



ACN 109 933 995

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT
TO SHAREHOLDERS**

**NOTICE IS INCLUDED FOR
THE GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
FRIDAY, 20 MAY 2011 AT 10.00AM
AT THE CELTIC CLUB, 48 ORD STREET, WEST PERTH**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

**You are encouraged to attend the meeting, but if you cannot, you are requested to
complete and return the enclosed Proxy Form without delay to**

**Bass Metals Ltd at
16 Thelma Street, West Perth WA 6005
or by mail to PO Box 1330, West Perth WA 6872
or by facsimile on facsimile number (+61 8) 9481 2846**



ACN 109 933 995

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Bass Metals Ltd ("Bass Metals" or "the Company") will be held as follows:

TIME: 10.00am

DATE: FRIDAY, 20 MAY 2011

LOCATION: THE CELTIC CLUB, 48 ORD STREET, WEST PERTH

**This is an important document that should be read in its entirety.
If you do not understand it, you should consult with your professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact
Mr. Michael Rosenstreich, Managing Director of Bass Metals Ltd on +61 8 6315 1300.**

Words and phrases used in the Resolutions are defined in Section 7 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of General Meeting as defined in the Explanatory Statement.

BUSINESS

RESOLUTION 1: RATIFICATION OF OPTION ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to ASX Listing Rule 7.4 and for all other purposes, the issue on 29 September 2010 of 330,000 Options to certain contractors of Bass Metals as part of an incentive structure on the terms and conditions set out in the Explanatory Statement be ratified."

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by a person who participated in the issue and an Associate of those persons.

RESOLUTION 2: RATIFICATION OF SHARE ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to ASX Listing Rule 7.4 and for all other purposes, the issue of 15,300,000 Shares on 5 November 2010 at an issue price of \$0.25 per Share on the terms and conditions set out in the Explanatory Statement be ratified."

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by a person who participated in the issue and an Associate of those persons.

RESOLUTION 3: RATIFICATION OF FIRST TRANCHE OF SHARE PLACEMENT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to ASX Listing Rule 7.4 and for all other purposes, the issue of 10,000,000 Shares at an issue price of \$0.37 per Share on or about 27 April 2011 being the first tranche of a placement on the terms and conditions set out in the Explanatory Statement be ratified.”

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by a person who participated in the issue and an Associate of those persons.

RESOLUTION 4: APPROVAL FOR SECOND TRANCHE OF SHARE PLACEMENT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to ASX Listing Rule 7.1 and for all other purposes, approval be given to issue up to 17,027,027 Shares at an issue price of \$0.37 per Share being the second and final tranche of a placement on the terms and conditions set out in the Explanatory Statement.”

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed, and an Associate of those persons.

RESOLUTION 5: APPROVAL FOR FINANCING OPTIONS ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That pursuant to ASX Listing Rule 7.1 and for all other purposes, approval be given to issue up to 7 million Financing Options at no cost to RMB Australia Holdings Limited on the terms and conditions set out in the Explanatory Statement.”

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed, and an Associate of those persons.

VOTING EXCLUSIONS

Where a voting exclusion applies to a Resolution under the ASX Listing Rules, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a directions on the Proxy Form to vote as the proxy decides.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of General Meeting for further explanation of the Resolutions.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of the General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on +61 8 9481 2846;
- post the Proxy Form to the Company at PO Box 1330, West Perth WA 6872; or
- deliver the Proxy Form to the registered office of the Company at 16 Thelma Street, West Perth WA 6005.

Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.

DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Act, the Directors have set 10.00am WST on 18 May 2011 as the time and date to determine who are the Shareholders in the Company for the purposes of the General Meeting. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Dated this 15 April 2011

By order of the Board



Susan Hunter
Company Secretary



ACN 109 933 995

EXPLANATORY STATEMENT TO SHAREHOLDERS

This Explanatory Statement has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming General Meeting of the Company.

The Directors recommend that you read this Explanatory Statement and attend the forthcoming General Meeting or complete and return the Proxy Form.

1. RESOLUTION 1: RATIFICATION OF OPTION ISSUE

On 29 September 2010, the Company issued 330,000 Options to certain contractors of BSM pursuant to the terms and conditions of the Bass Metals Ltd Employee Share Option Scheme approved by shareholders at the Annual General Meeting of the Company held on 27 November 2007. The 330,000 Options are exercisable at \$0.22 each and expire on 5 July 2013. The Options vest on 5 July 2011 subject to the contractor still being employed by Bass Metals on that date.

The success of the Company and its Shareholders depends greatly on the people employed by the Company. This issue of Options was made on 29 September 2010 to provide an incentive to key contractors of the Company to work to improve the performance of the Company and to enhance the relationship between the Company and its key contractors for the long term mutual benefit of all parties.

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of the 330,000 Options.

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, including securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides however that an issue under Listing Rule 7.1 is treated as having been made with Shareholder approval if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- Shareholders subsequently approve it.

In this regard the issue of the 330,000 Options was within the Company's 15% limit and subsequent approval under Listing Rule 7.4 is now being sought in order to reinstate the 15% limit.

In accordance with Listing Rule 7.5 the following information is provided in relation to Resolution 1:

Number of Options Issued: 330,000 Options.

Issue Price: The 330,000 Options were issued for nil consideration.

Terms: The 330,000 Options are exercisable at \$0.22 each and expire on 5 July 2013. The Options vest on 5 July 2011, subject to the contractor still being employed by the Company on that date. The Options were issued pursuant to the terms and conditions of the Bass Metals Ltd Employee Share Option Scheme approved by shareholders at the 2007 Annual General Meeting of Shareholders held on 27 November 2007. A summary of the terms and conditions of the 330,000 Options is attached as Annexure A to this Notice of General Meeting.

Allottees: The Options were issued to various key contractors employed by the Company. None of the allottees are Related Parties of the Company.

Use of Funds: No funds were raised through the issue of the Options.

Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

2. RESOLUTION 2: RATIFICATION OF SHARE ISSUE

On 28 October 2010, the Company announced a placement to supplement the Company's discretionary funds available to fast track exploration drilling at the Fossey East discovery and fund the Gold Recovery Feasibility Study and undertake other studies and activities. On 5 November 2010, the Company issued 15,300,000 Shares at \$0.25 per Share to sophisticated and professional investors and to the Company's European investor relations advisor in lieu of payment of brokerage fees and the 2011 annual investor relations services retainer.

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of the 15,300,000 Shares.

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, including securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides however that an issue under Listing Rule 7.1 is treated as having been made with Shareholder approval if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- Shareholders subsequently approve it.

This placement of Shares was within the Company's 15% limit and subsequent approval under Listing Rule 7.4 is now being sought in order to reinstate the 15% limit.

In accordance with Listing Rule 7.5 the following information is provided in relation to Resolution 1:

Number of Shares Allotted: 15,300,000 Shares.

Issue Price: \$0.25 per Share.

Terms: The Shares rank equally in all respects with the existing Shares on issue.

Allottees: The Shares were issued to institutional investors and other professional and sophisticated investors (as defined under Section 708 of the Corporations Act) and to the Company's European investor relations advisor in lieu of payment of brokerage fees and the 2011 annual investor relations services retainer. None of the allottees are Related Parties of the Company.

Use of Funds: The funds raised from this issue of Shares were used to supplement the Company's discretionary funds available to fast track exploration drilling at the Fossey East discovery and fund the Gold Recovery Feasibility Study and the Heavy Media Separation study.

Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

3. RESOLUTION 3: RATIFICATION OF FIRST TRANCHE OF SHARE PLACEMENT

On 14 April 2011, the Company announced a placement to raise \$10 million (before costs) through the issue of 27,027,027 Shares at \$0.37 per share (**Share Placement**) to largely institutional clients of Helmsec Global Capital Limited (**Helmsec**). Funds raised from the issue are planned to be used for exploration (c. \$6.3 million), the Company's Gold and Tailings Study (c. \$1.5 million) and working capital (c. \$2.2 million less costs of the issue).

The Placement will be completed in two tranches:

- Tranche 1 comprising 10,000,000 Shares to be issued on or around 27 April 2011; and
- Tranche 2 comprising 17,027,027 Shares subject to shareholder approval per Resolution 4 of this General Meeting.

To effect the Share Placement, the Company has entered into a placement agreement with Helmsec on terms that are customary for a placement structured in this manner (including the requirement to obtain shareholder approval and material adverse change related conditions not being triggered prior to Tranche 2 completing).

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of the first tranche of 10,000,000 Shares.

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, including securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides however that an issue under Listing Rule 7.1 is treated as having been made with Shareholder approval if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- Shareholders subsequently approve it.

In this regard the first tranche of the placement of Shares was within the Company's 15% limit and subsequent approval under Listing Rule 7.4 is now being sought in order to reinstate the 15% limit.

In accordance with Listing Rule 7.5 the following information is provided in relation to Resolution 3:

Number of Shares Allotted: 10,000,000 Shares.

Issue Price: \$0.37 per Share.

Terms: The Shares rank equally in all respects with the existing Shares on issue.

Allottees: The Shares were issued to institutional investors and other professional and sophisticated investors (as defined under Section 708 of the Corporations Act) pursuant to the Share Placement managed by Helmsec. None of the allottees are Related Parties of the Company.

Intended Use of Funds: The funds raised from the first tranche of the placement will be \$3,700,000 (before costs). The funds will be used for exploration, the Company's Gold and Tailings Study and working capital.

Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

4. RESOLUTION 4: APPROVAL FOR SECOND TRANCHE OF SHARE PLACEMENT

As referred to above, the Company proposes to issue the second and final tranche of the Share Placement comprising 17,027,027 Shares at the same price of \$0.37 to institutional investors and other professional and sophisticated investors (as defined under Section 708 of the Corporations Act) pursuant to the Share Placement managed by Helmsec.

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.1. Listing Rule 7.1 prohibits a listed company from issuing securities representing more than 15% of its issued capital in any 12 month period without prior shareholder approval (subject to certain exceptions). By obtaining approval for the 17,027,027 Shares, the securities will not be counted in the Company's 15% limit and the capacity will be reinstated.

In accordance with Listing Rule 7.3 the following information is provided in relation to Resolution 4:

Maximum Number: 17,027,027 Shares.

Date of Issue/Allotment: The Shares will be issued no later than 3 months after the General Meeting or such later date to the extent permitted by an ASX waiver of the Listing Rules. It is expected that the Shares will all be allotted together on a single day.

Issue Price: \$0.37 per Share.

Allottees: The Shares will be issued to institutional investors and other professional and sophisticated investors (as defined under Section 708 of the Corporations Act) pursuant to a placement managed by Helmsec. None of the allottees are Related Parties of the Company.

Terms: The Shares will rank equally in all respects with the existing Shares on issue.

Intended Use of Funds: The funds raised from the second tranche of the Placement will be \$6,299,999.99 (before costs). The funds will be used for exploration, the Company's Gold and Tailings Study and working capital.

Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

5. RESOLUTION 5: APPROVAL FOR FINANCING OPTIONS ISSUE

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 to issue up to 7.0 million Financing Options to RMB Australia Holdings Limited. The issue of Financing Options is pursuant to a condition of the amended project financing agreement entered into between the Company and RMB Resources Ltd (acting as agent for RMB Australia Holdings Limited) to extend the debt facilities available to the Company by up to \$7.0 million as announced to ASX on 4 April 2011. The purpose of the increased facilities is to provide additional funding if required for exploration and feasibility projects and additional working capital support for the Hellyer Mine Project. The requirement to issue the Financing Options arises through:

- a variation to the terms of the original project finance facility (1.5 million Financing Options); and
- is subject to the level of drawings on the new \$7 million extended facilities by the Company (up to 5.5 million Financing Options).

If the Company does not issue the Financing Options to RMB Australia Holdings Limited when due because shareholder approval has not been granted, the Company must then pay RMB Australia Holdings Limited the sum of \$0.1786 in respect of each Financing Option due but not issued. At the date of this Notice of Meeting, based on the agreed variation to the terms of the original project finance facility and the level of drawings on the Company's debt facilities to date, the Company is obliged to issue, subject to shareholder approval, 5.9 million Financing Options to RMB Australia Holdings Limited.

Listing Rule 7.1 prohibits a listed company from issuing securities representing more than 15% of its issued capital in any 12 month period without prior shareholder approval (subject to certain exceptions). By obtaining approval for up to 7 million Financing Options, the securities will not be counted in the Company's 15% limit and the capacity will be reinstated.

In accordance with Listing Rule 7.3 the following information is provided in relation to Resolution 5:

Maximum Number: Up to 7.0 million Financing Options.

Date of Issue/Allotment: The Financing Options will be issued no later than 3 months after the General Meeting or such later date to the extent permitted by an ASX waiver of the Listing Rules. The allotment date of the Financing Options will be the same date as the issue date of the Financing Options.

Issue Price: The Financing Options will be issued for nil consideration.

Allottees: Up to 7.0 million Financing Options will be issued to RMB Australia Holdings Limited. RMB Australia Holdings Limited is not a Related Party of the Company.

Terms: The terms of the Financing Options are attached as Annexure B to this Notice of General Meeting.

Intended Use of Funds: No funds will be raised through the issue of the Financing Options.

Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

6. ROLE OF ASX

The fact that the Notice of General Meeting and Explanatory Statement have been reviewed by ASX is not to be taken as an indication of the merits of the Resolutions. ASX and its officers take no responsibility for any decision a Shareholder may make in reliance on any information included in the Notice of General Meeting and Explanatory Statement.

7. DEFINITIONS

In this Explanatory Statement:

ASX means ASX Limited, ABN 98 008 624 691.

Bass Metals means Bass Metals Ltd, ACN 109 933 995.

Board means the Board of Directors of the Company.

Company means Bass Metals Ltd, ACN 109 933 995.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of General Meeting.

Financing Option means an option to subscribe for a Share issued pursuant to Resolution 5 under the terms and conditions detailed in Annexure B.

General Meeting means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of General Meeting.

Listing Rules mean the Listing Rules of the ASX.

Notice of General Meeting means the notice convening the General Meeting accompanying this Explanatory Statement.

Option means an option to subscribe for a Share issued pursuant to Resolution 1 exercisable at \$0.22, expiring on 5 July 2013 and vesting on 5 July 2011, subject to the contractor holding the option still being employed by the Company on that date. The Options were issued pursuant to the terms and conditions of the Bass Metals Ltd Employee Share Option Scheme approved by shareholders at the 2007 Annual General Meeting of Shareholders held on 27 November 2007. A summary of the terms and conditions of the 330,000 Options is attached as Annexure A to this Notice of General Meeting.

Proxy Form means the form of proxy accompanying this Notice of General Meeting.

Related Party means a party so defined by section 228 of the Corporations Act.

Resolution means a resolution proposed to be passed at the General Meeting and contained in the Notice of General Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.

Annexure A

SUMMARY OF THE TERMS AND CONDITIONS OF THE OPTIONS ISSUED PURSUANT TO RESOLUTION 1

1. The Options will not be quoted on the ASX.
2. The Options are exercisable at \$0.22 each (Exercise Price).
3. The Options vest on 5 July 2011, subject to the contractor still being employed by the Company on that date.
4. An Option must be exercised (if at all) not later than 5 July 2013 (Expiry Date). Options not validly exercised on or before the Expiry Date will automatically lapse.
5. Unless otherwise determined by the Board, if the contractor ceases to be employed by the Company prior to the vesting date of 5 July 2011 for any reason other than retirement, total and permanent disablement, redundancy or death, any Options held by the contractor will automatically lapse. Unless otherwise determined by the Board, if the contractor ceases to be employed by the Company prior to the vesting date of 5 July 2011 because of retirement, total and permanent disablement, redundancy or death, the holder will have 3 months from the date (as the case may be) of retirement, total and permanent disablement, redundancy or death to exercise any Options held.
6. Unless otherwise determined by the Board, if the contractor ceases to be employed by the Company at any time following the vesting date of 5 July 2011 and prior to the Expiry Date for any reason other than retirement, total and permanent disablement, redundancy or death, the contractor will have 1 month from the date of ceasing to be employed by the Company to exercise any Options held. Unless otherwise determined by the Board, if the contractor ceases to be employed by the Company at any time following the vesting date of 5 July 2011 because of retirement, total and permanent disablement, redundancy or death, the contractor is entitled to exercise any Options held at any time prior to its Expiry Date.
7. Each Option entitles the holder to subscribe for and be allotted one Share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
8. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time.
9. An Option is exercisable by the holder lodging with the Company's secretary a notice of exercise, a cheque for the Exercise Price of each Share to be issued on the exercise of that Option, and the Option certificate.
10. The Company shall allot Shares on exercise of Options in accordance with the Company's Constitution.
11. Shares issued on the exercise of Options will rank pari passu with all existing Shares in the capital of the Company from the date of issue of those Shares. The Company must apply for official quotation on the ASX of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
12. The Options are not transferable except with the consent of the Company.
13. In relation to new issues, there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options unless they have become entitled to exercise their Options and they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares. The Company must give the Option holder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
14. If from time to time, prior to the expiry of any Options, the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves ("bonus issue"), then upon exercise of an Option a holder will be entitled to have issued to it (in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise) the number of Shares which would have been issued to him under the bonus issue ("bonus issue") if on the date on which entitlements thereto were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately prior to that date it had duly exercised its Options and the Shares the subject of such exercise had been duly allotted and issued to it. The bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue rank pari passu in all respects with the other Shares allotted upon exercise of the Options.

15. If there is a pro rata issue (other than a bonus issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be reduced according to the formula provided for in the Listing Rules.
16. In the event of any reorganisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Annexure B

TERMS AND CONDITIONS OF THE FINANCING OPTIONS ISSUED PURSUANT TO RESOLUTION 5

Subject to shareholder approval, the Financing Options to be issued to RMB Australia Holdings Limited will be issued pursuant to the following terms and conditions:

1. No consideration is payable for the issue of the Financing Options.
2. The exercise price (**Exercise Price**) per Financing Option payable by the optionholder on the exercise of the Financing Options for the first 4,800,000 Financing Options issued by the Company to RMB Australia Holdings Limited is the lesser of (i) \$0.438 and (ii) 110% of the 5 day volume weighted average trading price of the Shares during the trading period ending 3 business days before the date the relevant Financing Options are issued. The exercise price per Financing Option payable by the optionholder on the exercise of the Financing Options for the final 2,200,000 Financing Options issued to RMB Australia Holdings Limited is the volume weighted average exercise price of the first 4,800,000 Financing Options issued to RMB Australia Holdings Limited. If the first 4,800,000 Financing Options are issued in a single tranche on the same day, the exercise price of the final 2,200,000 Financing Options issued to RMB Australia Holdings Limited will be the same as the exercise price for the first 4,800,000 Financing Options issued.
3. Financing Options that have not been exercised in accordance with these terms will lapse at 5.00pm on the day which is 3 years after the date on which those Financing Options have been issued (**Expiry Date**).
4. In relation to an Option, the optionholder may, subject to paragraphs v to viii (inclusive), exercise that Option at any time before 5:00pm (Melbourne time) on the Expiry Date (**Exercise Period**).
5. If the optionholder proposes to give the Borrower a notice of exercise, it must first give the Borrower prior notice (Consultation Notice) and must consult with the Borrower regarding the proposed notice of exercise in accordance with paragraphs 6 to 8 (inclusive) before it can give the notice of exercise.
6. If at the time the Borrower receives the Consultation Notice there is excluded information (as defined in section 708A(7) of the Corporations Act) in respect of the Borrower (**Excluded Information**), the Borrower must, within 2 Business Days from receipt of the Consultation Notice, advise the optionholder that there is Excluded Information and the optionholder must, subject to paragraph 7, consult with the Borrower regarding the proposed exercise of notice for a period of 15 Business Days.
7. If at the time the Borrower receives the Consultation Notice or at any time during the consultation period referred to in paragraph 6 there is no Excluded Information, the Borrower must, within 2 Business days from receipt of the Consultation Notice, advise the optionholder accordingly and the optionholder may then give the proposed notice of exercise on the next Business Day.
8. If after giving a Consultation Notice the optionholder does not give a notice of exercise within 2 Business Days of the expiry of the periods referred to in paragraphs 6 or 7 (as applicable), the optionholder must again comply with paragraph 5 before giving a notice of exercise.
9. Subject to paragraphs 5 to 8 (inclusive), the Financing Options are exercisable by lodging with the Company during the Exercise Period:
 - a written notice of exercise of Financing Options specifying the number of Financing Options being exercised (**Exercise Notice**);
 - a cheque, or other evidence satisfactory to the Company of payment of the Exercise Price for the number of Financing Options being exercised; and
 - the certificate for those Financing Options, for cancellation by the Company, provided that, unless the Borrower agrees otherwise, no more than 3 Exercise Notices may be given in respect of all the options issued pursuant to clause 7 of the Facility Agreement.
10. Within 2 Business Days of receipt of an Exercise Notice accompanied by the Exercise Price the Company will allot the number of Shares specified in the Exercise Notice to the relevant optionholder. Within 5 Business Days of the issue of Shares, the Company will:
 - procure that the relevant optionholder is issued a CHESS holding statement or issuer-sponsored holding statement in respect of the allotted Shares;
 - lodge with ASX a notice in accordance with section 708A(5) and (6) of the Corporations Act in relation to the issue of the Shares or, if the Company is unable to comply with each of the obligations required to issue such a notice, lodge a disclosure document complying with part 6D.2 of the Corporations Act within a further 30 Business Days;
 - cancel the certificate for the Financing Options being exercised; and

- if applicable, issue a new certificate for any unexercised Financing Options to the relevant optionholder.
11. The Company will not apply for official quotation by ASX of the Financing Options.
 12. The Company must apply for official quotation on the ASX of any Shares issued on exercise of an Option, immediately upon, and in any event no later than 2 Business Days after, the Shares are issued and allotted. When issued on exercise of an Option, any Shares must be of the same class, and rank equally with, other Shares on issue as at that date.
 13. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company after the issue of Financing Options but before the expiry or exercise of any Financing Options, the number of Financing Options to which the optionholder is entitled or the Exercise Price of the Financing Options or both will be reconstructed (as appropriate) in accordance with the ASX Listing Rules. For the avoidance of doubt, the rights of an optionholder may be changed to the extent (but only to the extent) necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 14. There are no participating rights or entitlements inherent in the Financing Options and the optionholder will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Financing Options until those Financing Options are exercised and Shares are allotted and issued in accordance with the Facility Agreement and the terms of this Option Certificate. However, the Company will ensure that for the purpose of determining entitlements to any issue of capital of that kind, the Company will give the optionholder 10 Trading Days notice of any new issue of capital before the record date for determining entitlements to the issue of capital in accordance with the ASX Listing Rules. This will give the optionholder the opportunity to exercise that portion of the Financing Options which the optionholder is entitled to exercise before the record date for determining entitlements to participate in any issue of capital.
 15. If, after the issue of the Financing Options but before the expiry of any Financing Options, the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (bonus issue) other than in lieu of a dividend payment, then on exercise of the Financing Options, the optionholder will be entitled to have issued to it (in addition to the Shares which the optionholder is otherwise entitled to be issued on exercise of the Financing Options) additional Shares in the Company. The number of additional Shares is the number of Shares which would have been issued to the optionholder under the bonus issue ("Bonus Shares") if on the date on which entitlements for the bonus issue were calculated, it had been registered as the holder of the number of Shares which it would have been registered as holder of if immediately before that date it had exercised its Financing Options and been issued the Specified Shares. The Bonus Shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to other Shares allotted upon exercise of the Financing Options.
 16. Subject to paragraph 17, the optionholder is entitled to sell, assign or transfer all or any part of the Financing Options (and if in part, in minimum transfer amounts of 500,000 Financing Options) to any person or persons provided that the transferee of the Financing Options is a person to whom an offer of Financing Options may be made without a disclosure document in accordance with Chapter 6D of the Corporations Act.
 17. If the optionholder has issued 2 Exercise Notices in respect of part of the options issued pursuant to clause 7 of the Facility Agreement, the optionholder may only exercise its rights under paragraph 16 in respect of all of the remaining Financing Options.
 18. An optionholder will have the right to attend, but (subject to the Corporations Act) not to vote at, general meetings of Shareholders.

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ACN 109 933 995

GENERAL MEETING OF SHAREHOLDERS
PROXY FORM

I/We (print name)
of

a member/members of Bass Metals Ltd (ACN 109 933 995) hereby appoint

of

or failing him/her

of
or failing him/her, the Chairman of the meeting, as my/our proxy at the General Meeting of the Company to be held commencing at **10.00am on Friday, 20 May 2011**, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following*

.....
of my/our Shares in the manner as set out below.

In relation to any undirected proxies the Chairman intends to vote in favour of all Resolutions.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in the box.

☐

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

	For	Against	Abstain
Resolution 1 Ratification of Option Issue	☐	☐	☐
Resolution 2 Ratification of Share Issue	☐	☐	☐
Resolution 3 Ratification of First Tranche of Share Placement	☐	☐	☐
Resolution 4 Approval of Second Tranche of Share Placement	☐	☐	☐
Resolution 5 Approval of Financing Option Issue	☐	☐	☐

Dated this day of 2011.

PLEASE SIGN HERE

Individual or Securityholder 1

**Individual/Sole Director and
Sole Company Secretary**

Securityholder 2

Director

Securityholder 3

**Director/
Company Secretary**



ACN 109 933 995

INSTRUCTIONS FOR COMPLETING THE PROXY FORM

1. To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of General Meeting as soon as possible and either:
 - send the Proxy Form by facsimile to the Company on +61 8 9481 2846;
 - post the Proxy Form to the Company at PO Box 1330, West Perth WA 6872; or
 - deliver the Proxy Form to the registered office of the Company at 16 Thelma Street, West Perth WA 6005.
2. Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights.
4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
5. Should you desire to direct your proxy how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
6. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
7. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provision of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.
8. Completion of a Proxy Form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the meeting in person, the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
9. Where a Proxy Form or form of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged with this proxy.