

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

15 September 2011

Dear Shareholder

Bass Metals Ltd - Entitlement Offer

On 12 September 2011, Bass Metals Ltd ABN 31 109 933 995 (**Bass Metals**) announced to ASX that it would be undertaking a pro rata non-renounceable entitlement offer of up to approximately 71.1 million fully paid ordinary shares, together with up to approximately 71.1 million free attaching new options (**Entitlement Offer**). The Entitlement Offer will not be underwritten.

A prospectus for the Entitlement Offer was lodged with ASIC on 15 September 2011 (**Prospectus**).

A paper copy of the Prospectus will be sent to Eligible Shareholders (as defined below) on or around 29 September 2011. The Prospectus is also accessible at ASX's website, www.asx.com.au, or from Bass Metals' website, www.bassmetals.com.au.

Purpose

The purpose of the Entitlement Offer is to raise funds to:

- manage a short-term working capital requirement largely associated with the Hellyer Mine Project;
- maintain an appropriate working capital position; and
- provide adequate funding to sustain a large scale exploration and refractory gold recovery feasibility study program.

If the Entitlement Offer is fully subscribed, Bass Metals will raise approximately \$10.7 million (before costs of the Entitlement Offer). The minimum amount to be raised under the Entitlement Offer is \$8 million (before the costs of the Entitlement Offer).

Basis of participation

Under the Entitlement Offer, Eligible Shareholders who are shareholders as at 5.00pm (Perth time) on the record date of 23 September 2011 (**Record Date**) will be entitled to subscribe for 1 fully paid ordinary share (**New Share**) at an issue price of \$0.15 per New Share for every 3 shares they hold, together with 1 free attaching new option (**New Option**) for every New Share issued. Each New Option will entitle the Eligible Shareholder to subscribe for 1 new share at a subscription price of \$0.20 on or before 30 September 2014. The full terms of the Entitlement Offer are outlined in the Prospectus, which will be mailed to Eligible Shareholders on or around 29 September 2011.

The Entitlement Offer is non-renounceable and Eligible Shareholders will not be able to trade their entitlements. Eligible Shareholders will have the ability to apply for New Shares and New Options in excess of their entitlements on the basis described in the Prospectus.

Bass Metals intends to seek to place any shortfall in acceptances under the Entitlement Offer with professional and sophisticated investors. Helmsec Global Capital Limited has been appointed lead manager of the Entitlement Offer.

Shareholder approval is not required for the Entitlement Offer.

Eligible Shareholders

Bass Metals is making the Entitlement Offer available to Eligible Shareholders only. Eligible Shareholders are those persons who:

- are the registered holder of Bass Metals shares at 5.00pm (Perth time) on the Record Date;
- have a registered address in Australia or New Zealand;
- are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person (each as defined in rule 902 of the U.S. Securities Act of 1933, as amended); and
- are eligible under all applicable securities laws receive an offer under the Entitlement Offer.

In limited circumstances, and in Bass Metals' absolute discretion, Bass Metals may elect to treat as Eligible Shareholders certain institutional or sophisticated shareholders who would otherwise not be Eligible Shareholders because their registered addresses are not in Australia or New Zealand.

Ineligible Shareholders

Shareholders who are not Eligible Shareholders are not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**).

If you are an Ineligible Shareholder you will not be able to participate in the Entitlement Offer and will not receive a copy of the Prospectus.

Bass Metals has decided that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders having regard to:

- the small number of those shareholders;
- the number and value of New Shares and New Options those shareholders would be offered; and
- the cost of complying with the legal and regulatory requirements in the relevant countries.

No action has been taken to register or qualify the Prospectus, the Entitlement Offer, the New Shares or the New Options or to otherwise permit a public offering of the New Shares or the New Options in any jurisdiction outside Australia and New Zealand.

Issue Price

The issue price for each New Share under the Entitlement Offer is \$0.15 per New Share.

New Shares

New Shares issued under the Entitlement Offer will rank equally with Bass Metals' existing fully paid ordinary shares from their date of issue.

The rights and obligations attaching to ordinary shares in Bass Metals are set out in the Bass Metals constitution (which is available from Bass Metals' website, www.bassmetals.com.au) and are, in certain circumstances, regulated by the *Corporations Act 2001* (Cth), the ASX Listing Rules and the general law.

New options

Each New Option will entitle the holder to subscribe for 1 new share at a subscription price of \$0.20. The New Options are exercisable on or before 30 September 2014. The New Options will be tradeable and Bass Metals will apply to ASX for the New Options to be admitted to quotation to ASX. Shares issued upon the exercise of New Options will rank equally in all respects with Bass Metals' then existing fully paid ordinary shares. The rights and liabilities attaching to the New Options are set out in the Prospectus.

Underwriting

The Entitlement Offer will not be underwritten. However, the minimum amount to be raised in order for the Entitlement Offer to proceed is \$8 million.

Timetable

The timetable* for the Entitlement Offer is set out below:

Event	Date
Announcement of the Entitlement Offer and lodgement of Appendix 3B and Prospectus with ASX (prior to the commencement of trading)	15 September 2011
Record Date	23 September 2011
Entitlement Offer opens	29 September 2011
Prospectus (including entitlement and acceptance form) dispatched	29 September 2011
Entitlement Offer closes	18 October 2011
Allotment of New Shares and New Options	26 October 2011
Holding statements despatched	26 October 2011

* The timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act.

Prospectus and continuous disclosure

Shareholders eligible to participate in the Entitlement Offer should have regard to all publicly available information on Bass Metals including all announcements made by Bass Metals to ASX (which are available from ASX's website, www.asx.com.au) as well as the Prospectus. Shareholders should consult their professional advisers before taking up all or any part of their entitlement.

Capital structure

The following table sets out the capital structure of Bass Metals on completion of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed). The exact number of New Shares and New Options cannot be determined until the entitlements have been calculated on the Record Date and is subject to the level of acceptances by Eligible Shareholders.

Securities	Number
Fully paid ordinary shares on issue as at the date of this letter	213,430,823
New Shares to be issued under the Entitlement Offer	71,143,608
Total fully paid ordinary shares on issue immediately following the Entitlement Offer	291,241,098*
Options on issue as at the date of this letter	17,820,000
New Options to be issued under the Entitlement Offer	71,143,608
New Options to be issued to the lead manager under the Entitlement Offer	3,557,180
Total options on issue immediately following the Entitlement Offer	207,887,455**

* Assumes 6,666,667 shares are issued to Directors in repayment of loan notes subject to shareholder approval being sought at the Company's general meeting on 26 September 2011 and no other options exercised in the meantime.

** Assumes 22,000,000 unlisted options are granted to converting note holders, and 6,666,667 unlisted options are granted to loan note holders subject to shareholder approval being sought at the Company's annual general meeting on 26 September 2011, and assumes 86,700,000 options are granted to RMB Australia Holdings Ltd subject to shareholder approval being obtained prior to 31 October 2011 and no other options exercised in the meantime.

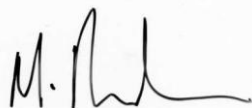
Appendix 3B

An Appendix 3B for the Entitlement Offer has been lodged with ASX.

Enquiries

Enquiries about the Entitlement Offer should be made to Bass Metals on +61 8 6313 1300 between 8.30am and 5.00pm (Perth time) Monday to Friday.

Yours faithfully



Michael Rosenstreich
Managing Director
Bass Metals Ltd

IMPORTANT INFORMATION

This letter is issued by Bass Metals Ltd ABN 31 109 933 995 ("**Bass Metals**"). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Bass Metals in any jurisdiction. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") ("**U.S. Person**"). No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares or New Options in any jurisdiction outside Australia, New Zealand and certain other jurisdictions. In particular, neither the entitlements nor the New Shares and New Options have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the entitlements and New Shares or New Options may not be offered or sold to, persons in the United States or persons who are U.S. Persons or are acting for the account or benefit of U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.