December 2008 the Company's production plans were boosted with the execution of a binding conditional agreement to purchase from Intec Ltd the Hellyer processing plant, associated infrastructure and the Hellyer Mining lease for \$4.0 million to be paid on settlement plus a Processing Royalty of \$2.50/tonne processed through the mill, capped at \$5.0 million. This transaction was settled in March 2009 and finalised with Ministerial approval on the 23rd June 2009.

2. REVIEW OF OPERATIONS (continued)

The assets acquired include (Refer Figure 2):

- The 1.5mtpa crushing, grinding, flotation concentrator plant currently on care and maintenance.
- All associated supporting infrastructure including grid power, storage sheds, spares inventory, warehouses, water treatment facilities and railway line access.
- A 300kW, electric cutter suction dredge and spares recently utilised to reclaim tailings for the retreatment project.
- The remaining Hellyer tailings resource (Table 6).
- The Hellyer Mine Lease (CML103/1987), over which Bass Metals previously held a sublease to the mineral rights.

Care and Maintenance

The Hellyer Process Plant has been on care and maintenance since September, 2008. A team of appropriately qualified tradesmen with long-term experience operating and maintaining the plant and infrastructure have been retained to undertake the maintenance and refurbishment work. The plant has been well maintained and is in good condition and the Company has implemented several prudent measures to ensure the care and maintenance regime is more efficient and cost effective.

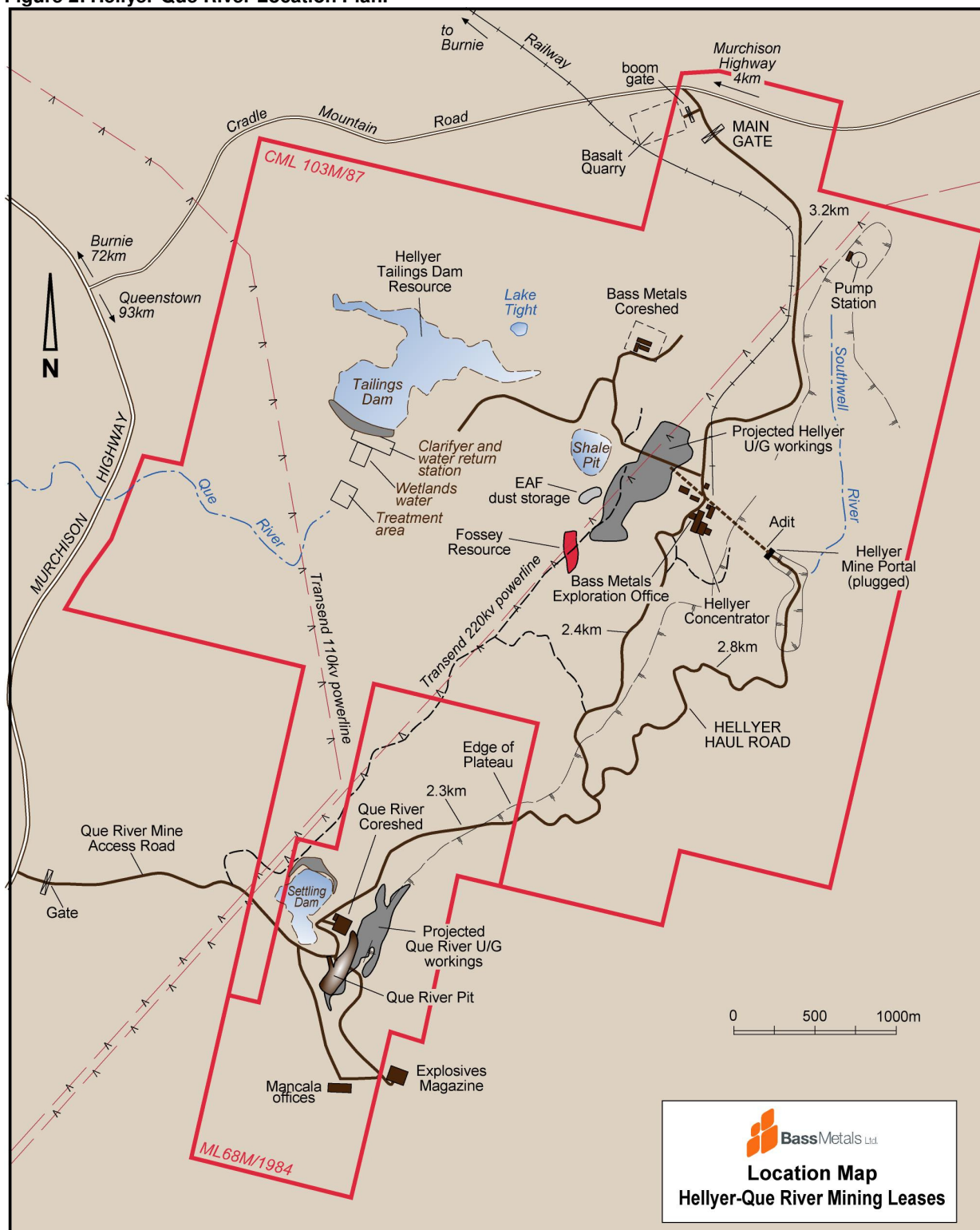
Environmental

Bass Metals elected to take responsibility for the environmental management of the Hellyer mine lease on as soon as practical after the Letter Agreement was signed in December 2008 to mitigate further degradation of several environmental issues on site and in particular the management of the Hellyer tails dam. Implementation of the environmental management strategy and measures employed at Que River is having a positive impact and the Company is continuing to achieve improving environmental outcomes on the Hellyer Mine lease consistent with a Hellyer Care and Maintenance Plan developed in conjunction with the Environmental regulator.

Responsible environmental management is a key component of the Fossey Feasibility study and is regarded as a core sustainability issue for the Company to continue with and grow its mining and processing activities in Tasmania.

2. REVIEW OF OPERATIONS (continued)

Figure 2: Hellyer-Que River Location Plan.



2. REVIEW OF OPERATIONS (continued)

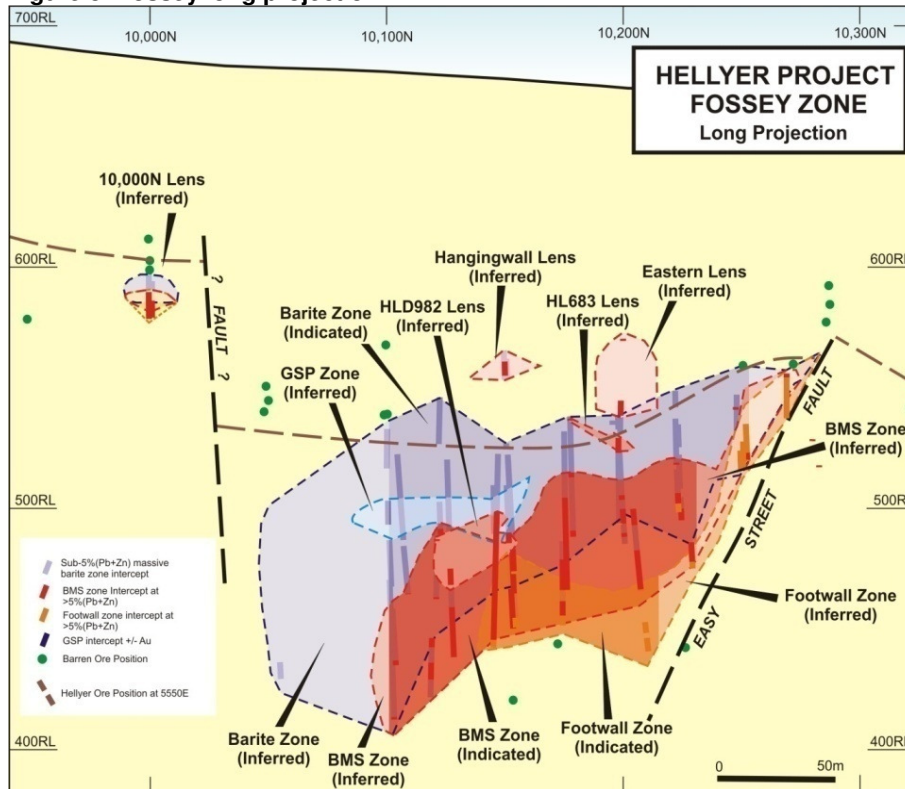
2.4.3 Fossey Zone Geological Setting & Resource

Mineralisation at Fossey Zone is related to one major body (the Fossey Body) and three smaller associated lenses (Refer Figure 3). The Fossey Body itself comprises three main and one minor, mineralised domains.

1. A base metal sulphide (BMS) zone, which generally comprises the basal parts of the Fossey Body.
2. A massive barite zone, which generally is developed stratigraphically above the BMS zone.
3. A footwall zone immediately underlying the BMS zone, comprising stringer vein and / or disseminated to semi-massive mineralisation within strongly altered host rocks.
4. A minor zone of gold-rich siliceous pyritic mineralisation (GSP) on the western side of the barite zone.

Following completion of infill drilling to 25 metre spaced centres McArthur Ore Deposit Assessment Pty Ltd completed a resource calculation as reported in Table 5. The updated Mineral Resource estimate represents a strong confirmation of the first estimate reported in September 2008, with lead, zinc and silver grades improving significantly by 26%, 9% and 14% respectively for a minor 4% decrease in tonnage.

Figure 3: Fossey long projection



2.4.4 Mining Study

A mining study evaluating the underground extraction of the Fossey resource is being compiled by Mancala Pty Ltd, Bass' mining alliance partner at Que River. The investigation incorporates a target production rate of at least 400ktpa access to the ore body via a new 1,000 metre decline from the Southwell Valley and ore production via long-holes stopes utilising cemented aggregate fill (CAF) to stabilise key primary stoped voids prior to production from secondary stopes.

Geotechnical studies of the planned mining operation are largely complete and ground conditions in the mine area have been assessed as good and thereby requiring standard ground support regimes. A geotechnical and water cover drill hole covering the first 440 metres of the decline has been completed and a second drill hole planned for the remainder of the decline will be completed from underground once the optimum location has been reached. Overall ground conditions were as predicted based on the information available from the nearby Hellyer Mine adit and the historic geotechnical drilling in the vicinity of the planned Fossey decline.

2. REVIEW OF OPERATIONS (continued)

2.4.5 Metallurgy & Process Flow Sheet

Metallurgical test work is being undertaken at the Burnie Research Laboratory and the results to date support the predictions that the preferred treatment option is sequential flotation to produce separate copper, lead and zinc concentrates which negates the production of a bulk lead-zinc product.

Bench-scale flotation test work, mineralogical assessment and locked cycle test work on a large composite sample prepared from diamond drill cores has been completed under the supervision of Mr Peter Munro, Principal Consulting Engineer of Mineralurgy Pty Ltd.

The Fossey zone is located within 150 metres of the Hellyer deposit where approximately 16 million tonnes of ore was mined and processed between 1987 and 2000, when the mine was closed. The long performance history of the Hellyer ores forms a valid basis of comparison for possible performance indicators for the Fossey ore. Table 8 is a summary of the Locked-Cycle test work for the composite sample compared to production results for the Hellyer ore. Locked Cycle results generally represent aspirational production targets and these initial results indicate a favourable comparison for the Fossey ore and suggest that saleable quality lead and zinc concentrates are likely to be produced. Further detailed stope by stope test work for the feasibility study is currently underway and will generate more realistic operational parameters.

Table 8: Fossey Metallurgical test work results compared to former Hellyer operation

	Zinc		Lead	
	Grade %	Recovery %	Grade %	Recovery %
Hellyer operations 1987-2000	50-52	55-70	50-55	45-55
Fossey Bench Tests	55	75	60	65
Fossey Locked Cycle-Composite	60	93	63	87

A process flow sheet, based on the former Hellyer circuit is currently being finalised. A key operational challenge will be to operate a comminution and flotation circuit designed to operate at 1.5mtpa at the reduced rate of approximately 400ktpa. A strategy that utilises a campaign treatment philosophy based on a 50% time roster to achieve appropriate throughput rates is being developed. Basic refurbishment work on the plant has commenced.

2.4.5 Regulatory Approvals / Permitting

A Notice of Intent for a mining and processing operation at Hellyer was lodged on 23rd December 2008 with the Board of Environmental Management and Pollution Control - Tasmanian Environment Protection Authority. The Company plans to seek approval in a two stage process where the first stage seeks approval to complete an exploration decline to gain access to the Fossey orebody and a second stage where approval is for the ongoing mining and processing of the Fossey orebody. Consultation with the EPA and other stakeholders is progressing well with no "fatal flaws" identified to date.

2.5 EXPLORATION

2.5.1 Overview

Despite difficult market conditions the Company has maintained a strong level of exploitation activity with expenditure for the year of \$4.2 million. This covers the HMP work as well as 6,660 metres of diamond drilling in 41 holes and 531 metres of RC drilling in 10 holes and the generation of several new significant target areas and prospects.

There has been a strategic refocusing of exploration towards the Mt Read Volcanic belt which is considered highly prospective for the larger tonnage higher grade volcanic hosted massive sulphide (VHMS) style deposits (eg. Que River/ Hellyer), required to be discovered to keep the Hellyer mill running at full capacity, long-term. Commensurate with this, several regional exploration programmes were completed resulting in tenement relinquishments and as this process is concluded the Company will hold approximately 500km² either in its own right or in joint ventures.

One of the Company's most prospective areas for the discovery of VHMS style deposits is the region referred to as the Hellyer – Mt Charter Corridor as shown in Figure 3. The Hellyer – Mt Charter corridor has been explored by previous explorers using predominately electro-magnetic geophysical techniques and drilling. In excess of 75 kilometres of drilling has been completed outside of the known orebodies on the Company's Hellyer-Mt Charter leases. However, this exploration failed to detect the 2.3 million tonne Fossey mineralised zone, within which the 800kt high grade Mineral resource occurs. There are several key geological reasons why Fossey was not discovered and this opens up significant new areas under Bass Metals' tenure which were not previously considered to be prospective because they did not conform to the prevailing exploration models at the time.

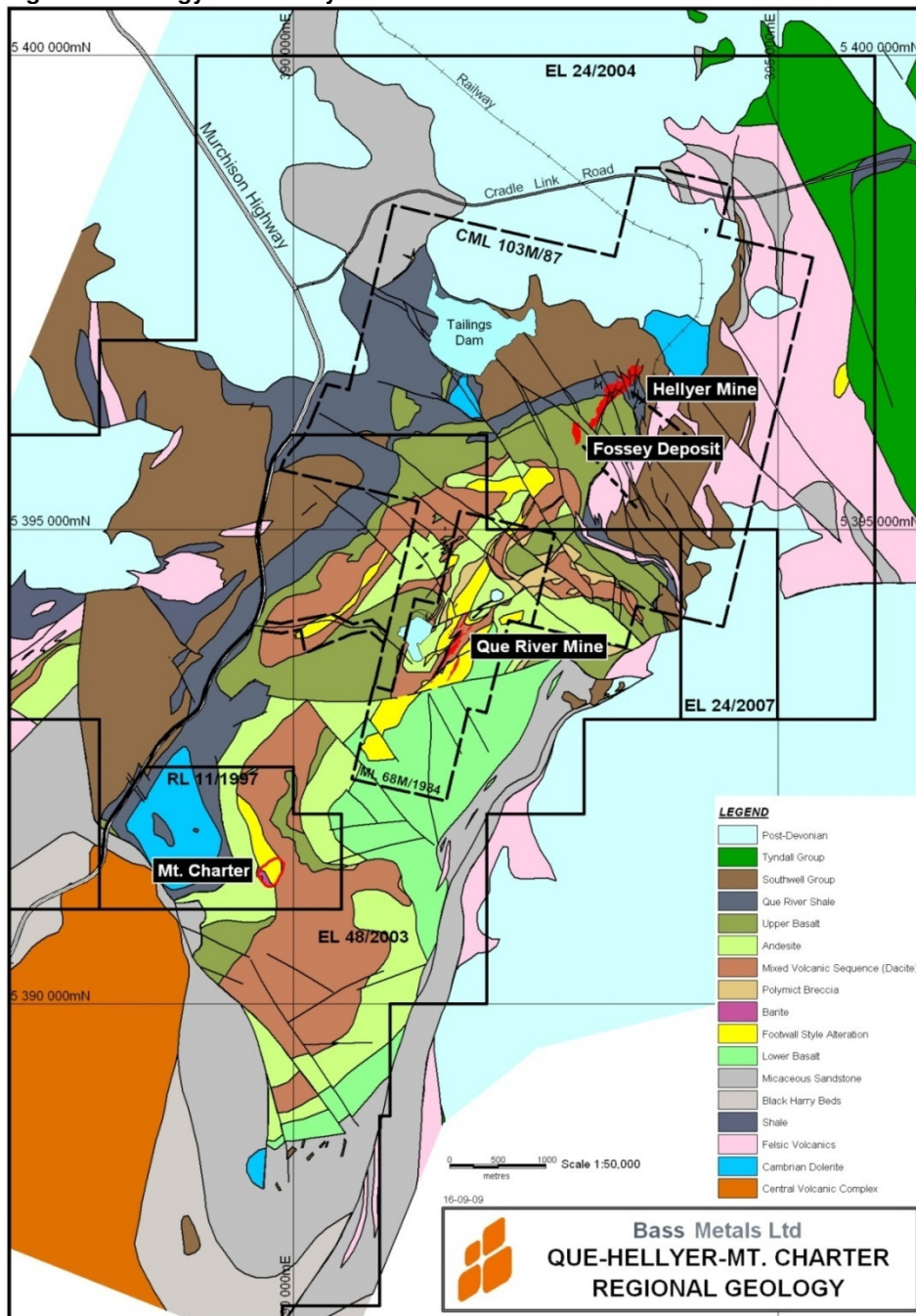
2. REVIEW OF OPERATIONS (continued)

The ramifications of the Fossey discovery are simple and obvious; the Hellyer and Que River Mine leases remain highly prospective for the discovery of more ore. Key features are:

The strategy is to “fingerprint” the known mineralisation (Hellyer, Que River, Fossey and Mt Charter) and then use this knowledge for discovery of additional mineralisation using in the first instance existing data such as surface sampling and drill core. Techniques being utilised are mapping variations in alteration mineralogical composition using Infra-red spectrometry, defining trace element geochemical trends within the alteration using low detection ICP-MS techniques and geophysical techniques including Sub Audio Magnetics (SAMs).

Highlights of regional exploration work carried out during the year are summarised below.

Figure 3: Geology of the Hellyer – Mt Charter Corridor



2. REVIEW OF OPERATIONS (continued)

2.5.2 Hellyer – Mt Charter Corridor (Bass Metals 100%)

This geological corridor covers exploration licences EL 24/2004 Bulgobac, EL 48/2003 Mt Block and EL 24/2007 Southwell River, the Hellyer (CML 103M/87) and Que River (ML 68M) mining leases and the Mt Charter retention licence (RL 11/1997).

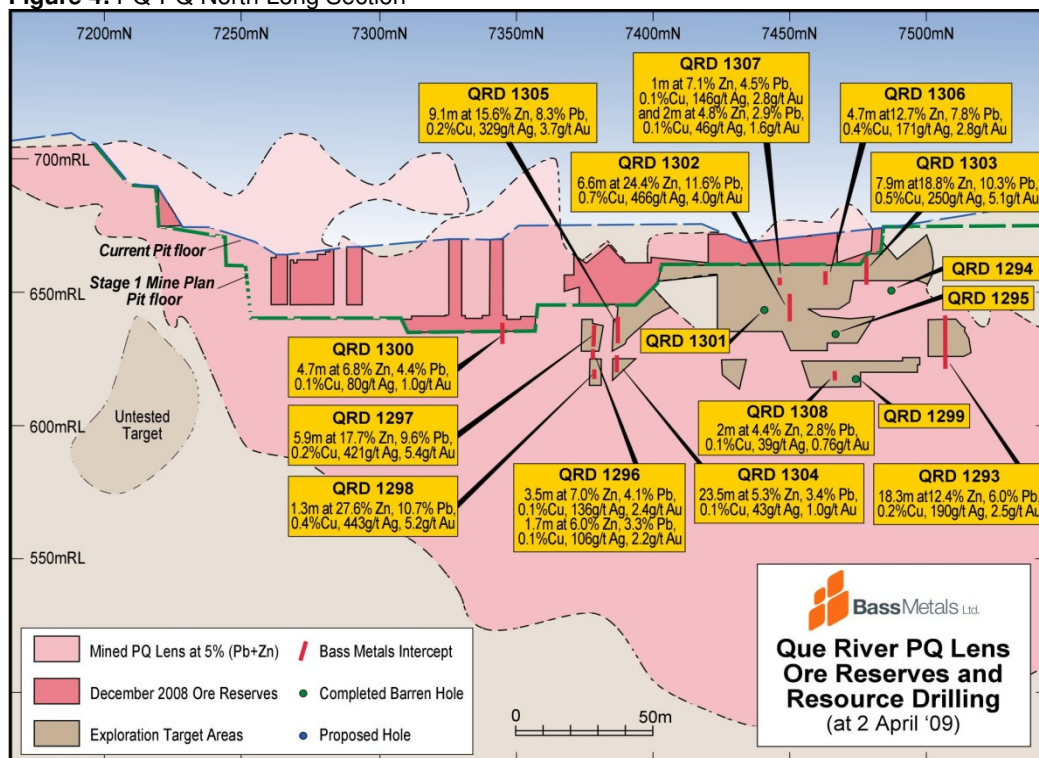
A total of 35,000 infra red spectra were collected in the latter part of the year. It is estimated a further 30,000 spectra will be completed early in the new financial year. Sampling for geochemical fingerprinting has commenced and a review of all geophysics completed is in progress. This data will be synthesised and analysed to generate new exploration targets in this highly prospective corridor for drill testing in the 2010 financial year.

2.5.3 Que River Mine Lease (ML 68M/1987) (Bass Metals 100%)

Sixteen diamond drill holes, comprising 1000 metres, were completed at Que River to test for northern extensions to the high grade PQ orebody. Significant zones of high grade polymetallic Cu-Pb-Zn-Ag-Au basement sulphide mineralisation were intersected. This zone, referred to as PQ North, has now been incorporated into the Que River Mineral Resource and Ore Reserve inventory. Figure 4 illustrates the location and grades of the mineralisation intersected and its location with respect to the current PQ Pit.

The Company has other targets prospective for larger scale new lens positions which it intends to test by drilling in the near term.

Figure 4: PQ-PQ North Long Section



2.5.4 Hellyer Mine Lease (CML 103M/1987)(100% Bass Metals)

For the past twelve months Hellyer Mine Lease exploration has concentrated mainly on the Fossey deposit and the target generation work referred to above along the Hellyer – Mt Charter corridor.

The Fossey discovery has immediately generated new targets in the Fossey / Hellyer area with potential to host high-grade base metal sulphide mineralisation from small pods up to Fossey deposit size. These targets will be drill tested early in the 2010 financial year.

The exploration joint venture with OZ Minerals, referred to as the Hellyer Exploration Alliance (HEA) was terminated during the year by mutual agreement due to OZ Minerals exploration budget constraints at the time. This was prior to the divestment of OZ Minerals Tasmanian assets to MMG Australia Limited.

2. REVIEW OF OPERATIONS (continued)

One diamond drill hole at the Highpoint prospect was completed with only weakly anomalous mineralisation intersected.

The HEA work had generated several significant exploration targets, such as the promising Switchback target just east of the Hellyer deposit which Bass Metals intends to follow-up. The utilisation of the spectral and low-level geochemical profiling supported with geophysics is planned to generate better target resolution and hopefully improve drilling efficiency, and ultimately the discovery success rate.

2.5.5. Farrell Line Project (EL47/2003) (100% Bass Metals)

No field work was completed during the period. A 12 month extension has been granted for this tenement. A drilling programme will be designed and executed to test southern extensions of mineralisation in the vicinity of the Mt Farrell, Mt Farrell South and Dutton's workings. Diamond and or RC drilling will be used.

2.5.6 Oonah (EL63/2004)(Bass Metals 75% & Clancy Exploration Limited 25%)

A significant work programme was undertaken at the historic Montana Mine; key elements included;

- Four costeans – to intersect near surface lodes for a total length of 180 metres.
- Geological mapping and surface channel sampling with a best result of 7 metres at 4.4 % Zn, 2.8 % Pb and 650g/t Ag.
- An RC drilling programme comprising 10 drill holes for 531 metres testing for shallow, potentially open pitable mineralisation was completed. The best result was 3.0 metres at 2.1 % Zn, 9.0 % Pb and 252 g/t Ag.

The drilling and mapping results indicate there is limited potential to define an open pitable resource at this prospect.

Exploration is currently in progress evaluating the resource potential of the Stannite Lode at the Oonah mine. This is interpreted as a structurally complex Sn-Cu-Ag lode style mineralised system with moderate size potential.

2.5.7 Heazlewood (EL31/2003)- (Bass Metals 100% & Pioneer Resources Limited 2% NSR)

The Company has two early stage nickel targets on this lease; Fenton's and Jones Creek. The targets were generated by a combination of airborne VTEM and Ground EM geophysical surveys and nickel in soil anomalies within a prospective ultramafic layered sequence transected by major regional structures. One diamond drill hole was completed on each of the prospects for a total metreage of 640 metres. The drill-holes failed to intersect significant sulphide mineralisation or to explain the geophysical signatures interpreted to indicate massive sulphide bodies. A review of the geophysical data in the light of the unfavourable results is in progress. The source of the geophysical anomalies has not been explained and downhole geophysics will be undertaken in mid-2009 in an attempt to resolve this.

2.5.8 North Rosebery (EL54/2004) (Bass Metals 75% & Clancy Exploration Limited 25%)

This licence covers the interpreted northward extension of the world class Rosebery polymetallic VHMS mineralised system. A major soil survey comprising 375 samples over 8.5 line km of gridding was completed and analysed using a low level partial digest technique. Interpretation of the assay results generated several anomalies indicative of near surface mineralisation along the Rosebery trend. However detailed geological mapping and a review of the available geophysical data has downgraded the prospectivity of this area.

The tenement does however remain prospective for extensions of the Rosebery mineralised lenses at depth.

2.5.9 Magnet Mine - Waratah (EL64/2004) (Bass Metals 75% & Clancy Exploration Limited 25%)

Four diamond drill holes comprising 468.8 metres were drilled along a 200 metre strike extent of the historic Magnet Mine to explore for remnant hangingwall mineralisation and parallel lodes which may be amenable to open-cut mining. The drilling intersected minor sphalerite-rich (Zn-sulphide) vein/breccia zones but these do not warrant any follow-up. This tenement was subsequently recommended for relinquishment.

2.5.10 Iron-Tin-Tungsten Joint Venture (Bass Metals 100% Venture Minerals earning 70%)

Bass Metals and Venture Minerals Limited (VMS) formed a joint venture during the year under which VMS has the right to earn 70% of any Fe, Sn or W projects on Bass Metals' Heazlewood and Whyte River tenements by expenditure of \$700,000 within 3 years. Full details are reported to ASX on 18 August 2008. Regional prospecting type work has commenced and on the 27 August 2009, VMS announced promising rock chip results from two samples grading 66% Fe from massive magnetite rich iron stone. VMS regards it as highly prospective for direct shipping ore grade mineralisation.

3. CORPORATE GOVERNANCE

3.1 Introduction

Corporate Governance Statement

Bass Metals Ltd ("Bass" or "the Company") has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. A summary of the Company's corporate governance policies and procedures is included in this Statement.

The Company's corporate governance policies and procedures are in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ("the ASX Principles & Recommendations"). The Company has followed the Principles & Recommendations where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration by the Board, the Company's corporate governance practices depart from the Principles & Recommendations, the Board has fully disclosed the departure and the reason for the adoption of its own practice, in compliance with the "if not, why not" exception reporting regime.

Further information about the Company's corporate governance practices including the information on the Company's charters, code of conduct and other policies and procedures is set out on the Company's website www.bassmetals.com.au.

Role of the Board and Management

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Managing Director is responsible for the day-to-day activities of the Company in advancing the strategic direction. Senior management is responsible for supporting the Managing Director and to assist the Managing Director implement the running of the general operations and financial business of the Company, in accordance with delegated authorities for expenditure levels and materiality thresholds in place.

The Board is collectively responsible for promoting the success of the Company by:

- overseeing the Company, including its control and accountability systems;
- appointing the Chief Executive Officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the Chief Executive Officer, or equivalent;
- ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (or equivalent) and the Company Secretary;
- ensuring the Company's Policy and Procedure for Selection and (Re)Appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter;
- approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;

3. CORPORATE GOVERNANCE (continued)

- approving the annual budget of the Company;
- monitoring the financial performance of the Company;
- ensuring the integrity of the Company's financial and other reporting through approval and monitoring;
- providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- engaging with the Company's external auditors;
- monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- make regular assessment of whether each Non-executive Director is independent in accordance with the Company's Policy on Assessing the Independence of Directors.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Company's delegated authorities for expenditure levels and materiality thresholds in place. Directors are encouraged to request information from senior management where they consider such information necessary to make informed decisions.

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. The Managing Director is also responsible for appointing and, where appropriate, removing senior executives, including the Chief Financial Officer (or equivalent) and the Company Secretary, with the approval of the Board.

The Financial Controller is responsible for managing the financial and administration controls across the Company, including the overall management and the preparation of statutory reporting for the Group.

The Chair is responsible for evaluation of the Board and, where deemed appropriate, Board committees and individual Directors. The Company has conducted an annual performance evaluation of the Board during the financial year which involved completion of a questionnaire by each Board member and collation and review of the results by the Board. The Non-executive Directors undertook an annual performance and remuneration review of the Managing Director during the financial year. The Managing Director is reviewed against a number of qualitative and quantitative factors including key performance indicators. Senior executives also undertook annual performance and remuneration reviews conducted by the Managing Director. Senior executives are reviewed against a number of qualitative and quantitative factors relevant to their role and position.

A summary of the Board Charter, a statement of matters reserved for the Board and senior management is available on the Company's website.

Composition of the Board

The Company has adopted a Policy on Assessing the Independence of Directors which is consistent with the guidelines detailed in the ASX Principles & Recommendations.

The Company's Board Charter includes guidelines for assessing the materiality of matters which are summarised below:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if (i) they impact on the reputation of the Company, (ii) they involve a breach of legislation or may potentially breach legislation, (iii) they are outside the ordinary course of business, (iv) they could affect the Company's rights to its assets, (v) if accumulated they would trigger the quantitative tests above, (vi) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items or (vii) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

3. CORPORATE GOVERNANCE (continued)

- Contracts will be considered material if (i) they are outside the ordinary course of business, (ii) they contain exceptionally onerous provisions, (iii) they impact on income or distribution in excess of the quantitative tests above, (iv) any default, should it occur may trigger any of the quantitative or qualitative tests above, (v) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests above, (vi) they contain or trigger change of control provisions, (vii) they are between or for the benefit of related parties or (viii) they otherwise trigger the quantitative tests above.

The current Board consists of a Non-executive Chairman (Mr Don Boyer), two Non-executive Directors (Mr Craig McGown and Mr Tony Treasure) and one Executive Director (Mr Michael Rosenstreich), who also performs the role of Managing Director. A profile of each Director containing their date of appointment, skills, experience and expertise is set out in the Directors' Report.

The Board considers that Mr Don Boyer (Chairman) and Mr Craig McGown are considered independent based on the criteria for independence included in the Company's Policy on Assessing the Independence of Directors and the ASX Principles & Recommendations. When applying the Company's Policy on Assessing the Independence of Directors and the ASX Principles & Recommendations Mr Tony Treasure is not considered an independent Director due to his direct association with the major shareholder of the Company.

As only two of the four Directors are independent, there is not a majority of independent Directors on the Board. The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's recent history. The Company considers that each of the non-independent Directors possess skills and experience suitable for building the Company. However it is noted the Board takes the responsibilities of best practice in corporate governance seriously and will consider the appointment of independent Directors if deemed appropriate depending on the scope and scale of its operations.

The Company has a Policy and Procedure for Selection and (Re) Appointment of Directors.

A minimum of three Directors is required under the Company's Constitution. Any changes to the composition of the Board will be determined by the Board, subject to any applicable laws and the resolutions of Shareholders. The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board. All Directors (except the Managing Director) are required by the Constitution of the Company to submit themselves for re-election at regular intervals and at least every three years. New Directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment and undergo a formal Induction Program.

A summary of the Company's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website.

Conflicts of Interest

In accordance with the Corporations Act, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Statement Concerning Availability of Independent Professional Advice

The Board acknowledges the need for independent judgement on all Board decisions, irrespective of each individual director's independence.

To assist directors with independent judgement, it is the Board's Policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Committee

Given the present size of the Company, the whole Board acts as the Nomination Committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee. To assist the Board to fulfil its function as the Nomination Committee, the Board has adopted a Nomination Committee Charter. A summary of the Nomination Committee Charter is available on the Company's website.

3. CORPORATE GOVERNANCE (continued)

Remuneration Committee

Given the present size of the Company, the whole Board acts as the Remuneration Committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate Remuneration Committee. To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter. All matters of remuneration are determined by the Board pursuant to the Corporations Act and the ASX Listing Rule requirements, especially in respect of related party transactions. That is, no Directors participated in any deliberation regarding his own remuneration or related issues.

The Company has a Remuneration Policy adopted by the Board. Remuneration of Directors and senior management is determined with regard to payments made by other companies of similar size and industry and in accordance with the skills and experience of the particular person. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report.

There are no termination or retirement benefits for Non-executive Directors (other than for superannuation). Pursuant to the Remuneration Policy, executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

A copy of the Remuneration Committee Charter is available on the Company's website.

Audit Committee

The role of the Audit Committee is carried out by the full Board. A formal Audit Committee Charter has been adopted, a copy of which is available on the Company's website. The Board considers that given its size and stage of development, no efficiencies or other benefits would be gained by establishing a separate Audit Committee. The Board will re-consider establishing a separate Audit Committee as the Company's operations grow.

The Company has a Policy for the Selection, Appointment and Rotation of External Auditors which is available on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis. Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

The Board reviews the performance of the external auditor on an annual basis.

Integrity of Financial Reporting

The Company's Managing Director and Financial Controller have provided a declaration to the Board in writing pursuant to section 295A of the Corporations Act and the ASX Listing Rules that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

3. CORPORATE GOVERNANCE (continued)

Risk Management

The operation of internal controls and the measurement of risk are important in the creation and preservation of shareholder value and is a high priority for the Board and management. A summary of the Company's Risk Management Policy is available on the Company's website. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established various financial and operational reporting procedures and other internal control and compliance systems in this regard. These include the following:

- the Managing Director is required to report on the management of risk as a standing agenda item at each Board meeting. This involves that tabling of a Risk Register which is actively monitored and updated by management;
- delegated authority limits exist in respect of financial expenditure and other business activities;
- a comprehensive insurance programme is undertaken;
- internal controls exist to safeguard the Company's assets and ensure the integrity of business processes and reporting systems;
- annual budgeting and monthly reporting systems for business operations is undertaken which enable the monitoring of progress against performance targets and the evaluation of trends;
- appropriate due diligence procedures are undertaken for acquisitions and divestments; and
- disaster recovery procedures and crisis management systems exist.

The Company's Managing Director and Financial Controller have provided a declaration that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. Additionally, the Managing Director and Financial Controller has has stated that this declaration is based on a sound system for risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received assurance from the Managing Director that the Company's management of its material business risks are effective.

Hedge Committee

To assist in the execution of its responsibilities, the Board has established a Hedge Committee. The primary role of the Hedge Committee is the monitoring, assessment and management of the Company's financial market exposures.

The Committee is comprised of Mr Craig McGown (Chairman of the Committee), Mr Michael Rosenstreich and Mr Lee Henley. Mr McGown is an independent Non-executive Director Mr Rosenstreich is the Managing Director and Mr Lee Henley is the Financial Controller of the Company. Details of the attendance at the Hedge Committee meetings are set out in the Directors' Report.

The Hedge Committee provides recommendations to the Board in relation to the Company's risk management approach and the use of a range of approved hedging products.

Continuous Disclosure

The Board has adopted a Policy on Continuous Disclosure. A summary of the Policy on Continuous Disclosure is available on the Company's website.

The Policy on Continuous Disclosure sets out the obligations of Directors, officers and employees to ensure the Company satisfies its continuous disclosure obligations. It provides information as to what a person should do when they become aware of information which could have a material affect on the Company's securities. The Policy also sets out the consequences of non compliance and a person's confidentiality obligations.

All relevant information provided to ASX in compliance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules is promptly posted on the Company's website.

3. CORPORATE GOVERNANCE (continued)

Compliance Procedures

The board has also adopted Compliance Procedures to assist it to comply with the Corporations Act and ASX Listing Rule disclosure requirements. A summary of the Compliance Procedures are available on the Company's website. Under the Compliance Procedures, Responsible Officers are appointed who are primarily responsible for ensuring the Company complies with its disclosure obligations. The Managing Director and Company Secretary are the Responsible Officers of the Company. The duties of the Responsible Officers are set out in the Compliance Procedures. The Compliance Procedures provide guidelines as to the type of information that needs to be disclosed and encourages thorough recording of disclosure decision making. The Compliance Procedures contain information on avoiding a false market, safeguarding confidentiality of corporate information, and information on external communication for the purpose of protecting the Company's price sensitive information. The Compliance Procedures also provide guidance relating to potential disclosure material.

Communication to Shareholders

The Company has a Shareholder Communications Policy that promotes effective communication with shareholders and encourages presentation of information to shareholders in a clear, concise and effective manner. The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to Shareholders through its annual report, annual general meeting, half-yearly results and quarterly activities and cash flow announcements, ASX announcements and the Company's website. The Company considers general meetings to be an effective means to communicate with shareholders and encourages shareholders to attend the meeting. Information included in the notice of meeting sent to shareholders is presented in a clear, concise and effective manner.

The Shareholder Communications Policy is available on the Company's website.

Code of Conduct

The board has adopted a Code of Conduct which requires Directors, management and employees to deal with the Company's customers, suppliers, competitors and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates. The Code prohibits Directors, management and employees from involving themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. The Company also has a policy on financial and other inducements. Directors, management and employees are required to respect the confidentiality of all information of a confidential nature acquired in the course of the Company's business. Directors, management and employees must protect the assets of the Company to ensure availability for legitimate business purposes. The Company acknowledges its responsibility to shareholders, the community, and the individual. The Company uses its best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.

A breach of the code is subject to disciplinary action which may include termination of employment. A summary of the Code of Conduct is available on the Company's website.

Ethical Standards

The Board considers that the success of the Company will be enhanced by a strong ethical culture within the Group. Accordingly, the Board is committed to the highest level of integrity and ethical standards in all business practices. Employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation.

Policy for Trading in Company Securities

The Policy for Trading in Company Securities adopted by the Board prohibits trading in shares by a Director, officer or employee during certain blackout periods (in particular, prior to release of interim or annual results) except in exceptional circumstances and subject to procedures set out in the Policy.

Outside of these blackout periods, a Director, officer or employee must first obtain clearance in accordance with the Policy before trading in shares. For example:

- a Director must receive clearance from the Chairman before he may buy or sell shares;
- if the Chairman wishes to buy or sell shares he must first obtain clearance from the Managing Director; and
- other officers and employees must receive clearance from the Managing Director before they may buy or sell shares.

3. CORPORATE GOVERNANCE (continued)

Directors must advise the Company Secretary of any transactions conducted by them in securities of the Company as soon as reasonably possible after the date of the change and in any event no later than three business days after the date of the change.

Directors, officers and employees must observe their obligations under the Corporations Act not to buy or sell shares if in possession of price sensitive non-public information and that they do not communicate price sensitive non-public information to any person who is likely to buy or sell shares or communicate such information to another party. A summary of the Policy for Trading in Company Securities is available on the Company's website.

3.2 Corporate Governance Disclosures

ASX Listing Rule Disclosure – Exception Reporting

As required by ASX Listing Rules, the following table discloses the extent to which the Company has not followed the best practice recommendations set by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition).

Principle No	Best Practice Recommendation	Compliance	Reasons for Non-compliance
2.1	A majority of the Board should be independent Directors.	Currently, the Company has two independent Directors and two Directors that are not considered to be independent.	The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's recent history. The Company considers that each of the non-independent Directors possess skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company. Nonetheless, the Board takes the responsibilities of best practice in corporate governance seriously and has in the past and will in the future consider the appointment of independent Directors if deemed appropriate depending on the scope and scale of its operations.
2.4	The Board should establish a nomination committee.	The Board has not established a separate nomination committee, however, the responsibilities of a nomination committee are carried out by the full Board. It is noted the Board has adopted a Nomination Committee Charter.	Given the present size of the Company, the whole Board acts as a nomination committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee. The Board will re-consider establishing a separate Nomination Committee as the Company's operations grow.

3. CORPORATE GOVERNANCE (continued)

4.1 and 4.2	The Board should establish an audit committee and structure it in accordance with Recommendation 4.2.	The Board has not established a separate audit committee, however, the responsibilities of a audit committee are carried out by the full Board. It is noted the Board has adopted an Audit Committee Charter.	The role of the Audit Committee is carried out by the full Board. The Board considers that given its size and stage of development, no efficiencies or other benefits would be gained by establishing a separate Audit Committee. The Board will re-consider establishing a separate Audit Committee as the Company's operations grow.
8.1	The Board should establish a remuneration committee.	The Board has not established a separate remuneration committee, however, the responsibilities of a remuneration committee are carried out by the full Board. It is noted the Board has adopted a Remuneration Committee Charter.	Given the present size of the Company, the whole Board acts as a remuneration committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate remuneration committee. All matters of remuneration are determined by the Board in accordance with Corporations Act requirements, particularly in respect of related party transactions. No Director participates in any decision regarding his own remuneration or related issues. The Board has adopted a Remuneration Committee Charter and Remuneration Policy.

4. DIRECTORS' REPORT

The Directors are pleased to present their report, together with the financial statements of Bass Metals Ltd ("BSM" or the "Company") and of the Consolidated Group, being the Company and subsidiary Hellyer Mill Operations Pty Ltd.

Directors

The Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr David Donald Boyer – Independent Non-executive Chairman
BSc (Hons), CP Geo, FAIMM, MAIG, MAICD
Appointed - 2 August 2004

Mr Boyer is a geologist and resource Company manager with over 40 years experience in gold and base metals exploration, including the management of resource projects in Australia and overseas. He has considerable experience in exploration management, project management and assessment, feasibility studies and development analysis. His experience includes responsibility for technical operations from project acquisition through discovery to production and he has been instrumental in the listing of a number of successful junior exploration companies.

Mr Boyer has held executive and Non-executive director positions in a number of listed Australian resource companies. He was previously the Non-executive Chairman of Western Areas NL from its founding until 28 August 2006.

He is also currently the Non-executive Chairman of Midas Resources Ltd.

Mr Michael Benjamin Rosenstreich - Managing Director
BSc (Hons), MMEE, MAIMM
Appointed - 15 December 2004

Mr Rosenstreich has a strong combination of technical and commercial skills gained over the past 24 years in the banking and mining sectors. He is a geologist with 12 years of experience gained in both exploration and mining roles including senior management positions with companies such as Homestake Mining, Dominion Mining and Consolidated Gold.

Since July 1997 until November 2002 he was a senior member of the NM Rothschild Australia resource finance team where he was involved in domestic and offshore project and corporate financings covering a range of commodity types. He left Rothschild in late 2002 to become involved with several junior and start-up resources companies in management, corporate advisory and technical consulting roles. He has been the fulltime Managing Director of BSM since December 2004.

Graduating in 1984 from Otago University (NZ) with an Honours degree in Geology, he went on to complete a Masters of Mineral and Energy Economics at Macquarie University in 1996. He is a member of the Australian Institute of Mining and Metallurgy.

4. DIRECTORS' REPORT (continued)

Mr Craig Ian McGown – Independent Non-executive Director
B. Comm, FCA, ASIA
Appointed - 7 July 2004

Mr McGown has more than 36 years experience in corporate finance, covering mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

He holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia (FINSIA).

Mr McGown has significant experience with capital raisings in both domestic and foreign financial markets and has been involved in a number of successful capital raising transactions. Mr McGown has also served on the Boards of a number of listed and unlisted companies including Resource Finance Corporation Limited as an Executive Director and as the Executive Chairman of DJ Carmichael Pty Limited.

Mr McGown is also currently an Executive Director of New Holland Capital Pty Limited, Non-executive Chairman of Pioneer Resources Limited, Entek Energy Ltd and Non-executive Director of Peel Exploration Limited.

Mr Patrick Anthony Treasure – Non-executive Director
BSc(Hons), MAusIMM, MAICD
Appointed – 2 December 2008

Mr Treasure is a geologist by profession who has been actively involved in the resource and metal recovery industry for over 34 years, holding senior executive positions with a number of publicly listed companies in the process metallurgy and mining fields. He is currently a Director and Chief Executive Officer of Metals Finance Limited a Company of which he was a founding director and primary architect of its business plan.

Mr Treasure has extensive experience in corporate management, technology development, project evaluation and development.

He is Metals Finance Limited's nominated Director on the Board of BSM.

Mr Kieran George Rodgers - Non-executive Director
B.E. (Hons.) Min. (UNSW), MBA (IMD)
Resigned – 1 October 2008

Mr Rodgers is the Finance Director and Chief Financial Officer of ASX-listed Intec Ltd.

He was appointed an Executive Director of Intec Ltd on 28 February 2007 and was Intec Ltd's nominated Director on the Board of BSM until just prior to Intec Ltd disposing of its substantial shareholding to Metals Finance Limited.

Ms Susan Patricia Hunter - Company Secretary
BCom, ACA, F Fin (GDipAFin(SecInst)), MAICD (Dip), ACIS (Dip)
Appointed – 28 September 2006

Ms Hunter has over 15 years experience in the corporate finance industry.

She holds a Bachelor of Commerce degree from the University of Western Australia majoring in accounting and finance, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors and is an Associate Director of consulting firm Norvest Corporate Pty Ltd.

Ms Hunter is also a Member of the Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia and she is currently Company Secretary for several Australian Stock Exchange listed companies.

Principal Activities

During the period the principal activities of the Company consisted of mineral exploration, development and mining within Australia.

4. DIRECTORS' REPORT (continued)

Dividends

No dividends have been paid during the period and no dividends have been recommended by the Directors.

Result for the Financial Period

Profit from ordinary activities after income tax expense for the Group was \$19,122,323 (2008: \$1,775,533).

Review of Operations

A review of the operations during the financial year is set out in Section 2 of this report.

Remuneration Report (Audited)

This report details the amount and nature of remuneration of Key Management Personnel including each Director of the Company and the executives receiving the highest remuneration.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the Directors and other executives has been developed by the Board after seeking professional advice and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and Executive objectives with shareholder and businesses objectives.

The remuneration framework has regard to shareholders' interests in the following ways:

- Focuses on sustained growth as well as focusing the executive on key non-financial drivers of value, and
- Attracts and retains high calibre executives.

The remuneration framework has regard to executives' interests in the following ways:

- Rewards performance, capability and experience,
- Reflects competitive reward for contributions to shareholder growth,
- Provides a clear structure for earning rewards, and
- Provides recognition for contribution.

Non-executive Directors

The Board policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at a General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Non-executive Directors' interests with shareholder interests, the Non-executive Directors are encouraged to hold shares in the Company and may receive options as long-term incentive remuneration.

The Board has resolved that Directors fees will be \$75,000 per annum for the Chairman and \$50,000 per annum for Non-executive Directors, inclusive of statutory superannuation contributions effective 1 October 2008. Shareholders approved on 10 August 2006 the aggregate remuneration for all Non-executive Directors at an amount of \$250,000 per annum. This amount does not include the value of options provided to Non-executive Directors or committee member fees.

4. DIRECTORS' REPORT (continued)

Non-executive Directors are eligible for participation in the Bass Metals Ltd Share Purchase Plan and the Bass Metals Ltd Employee Share Option Plan. Any issue of shares to Directors under the Bass Metals Ltd Employee Share Purchase Plan or options under the Bass Metals Ltd Employee Share Option Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001.

Executives

Executive Directors and Executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9%, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and are based on an executive's performance. In addition long term incentives are received through participation in the Bass Metals Ltd Share Purchase Plan and the Bass Metals Ltd Employee Share Option Plan.

All remuneration paid to Directors and Executives is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

Base Salary

Structured as a total employment cost package comprising cash, leave benefits and superannuation. Executives' remuneration is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executives' contracts.

Benefits

Directors and Executives may receive reimbursements of out-of-pocket expenses incurred in the undertaking of their duties, including reasonable travel, accommodation and entertainment expenses.

Bass Metals Ltd Share Purchase Plan

Information on the Bass Metals Ltd Share Purchase Plan is set out in Note 29.

Bass Metals Ltd Employee Share Option Plan

Information on the Bass Metals Ltd Employee Share Option Plan is set out in Note 29.

Compensation of Key Management Personnel for the year ended 30 June 2009.

The following table discloses the remuneration of the Key Management Personnel (Directors and Company Executives) of the Company. The information in this table is audited.

4. DIRECTORS' REPORT (continued)

		Short-term benefits (salary and leave)	Short-term benefits (performance bonus)	Post-Employ- ment benefits (super- annuation)	Non cash benefits	Share- based pay- ments (options)	Total remunera- tion repre- sented by performance bonus	Total remunera- tion repre- sented by options	Total
		\$	\$	\$	\$	\$	%	%	\$
Executive Director									
Mr M Rosenstreich ¹	2009	280,000	-	20,000	1,892	-	-	-	301,892
	2008	212,750	50,000	20,000	1,126	12,204	16.9	4.1	296,080
Non-Executive Directors									
Mr D Boyer ²	2009	72,500	-	-	-	-	-	-	72,500
	2008	59,633	-	5,367	-	-	-	-	65,000
Mr C McGown ³	2009	55,000	-	-	-	-	-	-	55,000
	2008	40,000	-	-	-	-	-	-	40,000
Mr P Treasure ⁴	2009	29,167	-	-	-	-	-	-	29,167
	2008	-	-	-	-	-	-	-	-
Mr K Rodgers ⁵	2009	10,000	-	-	-	-	-	-	10,000
	2008	40,000	-	-	-	-	-	-	40,000
Total Directors	2009	446,667	-	20,000	1,892	-	-	-	468,559
	2008	352,383	50,000	25,367	1,126	12,204	-	-	441,080
Company Executives									
Ms S Hunter ⁶	2009	81,979	-	-	-	-	-	-	81,979
	2008	69,157	-	-	-	23,000	-	25.0	92,157
Dr T Murphy ⁷	2009	22,936	-	2,064	203	-	-	-	25,203
	2008	137,615	-	12,385	-	27,800	-	15.6	177,800
Mr L Henley	2009	165,255	-	14,745	2,419	5,250	-	2.8	187,669
	2008	141,767	-	18,233	1,126	12,000	-	6.9	173,126
Mr K Denwer ⁸	2009	113,000	-	24,500	7,557	-	-	-	145,057
	2008	-	-	-	-	-	-	-	-
Total Company Executives	2009	383,170	-	41,309	10,179	5,250	-	-	439,908
	2008	348,539	-	30,618	1,126	62,800	-	-	443,083

Note 1 – Included in 2008 short-term benefits is a bonus paid during the year of \$50,000 which was approved by the Board and was based on the operational performance at Que River mine.

Note 2 – During 2009 \$72,500 of Mr D Boyer's short-term benefits were paid to Boyer Exploration & Management Pty Ltd as Mr D Boyer is a Director and employee.

Note 3 – During 2009 \$47,500 of Mr C McGown's 2009 short-term benefits were paid to Taurus Funds Management Pty Ltd as Mr C McGown is an associate of that Company. In addition included in Mr McGown's short-term benefits was \$7,500 paid to Ionikos Pty Ltd, a Company controlled by Mr McGown as Chairman of the Company's Hedge Committee.

Note 4 - Mr P Treasure's short-term benefits were paid to Metals Finance Limited of which Mr P Treasure is a Director and employee.

Note 5 – Mr K Rodgers' short-term benefits were paid to a wholly owned subsidiary of Intec Ltd of which Mr K Rodgers is a Director and employee.

Note 6 – Ms Hunter's short-term benefits are paid direct to Norvest Corporate Pty Ltd as Ms Hunter is an associate of that Company.

Note 7 – Dr T Murphy's short-term benefits include his remuneration until 31 August 2008 at which point he resigned as Exploration Manager and was reappointed as a Senior Geologist.

Note 8 – Mr K Denwer commenced employment as Bass Metals Exploration Manager on 1 September 2008.

4. DIRECTORS' REPORT (continued)

Other than the Executive Directors and Company Executives, no other person is concerned in, or takes part in, the management of the Company; or has authority and responsibility for planning, directing and controlling the activities of the entity. As such, during the financial year, the Company did not have any person, other than Directors and Company Executives, that would meet the definition of "Key Management Personnel" for the purposes of AASB124 or "Company Executive" for the purposes of section 300A of the Corporations Act 2001 ("Act"). Remuneration details of the Company Secretary are disclosed as section 300A(1B)(a) of the Act defines a "Company Executive" to specifically include a secretary of the entity.

The fair value of the options is calculated at the date of grant using the Black-Scholes model and allocated to each reporting period equally over the period from grant date to vesting date. Details of the inputs used for these calculations are included in Note 29. The value disclosed above is a portion of the fair value of the options allocated to this reporting period.

Shareholders approved on 10 August 2006 the aggregate remuneration for all Non-executive Directors at an amount of \$250,000 per annum. This amount does not include the value of options provided to Non-executive Directors.

Employment Contracts

The Managing Director, Mr Mike Rosenstreich, is retained via an employment contract dated 22 September 2008 and is valid to 30 June 2011. This agreement provides for a total package amount inclusive of prescribed superannuation and for participation in the Company's Share Purchase Plan and Employee Share Option Plan. The cash remuneration inclusive of superannuation paid under the agreement from 1 July 2009 is \$350,000, and is subject to annual review.

Company Executives other than Ms S Hunter are employed under contracts, with no fixed term and a minimum of one months notice period. Ms S Hunter is employed under a service agreement with Norvest Corporate Pty Ltd. This agreement is able to be terminated by giving one months written notice.

Options Issued as Part of Remuneration

Options are issued to Directors and Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to Directors and Executives of Bass Metals Ltd to increase goal congruence between Executives, Directors and shareholders.

	Vested number	Granted number	Grant date	Value per option at grant date	Exercise price	First exercise date	Last exercise date
Directors							
Mr D Boyer	300,000	300,000	22/12/2006	22.3 cents	27.5 cents	22/12/2006	22/12/2011
Mr M Rosenstreich	850,000	850,000	22/12/2006	22.3 cents	27.5 cents	22/12/2006	22/12/2011
Mr C McGown	225,000	225,000	22/12/2006	22.3 cents	27.5 cents	22/12/2006	22/12/2011
Company Executives							
Ms S Hunter	125,000	125,000	31/12/2006	18.4 cents	37.5 cents	31/12/2007	31/12/2011
Ms S Hunter	100,000	100,000	31/12/2007	16.9 cents	51.0 cents	31/12/2008	31/12/2012
Dr T Murphy	125,000	125,000	31/12/2006	18.4 cents	37.5 cents	31/12/2007	31/12/2011
Dr T Murphy	100,000	100,000	31/12/2007	16.9 cents	51.0 cents	31/12/2008	31/12/2012
Mr L Henley	100,000	100,000	31/12/2007	16.9 cents	51.0 cents	31/12/2008	31/12/2012
Mr L Henley	125,000	125,000	18/04/2008	9.6 cents	37.5 cents	18/04/2008	02/11/2011
Mr L Henley	125,000	125,000	01/05/2009	4.2 cents	37.5 cents	01/05/2009	02/11/2011

No options have been exercised during the financial period.

4. DIRECTORS' REPORT (continued)

Share Options

At the date of this report unissued ordinary shares of the Company under option are:

Grant Date	Date of expiry	Exercise price	Number under option
22 December 2006	22 December 2011	27.5 cents	1,375,000
31 December 2006	31 December 2011	37.5 cents	350,000
23 April 2007	30 April 2010	40 cents	4,176,939
31 December 2007	31 December 2012	51 cents	525,000
18 April 2008	02 November 2011	37.5 cents	125,000
1 May 2009	02 November 2011	37.5 cents	125,000
			6,676,939

Directors' Interest

The relevant interest of each Director in the shares and options over shares issued by the Company at the date of this report or date of resignation are as follows:

Director	Ordinary Shares		Options	
	Direct	Indirect	Direct	Indirect
Mr D Boyer	1,150,000	140,000	357,376	6,875
Mr M Rosenstreich	1,306,251	-	892,813	-
Mr C McGown	15,002	1,336,913	625	279,971
Mr P Treasure	-	21,611,000	-	-
Mr K Rodgers ¹	110,135	32,433	3,007	1,622

Note 1 – These are Mr K Rodgers relevant interests when he resigned as a Non-executive Director on 1 October 2008.

Company Performance

Comments on performance are set out in the review of operations.

Significant Changes in the State of Affairs

During the year the Group acquired the Hellyer operating infrastructure and mining lease from Intec Ltd.

Likely Developments and Expected Results

The likely developments in the operation of the Group and the expected results of those operations in future financial years are as follows.

The Group will continue to:

- Maintain a strategic land position in Tasmania incorporating a full spectrum of targets from advanced drill ready prospects to conceptual large scale anomalies.
- Evaluate the development of the Hellyer Mine Project including the Fossey and Hellyer Resource and processing of ore at the Hellyer Mill.
- Assess opportunities to expand its business via development of its existing assets and potential project acquisitions both within Australia and overseas.

Environmental Regulation

The Group is subject to environmental regulation in respect of its exploration activities. The Group makes every effort to comply with the relevant regulations and is not aware of any breaches in relation to the regulations within the States it operates.

4. DIRECTORS' REPORT (continued)

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2009 and the number of meetings attended by each Director.

Director	Directors' Meetings		Hedge Committee	
	A	B	A	B
Mr D Boyer	12	13	-	-
Mr M Rosenstreich	13	13	3	3
Mr C McGown	13	13	3	3
Mr P Treasure	7	7	-	-
Mr K Rodgers	4	4	-	-

A – meetings attended

B – number of meetings entitled to attend

It is noted that in June 2009, the Company established an Audit Committee, a Nomination Committee and a Remuneration Committee. The full Board meets as the Audit Committee, Nomination Committee and the Remuneration Committee on an as required basis.

Mr L Henley, an Executive of the Company also attended all the Hedge Committee meetings.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under Section 237 of the Corporations Act 2001.

Indemnification and Insurance of Directors and Officers

Indemnification

The Company has agreed to indemnify current Directors and officers and past Directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance

The Directors have not included details of the amount of the premium paid in respect of the Directors' and officers' liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Events Subsequent to Reporting Date

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Managing Director prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES110 : Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

4. DIRECTORS' REPORT (continued)

The following fees were paid/payable to Grant Thornton for non audit services provided during the year ended 30 June 2009:

	2009 \$
Amounts received or due and receivable by Grant Thornton for:	
Consulting - Taxation services	18,678
Consulting - Other	14,795
Consulting - Independent Experts Report and due diligence services	60,490
	<u>93,963</u>

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton (WA) Partnership, to provide the Directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2009. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Director's Report.

Signed in accordance with a resolution of Directors.



M Rosenstreich
Managing Director

West Perth, Western Australia
28 September 2009

**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Sales revenue	2	23,807,499	9,370,918	23,807,499	9,370,918
Cost of sales	3	(16,418,190)	(7,135,951)	(16,418,190)	(7,135,951)
Gross profit		7,389,309	2,234,967	7,389,309	2,234,967
Net gain on acquisition of Hellyer operating infrastructure and mining lease	2,13	16,692,878	-	-	-
Other income	2	1,469,964	1,890,273	1,466,764	1,890,273
Other expenses	3	(5,132,200)	(2,556,045)	(4,252,538)	(2,556,045)
Share based payment expenses	3	(113,666)	(111,804)	(113,666)	(111,804)
Finance costs	3	(51,148)	(20,844)	(51,148)	(20,844)
Profit before income tax		20,255,137	1,436,547	4,438,721	1,436,547
Income tax (expense)/income	4	(1,132,814)	338,986	(1,434,076)	338,986
Profit after income tax		19,122,323	1,775,533	3,004,645	1,775,533
Basic earnings per share (cents)	5	18.46	1.82		
Diluted earnings per share (cents)	5	17.32	1.75		

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS
AS AT 30 JUNE 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	4,542,837	4,429,569	4,462,410	4,429,569
Trade and other receivables	7	5,789,818	3,751,703	5,786,618	3,751,701
Inventories	8	1,057,637	768,661	784,930	768,661
Derivative financial assets	9	5,747	2,128,194	5,747	2,128,194
Other assets	10	180,887	68,938	81,613	68,938
Total Current Assets		11,576,926	11,147,065	11,121,318	11,147,063
NON-CURRENT ASSETS					
Trade and other receivables	7	1,717,457	617,000	7,004,029	617,000
Plant and equipment	11	24,264,659	180,342	173,619	180,342
Mine properties	12	10,924,932	3,223,613	781,647	3,223,613
Capitalised exploration and evaluation	14	11,949,001	10,403,093	11,887,758	10,403,093
Derivative financial assets	9	-	579,739	-	579,739
Other financial assets	16	-	-	2	2
Deferred tax assets	22	4,180,605	-	2,307,313	-
Total Non-Current Assets		53,036,654	15,003,787	22,154,368	15,003,789
TOTAL ASSETS		64,613,580	26,150,852	33,275,686	26,150,852
CURRENT LIABILITIES					
Trade and other payables	17	2,090,470	2,927,584	2,063,788	2,927,584
Borrowings	18	156,267	66,545	156,267	66,545
Derivative financial liabilities	19	52,511	-	52,511	-
Provisions	20	1,840,902	870,432	1,840,902	870,432
Total Current Liabilities		4,140,150	3,864,561	4,113,468	3,864,561
NON-CURRENT LIABILITIES					
Provisions	20	5,234,071	3,574	9,676	3,574
Contingent consideration	21	2,756,319	-	-	-
Deferred tax liabilities	22	10,767,862	-	3,555,042	-
Total Non-Current Liabilities		18,758,252	3,574	3,564,718	3,574
TOTAL LIABILITIES		22,898,402	3,868,135	7,678,186	3,868,135
NET ASSETS		41,715,178	22,282,717	25,597,500	22,282,717
EQUITY					
Issued capital	23	22,294,441	22,097,969	22,294,441	22,097,969
Option reserve	24	799,631	685,965	799,631	685,965
Retained profits/(accumulated losses)		18,621,106	(501,217)	2,503,428	(501,217)
TOTAL EQUITY		41,715,178	22,282,717	25,597,500	22,282,717

The above Balance Sheets should be read in conjunction with the accompanying notes.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

Consolidated	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Total
	\$	\$	\$	\$
Balance at 01 Jul 2007	15,406,200	(2,276,750)	574,161	13,703,611
Shares issued during the year	6,965,339	-	-	6,965,339
Share issue costs	(273,570)	-	-	(273,570)
Share options issued during the period in accordance with AASB 2 - Share based payments	-	-	111,804	111,804
Profit attributable to members of parent entity	-	1,775,533	-	1,775,533
Balance at 30 June 2008	22,097,969	(501,217)	685,965	22,282,717
Balance at 01 Jul 2008	22,097,969	(501,217)	685,965	22,282,717
Shares issued during the year	10,125	-	-	10,125
Share options issued during the period in accordance with AASB 2 - Share based payments	-	-	113,666	113,666
Previously unrecognised tax benefit relating to temporary differences on the tax deduction for share issue costs	186,347	-	-	186,347
Profit attributable to members of parent entity	-	19,122,323	-	19,122,323
Balance at 30 June 2009	22,294,441	18,621,106	799,631	41,715,178

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 JUNE 2009

Company	Retained Profits/ (Accumulated Losses)			
	Issued Capital		Option Reserve	Total
	\$	\$	\$	\$
Balance at 01 Jul 2007	15,406,200	(2,276,750)	574,161	13,703,611
Shares issued during the year	6,965,339	-	-	6,965,339
Share issue costs	(273,570)	-	-	(273,570)
Share options issued during the period in accordance with AASB 2 - Share based payments	-	-	111,804	111,804
Profit attributable to members of parent entity	-	1,775,533	-	1,775,533
Balance at 30 June 2008	22,097,969	(501,217)	685,965	22,282,717
Balance at 01 Jul 2008	22,097,969	(501,217)	685,965	22,282,717
Shares issued during the year	10,125	-	-	10,125
Share options issued during the period in accordance with AASB 2 - Share based payments	-	-	113,666	113,666
Previously unrecognised tax benefit relating to temporary differences on the tax deduction for share issue costs	186,347	-	-	186,347
Profit attributable to members of parent entity	-	3,004,645	-	3,004,645
Balance at 30 June 2009	22,294,441	2,503,428	799,631	25,597,500

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		20,308,431	6,855,778	20,308,431	6,855,778
Payments to suppliers and employees		(10,985,516)	(5,232,747)	(9,883,598)	(5,232,747)
Payments of security deposits		(86,765)	(384,967)	(38,365)	(384,967)
Receipts of research and development offset		338,986	-	338,986	-
Interest received		334,410	335,617	331,210	335,617
Interest paid		(54,563)	(5,990)	(54,563)	(5,990)
Receipts from/(payments) for derivative financial instruments		4,071,455	(1,301,727)	4,071,455	(1,301,727)
Net cash provided by operating activities	28(i)	13,926,438	265,964	15,073,556	265,964
Cash flows from investing activities					
Purchase of plant and equipment		(167,167)	(715,360)	(130,982)	(715,360)
Payment for Hellyer operating infrastructure and mining lease	13	(4,010,000)	-	-	-
Loans to subsidiary		-	-	(6,334,972)	-
Payments for exploration and evaluation		(4,177,657)	(3,302,654)	(4,116,415)	(3,302,654)
Payments for development of mineral properties		(4,282,650)	(3,103,339)	(4,282,650)	(3,103,339)
Payments for Hellyer mining lease guarantee		(1,000,000)	-	-	-
Net cash (used in) investing activities		(13,637,474)	(7,121,353)	(14,865,019)	(7,121,353)
Cash flows from financing activities					
Proceeds from issue of shares		-	6,988,839	-	6,988,839
Repayments of borrowings		(175,696)	(20,582)	(175,696)	(20,582)
Payments for share issue costs		-	(293,926)	-	(293,926)
Net cash provided by/(used in) financing activities		(175,696)	6,674,331	(175,696)	6,674,331
Net increase/(decrease) in cash and cash equivalents		113,268	(181,058)	32,841	(181,058)
Cash and cash equivalents at the beginning of the year		4,429,569	4,610,627	4,429,569	4,610,627
Cash and cash equivalents at the end of the year	6	4,542,837	4,429,569	4,462,410	4,429,569

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

1. Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Bass Metals Ltd and its controlled entity ("Consolidated" or "Group") and the separate financial statements and notes of Bass Metals Ltd as an individual parent entity ("Company").

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is an entity over which Bass Metals Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 16 to the financial statements. Investments in controlled entities are carried at cost.

As at reporting date, the assets and liabilities of the controlled entity have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the independently assessed fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax (expense)/income for the year comprise current income tax (expense)/income and deferred tax (expense)/income.

Current income tax (expense) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax (liabilities)/assets are therefore measured at the amounts expected to be (paid) to recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense)/income is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

1. Statement of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(c) Cash & Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(d) Trade and Other Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An appropriate provision for impairment is raised where some doubt as to collection exists.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion.

(f) Financial Instruments***Initial Recognition and Measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where applicable, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

1. Statement of Significant Accounting Policies (continued)

Amortised cost is calculated as follows:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

1. Statement of Significant Accounting Policies (continued)**(g) Plant & Equipment**

Plant and equipment is measured at cost less where applicable, any accumulated depreciation and impairment losses.

Depreciation is calculated on the straight line method and is brought to account over the estimated useful lives of all plant and equipment from the time the asset is held ready for use, other than for ore processing equipment. The depreciation rates used are:

Office equipment 20.00%
Computer equipment 33.33%
Exploration equipment 20.00%

Ore processing equipment is depreciated on a units of production basis consistent with the equipments consumption pattern. As the equipment has been in care and maintenance since acquisition, no depreciation has been expensed to 30 June 2009.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount.

(h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates that recoverable amount of the cash-generating unit to which the asset belongs.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(j) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

1. Statement of Significant Accounting Policies (continued)

Amortisation is provided on a unit of production basis (other than restoration and rehabilitation expenditure detailed below) which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which include any cost to dismantle and removal of certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets an entity is also required to recognise as a provision the best estimate of the present value of expenditure required to settle the obligation. The present value of estimated future cashflows is measured using a current market discount rate.

(k) Capitalised Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to Mine Properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves (refer to Mine Properties above).

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

1. Statement of Significant Accounting Policies (continued)

Issues of employee options are brought to account through the Income Statement. At the time of exercise, the amounts receivable from employees are recognised in the Balance Sheet as share capital.

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

(i) Ore Sales

Revenue from the sale of ore is recognised when the product has been delivered and:

- (i) risk has been passed to the customer;
- (ii) the product is in a form suitable for delivery;
- (iii) the quantity of the product can be determined with reasonable accuracy;
- (iv) the product has been delivered to the customer and is no longer under the physical control of the Group; and,
- (v) the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at an estimated value when the product has been delivered. Adjustments are made to reflect variations in the metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

(ii) Interest

Interest earned is recognised as and when it is receivable, including interest which is accrued and is readily convertible to cash within two working days. Accrued interest is recorded as part of other debtors.

(iii) Other Income

Other income is recognised as and when it is receivable and has been recorded as part of other receivables if it has not yet been received.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. Statement of Significant Accounting Policies (continued)**(r) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates and assumptions made in preparation of these financial statements are described below:

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of Assets

Certain assumptions are required to be made in order to assess the recoverability of assets. Key assumptions include the future price of commodities, future cash flows, an estimated discount rate and estimates of ore reserves. In addition, cash flows are projected over the life of mine, which is based on proved and probable ore reserves. Estimates of ore reserves in themselves are dependent on various assumptions, in addition to those described above, including cut-off grades. Changes in these estimates could materially impact on ore reserves, and could therefore affect estimates of future cash flows used in the assessment of recoverable amount.

Determination of Ore Reserves and Remaining Mine Life

The Group estimates its ore reserves and mineral resources based on information complied by Competent Persons (as defined in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources are revised to the December 2004 (the JORC code). Reserves determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given, not only to remaining recoverable metals contained in proved and probable ore reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

Where a change in estimated recoverable metals contained in proved and probable ore reserves is made, depreciation and amortisation is accounted for prospectively.

The determination of ore reserves and remaining mine life affects the carrying value of a number of the Group's assets and liabilities including deferred mining costs and the provision for rehabilitation.

Provision for Restoration and Rehabilitation

Certain assumptions are required to be made in determining the amount expected to be incurred to settle its obligations in relation to restoration and rehabilitation of the mine site. Key assumptions include the amount and timing of future cash flow estimates. A 10% increase to cost assumptions will result in a \$0.6 million increase in the liability and in the carrying value of the asset.

(s) Application of Accounting Standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- (i) AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038) (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified.

1. Statement of Significant Accounting Policies (continued)

- (ii) AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- (iii) AASB 123: Borrowing Costs and AASB 2007-6: Amendments to the Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12) (applicable for annual reporting periods commencing 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- (iv) AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (AASB 2) (applicable for annual reporting period 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another Group.

2. Revenue

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Sales revenue				
Ore sales	23,807,499	9,370,918	23,807,499	9,370,918
Total sales revenue	23,807,499	9,370,918	23,807,499	9,370,918
(b) Net gain on acquisition of Hellyer operating infrastructure and mining lease¹	16,692,878	-	-	-
(c) Other income				
Interest received	336,978	336,482	333,778	336,482
Exploration management fees	-	125,942	-	125,942
Net gain on derivative financial instruments	1,082,986	1,427,849	1,082,986	1,427,849
Other revenue – Joint venture establishment fee	50,000	-	50,000	-
Total other income	1,469,964	1,890,273	1,466,764	1,890,273

Note 1: Further information relating to the accounting gain on acquisition is included in the business combinations Note 13.

3. Profit for the Year

The profit for the year is stated after taking into account the following:

Expenses

(a) Cost of sales				
Production costs	4,472,260	3,321,579	4,472,260	3,321,579
Amortisation of mine closure and restoration	611,330	507,600	611,330	507,600
Amortisation of mining properties	6,152,980	1,642,432	6,152,980	1,642,432
Royalties	1,420,262	153,994	1,420,262	153,994
Treatment charges	2,637,040	1,510,346	2,637,040	1,510,346
Mining contractor net profit incentive	1,124,318	-	1,124,318	-
Total cost of sales	16,418,190	7,135,951	16,418,190	7,135,951
(b) Other expenses				
Employee benefit expense	760,653	631,467	760,653	631,467
Contracting and consulting expense	505,815	698,841	505,815	698,841
Operating lease expense	116,139	48,615	116,139	48,615
Other administration expense	499,681	416,410	499,681	416,410
Depreciation – plant & equipment	97,791	87,594	96,504	87,594
Write-off of capitalised exploration and evaluation expenditure	2,110,400	560,597	2,110,400	560,597
Exploration expenditure expensed	163,346	112,521	163,346	112,521
Hellyer operating infrastructure – care and maintenance	878,375	-	-	-
Total other expenses	5,132,200	2,556,045	4,252,538	2,556,045
(c) Share based payments				
Share based payments	113,666	111,804	113,666	111,804
(d) Finance costs				
Finance costs	51,148	20,844	51,148	20,844
Total expenses	21,715,204	9,824,644	20,835,542	9,824,644

4. Income Tax Expense

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	3,410,813	-	3,712,075	-
Recoupment of prior year tax losses not previously brought to account	(2,277,999)	-	(2,277,999)	-
	1,132,814	-	1,434,076	-
(b) The prima facie tax on profit (loss) before income tax at 30% (2008 : 30%)	6,076,541	430,964	1,331,616	430,964
Add tax effect of:				
Non-deductible expenditure	3,006	1,180	3,515	1,180
Equity based payments	34,100	33,541	34,100	33,541
Less tax effect of:				
Share issue expenses	-	(65,621)	-	(65,621)
Gain on acquisition of Hellyer operating infrastructure and mining lease	(5,045,678)	-	-	-
	1,067,969	400,064	1,369,231	400,064
Add tax effect of:				
Exploration and evaluation expenditure	-	(1,675,187)	-	(1,675,187)
Research and development tax offset	-	(338,986)	-	(338,986)
Deferred tax asset not brought to account	-	1,275,123	-	1,275,123
Opening deferred tax balance brought to account	4,040,020	-	4,040,020	-
Previously unrecognised tax losses now recognised as a deferred tax asset	(1,697,176)	-	(1,697,176)	-
Previously unrecognised tax losses now being recouped	(2,277,999)	-	(2,277,999)	-
Income tax expense (income) attributable to loss from ordinary activities before tax	1,132,814	(338,986)	1,434,076	(338,986)
The applicable weighted average effective tax rates are as follows:	5.6%	(23.6%)	32.3%	(23.6%)

The increase in the weighted average effective tax rates is partially due to the initial recognition of deferred tax balances consistent with the Company's accounting policy as set out in note 1(b).

5. Earnings Per Share

	Consolidated	
(a) Basic Earnings Per Share	2009	2008
	\$	\$
Profit for the period	19,122,323	1,775,533
Weighted average number of ordinary shares used in the calculation of basic earnings per share	103,599,762	97,736,977
Basic earnings per share (cents)	18.46	1.82
(b) Diluted Earnings Per Share	2009	2008
	\$	\$
Profit for the period	19,122,323	1,775,533
Weighted average number of ordinary shares used in the calculation of basic earnings per share	103,599,762	97,736,977
Effect of weighted average share options on issue	6,806,898	3,474,259
Weighted average number of ordinary shares (diluted) at 30 June	110,406,660	101,211,236
Diluted earnings per share (cents)	17.32	1.75

6. Cash and Cash Equivalents

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	124,109	104,328	70,282	104,328
Short-term bank deposit	4,418,728	4,325,241	4,392,128	4,325,241
	4,542,837	4,429,569	4,462,410	4,429,569

The effective interest rate on short-term bank deposits at 30 June 2009 was 3.00% (2008 : 7.25%); a majority of these deposits are at call.

Included in cash and cash equivalents is a restricted amount of \$1,010,000 on deposit as credit support for short dated forward sales agreements.

7. Trade and Other Receivables

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current					
Trade receivables		5,779,245	3,099,434	5,779,245	3,099,434
Other receivables		8,453	309,716	5,253	309,714
Government research and development offset	4	-	338,986	-	338,986
Operating lease bonds		2,120	3,567	2,120	3,567
		5,789,818	3,751,703	5,786,618	3,751,701
Non-current					
Tenement security deposits ¹		1,620,780	597,500	620,780	597,500
Operating lease bonds		18,652	-	18,652	-
Hellyer operating infrastructure guarantees ¹		48,400	-	-	-
Loan to key management personnel ²		29,625	19,500	29,625	19,500
Amounts receivable from controlled entity		-	-	6,334,972	-
		1,717,457	617,000	7,004,029	617,000

Note 1: Tenement security deposits and Hellyer operating infrastructure guarantees are held in fixed term deposits. These amounts are not available for use and thus do not constitute cash assets. Included in the tenement security deposits for the Consolidated Group is a \$1,000,000 guarantee placed with the Minister of Resources Tasmania for the Hellyer mining licence.

Note 2: Further information relating to the loan to key management personnel is set out in Note 33.

8. Inventories

At cost				
Finished goods - ore to be delivered	784,930	768,661	784,930	768,661
Stores – Hellyer Mill	272,707	-	-	-
	1,057,637	768,661	784,930	768,661

9. Derivative Financial Assets

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Derivative financial instruments – at fair value ¹	5,747	2,128,194	5,747	2,128,194
	5,747	2,128,194	5,747	2,128,194
Non-current				
Derivative financial instruments – at fair value ¹	-	579,739	-	579,739
	-	579,739	-	579,739

Note 1: Further information relating to the derivatives is set out in Note 32.

10. Other Assets

Current				
Prepayments	180,887	68,938	81,613	68,938
	180,887	68,938	81,613	68,938

11. Plant & Equipment

Plant and Equipment - Ore Processing				
At cost	24,056,143	-	-	-
Accumulated depreciation	-	-	-	-
	24,056,143	-	-	-
Plant and Equipment - Other				
At cost	454,099	240,764	417,915	240,764
Accumulated depreciation	(245,583)	(106,198)	(244,296)	(106,198)
	208,516	134,566	173,619	134,566
Leased Plant and Equipment				
At cost	-	103,020	-	103,020
Accumulated depreciation	-	(57,244)	-	(57,244)
	-	45,776	-	45,776
Total Plant and Equipment	24,264,659	180,342	173,619	180,342

Movements in carrying amounts

The carrying amounts of each class of plant and equipment between the beginning and end of the current and last financial year are set out below:

Consolidated	Plant and Equipment Ore Processing	Plant and Equipment Other	Leased Plant and Equipment	Total
		\$	\$	\$
Balance at 1 July 2007	-	82,561	68,670	151,231
Additions	-	119,108	-	119,108
Disposals	-	(2,403)	-	(2,403)
Depreciation expense	-	(64,700)	(22,894)	(87,594)
Balance at 30 June 2008	-	134,566	45,776	180,342

11. Plant & Equipment (continued)

	Plant and Equipment Ore Processing	Plant and Equipment	Leased Plant and Equipment	Total
Balance at 1 July 2008	-	134,566	45,776	180,342
Additions	-	130,982	-	130,982
Additions through business combination	24,056,143	-	-	24,056,143
Disposals	-	(5,017)	-	(5,017)
Depreciation expense	-	(86,642)	(11,149)	(97,791)
Transfer to plant and equipment ¹	-	34,627	(34,627)	-
Balance at 30 June 2009	24,056,143	208,516	-	24,264,659

Note 1: The residual payments for finance lease commitments have been paid this financial period and consequently the assets are no longer classified as leased plant and equipment.

Company	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$
Balance at 1 July 2007	82,561	68,670	151,231
Additions	119,108	-	119,108
Disposals	(2,403)	-	(2,403)
Depreciation expense	(64,700)	(22,894)	(87,594)
Balance at 30 June 2008	134,566	45,776	180,342

	Plant and Equipment	Leased Plant and Equipment	Total
Balance at 1 July 2008	134,566	45,776	180,342
Additions	94,798	-	94,798
Disposals	(5,017)	-	(5,017)
Depreciation expense	(85,355)	(11,149)	(96,504)
Transfer to plant and equipment ¹	34,627	(34,627)	-
Balance at 30 June 2009	173,619	-	173,619

Note 1: The residual payments for finance lease commitments have been paid this financial period and consequently the assets are no longer classified as leased plant and equipment.

12. Mine Properties

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Hellyer Tailings Dam				
At cost	9,000,000	-	-	-
Accumulated amortisation	-	-	-	-
	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hellyer Operating Infrastructure – Mill Closure and Restoration				
At cost	1,143,285	-	-	-
Accumulated amortisation	-	-	-	-
	<u>1,143,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
Que River Capital Infrastructure				
At cost	663,273	602,040	663,273	602,040
Accumulated amortisation	(596,946)	(218,394)	(596,946)	(218,394)
	<u>66,327</u>	<u>383,646</u>	<u>66,327</u>	<u>383,646</u>
Que River Mine Closure and Restoration				
At cost	1,118,930	846,000	1,118,930	846,000
Accumulated amortisation	(1,118,930)	(507,600)	(1,118,930)	(507,600)
	<u>-</u>	<u>338,400</u>	<u>-</u>	<u>338,400</u>
Que River Mine Development				
At cost	7,913,786	3,925,605	7,913,786	3,925,605
Accumulated amortisation	(7,198,466)	(1,424,038)	(7,198,466)	(1,424,038)
	<u>715,320</u>	<u>2,501,567</u>	<u>715,320</u>	<u>2,501,567</u>
Total Mine Properties	10,924,932	3,223,613	781,647	3,223,613

The carrying amounts of each class of mine properties between the beginning and end of the current financial year are set out below:

	Hellyer Tailings Dam Closure and Restoration	Hellyer Operating Infrastructure Closure and Restoration	Que River Capital Infrastructure	Que River Mine Closure and Restoration	Que River Mine Development	Total
Consolidated			\$	\$	\$	\$
Balance at 1 July 2007	-	-	-	-	-	-
Additions	-	-	602,040	846,000	3,103,339	4,551,379
Transfer from capitalised exploration and evaluation	-	-	-	-	822,266	822,266
Amortisation expense	-	-	(218,394)	(507,600)	(1,424,038)	(2,150,032)
Balance at 30 June 2008	-	-	383,646	338,400	2,501,567	3,223,613
	Hellyer Tailings Dam Closure and Restoration	Hellyer Operating Infrastructure Closure and Restoration	Que River Capital Infrastructure	Que River Mine Closure and Restoration	Que River Mine Development	Total
			\$	\$	\$	\$
Balance at 1 July 2008	-	-	383,646	338,400	2,501,567	3,223,613
Additions	-	-	61,233	272,930	3,988,181	4,322,344
Additions through business combination	9,000,000	1,143,285	-	-	-	10,143,285
Transfer from capitalised exploration and evaluation	-	-	-	-	-	-
Amortisation expense	-	-	(378,552)	(611,330)	(5,774,428)	(6,764,310)
Balance at 30 June 2009	9,000,000	1,143,285	66,327	-	715,320	10,924,932

12. Mine Properties (continued)

Company	Que River Capital Infrastructure	Que River Mine Closure and Restoration	Que River Mine Develop- ment	Total
	\$	\$	\$	\$
Balance at 1 July 2007	-	-	-	-
Additions	602,040	846,000	3,103,339	4,551,379
Transfer from capitalised exploration and evaluation	-	-	822,266	822,266
Amortisation expense	(218,394)	(507,600)	(1,424,038)	(2,150,032)
Balance at 30 June 2008	383,646	338,400	2,501,567	3,223,613
	Que River capital infrastructure	Que River mine closure and restoration	Que River mine developme nt	Total
	\$	\$	\$	\$
Balance at 1 July 2008	383,646	338,400	2,501,567	3,223,613
Additions	61,233	272,930	3,988,181	4,322,344
Transfer from capitalised exploration and evaluation	-	-	-	-
Amortisation expense	(378,552)	(611,330)	(5,774,428)	(6,764,310)
Balance at 30 June 2009	66,327	-	715,320	781,647

13. Business Combinations

On 10 December 2008, Hellyer Mill Operations Pty Ltd, a wholly-owned controlled entity, entered into a binding conditional sales agreement with Intec Ltd to acquire the Hellyer operating infrastructure and mining lease.

The agreement included a cash payment of \$4.01 million plus a processing royalty of \$2.50/tonne contingent upon the quantity of ore processed through the Hellyer mill, capped at \$5 million.

On 19 February 2009, the shareholders resolved in favour of the proposed transaction and on the 12 March 2009, the formal execution of the sales agreement occurred.

In addition to the above cash settlement, Hellyer Mill Operations Pty Ltd placed a \$1 million bank guarantee with Mineral Resources Tasmania in June prior to the transfer of the Hellyer mining lease. This amount is secured by a fixed term deposit and does not form part of the following purchase consideration.

13. Business Combinations (continued)

	Note	\$
Cost of acquisition		
Cash consideration paid to Intec Ltd		(4,010,000)
Contingent consideration recognised at the present value of the probable future royalty payments	21	(2,756,319)
		(6,766,319)

The following assets and liabilities have been acquired as part of the transaction and recognised at their fair values.

	Note	Fair Value \$
Plant and equipment – ore processing	11	24,056,143
Inventory	8	251,000
Mine properties	12	10,143,285
Mining lease		1
Total value of assets acquired		34,450,429
Deduct		
Liabilities assumed or created:		
Provisions	20	(5,224,395)
Deferred income tax assets/(liabilities)	22	(5,640,790)
Total amount of liabilities		(10,865,185)
Net assets acquired		23,585,244
Gain on acquisition		16,818,925
Acquisition costs – stamp duty		(126,047)
Net gain on acquisition	2	16,692,878

The above accounting gain has resulted from the group applying the Business Combinations accounting standard AASB3. Fair values for the above assets have been based on the Independent Experts Report included in the Notice of General Meeting to Shareholders dated 19 February 2009.

14. Capitalised Exploration and Evaluation Expenditure

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Balance at the beginning of the period	10,403,093	8,809,022	10,403,093	8,809,022
Expenditure capitalised for the period	3,656,308	2,976,934	3,595,065	2,976,934
Write-off resulting from relinquished tenements	(1,604,830)	(560,597)	(1,604,830)	(560,597)
Transfer to mine properties for development of Que River	-	(822,266)	-	(822,266)
Write-off of project evaluation expenditure	(201,457)	-	(201,457)	-
Write-off on tenements not relinquished ¹	(304,113)	-	(304,113)	-
Balance at the end of the period	11,949,001	10,403,093	11,887,758	10,403,093

Note 1: The above write off on tenements not relinquished is as a result of a review on the carrying values of tenements in which Venture Minerals can earn an interest in as detailed in note 15.

Ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas at an amount at least equivalent to the carrying value.

15. Interests in Tenements

Agreements have been entered into with third parties, whereby Bass Metals can earn an interest in exploration areas by expending specified amounts in the exploration areas. The Group's percentage interests in the future output, having fulfilled its obligations are as follows:

<u>Partner</u>	<u>Licence</u>	<u>Interest</u>
Adamus Resources Ltd	EL28/2002 Bonds Range	70%
Clancy Exploration Limited	EL52/2004 Loyatea	75%
Clancy Exploration Limited	EL53/2004 Leven River	75%
Clancy Exploration Limited	EL54/2004 North Rosebery	75%
Clancy Exploration Limited	EL63/2004 Oonah	75%
Clancy Exploration Limited	EL64/2004 Waratah	75%
Clancy Exploration Limited	EL38/2005 Grasstree Ridge	75%
Clancy Exploration Limited	ELA36/2005 Paradise River	75%
Clancy Exploration Limited	ELA16/2006 Pinnacles	75%
Venture Minerals Limited*	EL31/2003 Heazlewood	100%
Venture Minerals Limited*	EL36/2003 Whyte River	100%

Venture minerals are entitled to a 70% earn in interest in the above mentioned exploration areas by making or incurring a total expenditure of not less than \$650,000 in connection with the exploration for iron, tin and tungsten on the Joint Venture Tenements (Sole Funding) within three (3) years of the date of satisfaction of the conditions precedent in the agreements. Pioneer Resources Limited retains a 2% net smelter royalty.

16. Other Financial Assets

Non-current

Shares in controlled entity – at cost	-	-	2	2
	-	-	2	2

Bass Metals subsidiaries for the financial period are:

Hellyer Mill Operations Pty Ltd (previously named Que Metals Pty Ltd) which is incorporated in Australia – 100% interest (2008 : 100%).

17. Trade and Other Payables

	<u>Consolidated</u>		<u>Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current				
Unsecured liabilities:-				
Trade payables	1,173,453	1,980,253	1,062,336	1,980,253
Sundry payables and accrued expenses	917,017	947,331	1,001,452	947,331
	2,090,470	2,927,584	2,063,788	2,927,584

18. Borrowings

	<u>Note</u>				
Current					
Lease liability	25	-	66,545	-	66,545
Loan ¹		156,267	-	156,267	-
		156,267	66,545	156,267	66,545

Note 1: The Loan was provided by Hunter Premium Funding Limited for payment of insurance premiums and is for a fixed amount repayable in full by February 2010. The debt is secured by insurance policies purchased under the agreement.

19. Derivative Financial Liabilities

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current					
Derivative financial instruments – at fair value ¹	32	52,511	-	52,511	-
		52,511	-	52,511	-

Note 1: Further information in relation to the derivatives is set out in note 32.

20. Provisions

The carrying amounts and class of provisions between the beginning and end of the current financial year are set out below:

Consolidated	Hellyer Operating Infrastructure Closure and Restoration	Que River Mine Closure and Restoration	Short-term Employee Benefits	Long-term Employee Benefits	Mine Contractor Incentive Payment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2007	-	-	16,166	-	-	16,166
Additions	-	846,000	8,266	3,574	-	857,840
Balance at 30 June 2008	-	846,000	24,432	3,574	-	874,006
Balance at 1 July 2008	-	846,000	24,432	3,574	-	874,006
Additions	-	272,930	19,054	6,102	678,486	976,572
Additions through business combination	5,224,395	-	-	-	-	5,224,395
Balance at 30 June 2009	5,224,395	1,118,930	43,486	9,676	678,486	7,074,973

	2009	2008
	\$	\$
Analysis of total provisions		
Current	1,840,902	870,432
Non-current	5,234,071	3,574
	7,074,973	874,006

Company	Que River Mine Closure and Restoration	Short-term Employee Benefits	Long-term Employee Benefits	Mine Contractor Incentive Payment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	-	16,166	-	-	16,166
Additions	846,000	8,266	3,574	-	857,840
Balance at 30 June 2008	846,000	24,432	3,574	-	874,006
Balance at 1 July 2008	846,000	24,432	3,574	-	874,006
Additions	272,930	19,054	6,102	678,486	976,572
Balance at 30 June 2009	1,118,930	43,486	9,676	678,486	1,850,578

	2009	2008
	\$	\$
Analysis of total provisions		
Current	1,840,902	870,432
Non-current	9,676	3,574
	1,850,578	874,006

21. Contingent Consideration

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Contingent consideration¹	2,756,319	-	-	-

Note 1: The contingent consideration represents the present value of royalties payable on the probable quantity of ore to be processed through the Hellyer Mill acquired as part of the business combination detailed in note 13.

22. Tax

Consolidated Group	Opening Balance	Charged to Income	Charged to Equity	Business Combination	Closing Balance
Deferred Tax Liability					
Plant and equipment	-	(4,711)	-	(5,085,816)	(5,090,527)
Capitalised exploration expenditure	-	(3,555,042)	-	-	(3,555,042)
Mine Properties	-	-	-	(2,122,293)	(2,122,293)
Balance at 30 June 2009	-	(3,559,753)	-	(7,208,109)	(10,767,862)
Deferred Tax Assets					
Provisions	-	312,319	-	1,567,319	1,879,638
Share issue costs	-	-	120,726	-	120,726
Plant and equipment	-	18,270	-	-	18,270
Other	-	178,047	-	-	178,047
Unused tax losses	-	1,983,924	-	-	1,983,924
Balance at 30 June 2009	-	2,492,560	120,726	1,567,319	4,180,605
Company					
Deferred Tax Liability					
Capitalised exploration expenditure	-	(3,555,042)	-	-	(3,555,042)
Balance at 30 June 2009	-	(3,555,042)	-	-	(3,555,042)
Deferred Tax Assets					
Provisions	-	312,319	-	-	312,319
Share issue costs	-	-	120,726	-	120,726
Plant and equipment	-	18,270	-	-	18,270
Other	-	158,822	-	-	158,822
Unused tax losses	-	1,697,176	-	-	1,697,176
Balance at 30 June 2009	-	2,186,587	120,726	-	2,307,313

No comparative for 30 June 2008 has been provided as the deferred tax asset relating to tax losses amounting to \$4,436,214 and temporary differences amounting to \$257,031 which would have been offset by the potential deferred tax liability of temporary differences amounting to \$4,320,853 were not brought to account based on conditions for deductibility set out in note 1 (b).

23. Issued Capital

Consolidated and Company	2009	2008
	\$	\$
103,648,803 (June 2008 : 103,573,803) fully paid ordinary shares	22,294,441	22,097,969

Ordinary shares

The Consolidated Group and the Company has 103,648,803 fully paid ordinary shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

23. Issued Capital (continued)

The Company has no authorised share capital and the shares have no par value.

Options

- For information relating to the Company employee option plan, including details of options issued, exercised and lapsed during the financial year-end, refer to Note 29 Share based payments.
- For information relating to share options issued to key management personnel during the financial year, refer to Note 33 Key management personnel.

Capital management

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group's since the prior year.

The movement in ordinary shares during the year are as follows:

	2009 Number of Shares	\$	2008 Number of Shares	\$
At the beginning of the year	103,573,803	22,097,969	84,358,843	15,406,200
Issued during the year				
• Exercise of 25 cents options expiring 31 July 2007			5,020,551	1,247,012
• Ordinary shares issued at 32 cents pursuant to the employee share plan on 10 September 2007			25,000	8,000
• Ordinary shares issued at 42 cents per share pursuant to a placement on 5 November 2007			9,757,442	4,098,126
• Ordinary shares issued at 42 cents per share pursuant to a placement on 20 December 2007			2,995,717	1,258,201
• Exercise of 25 cents options expiring 31 December 2007			1,390,000	347,500
• Exercise of 40 cents options expiring 30 April 2010			1,250	500
• Ordinary shares issued at 24 cents pursuant to the employee share plan on 18 April 2008			25,000	6,000
• Ordinary shares issued at 13 cents pursuant to the employee share plan on 23 January 2009	50,000	6,500		
• Ordinary shares issued at 14.5 cents pursuant to the employee share plan on 1 May 2009	25,000	3,625		
Less share issue costs	-	-	-	(273,570)
Previously unrecognised tax benefit relating to share issue costs	-	186,347	-	-
Balance at the end of the year	103,648,803	22,294,441	103,573,803	22,097,969

24. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and as consideration for acquiring tenements or rights to participate in joint ventures. An analysis of movements in this reserve is provided in the Statement of Changes in Equity.

25. Capital and Leasing Commitments

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(i) Finance Lease Commitments				
Payable – minimum lease payments				
Not later than 12 months	-	70,180	-	70,180
Between 12 months and five years	-	-	-	-
Minimum lease payments	-	70,180	-	70,180
Less future finance charges	-	(3,635)	-	(3,635)
Present value of minimum lease payments	-	66,545	-	66,545

The Company entered into two motor vehicle finance leases in April/May 2006. Both lease terms were for three years and were paid in full during the year.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(ii) Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable – minimum lease payments				
Not later than 12 months	112,424	25,877	112,224	25,877
Between 12 months and five years	121,891	-	121,891	-
	234,315	25,877	234,315	25,877

Note 1: The Group entered into an operating lease on 10 September 2008 for office space it occupies in West Perth. The term of the lease is three years and expires on 31 August 2011 with an option for a further two years.

(iii) Capital Expenditure Commitments

Exploration Tenements

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of Mineral Resources Tasmania. These obligations are not provided for in the financial statements and are payable:

Not later than 12 months	507,050	1,046,603	507,050	1,046,603
Between 12 months and five years	2,061,000	2,861,817	2,061,000	2,861,817
Greater than five years	-	-	-	-
	2,568,050	3,908,420	2,568,050	3,908,420

26. Contingent Liabilities

At the end of the financial period the Group had no contingent liabilities.

27. Segment Reporting

The Group operates within one business and one geographical segment, being the mineral exploration, development and extraction industry within Australia.

28. Cash Flow Information

(i) Reconciliation of cash flows from operations with profit after income tax

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating profit after income tax	19,122,323	1,775,533	3,004,645	1,775,533
Non-cash flows in profit:				
Depreciation and amortisation	6,862,100	2,237,626	6,860,813	2,237,626
Provision for employee entitlements	25,155	11,840	25,155	11,840
Provision for mine contractor incentive payment	678,486	-	678,486	-
Non-current asset write-off	5,017	2,403	5,017	2,403
Share option expense	113,666	111,804	113,666	111,804
Amortisation of deferred tax assets relating to share issue costs	65,621	-	65,621	-
Gain on acquisition of Hellyer operating infrastructure and mining lease	(16,818,925)	-	-	-
	10,053,443	4,139,206	10,753,403	4,139,206
Change in operating assets and liabilities net of the effects of business combination acquisition:				
(Increase) in trade and other receivables	(2,329,639)	(3,510,731)	(2,158,102)	(3,510,731)
(Increase) in inventories	(37,975)	(768,661)	(16,267)	(768,661)
(Increase) in provision for restoration	(272,930)	(846,000)	(272,930)	(846,000)
(Increase)/decrease in other assets - derivatives	2,754,698	(1,301,727)	2,754,698	(1,301,727)
(Increase) in deferred tax assets relating to items affecting the income statement	(2,492,560)	-	(2,186,587)	-
Increase in trade and other payables	2,443,150	1,696,037	2,395,801	1,696,037
Increase in provisions	248,498	857,840	248,498	857,840
Increase in deferred tax liability	3,559,753	-	3,555,042	-
Net cash provided by operating activities	13,926,438	265,964	15,073,556	265,964

(ii) Non-cash financing and investment transactions

- Issue of 50,000 shares to Mr K Denwer for \$6,500 through the granting of a loan by the Company under Share Purchase Plan.
- Issue of 25,000 shares to Mr L Henley for \$3,625 through the granting of a loan by the Company under Share Purchase Plan.

(iii) Credit Standby Arrangements with Banks

The Group has an unused Asset Finance Leasing facility with National Australia Bank for \$100,000.

29. Share Based Payments

The following share-based payment arrangements existed at 30 June 2009.

(i) Bass Metals Ltd Share Purchase Plan

The establishment of the Bass Metals Ltd Share Purchase Plan was approved by shareholders at the general meeting held 21 March 2005. Amendments to the share purchase plan were also approved by shareholders at the annual general meeting held on 27 November 2007. The Directors of the Company may in their absolute discretion make offers of shares and, on behalf of the Company, make corresponding loans to an eligible employee of the Company to which the Board has resolved that the Share Purchase Plan shall for the time being apply. The Board may, subject to any approvals of shareholders of the Company required by law, and at intervals determined by the Board, invite any eligible employee to participate in the Share Purchase Plan.

29. Share Based Payments (continued)

Participation is optional and subject to the Rules of the Plan. Offers made under the Share Purchase Plan are not renounceable. Shares offered under the Plan are offered at market value or, if the Board determines, for an amount equal to: $(\text{market value} \times N - \$1.00)/N$ where N is the number of shares offered to the participant. The market value of a share subscribed for or acquired under the Plan is determined by the weighted average price at which the shares are traded on the ASX in the one week period up to and including the date of entitlement to that Share, or if there were no transactions on the Exchange in relation to the Shares during the relevant one week period (i) the last price at which an offer was made on the ASX in that period or (ii) if (i) does not apply, the arms length value assessed by an independent registered Company auditor or otherwise calculated in a manner approved by the Commissioner of Taxation.

There are currently 150,000 shares issued under this Plan.

(ii) Bass Metals Ltd Employee Share Option Plan

The establishment of the Bass Metals Ltd Employee Share Option Plan was approved by shareholders at a general meeting held 21 March 2005. The Directors of the Company will administer the Employee Share Option Plan and in their absolute discretion determine to whom the securities will be offered, the number to be offered and any performance criteria that may apply before options may be exercised.

Options may not be offered to a Director or associates except where approval is given by shareholders at a general meeting.

No consideration is payable by an eligible person for a grant of an Option, unless the Board decides otherwise. Subject to the Rules of the Plan and to the ASX Listing Rules, the Company (acting through the Board) may offer Options to any eligible person at such times and on such terms as the Board considers appropriate. Options may be exercised at any time during the period commencing on the issue date and ending no later than five years from the date of issue. Options issued under the Plan will automatically lapse in 30 days or such longer period as the Board determines in the event that the eligible person either resigned voluntarily from employment with the Company or is dismissed in certain circumstances.

Options issued under this Plan carry no dividend or voting rights.

On exercise, each option is convertible to one ordinary share within 10 business days of the receipt of the exercise notice and payment of the exercise price in Australian dollars. Amounts received on the exercise of options are recognised as share capital.

29. Share Based Payments (continued)

Set out below is a summary of options granted under the Employee Share Option Plan.

	2009 Number of Options	2008 Number of Options
Outstanding at the beginning of the year (exercise price 25 cents, expiry 31 December 2007)	-	250,000
Forfeited	-	-
Exercised	-	(250,000)
Expired	-	-
Outstanding at year-end	-	-
Outstanding at the beginning of the year (exercise price 37.5 cents, expiry 2 November 2011)	125,000	-
Granted	125,000	125,000
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at year-end	250,000	125,000
Outstanding at the beginning of the year (exercise price 37.5 cents, expiry 31 December 2011)	400,000	450,000
Forfeited	(50,000)	(50,000)
Exercised	-	-
Expired	-	-
Outstanding at year-end	350,000	400,000
Outstanding at the beginning of the year (exercise price 51 cents, expiring 31 December 2012)	665,000	-
Granted	-	830,000
Forfeited	(140,000)	(165,000)
Exercised	-	-
Expired	-	-
Outstanding at year-end	525,000	665,000

(iii) Other Options

	2009 Number of Options	Weighted Average Exercise Price \$	2008 Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	2,790,000	0.35	3,815,000	0.27
Granted	125,000	0.375	1,030,000	0.49
Forfeited	(415,000)	0.37	(165,000)	0.51
Exercised	-	-	(1,140,000)	0.25
Expired	-	-	(750,000)	0.32
Outstanding at year-end	2,500,000	0.35	2,790,000	0.35
Exercisable at year-end	2,500,000	0.35	2,125,000	0.30

The above table includes both employee share and key management personnel share options detailed in notes 29 and 33.

Options outstanding at 30 June 2009 had a weighted average exercise price of \$0.35 (2008 \$0.35) and a weighted average remaining contractual life of 2.7 years (2008: 3.7 years). Exercise prices range from \$0.275 to \$0.51 in respect of options outstanding at year end. The Company share price at year end was \$0.24.

29. Share Based Payments (continued)

The weighted average fair value price for options granted during the year was \$0.375 (2008 \$0.08). This price was calculated by using a Black-Scholes option pricing model applying the following inputs at grant date:

Options issued	125,000
Grant date	01/05/09
Expiry date	02/11/2011
Weighted average exercise price	\$0.375
Weighted average life of the option	2 years
Underlying share price	\$0.18
Expected share price volatility	67.8%
Risk free interest rate	3.5%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the expiry date, which may not eventuate in the future. Included under share option expense in the income statement is \$113,666 (2008: \$111,804) and relates, in full, to equity-settled share-based payment transactions.

30. Events after the Balance Sheet Date

The financial report was authorised for issue on 28 September 2009 by the Board of Directors.

Since 30 June 2009, the Group has agreed ore sales terms with MMG Australia Limited for up to a further 100,000 tonnes of ore.

There has not been any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Group.

31. Related Party Transactions

Transactions between related parties are as follows:

(a) Key Management Personnel

- (i) Taurus Funds Management Pty Ltd, an entity which was related to Mr C McGown, was paid \$3,623 (2008: \$84) for reimbursement at cost for expenditure made on behalf of the Group.
- (ii) Boyer Exploration Pty Ltd, an entity related to Mr D Boyer, was paid \$20,812 (2008: \$8,274) for exploration and management consulting, and was reimbursed at cost for expenditure made on behalf of the Group.
- (iii) Intec Hellyer Metals Pty Ltd, an entity related to Mr K Rodgers, was paid \$47,183 (2008: \$68,675) for reimbursement at cost for expenditure made on behalf of the Group and for site costs for use of utilities whilst he was a Director.

No balance is outstanding at 30 June 2009 in relation to the abovementioned related parties.

Additional disclosures relating to the remuneration and shareholdings of key management personnel are set out in the Remuneration Report and Note 33 respectively.

(b) Subsidiary

The Company has provided its wholly owned subsidiary Hellyer Mill Operations Pty Ltd with a loan for the acquisition of Hellyer operating infrastructure, payment for the Hellyer mining lease guarantee and care and maintenance expenses. The current amount outstanding at 30 June 2009 is \$6,334,972. Loans provided to subsidiaries are interest free and have no fixed payment term.

32. Financial Risk Management

a. Financial Risk Management Policies

The Group's financial instruments consist of at call and short term deposits with banks, accounts receivable and payable, borrowings, leases and derivatives.

Derivatives are used by the Group for hedging purposes. During the financial year these instruments included short dated Australian Dollar (AUD) denominated lead and zinc forward sales, AUD and US Dollar (USD) put commodity price options and AUD call / USD put foreign currency options. The Group does not speculate in the trading of derivative instruments.

(i) Treasury Risk Management

A Hedge Committee consisting of the Managing Director, the Financial Controller and a Non-executive Director involved in financial markets meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board is provided with regular updates of the Group's financial instruments.

The Committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Group operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments.

(ii) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments and operations are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

The Group manages interest rate risk by investing in financial instruments, which under normal market conditions are readily convertible to cash. Short term borrowings interest rate risk is mitigated as 100% of the debt is at a fixed rate. For further details on interest rate risk refer to Note 32 (b)(iv).

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale of ore and purchase of goods and services in currencies other than the Group's measurement currency. Refer to Note 32 (b)(i) for further details.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and investing in financial instruments which under normal market conditions are readily converted to cash.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and note to the financial statements.

There are no amounts of collateral held as security at 30 June 2009.

Credit risk is managed on a Group basis and reviewed regularly by the Group. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The Group monitors credit risk by actively assessing liquidity of counter parties:

- Only banks and financial institutions with a high rating are utilised; and
- All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing.

The credit risk for counterparties included in trade and other receivables and financial assets at 30 June 2009 are detailed below:

32. Financial Risk Management (continued)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade and other receivables				
Trade receivables - counterparties not rated ¹	5,779,245	3,099,434	5,779,245	3,099,434
Other receivables - counterparties not rated ²	1,728,030	1,269,267	676,430	1,269,267
	7,507,275	4,368,701	6,455,675	4,368,701

Note 1 - Bass Metals Ltd currently only has trade receivables with Minerals and Metals Group Ltd and minor accounts for recharging of expenses.

Note 2 - Other receivables exclude prepayments and amounts receivable from its controlled entity as detailed in note 7.

Financial assets – Derivative financial instruments

AA - rated counterparties	5,747	1,796,995	5,747	1,796,995
BBB rated counterparties	-	910,938	-	910,938
	5,747	2,707,933	5,747	2,707,933

Financial liabilities – Derivative financial instruments

AA - rated counterparties	52,511	-	52,511	-
	52,511	-	52,511	-

Note: The above are based on long term Fitch ratings as at 30 June 2009.

Credit risk for derivative financial instruments arises from the potential failure by counter parties to the contract to meet their obligations. The credit risk exposure to commodity and foreign exchange options is the net fair value of these contracts as disclosed above.

Price Risk

The Group is exposed to commodity price risk through its Que River mining operations. The Group manages this risk by entering into AUD lead and zinc forward sales. The amount and nature of hedging has been determined and administered by the Hedge Committee in line with the Company's Financial Risk Management Policy Statement.

b. Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are used by the Group to hedge exposure to exchange rate and price risk associated with ore sales under the ore sales agreement with Minerals and Metals Group.

32. Financial Risk Management (continued)
Consolidated and Company

	2009 \$	Average Commodity Price \$	2008 \$	Average Commodity Price \$
AUD Zinc price put options				
Settlement				
Less than 6 months	-	-	251,013	3700 AUD / t
6 months to 1 year	-	-	216,547	3700 AUD / t
Greater than 1 year	-	-	57,277	3700 AUD / t
	-	-	524,837	
AUD Lead price put options				
Settlement				
Less than 6 months	-	-	179,078	3000 AUD / t
6 months to 1 year	-	-	164,618	3000 AUD / t
Greater than 1 year	-	-	42,406	3000 AUD / t
	-	-	386,102	
USD Zinc price put options				
Settlement				
Less than 6 months	-	-	257,829	2250 USD / t
6 months to 1 year	-	-	231,500	2250 USD / t
Greater than 1 year	-	-	205,667	2250 USD / t
	-	-	694,996	
USD Lead price put options				
Settlement				
Less than 6 months	-	-	344,517	2875 USD / t
6 months to 1 year	-	-	228,200	2875 USD / t
Greater than 1 year	-	-	233,260	2875 USD / t
	-	-	805,977	
AUD Zinc forward sales contracts				
Settlement				
Less than 6 months	5,369	1,897 AUD / t	-	-
AUD Lead forward sales contracts				
Settlement				
Less than 6 months	(52,511)	1,998 AUD / t	-	-
Total commodity price options	(47,142)		2,411,912	-

During the financial year the Consolidated Group closed out its AUD and USD lead and zinc commodity price put options and currently uses short dated AUD denominated lead and zinc forward sales for hedging.

	2009 \$	Average Exchange Rate \$	2008 \$	Average Exchange Rate \$
AUD call / USD put foreign exchange options				
Settlement				
Less than 6 months	378	0.96 AUD/USD	103,896	0.96 AUD/USD
6 months to 1 year	-	-	150,996	0.96 AUD/USD
Greater than 1 year	-	-	41,130	0.96 AUD/USD
Total foreign exchange options	378		296,022	
Total options	(46,764)		2,707,934	

32. Financial Risk Management (continued)

(ii) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instrument. As such, the amounts may not reconcile to the balance sheet.

Consolidated	Weighted Average Effective Interest Rate	Fixed Interest Rate Maturing					Non- interest bearing	Total
		Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years			
30 June 2008		\$	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash & cash equivalents	7.17%	4,429,569	-	-	-	-	-	4,429,569
Trade and other receivables	7.92%	-	-	597,500	-	3,771,203	-	4,368,703
Derivative financial instruments		-	-	-	-	2,707,933	-	2,707,933
Total Financial Assets		4,429,569	-	597,500	-	6,479,136	-	11,506,205
Financial Liabilities:								
Trade and other payables	8.54%	-	16,344	-	-	2,911,240	-	2,927,584
Short-term borrowings	7.30%	-	66,545	-	-	-	-	66,545
Total Financial Liabilities		-	82,889	-	-	2,911,240	-	2,994,129
30 June 2009	Weighted Average Effective Interest Rate	Fixed Interest Rate Maturing					Non- interest bearing	Total
		Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years			
30 June 2009		\$	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash & cash equivalents	3.00%	4,542,837	-	-	-	-	-	4,542,837
Trade and other receivables	3.57%	-	-	1,717,457	-	5,789,818	-	7,507,275
Derivative financial instruments		-	-	-	-	5,747	-	5,747
Total Financial Assets		4,542,837	-	1,717,457	-	5,795,565	-	12,055,859
Financial Liabilities:								
Trade and other payables		-	-	-	-	2,090,470	-	2,090,470
Short-term borrowings	4.59%	-	156,267	-	-	-	-	156,267
Derivative financial instruments		-	-	-	-	52,511	-	52,511
Total Financial Liabilities		-	156,267	-	-	2,142,981	-	2,299,248

32. Financial Risk Management (continued)

The above weighted average effective interest rates are as at 30 June 2009.

Company		Fixed Interest Rate Maturing					
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Non- interest bearing	Total
30 June 2008		\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash & cash equivalents	7.17%	4,429,569	-	-	-	-	4,429,569
Trade and other receivables	7.92%	-	-	597,500	-	3,771,203	4,368,703
Derivative financial instruments		-	-	-	-	2,707,933	2,707,933
Total Financial Assets		4,429,569	-	597,500	-	6,479,136	11,506,205
Financial Liabilities:							
Trade and other payables	8.54%	-	16,344	-	-	2,911,240	2,927,584
Short-term borrowings	7.30%	-	66,545	-	-	-	66,545
Total Financial Liabilities		-	82,889	-	-	2,911,240	2,994,129
		Fixed Interest Rate Maturing					
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Non- interest bearing	Total
30 June 2009		\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash & cash equivalents	3.03%	4,462,410	-	-	-	-	4,462,410
Trade and other receivables	3.43%	-	-	7,004,029	-	5,786,618	12,790,647
Derivative financial instruments		-	-	-	-	5,747	5,747
Total Financial Assets		4,462,410	-	7,004,029	-	5,792,365	17,258,804
Financial Liabilities:							
Trade and other payables		-	-	-	-	2,063,788	2,063,788
Short-term borrowings	4.59%	-	156,267	-	-	-	156,267
Derivative financial instruments		-	-	-	-	52,511	52,511
Total Financial Liabilities		-	156,267	-	-	2,116,299	2,272,566

The above weighted average effective interest rates are as at 30 June 2009.

Trade and other receivables are expected to be received as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Less than 6 months	5,787,698	3,748,136	5,784,498	3,748,136
6 months to 1 year	2,120	3,567	2,120	3,567
1 to 5 years	1,717,457	617,000	7,004,029	617,000
Over 5 years	-	-	-	-
	7,507,275	4,368,703	12,790,647	4,368,703

There are no balances within trade and other receivables that contain assets that have been impaired and are past due. The Company's ore sales to MMG Australia Limited make up the majority of trade and other receivables expected to be received in less than six months. It is expected these balances will be received when due.

32. Financial Risk Management (continued)

Trade and other payables are expected to be paid as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Less than 6 months	2,090,470	2,927,584	2,063,788	2,927,584
6 months to 1 year	-	-	-	-
1 to 5 years	-	-	-	-
Over 5 years	-	-	-	-
	2,090,470	2,927,584	2,063,788	2,927,584

(iii) Net Fair Values

The net fair values of the Consolidated Group at call and short term deposits with banks, accounts receivable and payable, borrowings, leases and derivatives are all in line with the carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than derivative financial instruments.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are as follows:

Consolidated

	2009	2008
	Carrying Amount	Carrying Amount
	\$	\$
Financial Assets		
Cash and cash equivalents	4,542,837	4,429,569
Loans and receivables	7,507,275	4,368,703
Derivative financial instruments	5,747	2,707,933
	12,055,859	11,506,205

The fair values of financial assets are comparable to the carrying amount.

	2009	2008
	Carrying Amount	Carrying Amount
	\$	\$
Financial Liabilities		
At amortised cost:		
Trade and other payables	2,090,470	2,927,584
Finance lease commitments	-	66,545
Borrowings	156,267	-
Derivative financial instruments	52,511	-
	2,299,248	2,994,129

The fair values of financial liabilities are comparable to the carrying amount.

Company

	2009	2008
	Carrying Amount	Carrying Amount
	\$	\$
Financial Assets		
Cash and cash equivalents	4,462,410	4,429,569
Loans and receivables	12,790,647	4,368,701
Derivative financial instruments	5,747	2,707,933
	17,258,804	11,506,203

32. Financial Risk Management (continued)

The fair values of financial assets are comparable to the carrying amount.

	2009	2008
	Carrying Amount	Carrying Amount
	\$	\$
Financial Liabilities		
At amortised cost:		
Trade and other payables	2,063,788	2,927,584
Finance lease commitments	-	66,545
Borrowings	156,267	-
Derivative financial instruments	52,511	-
	2,272,566	2,994,129

The fair values of financial liabilities are comparable to the carrying amount.

(iv) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in profit				
Increase in interest rate by 1% (100 bps)	58,263	46,347	58,082	46,347
Decline in interest rate by 1% (100 bps)	(58,263)	(46,347)	(58,082)	(46,347)
Change in equity				
Increase in interest rate by 1% (100 bps)	58,263	46,347	58,082	46,347
Decline in interest rate by 1% (100 bps)	(58,263)	(46,347)	(58,082)	(46,347)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar, with all other variables remaining constant is as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in profit				
Improvement in AUD to USD by 5%	(1,235,731)	(1,010,076)	(1,235,731)	(1,010,076)
Decline in AUD to USD by 5%	1,235,731	1,010,076	1,235,731	1,010,076
Change in equity				
Improvement of AUD to USD by 5%	(1,235,731)	(1,010,076)	(1,235,731)	(1,010,076)
Decline in AUD to USD by 5%	1,235,731	1,010,076	1,235,731	1,010,076

32. Financial Risk Management (continued)

Price Risk Sensitivity Analysis

At 30 June 2009, the effect on profit and equity in Australian Dollars as a result of changes in the price risk, with all other variables remaining constant would be as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in profit				
Increase in zinc price by \$200 USD/tonne	1,275,426	384,940	1,275,428	384,940
Increase in lead price by \$200 USD/tonne	674,964	216,549	674,964	216,549
Decrease in zinc price by \$200 USD/tonne	(1,275,426)	(384,940)	(1,275,426)	(384,940)
Decrease in lead price by \$200 USD/tonne	(674,964)	(216,459)	(674,964)	(216,459)
Change in equity				
Increase in zinc price by \$200 USD/tonne	1,275,426	384,940	1,275,426	384,940
Increase in lead price by \$200 USD/tonne	674,964	216,459	674,964	216,459
Decrease in zinc price by \$200 USD/tonne	(1,275,426)	(384,940)	(1,275,426)	(384,940)
Decrease in lead price by \$200 USD/tonne	(674,964)	(216,459)	(674,964)	(216,459)

33. Key Management Personnel

This note should be read in conjunction with the remuneration section of the Directors' Report.

(i) Details of Key Management Personnel

Chairman – Non-executive

Mr D Boyer (from 2 August 2004)

Executive Director

Mr M Rosenstreich (from 15 December 2004)

Non-executive Directors

Mr C McGown (from 7 July 2004)

Mr P Treasure (from 2 December 2008)

Mr K Rodgers (from 21 March 2005 to 1 October 2008)

Other Key Management Personnel

Ms S Hunter – Company Secretary (from 28 September 2006)

Mr K Denwer – Exploration Manager (from 1 September 2008)

Mr L Henley – Financial Controller (from 10 April 2007)

Dr T Murphy – Exploration Manager (Eastern Australia) (from 13 March 2006 to 31 August 2008)

33. Key Management Personnel (continued)

(ii) Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

	Balance at the start of the period	On exercise of options	On market transactions	Employee share purchase plan	Balance at the end of the period
Mr D Boyer	1,290,000	-	-	-	1,290,000
Mr M Rosenstreich	1,246,251	-	60,000	-	1,306,251
Mr C McGown	1,351,915	-	-	-	1,351,915
Mr P Treasure	-	-	21,611,000	-	21,611,000
Mr K Rodgers ¹	142,568	-	-	-	142,568
Dr T Murphy	50,000	-	-	-	50,000
Mr L Henley	25,000	-	-	25,000	50,000
Mr K Denwer	-	-	-	50,000	50,000
	4,105,734	-	21,671,000	75,000	25,851,734

Note 1 – These were Mr K Rodgers' relevant interest when he resigned as a Non-executive Director on 1 October 2008.

All equity transactions with key management personnel, which relate to the Company's listed ordinary shares, have been entered into on an arms length basis.

(iii) Loans to Key Management Personnel

The loans to key management personnel during the year are as follows:

	Balance at the start of the period	Additional loans	Repayment of loans	Balance at the end of the period
	\$	\$	\$	\$
Dr T Murphy ¹	5,500	8,000	-	13,500
Mr L Henley	6,000	3,625	-	9,625
Mr K Denwer	-	6,500	-	6,500
	11,500	18,125	-	29,625

Note 1 – Dr T Murphy's loan balance as at 31 August 2008 when he resigned as Exploration Manager and was reappointed as a Senior Geologist.

Under the terms of the employee share option plan no interest is payable in respect of the above loans. Based on fringe benefits tax benchmark interest rate of 9.00% the following amounts would have been charged on an arms length basis for the period outstanding during the year.

	2009	2008
	\$	\$
Dr T Murphy	203	967
Mr L Henley	527	108
Mr K Denwer	340	-

All loans granted under this plan are unsecured and are made for either a period of 10 years, until the employee repays the loan, the Company forgives the loan or until the employee ceases his employment with the Company, which ever occurs first.

33. Key Management Personnel (continued)

(iv) Options held by Key Management Personnel

Details of options over ordinary shares provided as compensation to each key management personnel of the Company are set out below. When exercised each option is convertible to one ordinary share in Bass Metals Ltd.

	Balance at start of the period	Issued during the period	Exercised during the period	Lapsed during the period	Balance at the end of the period	Vested and exercisable at the end of the period	Exercise Price
Directors							
Mr D Boyer	300,000	-	-	-	300,000	300,000	27.5 cents
Mr M Rosenstreich	850,000	-	-	-	850,000	850,000	27.5 cents
Mr C McGown	225,000	-	-	-	225,000	225,000	27.5 cents
	1,375,000	-	-	-	1,375,000	1,375,000	-
Company Executives							
Ms S Hunter	125,000	-	-	-	125,000	125,000	37.5 cents
Ms S Hunter ¹	100,000	-	-	-	100,000	100,000	51.0 cents
Mr L Henley	125,000	125,000	-	-	250,000	250,000	37.5 cents
Mr L Henley ¹	100,000	-	-	-	100,000	100,000	51.0 cents
	450,000	125,000	-	-	575,000	575,000	

Note 1 – The above options vested on 31 December 2008.

34. Remuneration of Auditors

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts received or due and receivable by Grant Thornton (WA) Partnership for:				
Audit or review of the financial reports	41,382	28,052	41,382	28,052
Consulting - Taxation services	18,678	6,358	18,678	6,358
Consulting – Other	14,795	-	14,795	-
	74,855	34,410	74,855	34,410
Services by Grant Thornton Corporate Finance (NSW) for:				
Consulting – Independent Experts Report and due diligence services	60,490	-	60,490	-

Directors Declaration

1. In the opinion of the Directors of Bass Metals Ltd (the "Company"):
 - a. The financial statements and notes and the remuneration disclosures that are contained in sections of the Remuneration Report in the Directors' report, set out on pages 27 to 30 are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance, for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b. The remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*; and
 - c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors the Company.



M Rosenstreich
Managing Director

West Perth, Western Australia
28 September 2009

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of Bass Metals Limited**

Report on the Financial Report

We have audited the accompanying financial report of Bass Metals Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

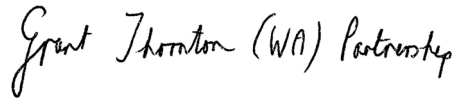
- a. the financial report of Bass Metals Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 30 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Bass Metals Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



J W VIBERT
Partner

Perth, 28 September 2009

Grant Thornton (WA) Partnership ABN 17 735 344 518, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

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Grant Thornton

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

Auditor's Independence Declaration To The Directors Of Bass Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bass Metals Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

J W VIBERT
Partner

Perth, 28 September 2009

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7. ADDITIONAL INFORMATION

The following additional information is required by the ASX Listing Rules. The information is current as at 11 September 2009.

(a) Distribution schedule and number of holders of equity securities as at 11 September 2009

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares (BSM)	22	257	233	661	161	1,334
Quoted Options – 40c 30/04/10	102	108	35	45	7	297
Unquoted Options – 27.5c 22/12/11	-	-	-	-	3	3
Unquoted Options – 37.5c 31/12/11	-	-	-	1	2	3
Unquoted Options – 51c 31/12/12	-	-	-	6	-	6
Unquoted Options – 37.5c 2/11/11	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares (BSM) as at 11 September 2009 is 101.

The number of holders holding less than a marketable parcel of quoted \$0.40 30 April 2010 options (BSMOA) as at 11 September 2009 is 269.

(b) Twenty largest holders of quoted equity securities as at 11 September 2009

The names of the twenty largest holders of fully paid ordinary shares (ASX code: BSM) as at 11 September 2009 are:

Rank	Name	No. Shares Held	% of Issued Capital
1	METALS FINANCE LIMITED	21,611,000	20.85
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	3,265,625	3.15
3	MR ROBERT LORD	3,000,000	2.89
4	ANZ NOMINEES LIMITED <CASH INCOME A/C>	1,914,071	1.85
5	DR JOHN LARKING <SUPERANNUATION FUND A/C>	1,612,430	1.56
6	DAMPLIN INVESTMENTS PTY LTD	1,350,000	1.30
7	IONILOS PTY LTD	1,276,913	1.23
8	MR MICHAEL ROSENSTREICH &	1,267,188	1.22
9	MR DAVID DAWSON	1,150,000	1.11
10	MR DAVID DONALD BOYER	1,135,000	1.10
11	CITICORP NOMINEES PTY LIMITED	943,650	0.91
12	DENMAN INVESTMENTS LIMITED	900,000	0.87
13	GRIMWOOD NOMINEES PTY LTD	870,000	0.84
14	PM-TEC PTY LTD	844,000	0.81
15	INADA PTY LTD <LOVEBAND SUPERANNUATION A/C>	700,000	0.68
16	MR WILHELM KUHLMANN	700,000	0.68
17	WELDBANK PTY LTD	641,555	0.62

7. ADDITIONAL INFORMATION (continued)

18	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	615,500	0.59
19	PROPERTY MATE PTY LTD <PROPERTY MATE SUPER FUND A/C>	600,000	0.58
20	NATIONAL NOMINEES LIMITED	575,000	0.55
	Total	44,971,932	43.39

Stock Exchange Listings – Listings have been granted for all ordinary fully paid shares of the Company on issue on the ASX Limited and Deutsche Börse.

The names of the twenty largest holders of quoted \$0.40 30 April 2010 options (BSMOA) as at 11 September 2009 are:

Rank	Name	No. Options Held	% of Issued Capital
1	INTEC HELLYER METALS PTY LTD	1,227,477	29.39
2	CITICORP NOMINEES PTY LIMITED	379,000	9.07
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	191,406	4.58
4	RODERICK DOWNS PTY LTD <RD SUPER FUND A/C>	150,000	3.59
5	MR JAMES RUSSELL GODFREY BELL	130,752	3.13
6	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	105,282	2.52
7	BIDDENHAM INVESTMENTS PTY LTD	90,301	2.16
8	PROPERTY MATE PTY LTD <PROPERTY MATE SUPER FUND A/C>	78,125	1.87
9	SONDERKIND PTY LTD <BALDWIN SUPER FUND A/C>	75,626	1.81
10	GRIMWOOD NOMINEES PTY LTD	73,750	1.77
11	MR RICHARD ANTHONY YELASH	67,000	1.60
12	DAMPLIN INVESTMENTS PTY LTD	62,500	1.50
13	OREGON NOMINEES PTY LTD <OREGON NOMINEES SUPER A/C>	62,500	1.50
14	HYSIN PTY LIMITED	57,433	1.38
15	MR DAVID DONALD BOYER <DB FAMILY A/C>	56,751	1.36
16	CLANCY EXPLORATION LIMITED	56,250	1.35
17	IONIKOS PTY LTD <MCGOWN SUPER FUND A/C>	52,471	1.26
18	MR BRUCE ALASTAIR HARRIS	50,000	1.20
19	PM-TEC PTY LTD	42,200	1.01
20	MR MICHAEL ROSENSTREICH & MS WENDY ROSENSTREICH, <ODYSSEY A/C>	40,860	0.98
	Total	3,049,684	73.03

Stock Exchange Listings – Listings have been granted for 4,176,939 \$0.40 30 April 2010 options over ordinary shares of the Company on the ASX Limited and Deutsche Börse.

7. ADDITIONAL INFORMATION (continued)

(c) Substantial shareholders

Substantial shareholders in Bass Metals Ltd and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices given to the Company are listed below:

	No. Shares Held	% of Issued Capital
METALS FINANCE LIMITED	21,611,000	20.9

(d) Unquoted Securities

The number of unquoted securities on issue as at 11 September 2009:

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options	1,375,000	27.5c	22/12/11
Unquoted Options	350,000	37.5c	31/12/11
Unquoted Options	525,000	51c	31/12/12
Unquoted Options	250,000	37.5c	2/11/11

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 11 September 2009

Security	Name	Number of Securities
Unquoted Options	D. Boyer <DB Family Trust>	300,000
– 27.5c 22/12/11	M. & W. Rosenstreich <Odyssey A/C>	850,000

(f) Restricted Securities as at 11 September 2009

There are no restricted securities on issue as at 11 September 2009.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Quoted and unquoted options have no voting rights.

(h) Company Secretary

The Company Secretary is Ms Susan Hunter.

(i) Registered Office

The Company's Registered Office is 16 Thelma Street, West Perth, Western Australia, 6005.
Telephone +61 8 9322 8044.

(j) Share Registry

The Company's Share Registry is Computershare Investor Services Pty Ltd of Level 2, 45 St Georges Terrace, Perth WA 6000. Telephone 1300 55 70 10.

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

7. ADDITIONAL INFORMATION (continued)

(I) Interests in Mining Tenements

The Companies interests in mining tenement are as follows:

Tenement	Interest
EL28/2002 Bonds Range	70%
EL52/2004 Loyetea	75%
EL53/2004 Leven River	75%
EL54/2004 North Rosebery	75%
EL63/2004 Oonah	75%
EL64/2004 Waratah	75%
EL38/2005 Grasstree Ridge	75%
EL36/2005 Paradise River	75%
EL16/2006 The Pinnacles	75%
EL31/2003 Heazlewood	100%
EL36/2003 Whyte River	100%
EL47/2003 Tullah	100%
EL48/2003 Mt Block	100%
EL55/2004 Moxon Saddle	100%
EL24/2004 Bulgobac River	100%
EL24/2007 Southwell River	100%
CML 103M/1987 Hellyer Mine Lease	100%*
ML 68M/1984 Que River Mine Lease	100%
Hellyer 10W/1980 Access Easement to QRML	100%
RL11/1997 Mt Charter Retention	100%

* This tenement is held through a sublease between Bass Metals Ltd and Hellyer Mill Operations Pty Ltd which entitles the Company to all the sub surface mining rights.