



Annual Report

For the year ended 30 June 2013

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1. CORPORATE DIRECTORY

DIRECTORS

Craig McGown – Non-executive Chairman
Michael Rosenstreich – Managing Director
Tony Treasure – Non-executive Director
Barry Sullivan – Non-executive Director

COMPANY SECRETARY

Pierre Malherbe

REGISTERED OFFICE

Suite 7, 186 Hay Street
Subiaco WA 6008

PO Box 8107
Subiaco East, WA 6008

Telephone: (08) 6315 1300
Facsimile: (08) 9481 2846
Website: www.bassmetals.com.au
Email: admin@bassmetals.com.au

LEGAL ADVISORS

Ashurst
Level 32, Exchange Plaza
1 The Esplanade
Perth WA 6000

Page Seager Lawyers
162 Macquarie Street
Hobart TAS 7000

Allion Legal
50 Kings Park Road
Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 557 010

AUDITORS

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

STOCK EXCHANGE LISTINGS

ASX Ltd (Code: BSM)
Deutsche Börse (R2F-Ber (Berlin) and R2F-FRA (Frankfurt))

Chairman's letter

Dear Fellow Shareholder,

The past year has seen the completion of the transition of your company that commenced in the 2012 year. In my letter to you last year I advised that as a result of LionGold Corp Ltd (LionGold) repudiating and breaching the agreement to acquire the Hellyer Mine Operations Pty Ltd for a purchase consideration of \$14.0m, Bass is involved in litigation to recover a substantial amount of damages from LionGold.

While this breach was disappointing, your Company's management worked assiduously to secure another purchaser which was Ivy Resources Pty Ltd (Ivy). Ivy entered into a purchase agreement for a consideration of \$11.0m with this transaction settling in late February, 2013. The proceeds from this sale were used to payout all secured and unsecured creditors and leave residual funds in Bass to enable further exploration and project investigation.

In mid-2013 a further review of the Tasmanian exploration assets was undertaken, utilising new data and new geological concepts. As a result of this review, which highlighted new targets and validated existing targets it was determined that the best way to advance these exploration opportunities would be to seek a joint venture partner with the financial capacity to undertake major exploration campaigns including deeper drilling. An information memorandum is being prepared to facilitate marketing the joint venture opportunity, though there is already one major group starting their assessment process.

Your Board has also spent some time reviewing your Company's strategic direction. In this regard it has been determined to utilise the extensive knowledge of polymetallic deposits contained within Bass to consider exploration opportunities both nationally and internationally. As a result of a review of numerous projects and geopolitical data, it was determined that Turkey is a region of interest and an MOU has been entered with a local Turkish group. While due diligence and negotiations are in progress the geology of the areas being reviewed is considered to be highly prospective. We are also encouraged by a number of well-regarded Australian and international institutions recognising this factor through their participation in other ASX listed exploration companies active in Turkey.

The year has not been without its distractions as no doubt you are aware from the considerable publicity arising from the actions taken by Metals Finance Corporation (MFC), which owns 9.1% of your Company. MFC has requisitioned a meeting of Bass shareholders to be held on 4 October to appoint Rick Anthon, a non-executive director of MFC and Gavin Solomon as directors to replace Mike Rosenstreich, Barry Sullivan and me while maintaining Tony Treasure, the former managing director of MFC and a non-executive director of Bass who has been on the Bass board since 2008.

In spite of repeated requests to provide your Board with a strategy for Bass, MFC has merely responded repeatedly to reaffirm it wishes its directors to control the board of your company without providing any indication of its future proposals or strategy. Concurrent with the MFC requisition has been the emergence of four investors collectively holding 16.4% of the shares in Bass which have been associated in various press articles with LionGold against whom Bass is litigating. If this is the case, and we have not been able to verify or prove that these shareholders are in fact associated with LionGold, there is a conflict where a shareholder group associated with LionGold as the defendant hold a significant interest in your Company as the plaintiff to this action.

I therefore urge you to be diligent in your continuing review of this position as a shareholder who stands to benefit from any litigation recovery. Personally, as a holder of 3.85million shares in your company, I will be taking a keen interest in this matter regardless of whether I am Chairman after the general meeting on 4 October.

In closing I advise that my fellow directors and I are confident that, should we remain on the Board of Bass, the Company has a sound future based on its highly prospective Tasmanian land position, Turkish exploration initiatives and contingent assets in the form of the claim against LionGold.

Whilst several key members of the operating and exploration team are no longer with the Company, there remains a considerable level of expertise in exploration and project evaluation as well as transactional experience as the Company looks forward to progress this rebuilding phase. It is to these members of

management including our managing director, Mike Rosenreich, that I am deeply indebted for the considerable efforts made during the year under what can only be described as, at times, extremely difficult circumstances.

It is with considerable regret that I recognise many of you fellow shareholders have, as have I and several of my fellow directors, bought shares at substantially higher prices than the current trade price and I would like to thank you for your support throughout the year. I would also like to thank the secured and unsecured creditors and, in particular, RMB Australia Limited for their patience as reflected by them extending terms for repayment of their debt.

Yours sincerely

Craig McGown
Chairman

A handwritten signature in blue ink, consisting of a series of loops and flourishes, extending from the left side of the page towards the right.

2. REVIEW OF OPERATIONS

2.1 Overview

Bass Metals' focus for much of the year was to sell key assets to complete its work-out strategy of reducing debts and managing creditors. This was ultimately completed on 23 February, 2013 with the sale of its' 100% subsidiary Hellyer Mill Operations Pty Ltd (HMO) which held the Hellyer gold project assets including the Hellyer processing plant, to a private company, Ivy Resources Ltd for \$11 million. Since then the focus has switched to shareholder value with detailed assessments on how best to develop the significant exploration potential at Hellyer and diversification into new projects. Subsequent to the end of the financial year the Company was pleased to report some encouraging preliminary results of new targets at Hellyer and the execution of a non-binding Memorandum of Understanding with a Turkish group to diversify exploration activities into Turkey, for polymetallic deposits similar to those Bass had exploration success with in Tasmania.

2.2 General Site Activities

Until the settlement of the sale of HMO on 23 February, 2013 Bass was responsible for care and maintenance and environmental management on both the Que River and Hellyer Mine Sites. Post the HMO sale Bass handed the routine care and maintenance role, as well as the statutory Responsible Officer role for the Hellyer Mine lease, to the new owner, Ivy Resources. Environmental management of the Hellyer Mine Lease has been undertaken by Bass' Environmental Coordinator under a cost sharing regime with Ivy Resources.

2.2.1 Environmental Management

Bass retains sole responsibility for the Que River Mining lease where significant ongoing environmental management is required. Progressive rehabilitation works on the Que River lease began in the June Quarter, as funds became available, with the aim to reduce ongoing site maintenance costs such as for the management of acid rock drainage (ARD). This work has focussed on ameliorating ARD effects on drainages and from disused waste storage dumps. Remediation operations involve the contouring and capping of waste dump areas with compacted clay and non-acid forming rubble. This will improve surface water drainage and prepare the site for topsoil addition and seeding with native species. An example of the remedial work being undertaken is shown in Figure 1, where ARD material has been capped and recontoured. This work has already seen a reduction in care and maintenance expenditure, such as lime costs to treat acid mine water run-off.

Bass continues to adhere to all EPA guidelines in regard to site environmental monitoring on all of its managed tenements, with daily field sampling conducted and weekly laboratory samples collected, analysed and reported as per EPA requirements. There were no material environmental incidents on any of Bass' managed tenements during the reporting period.

2.2.2 OH&S

There was one lost time injury (LTI), on a Bass managed tenement during the year when a geophysical contractor slipped and hurt his ankle, breaking an almost three year LTI free period.

2.3 Exploration

In order to conserve funds to prioritise creditor repayments prior to the completion of an asset sale process, exploration activity was effectively suspended. Low level exploration work recommenced at both the Hellyer and Lake Margaret Project Areas in mid-February.

2.3.1 Hellyer-Que River Area

At Hellyer, eighteen diamond drill holes, completed by Bass over the last three years, were surveyed using the downhole EM (DHEM) geophysical method, to search for conductive, off-hole basemetal sulphide bodies, such as the Hellyer and Que River deposits. The drill holes surveyed included the McKay, D Zone, Switchback, Hellyer North, Easy Street and Que River prospects.

No DHEM anomalies potentially attributable to off-hole basemetal sulphide accumulations were detected. A small in-hole response was detected in HLD1030 from the intersected base metal sulphide (7.0m at 0.7%Cu, 9.9%Pb, 22.3%Zn, 181g/t Ag, 3.4g/t Au), confirming the limited size potential of this lens.

Figure 1: Rehabilitation works underway at the Que River Mine site



2.3.2 Technical Review

A technical review of the current geological model and exploration strategy for the Que Hellyer Volcanics (QHV) commenced in May. The review aims to assess the robustness of the current geological model and to identify alteration signatures that may be indicative of undiscovered mineralisation. Consultants from Jigsaw Geoscience, Orefind and Mineral Mapping are involved in the review. The results of a soon to be completed, Bass sponsored, PhD study on mineralisation within the QHV by a CODES University of Tasmania PhD student will also be utilised.

Work so far has included:

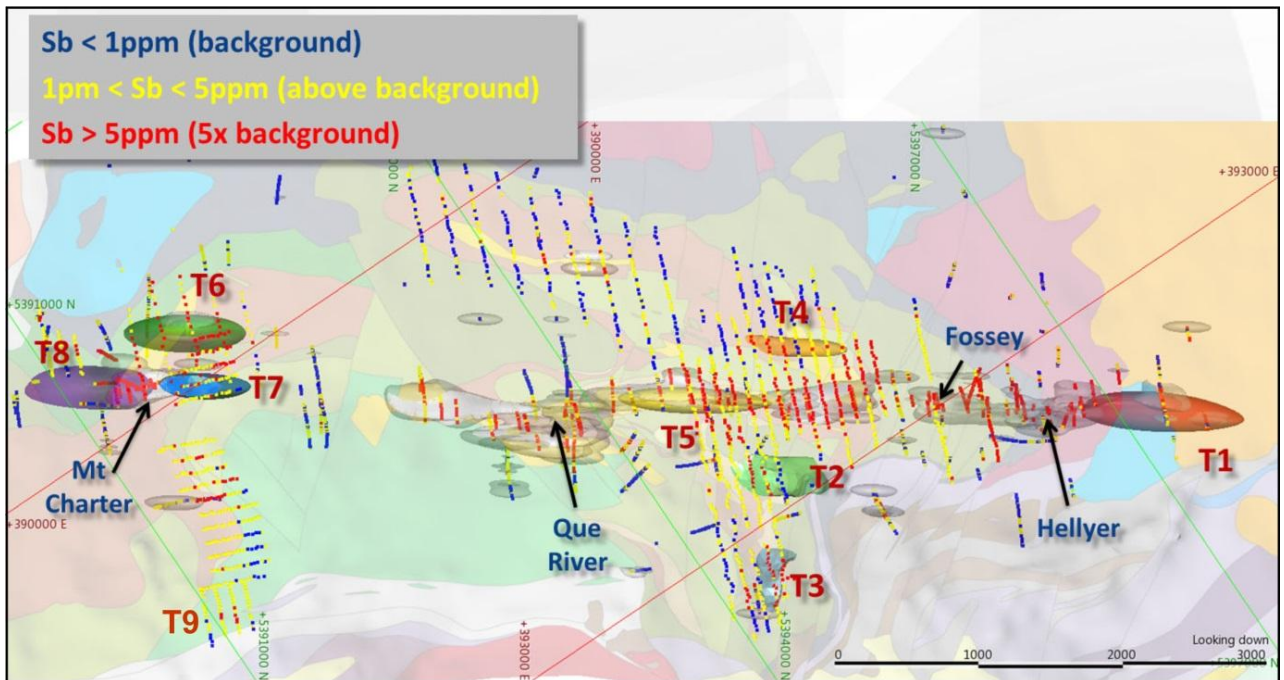
- Selective field checking of geological mapping, drill hole logging and reconciling that to Bass' existing 3-dimensional geological model;
- Collection of samples from the hanging-wall sequence to the Fossey and Hellyer deposits for trace element geochemical analysis, as part of an orientation survey;
- Updating the overall geological model with new trace element data, including approximately 1,800 soil samples collected from seven target areas during 2010/2011; and
- A review of the structural setting of the known ore deposits.

By defining vectors toward and “fingerprints” of mineralisation”, the global dataset was reviewed for new targets and gaps in the data requiring further work.

Subsequent to the end of the financial year reporting period Bass received preliminary results for this work. These findings indicate that despite 40 years of exploration in the QHV there are still significant zones of geochemical anomalism that remain undrilled or poorly tested. Data collected by Bass, combined with 3D modelling and visualisation, have greatly enhanced the definition of these targets. The new data has also revealed new insights into ore forming processes and raised questions about alternative stratigraphic and structural models that would bring new target zones into play. Figure 2 shows a preliminary plan of target areas (T1-T9) indicated as worthy of further work or drill testing by the consultants review, which includes several new targets.

This work is ongoing and Bass has indicated, that given the potentially large amount of drilling required the best strategy is likely to seek a joint venture partner, which has commenced.

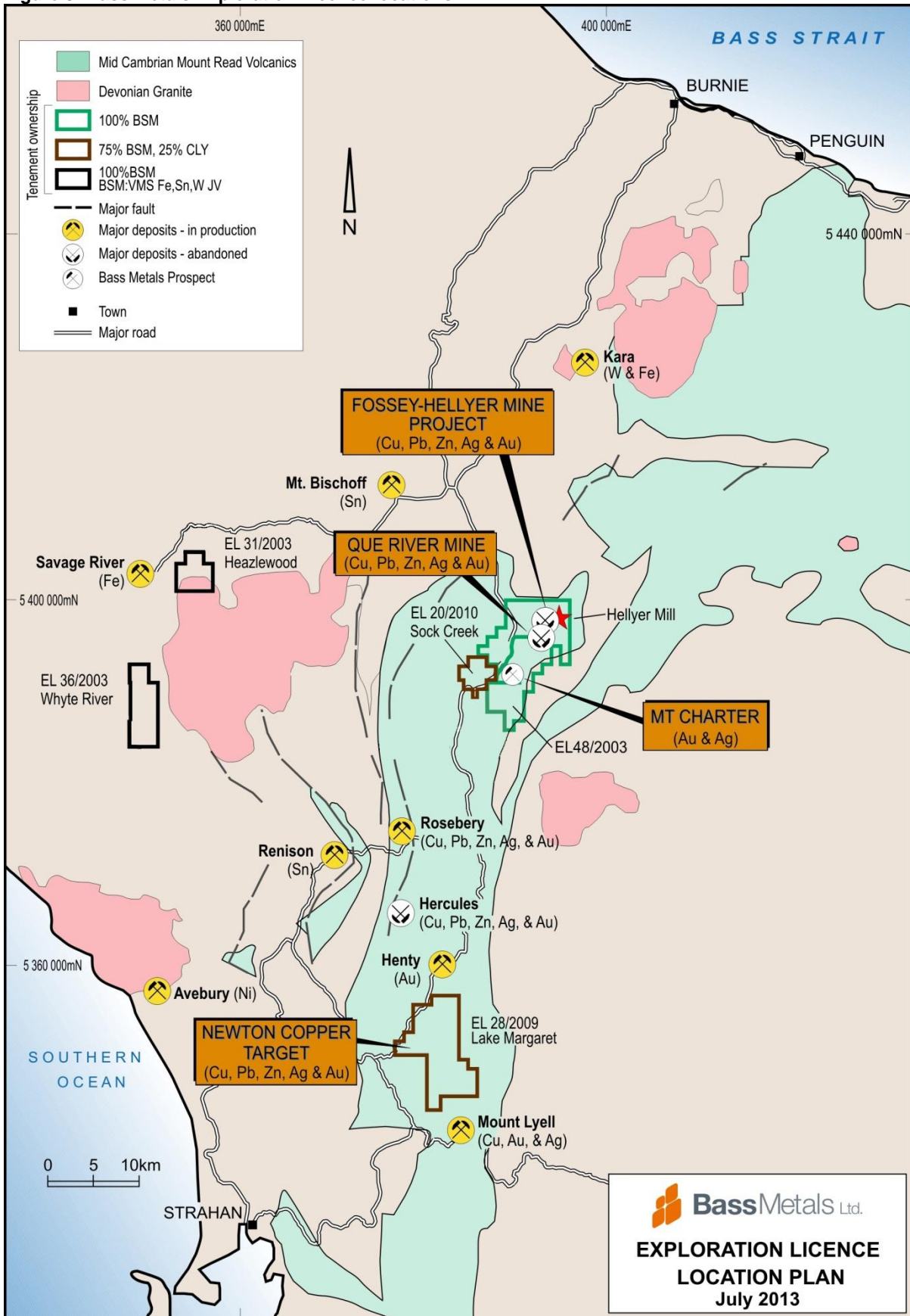
Figure 2: Proposed targets in plan-view, overlain by antimony (Sb) values in soils and drill holes – geology map underlay (north is to the top right). Grey envelope is intense sericite alteration as defined by spectral data (Note – historic “ore element” soil sampling is not shown).



2.3.3 Regional Exploration

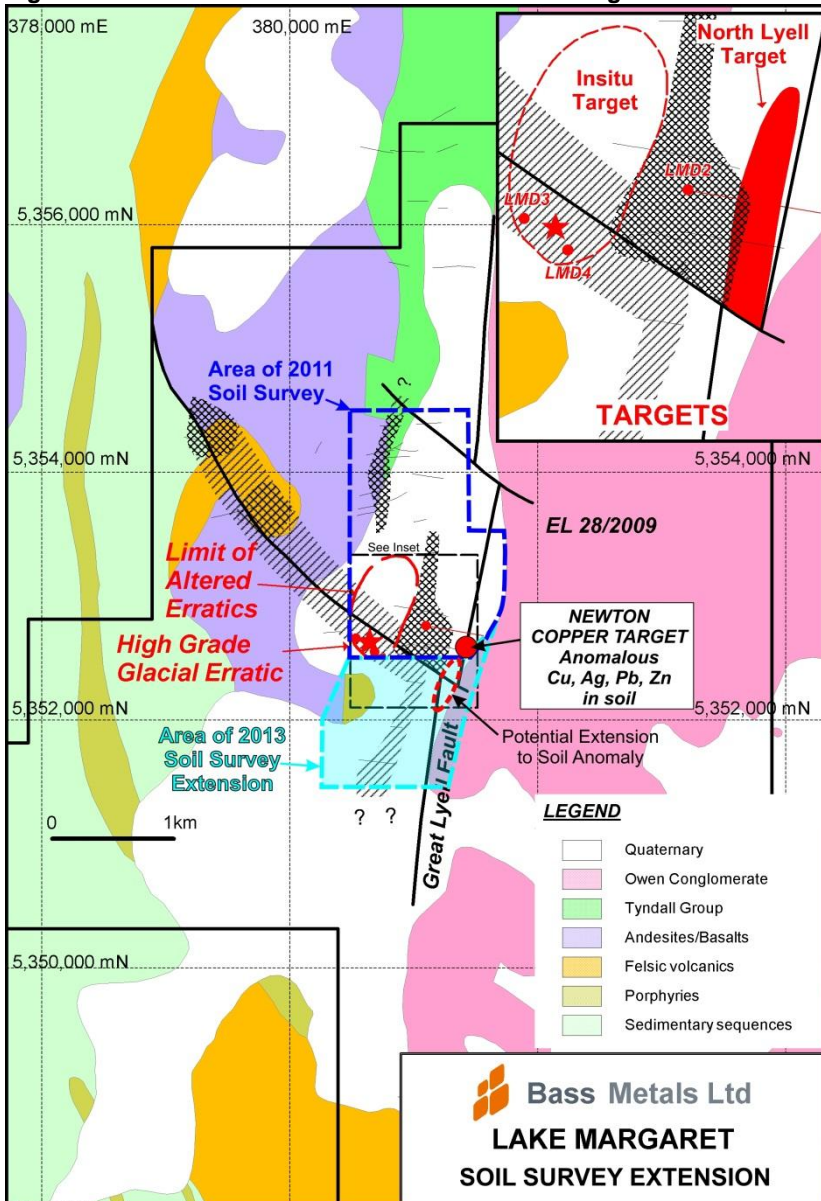
Bass Metal’s exploration licence tenure in northwest Tasmania is shown in Figure 3. During the reporting period the main regional exploration activity conducted by Bass was on the Lake Margaret licence. Venture Minerals is earning in on the iron, tin and tungsten rights on the Whyte River and Heazlewood exploration licences.

Figure 3: Bass Metals Exploration Licence locations



The Lake Margaret licence is a joint venture between Bass (75%) and Clancy Exploration (25%). Work on the licence during the period comprised the extension of the 2011 partial digest soil survey, completed in April 2013. This work aimed to detect geochemical anomalies through transported glacial cover, over prospective volcanics, adjacent to the prospective Great Lyell Fault. The original survey indicated anomalous Cu, Ag, Pb and Zn values at its southern limit which required the program to be extended to the south. The location of the original survey, soil anomaly and April 2013 soil survey extension is shown on Figure 4.

Figure 4: Location of 2013 Extension to the Lake Margaret Soil Geochemistry Program



Assay results were received in June, 2013 but following an unacceptable QA/QC assessment by Bass, the assay laboratory has agreed to re-assay the entire batch. The re-assayed results are expected in the September 2013 Quarter.

Upon completion of the geophysical DHEM program at Hellyer an attempt was made to conduct a DHEM survey of drill hole LMD2, drilled by Bass in 2011. Weather conditions at the time and difficult access to this drill site forced postponement of this survey until after winter.

The Venture Minerals commodity based joint venture covers the Heazlewood (EL 31/2003) and Whyte River (EL 36/2003) licences, with Venture having earned a 78% interest in the iron, tin and tungsten rights and Bass holding 22% in those commodities and 100% interest in all other commodities. Note Pioneer Resources Ltd holds a 2.0% NSR Royalty on these licences.

2.4 Mineral Resources
Table 1: Combined Polymetallic Massive Sulphide Mineral Resources estimates as at 30 June 2013, (at a 5% (lead + zinc) cut-off)

Location	JORC classification	'000 TONNES	Copper %	Lead %	Zinc %	Silver (g/t)	Gold (g/t)
	Measured	175	0.5	7.0	12.4	137	2.8
	Indicated	200	0.5	6.0	11.1	94	1.8
	Inferred	50	0.4	4.7	8.7	99	2.3
	Total	425	0.5	6.3	11.4	112	2.3
Fossey & Fossey East							
	Indicated	640	0.4	4.0	6.8	83	1.3
	Inferred	110	0.2	4.9	8.1	107	1.5
	Total	750	0.3	4.1	7.0	87	1.3
Hellyer Remnants							
	Indicated	160	0.2	3.8	6.5	96	1.2
	Inferred	140	0.3	4.2	7.4	104	1.2
	Total	300	0.2	4.0	6.9	100	1.2
Que River basemetals							
	Measured	60	1.7	0.7	2.1	69	0.3
	Indicated	260	1.9	1.6	4.3	68	0.3
	Inferred	60	2.5	0.2	0.6	33	0.2
	Total	380	2.0	1.3	3.4	63	0.3
Que River S-lens							
	Measured	235	0.8	5.5	9.9	121	2.2
	Indicated	1260	0.7	3.8	6.9	83	1.2
	Inferred	360	0.6	3.8	6.7	93	1.3
Total	Total	1,855	0.7	4.0	7.3	90	1.3

Note rounding errors will occur

Competent Persons Statement
Mineral Resources & Exploration Results

The information within this report that relates to exploration results and Mineral Resource estimates is based on information compiled by Mr Steve Richardson and Mr Michael Rosenstreich who are both employees of the Company. Mr Richardson and Mr Rosenstreich are members of The Australasian Institute of Mining and Metallurgy. They both 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 (the JORC Code)" and they both consent to the inclusion of this information in the form and context in which it appears in this report.

Table 2: Checklist of Assessment and Reporting Criteria- Fossey and Fossey East Resource Estimate.

Criteria	Comments
Geological Setting	Fossey / Fossey East is a Volcanic Hosted Massive Sulphide deposit comprising dominantly baritic mineralisation, associated with areas of high-grade Base Metal Sulphide (BMS) and underlain by minor stringer and disseminated mineralisation. The deposit is dominantly stratiform but Fossey East in part appears to cross-cut stratigraphy.
Tenement and land status	The deposit occurs within Hellyer Mining Lease CML103M/87 owned by Ivy Resources Pty Ltd with a sub-lease agreement to Bass Metals Ltd.
Drilling Techniques	The current resource estimate is based on 122 intercepts on nominal 12.5m centres – 33 Bass surface holes, 14 historic surface holes and 75 Bass underground holes. In addition 24 sets of continuous chip samples from underground cross-cuts through mineralisation were used. All Bass Metals Ltd holes were diamond-drilled and NTW, NQ or LTK60-sized core recovered (diameters of 56mm, 47.6mm or 45.2mm respectively). Historic holes were also diamond-drilled and are of NQ or BQ core size (47.6mm or 36.4mm diameter respectively). All drilling used standard core tubes

	and the core was un-oriented. Surface drilling is on E-W sections and underground holes are drilled as skewed fans from several underground sites.
Drill Sample Recovery	All core runs were measured and checked against core blocks. >90% core recovery, averaged over the entire hole, was achieved during Bass Metals drilling with close to 100% recovery in the ore zones. Similar high recoveries were achieved by historic drilling. No relationship between sample recovery and grade.
Logging	All drill core has been geologically logged in detail for lithology, alteration, structure, mineralisation and veining using standard Que-Hellyer logging codes. Wet and dry digital photographs of all Bass Metals core were taken and RQD measurements were recorded at per drill-run intervals (average of 3.0m). For historic holes, RQD was also measured and core photographs on slide film were taken.
Sampling Techniques and Sample Preparation	For both Bass and historic drilling half-core samples were collected at nominal 1.0m intervals or at lithological boundaries using a diamond core-saw. Sampling extended several metres into barren host rocks or sub-grade mineralisation in both the hangingwall and footwall. For Bass samples 100% of the sample was pulverised to a nominal 80% passing 75µm – unknown for historic samples.
Sample Security	Samples were taken directly from the mine site to the assay laboratory or to an air freight courier for transport to interstate assay laboratories.
Quality of Assay Data	Half core samples were submitted for assay, with SG determination conducted by the laboratory on each assay sample. For Bass infill drilling, samples were submitted to ALS Laboratories in Burnie, Tasmania. Samples were analysed for Cu, Pb, Zn, Ag, As and Fe (AAS), Ba, S and Si (XRF) and Au (fire assay). For the original 2007-2009 surface drilling programs samples were assayed for Cu, Pb, Zn, Ag, As and Fe, using a modified aqua regia digest followed by ICP, at Amdel laboratories in Adelaide, South Australia. Au and Ba were assayed at Ammtec (now ALS) laboratories in Burnie, using fire assay and pressed powder XRF respectively. QA-QC involved standards, blanks and duplicates (one of each every 25 samples) submitted un-marked to obscure their origin. Bass assays also included 200 check assays (three labs total). Historic assays were carried out on half core at Aberfoyle's company laboratory (now the ALS Burnie lab) using pressed powder XRF for Cu, Pb, Zn; AAS for Ag and As and Au by fire assay. Internal laboratory blanks and standards were the only QA-QC for historic holes. All assays are considered total assays.
Review of Assay data	Hellman & Schofield Pty Ltd were engaged as independent experts to review Fossey assay data in 2009. Recommendations were adopted and assays used in resource estimation are considered to be of good quality.
Location of Data Points	Historic drill-hole collar locations were measured by the Hellyer Mine surveyor, Bass surface drill-holes by a contract surveyor and Fossey underground holes by the Fossey Mine surveyor. Holes were surveyed during drilling, using an Eastman single shot camera, at nominal 30m intervals. Cameras were calibrated using survey jigs which indicated camera corrections required to correct magnetic bearings to Mine Grid. Hole azimuth and inclination data were plotted against depth. The trend of hole deviation was established and any spurious (mainly azimuth) readings were discarded. 25m spaced data were read from the graph and entered into the survey database.
Database integrity	The drill-hole database used comprises Bass Metals drilling data recorded on Excel spread sheet and historical data in ASCII format, both imported into Datamine software. New assay results together with standard and blank results were checked to ensure these were within acceptable limits. Assay data was received digitally from the laboratory. Assay data statistics were reviewed before commencing the resource estimate.
Site Visits	Resource estimate undertaken by on-site senior geologist.
Geological Interpretation	The Fossey ore body strikes grid NNW and has the broad cross sectional form of a folded downward tapering wedge. The deposit comprises three major zones: <ul style="list-style-type: none"> • <i>Massive Barite Zone</i> - The bulk of the deposit comprises massive barite, which is dominant in the stratigraphic ally upper areas. • <i>BMS Zone</i> - Underlying the massive barite zone is banded to massive BMS. The boundary of the footwall of the BMS is a sharp contact. The internal boundary between the BMS and Barite zones is usually a sharp mappable contact but occasionally is a gradational grade boundary. • <i>Footwall Zone</i> - Commonly underlying the BMS is low to moderate grade base metal mineralisation as disseminations to stringer veins up to several 10's of centimetres thick. Fossey East mineralisation occurs as a roughly tabular lens striking grid north and dipping steeply east. At its' southern end massive barite joins and continues down-dip from the Fossey deposit but to the north it diverges and occurs east and below the main Fossey body. Fossey East mineralisation terminates to the north on the Easy St. Fault whilst to the south and at depth mineralisation lenses out. Close spaced drilling of the current resource allows good correlation between sections.
Dimensions	Resource has a strike of 210m, width up to 50m and thickness up to 70m with a depth to top of about 130m.

Estimation and modelling techniques	<p>The ore body was divided into domains based on mineralisation type, position and orientation. The resulting wireframes, snapped to drill holes, were filled with blocks having dimensions of 5m x 5m x 5m with 4x4 sub-cell splitting. 2m assay composites (n=2365) were computed for each hole using length-density weighting and honouring the interpreted ore zone boundaries. Composites were also flagged for "ZONE". Assay grade distributions were not considered to be skewed so top-cuts were not applied. Variograms were calculated on the 2m composites for each domain and element. Nugget effect and sill were calculated from isotropic variograms. Directional variograms were then calculated with a principal axis along strike, intermediate axis down-dip and minor axis across dip. These were used to determine ranges in each orientation. Isotropic variograms were calculated for the Footwall Zone due to insufficient data for directional variograms. As the Barite Zone is effectively a massive body with unknown internal structure, isotropic variograms were considered to be appropriate.</p> <p>Continuity axes and anisotropy ratios were inferred from the orientation and dimensions of the barite, BMS and Footwall zones. The Footwall Zone was split in two, north and south of 10216N, based on the plunge of the mineralisation.</p> <p>For each domain ordinary kriging was undertaken, constrained by the ore zone wireframes. Each kriged estimate used at least five and up to twenty of the closest, most-influential composites. In areas of sparse data a second pass was needed, with an expanded search area, until grade was assigned to every cell. To avoid sharp boundaries between adjacent BMS Zones, and adjacent Footwall Zones, overlapping assay composite files were used.</p>
Cut-off parameters.	The outer boundary of the Fossey and Fossey East barite and BMS zones is based on sharp geological contacts. The internal boundary between the two zones can be gradational and a boundary of 5%(Pb+Zn) was chosen as the best grade which provided good continuity between holes and from section to section. Immediately underlying the BMS zone at Fossey holes usually contain stringer vein and / or disseminated to semi-massive mineralisation. This domain was wireframed at a cutoff of 5%(Pb+Zn).
Previous Mining	Mining of the Fossey deposit began in December 2010 with development ore being sourced from the 465 level. Longhole open stoping production commenced in March 2011. To mine closure on 4th May 2012 a total of 535KT of ore was hauled to the Hellyer Mill ROM grading 0.3% Cu, 4.2% Pb, 7.8% Zn, 1.7g/t Au and 101g/t Ag.
Mining factors / assumptions.	No assumptions have been made about mining factors.
Metallurgical factors	No assumptions have been made about metallurgical treatment.
Bulk density	Archimedian density was determined for Bass samples and air pycnometer for historic samples. Where no bulk density measurement was available (514 of 4112 assay samples in the mineralised zones, mostly continuous chip samples) regression equations were developed to estimate density from Pb, Zn, Fe and Ba grades. Bulk density was interpolated for each block. A comparison of 33 Bass pulps, also submitted for air pycnometer measurement, suggested an average apparent porosity of 2.5% so all historic air pycnometer data was adjusted down 2.5% to be comparable with Archimedian density.
Classification	Classification of resources into Measured, Indicated and Inferred categories was undertaken by taking into account kriging variance, data integrity, grade continuity, drill hole spacing and a subjective assessment of confidence in the geological interpretation.
Audits or reviews	This resource estimate is an update of an earlier estimate (July 2011) that was reviewed by resource consultant specialists, Snowden Group.

Table 3: Checklist of Assessment and Reporting Criteria for Que River Pb-Zn Resource Estimate

Criteria	Comments
Geological Setting	Three base metal resources occur in separate lenses at Que River; these are PQ, Nico, and QR 32 Lenses. The lenses are examples of Volcanic Hosted Massive Sulphide deposits. Mineralisation style is diverse and includes footwall stringer veins, disseminations, local replacement, epiclastic breccia hosted to massive high-grade base metal sulphide mineralisation.
Tenement and land status	All lenses occur within Que River Mining Lease 68M/84 which is wholly owned by Bass Metals Ltd.
Drilling	<p>The resource estimate at Nico is based on 15 historic diamond drill holes of NQ or BQ core size (47.6mm or 36.4mm diameter respectively). Core recoveries are not available but expected to range from poor in weathered near surface rocks to almost 100% in fresh material. The Nico Lens resource has been drilled on 25m spaced sections oriented mine grid E-W. Drill-hole spacing is generally 25m along these section lines.</p> <p>At QR32 all Bass Metals Ltd holes (7 holes within the lens) were diamond-drilled and NTW-sized core recovered (diameter of 56mm). Historic drilling (70 holes) was also diamond-drilled and is of NQ or BQ core size. Core recoveries range from poor in weathered near surface rocks to almost 100% in fresh material. The QR32 Lens resource has been drilled on 12.5m to 25m spaced</p>

	sections oriented mine grid E-W. Drill-hole spacing generally 10-20m along these section lines. At PQ lens drilling comprises Bass Metals NTW and historic NQ and BQ diamond drilling on a 12.5m by 12.5m spaced pattern. Core recoveries again range from poor in weathered near surface rocks to almost 100% in fresh material.
Logging	All drill holes have been geologically logged using standard Que-Hellyer Mine logging codes. Wet and dry digital photographs of all Bass Metals core were taken and RQD measurements were recorded at per drill-run intervals (average of 3.0m). For historic holes RQD was also measured but core photographs on slide film were taken only for some holes.
Sampling	Half-core samples were collected at nominal 1.0m intervals or at lithological boundaries. Sampling extends into barren or sub-grade mineralisation in both the hangingwall and footwall.
Assaying	For Bass Metals drilling half core samples were submitted to Ammtec Laboratories (now ALS) located in Burnie, Tasmania. Samples were analysed for; Cu, Pb, Zn, Ag, As, Fe (triple acid digest and AAS); Au (fire assay) and Ba (pressed powder XRF). SG determination was conducted by the laboratory on each assay sample. QA-QC involved standards (every 25 samples) and blanks (every 25 samples). Historic assays were carried out at Aberfoyle's company laboratory (now the Ammtec Burnie lab) using pressed powder XRF for Cu, Pb, Zn; AAS for Ag and As and Au by fire assay. Internal laboratory blanks and standards were the only QA-QC for historic holes.
Surveying	All Bass drill-hole collar locations have been measured by a contract surveyor and historic holes by Que River Mine surveyor.
Database integrity	The drill hole database used comprises historical data in ASCII format and Bass drill data recorded on Excel spread sheet, with both imported into Datamine software. In addition, original 1:500 scale mine geology cross-sections, long projections and level plans were available. New assay results together with standard and blank results were checked to ensure these were within acceptable limits (required before the laboratory job was accepted).
Geological Interpretation	All Que River lenses (except S Lens) are stratiform lenses of stringer, disseminated, semi-massive to massive sulphide that lie at the same stratigraphic horizon, with their present geometric position attributed to folding and faulting. PQ Lens is the main ore lens and is sub-vertical but locally folded, with a strike length around 800m, down-dip extent of 225m, maximum thickness of 34m and average thickness of 8m. Nico Lens is a sub-cropping, sub-vertical lens, with a strike length of 175m and down-dip extent of around 140m. Thickness ranges from less than one metre to around 10m. QR32 Lens is a sub-cropping, sub-vertical lens, with a strike length and down-dip extent of around 225m. Thickness ranges from less than one metre to around 15m.
Estimation and modelling techniques	At Nico elements were estimated using 2D inverse distance interpolation (power 2) and an anisotropic search radius was used for each block. At QR32 single structure spherical variograms were prepared and modelled. Continuity axes were inferred from the orientation of the lens and high grade pods. 3D ordinary kriging was undertaken, constrained by the interpreted ore zone wire frames. At PQ Lens tonnage and grade estimation has been undertaken using a simple polygonal model with length weighted averages to estimate grades.
Cut-off parameters.	A 5% (Pb+Zn) outline has been used historically at Que River to correlate mineralised intercepts, as this was seen as a natural cut-off that provided good continuity, closely following geological boundaries. This cut-off was used to define Nico Lens and PQ Lens Resources. For QR32 Lens assays were converted to an A\$ dollar value, based on long term average metal prices. Log probability plots of dollar-value suggested a natural boundary at A\$70, separating background mineralisation from the ore system and this was used to define the shape of the mineralized zone. Internal geologically logged high grade Base Metal Sulphide pods were also wire framed. Resources were tallied using a block cut-off grade of 5%(Pb+Zn).
Previous Mine Production	Mining of PQ Lens was carried out from 1980 to 1990. No Mining has occurred at Nico Lens, whilst some mining of high grade pods within QR32 Lens was carried out from underground during the 1980's. Details on historic mined out areas were sourced from an end of mine life report and mine long projections. From 2007-2010 Bass Metals mined remnant PQ Lens and QR32 Lens material from two open pits.
Mining factors or assumptions.	No assumptions were made about mining factors for resources.
Metallurgical factors	No assumptions have been made about metallurgical treatment.
Bulk density	At Nico and QR32 Lenses some assays from early holes do not have density data. Using the available measured density data, a multiple linear regression was developed to estimate density for these samples from Cu, Pb and Zn grades.
Classification	Classification of resources was undertaken by taking into account data integrity, grade continuity, geological confidence and drill hole spacing.
Audits or reviews	No audits or reviews have been completed.

Table 4: Checklist of Assessment and Reporting Criteria for S lens, Que River Resource Estimate

Criteria	Comments
Geological Setting	S Lens is a Volcanic Hosted Massive Sulphide deposit. Mineralisation comprises massive to stringer base metal sulphides.
Tenement and land status	S Lens occurs within Que River Mining Lease 68M/84 and is wholly owned by Bass Metals.
Drilling	All Bass Metals Ltd holes (22 holes) were diamond-drilled and NTW-sized core recovered (diameter of 56mm). Historic drilling (92 holes) was also diamond-drilled and is of NQ or BQ core size (47.6mm or 36.4mm diameter respectively). An average 94% core recovery was achieved during Bass Metals drilling. Similar high recoveries were achieved by historic drilling. The S Lens resource has been drilled on 12.5m to 25m spaced sections oriented mine grid E-W. Drill-hole spacing is approximately 10-20m along these section lines.
Logging	All drill holes have been geologically logged using standard Que-Hellyer logging codes. Wet and dry digital photographs of all Bass Metals core were taken and RQD measurements were recorded at per drill-run intervals (average of 3.0m). For historic holes RQD was also measured and core photographs on slide film were taken for all holes except the most recent 34 holes.
Sampling	For Bass and historic drilling half-core samples were collected at nominal 1.0m intervals or at lithological boundaries. Sampling extended into barren or sub-grade mineralisation in both the hangingwall and footwall.
Assaying	For Bass Metals drilling half core samples were submitted to Ammtec Laboratories (now ALS) located in Burnie, Tasmania. Samples were analysed for; Cu, Pb, Zn, Ag, As, Fe (triple acid digest and AAS); Au (fire assay) and Ba (pressed powder XRF). SG determination was conducted by the laboratory on each assay sample. QA-QC involved standards (every 25 samples) and blanks (every 25 samples). Historic assays were carried out at Aberfoyle's company laboratory (now the ALS Burnie lab) using pressed powder XRF for Cu, Pb, Zn; AAS for Ag and As and Au by fire assay. Internal laboratory blanks and standards were the only QA-QC for historic holes.
Surveying	All Bass drill-hole collar locations have been measured by a contract surveyor and historic holes by Que River Mine surveyor.
Database integrity	The drill hole database used comprises historical data in ASCII format and Bass drill data recorded on Excel spread sheet, with both imported into Datamine software. In addition, original 1:500 scale mine geology cross-sections and long projection were available. New assay results together with standard and blank results were checked to ensure these were within acceptable limits (required before the laboratory job was accepted).
Geological Interpretation	S Lens is an outcropping, sub-vertical lens of stringer, disseminated, semi-massive to locally massive sulphide, with a strike length 300m and down-dip extent of around 200m. Thickness ranges from less than one metre to over 12m and averages 4.5m. Ore contacts are occasionally sharp but more often are diffuse and grade controlled. The lens is strongly zoned, from dominantly copper rich in the south (Copper Zone) to relatively Zn-Pb rich in the north (Zinc Zone). S Lens sulphide mineralogy is relatively simple, comprising sphalerite - galena ± chalcopyrite (Zinc Zone) and chalcopyrite (Copper Zone).
Estimation and modelling techniques	Multiple elements were estimated using 2D inverse distance interpolation (power 2). An anisotropic search radius was used for each block.
Cut-off parameters.	Historically a 5% (Pb+Zn) outline has been used at Que River to correlate mineralised intercepts. This was seen as a natural cut-off that provided good continuity, closely following geological boundaries. However, S Lens mineralisation is more variable in style. Although the 5% (Pb+Zn) outline was generally successful in the northern, Zn rich, part of S Lens, it was often necessary elsewhere to use geology, principally the logged massive pyrite boundary, or the 1% Cu contour where stringer and disseminated Cu mineralisation extends into altered volcanics.
Previous Mine Production	Some underground mining of the Zinc Zone was carried out during the late 1980's. Details on mined out areas were sourced from an end of mine life report and discussions with the ex-Que River Mine Captain, who supervised the mining of S Lens.
Mining / Metal assumptions.	No assumptions were made about mining or metallurgical factors for resources.
Bulk density	Some assays from early holes do not have density data (88 of 983 samples within the ore lens). Using the available air pycnometer density data, a multiple linear regression was developed to estimate density for these samples from Cu, Pb and Zn grades.
Classification	Classification of resources was undertaken by taking into account data integrity, grade continuity, geological confidence and drill hole spacing.
Audits / reviews	No audits or reviews have been completed.

Table 5: Checklist of Assessment and Reporting Criteria for the Hellyer Remnants Resource Estimate

Criteria	Comments
Geological Setting	Hellyer is a VMS style deposit, Occurring as polymetallic massive sulphide mineralisation within a mafic – felsic volcano-sedimentary sequence.
Tenement and land status	Hellyer occurs within CML103M/87 owned by Ivy Resources Pty Ltd with a sub-lease agreement to Bass Metals Ltd which includes 100% ownership of all Basemetal resources and prospects.
Drilling	Historic drilling through the Hellyer deposit is predominantly on a 20 metre by 20 metre spacing with some 10 metre by 10 metre infill. The local mine grid is orientated approximately 022° AMG. A total of 957 diamond drillholes and 1,548 channel samples are present in the Hellyer database and define the Hellyer mineralisation. Diamond drilling took place over the deposit from 1983 to 2000. Of these, 453 diamond drillholes and 251 channel samples were used in this resource estimate.
Logging	All drill holes used had been logged using standard Que-Hellyer logging codes.
Sampling	Half-core samples were collected at nominal 1.0m intervals or at lithological boundaries. Sampling extends into barren or sub-grade mineralisation in both the hangingwall and footwall
Assaying	No QAQC data was available, and sources suggest that no QAQC work was done apart from internal laboratory checks.
Surveying	All historic holes were surveyed by Hellyer Mine surveyors.
Database integrity.	<p>The supplied database contained some inconsistencies:</p> <ul style="list-style-type: none"> • Duplicated collar entries with different co-ordinates • Duplicated surveys with different measurements • Inconsistencies with depths (assay/collar/survey) • Duplicated samples and grades assigned to different holes • Overlapping intervals <p>Most, though not all, of the inconsistencies fell within the mined-out void. Comments, changes and deletions were entered into a spreadsheet that were reviewed by Bass before the resource estimation was made.</p>
Geological Interpretation	<p>Confidence in the geological interpretation at Hellyer is high. Three geological domains were distinguished:</p> <ul style="list-style-type: none"> • Stringer • BMS • Remnant pillars and surrounds <p>These were further subdivided based on position west or east of the Jack Fault, and on higher or lower grade within those zones. In all 36 separate wireframe solids were produced.</p>
Estimation and modelling techniques	Statistical analyses on 1 metre composites were completed. Variography and search neighbourhood analysis were also conducted as input into grade estimation. The method used to obtain grade estimates for Pb, Zn and Cu was Ordinary Kriging on accumulated grade times density, with grade back-calculated following estimation. Density, Au and Ag was estimated using Ordinary Kriging.
Cut-off parameters.	No cut-off grade was applied to the base metal sulphide zones as this mineralisation was defined geologically. The other mineralised zones ('Stringer' and 'Remnant Pillar and Surrounds') were modelled based upon a combination of a nominal 1% combined Pb + Zn grade and logged geology.
Metallurgical factors	No assumptions have been made about metallurgical treatment.
Previous Mine Production	Underground mining commenced on the Hellyer deposit in 1986 and stopped in 2000. 16.9 Mt grading 0.4% Cu, 7.2% Pb, 13.8 % Zn, 167 g/t Ag and 2.5 g/t Au was mined. There is a good model of the voids, which generally ties in well with the working plans generated at the time of mining. However, no allowance has been made for possible fracturing and spoiling at open faces. The wireframes were modelled to the outer limit of the void model, but it is quite possible that this face has migrated outwards, and that the modelled wireframe volume is over-estimated.
Bulk density	Specific gravity (air pycnometer) measurements were made for the bulk of the samples. The relative bulk density (specific gravity) which is assumed to be equivalent to dry insitu bulk density has been estimated by Ordinary Kriging based upon the air pycnometer measurements reported from the samples. The density used for reporting has been multiplied by a factor of 0.95 to take into account the effect of pore spaces.
Classification	Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. Historic mining (voids and drives) have been depleted from the resource model. The availability of good quality working plans dating back to the time of the Hellyer mine operations and discussions with several former senior technical employees at that time also contributed significantly to this process

3. DIRECTORS' REPORT

The directors of Bass Metals Ltd present their report together with the financial statements of the entity, being Bass Metals Ltd ("Bass Metals" or "Company") - for the year ended 30 June 2013 and the independent audit report thereon.

Directors

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

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

Mr McGown has more than 40 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 Ltd as an executive director and as the executive chairman of DJ Carmichael Pty Ltd.

Other Current Directorships:

Mr McGown is an executive director of New Holland Capital Pty Ltd and non-executive chairman of Pioneer Resources Limited.

Previous Directorships (Last Three Years):

Entek Energy Limited – Resigned 28 February 2011

Peel Mining Limited – Resigned 9 April 2013

Mr Michael Benjamin Rosenstreich – Managing Director
B.Sc (Hons), MMEE, MAIMM, MAICD
Appointed – 15 December 2004

Mr Rosenstreich has a strong combination of technical and commercial skills gained over more than 25 -years in the mining and banking sectors. He is a geologist with 13 years' experience gained in both exploration and mining roles including senior management positions with companies such as Homestake Mining, Dominion Mining and Consolidated Gold.

From July 1997 until November 2002 he was a 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 full time managing director of Bass Metals since December 2004.

Mr Rosenstreich holds an Honours degree in Geology from Otago University (NZ) and a Masters of Mineral and Energy Economics at Macquarie University. He is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Previous directorships (last 3 years):

No other directorships have been held during this period.

3. DIRECTORS' REPORT (continued)

Mr Patrick Anthony Treasure – Non-executive Director
B.Sc (Hons), MAIMM, 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 36 years, holding senior executive positions with a number of publicly listed companies in the process metallurgy and mining fields. Mr Treasure has extensive experience in corporate management, technology development, project evaluation and development.

Other Current Directorships:

Mr Treasure is director of Nickel Developments Limited, a subsidiary of Metals Finance Ltd as well as Comet Exploration, a Chilean focussed exploration company.

Previous directorships (last 3 years):

Metals Finance Ltd – Resigned 1 May 2013.

Mr Barry James Kevin Sullivan – Non-executive Director
B.Sc (Min), ARSM, AusIMM, MAICD
Appointed – 9 January 2012

Mr Sullivan is an experienced mining engineer who has had a successful career in the mining industry, both in South Africa with Anglo American Ltd (1969 - 1974) and in Australia with Mount Isa Mines (MIM) from 1974 to 1995. He had six years as Executive General Manager at Mount Isa, in which capacity he was responsible for total operations including regional exploration, four underground mines and one open cut mine, power stations, dams and comprehensive support services. More recently, Barry was non executive Chairman and Director of Exco resources Limited, and a non executive Director of Sedimentary Holdings and Allegiance Mining

Other Current Directorships:

Mr Sullivan is a non-executive director of Lion Selection Limited.

Previous directorships (last 3 years):

Catalpa Resources Limited – Resigned 18 October 2011

Exco Resources Limited – Resigned 30 November 2012

Mr Pierre Jacques Malherbe – Company Secretary
BCom Inv. Management, BCom Hons Acc, MCom Business Management
Appointed – 1 May 2013

Mr Malherbe has over 24 years' experience in the financial and accounting industry with extensive experience in South Africa and Australia in the Investment Banking, Finance and Mining industries.

Working in a senior capacity for several leading financial institutions he was responsible for managerial, transactional and financial input across a varied spectrum of businesses, including: mining, construction and aviation.

Mr Malherbe holds a Master of Business Management (Master of Commerce) postgraduate degree from the University of Johannesburg, an Honours degree majoring in Accounting - Bachelor of Commerce (Hons) (Acc) and a Bachelor of Commerce Investment Management degree from the University of Johannesburg.

More recently he has held senior management positions within mining and financial industries in Australia where he held the positions of Associate Director, Chief Financial Officer and Company Secretary for a number of listed mining companies including Millennium Minerals Ltd, Zambezi Resources Ltd and Minrex Resources NL and the Linq Resources Fund.

3. DIRECTORS' REPORT (continued)

Principal Activities

During the period, Bass Metals sold its only subsidiary, HMO on 23 February 2013. Prior to this it was referred to as "the Group" in previous financial reports. The principal activities of the Group for the period, in this annual report consisted of mineral exploration and site care and maintenance activities in Tasmania and project generation work in Australia and off shore.

Dividends

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

Result for the Financial Year

The loss from ordinary activities after income tax expense for the Group was \$12,167,052 (2012: \$55,216,746).

In January 2013 the Company announced an asset sale transaction that, on completion, would enable it to clear its debts, relaunch exploration and undertake new acquisition assessments as well as allowing it to continue to pursue litigation for damages against LionGold Corporation. Bass Metals entered into a binding Heads of Agreement to sell its wholly owned subsidiary, HMO to Ivy Resources, a private resource development company for an acquisition price of \$11,000,000. Settlement of the transaction occurred on 23 February 2013.

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 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 entities 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 business objectives.

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

- Focuses on sustained growth as well as focussing 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.

It should be noted that Bass' Managing Director took two voluntary reductions in salary being 20% on 1 October 2012 and 10% on 1 June 2013.

3. DIRECTORS' REPORT (continued)

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 on an annual basis. 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, 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 director's fees will be \$85,000 per annum for the Chairman and \$60,000 per annum for non-executive directors, inclusive of statutory superannuation contributions effective 1 April 2011. All Directors were remunerated less than the prescribed amounts during the period in respect of their roles as non-executive directors and a 20% voluntary reduction in fees was taken with effect from October 2012. Shareholders approved on 30 November 2010 the aggregate remuneration for all non-executive directors at an amount of \$350,000 per annum. This amount does not include the value of options provided to non-executive directors or committee member fees.

Non-executive directors are eligible for participation in the Bass Metals Ltd Employee Share Loan Scheme and the Bass Metals Ltd Employee Performance Incentive Plan which were approved by shareholders at the 2010 annual general meeting held on 30 November 2010. Any issue of shares to directors under the Bass Metals Ltd Employee Share Loan Scheme or options or performance rights under the Bass Metals Ltd Employee Performance Incentive Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001.

From time to time non-executive directors have undertaken specific tasks in addition to their role as non-executive directors. The basis of remuneration for such tasks was agreed between the non-executive director and the Company.

Executives

Executive directors and executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.25%, 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 Employee Share Loan Scheme and the Bass Metals Ltd Employee Performance Incentive 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 and are expensed over the vesting period of the options.

Base Salary

Executive remuneration is structured as a "total employment cost" package comprising cash, leave benefits and superannuation, and is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executive 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 Employee Share Loan Scheme

Information on the Bass Metals Ltd Employee Share Loan Scheme is set out in Note 26.

Bass Metals Ltd Employee Performance Incentive Plan

Information on the Bass Metals Ltd Employee Performance Incentive Plan is set out in Note 26.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based incentive based on performance milestones, and the second being the issue of options and shares to the majority of directors, executives and employees to encourage the alignment of personal and shareholder interests. The Company believes this policy is effective in contributing to increasing shareholder returns.

3. DIRECTORS' REPORT (continued)

The performance milestones are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The performance milestones target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each performance milestone is based on the Group's production plans and respective industry standards.

Performance in relation to the performance milestones is assessed annually, with bonuses being awarded depending on the degree to which the milestone has been achieved. Following the assessment, the performance milestones are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their effectiveness in achieving the Group's goals and shareholder returns. The performance milestones are then set for the following year.

During each year executives of the Company may be issued with options and shares. None were issued this financial year. The Board considers that this is an appropriate way to attract persons of experience and ability to the Group; foster and promote loyalty by providing an incentive to remain in the Group's employment for the long term; and to recognise the ongoing ability of key management personnel to contribute to the performance and success of the Group. During the period under review, the Company did not issue any shares or options to executives of the Company.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of performance milestones and continued employment with the Group. Incentive payments result from where the Group achieves production plans. This condition provides management with a performance target which focuses upon asset development and growth, with short term production goals, to build a diversified and profitable minerals business utilising existing Group resources.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward scheme is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions are evidenced by execution of contracts or agreements and whole of Board assessment and approval. The Board does not consider that performance conditions should include a comparison with factors external to the Group at this time.

3. DIRECTORS' REPORT (continued)

Compensation of Key Management Personnel for the year ended 30 June 2013

The following table discloses the remuneration of the key management personnel of the Company. The information in this table is audited.

		Short-term benefits (salary and leave)	Short-term benefits (performance bonus)	Post- Employment benefits (superannuation)	Non cash benefits	Termination benefits	Share- based payments (shares/ options)	Total remuneration represented by performance bonus	Total remuneration represented by shares/ options	Total
		\$	\$	\$	\$	\$	\$	%	%	\$
Executive Directors										
Mr M B Rosenstreich ¹	2013	333,710	-	13,374	-	-	-	-	-	347,084
	2012	436,900	-	15,774	-	-	20,100	-	4.2	472,774
Mr R V Rajasooriar ²	2013	-	-	-	-	88,811	-	-	-	88,811
	2012	332,100	-	24,767	-	-	45,361	-	11.2	402,228
Non-executive Directors										
Mr C I McGown ⁴	2013	104,469	-	-	-	-	-	-	-	104,469
	2012	161,773	-	-	-	-	-	-	-	161,773
Mr P A Treasure ⁵	2013	51,000	-	-	-	-	-	-	-	51,000
	2012	60,000	-	-	-	-	-	-	-	60,000
Mr B J K Sullivan ⁶	2013	74,311	-	6,688	-	-	-	-	-	80,999
	2012	30,000	-	-	-	-	-	-	-	30,000
Mr D D Boyer ³	2013	-	-	-	-	-	-	-	-	-
	2012	40,250	-	-	-	-	-	-	-	40,250
Total Directors	2013	563,490	-	20,062	-	88,811	-	-	-	672,363
	2012	1,061,023	-	40,541	-	-	65,461	-	22.3	1,167,025
Company Executives										
Ms S P Hunter ⁷	2013	48,460	-	-	-	-	-	-	-	48,460
	2012	94,255	-	-	-	-	-	-	-	94,255
Mr R K Holder ⁸	2013	-	-	-	-	-	-	-	-	-
	2012	215,737	-	13,390	-	-	-	-	-	229,127
Mr K P Denwer ⁹	2013	-	-	-	-	-	-	-	-	-
	2012	189,460	-	44,897	-	-	570	-	0.2	234,927
Mr A J Brazier ¹⁰	2013	24,576	-	2,211	-	18,679	-	-	-	45,466
	2012	273,923	-	18,597	-	-	15,585	-	5.0	308,105
Mr P J Malherbe ¹¹	2013	55,384	-	4,984	-	-	-	-	-	60,368
	2012	-	-	-	-	-	-	-	-	-
Mr B Burdett ¹²	2013	-	-	-	-	-	-	-	-	-
	2012	45,185	0	16,294	-	-	17,859	-	22.5	79,338
Total Company Executives	2013	128,420	-	7,195	-	18,679	-	-	-	154,294
	2012	818,560	-	93,178	-	-	30,014	-	3.6	945,752

3. DIRECTORS' REPORT (continued)

Note 1: During 2012, Mr Rosenstreich's short term benefits included \$50,000 (2013: nil) for unused accrued annual leave, which he used to purchase shares under the Rights Issue in November, 2011. In addition to this, voluntary salary reductions were taken in October 2012 (20%) and June 2013 (10%) respectively.

Note 2: Mr Rajasooriar was appointed a director on 18 November 2011 and resigned on 30 April 2012. He resigned his employment with the Company on 30 June 2012. Termination benefits were paid to Mr Rajasooriar in July 2012.

Note 3: During 2013 \$NIL (2012: \$40,250 of Mr Boyer's short term benefits listed above were paid to Boyer Exploration and Resource Management Pty Ltd, a company of which Mr Boyer is a director. Mr Boyer resigned on 31 December 2011.

Note 4: During 2013 \$104,469 (2012: \$161,773 of Mr McGown's short-term benefits listed above were paid to Resource Investment Capital Advisors Pty Ltd of which Mr McGown is a director. As Chairman, Mr McGown was remunerated less than \$85,000 for his services. Additional remuneration has been paid to Mr McGown for additional services provided to the Company.

Note 5: During 2013 \$51,000 (2012: \$60,000) of Mr Treasure's short-term benefits listed above were paid to Metals Finance Ltd, a company in which Mr Treasure was a director up to 1 May 2013.

Note 6: Mr Sullivan was appointed a director on 9 January 2012. During 2013 Mr Sullivan received directors fees of \$74,344. Included in this amount was \$27,523 due from the 2012 financial year.

Note 7: During 2013 \$48,460 (2012: \$94,255), being Ms Hunter's short-term benefits were paid to Hunter Corporate Pty Ltd, a company in which Ms Hunter is a director. Ms Hunter resigned 30 April 2013.

Note 8: Mr Holder was appointed General Manager – Tasmanian Operations on 10 October 2011. His position with the Company was made redundant on 30 June 2012.

Note 9: Mr Denwer resigned his employment with the Company on 25 May 2012.

Note 10: Mr Brazier was appointed Chief Financial Officer on 27 June 2011. He resigned his employment with the Company on 2 August 2012.

Note 11: Mr Malherbe was appointed Chief Financial Officer and Company Secretary on 1 April 2013.

Note 12: Mr Burdett resigned his employment with the Company on 25 May 2012.

Other than the executive director and Company executives, no other person is concerned in, or takes part in, the management of, or has authority and responsibility for planning, directing and controlling the activities of the Company. As such, during the financial year, the Company did not have any person, other than directors and Company executives, that complies with the definition of "Key Management Personnel" for the purposes of AASB 124: *Related Party Disclosures* or "Company Executive" for the purposes of section 300A of the Corporations Act 2001 ("Act").

The fair value of options issued to Key Management Personnel is calculated at grant date 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 26. The value disclosed above is a portion of the fair value of the options allocated to this reporting period.

Employment Contracts

The Company's Managing Director is retained via an employment contract dated 3 August 2011 and is valid to 30 June 2014. The agreement provides for a total package amount inclusive of prescribed superannuation and for participation in the Company's Employee Share Loan Scheme and Employee Performance Incentive Plan. The cash remuneration inclusive of superannuation paid under the agreement from 1 July 2011 is \$400,000 base salary and is subject to review (which includes setting short term incentive milestones) prior to 31 December 2011 and on 30 June thereafter to 30 June 2014.

As mentioned previously on 1 October 2012, all directors agreed to a 20% reduction in salary and fees consistent with the reduced scale of the Company's activities. The Managing director took a further reduction of 10% in his salary and fees effective 1 June 2013.

Company executives are employed under contracts, with no fixed term and a minimum of three months' notice period.

3. DIRECTORS' REPORT (continued)

Options Issued as Part of Remuneration

Options are issued to Directors and executives as part of their remuneration. The options are issued not on performance criteria, but to increase goal congruence between the Company's various stakeholders.

	Vested number	Granted number	Grant date	Value per option at grant date	Exercise price	First exercise date	Last exercise date
Company Executives							
Ms S P Hunter	80,000	80,000	5/7/2010	6.8 cents	22.0 cents	5/7/2011	5/7/2013
Mr B Burdett	100,000	100,000	2/11/2009	21.7 cents	50.0 cents	2/11/2009	1/9/2013
Mr B Burdett	100,000	100,000	2/11/2009	21.7 cents	50.0 cents	17/9/2011	1/9/2013
Mr B Burdett	100,000	100,000	5/7/2010	6.8 cents	22.0 cents	5/7/2011	5/7/2013
Mr K P Denwer	100,000	100,000	27/10/2009	18.6 cents	25.0 cents	1/9/2009	1/9/2013
Mr K P Denwer	100,000	100,000	27/10/2009	16.3 cents	35.0 cents	1/9/2009	1/9/2013
Mr K P Denwer	100,000	100,000	1/9/2010	4.8 cents	35.0 cents	1/9/2010	1/9/2013
Mr K P Denwer	100,000	100,000	1/9/2010	6.2 cents	25.0 cents	1/9/2009	1/9/2013
Mr A J Brazier	100,000	100,000	1/9/2011	4.1 cents	26.0 cents	27/6/2013	27/8/2015
Mr A J Brazier	100,000	100,000	1/9/2011	3.6 cents	36.5 cents	27/6/2013	27/8/2015
Mr A J Brazier	100,000	100,000	1/9/2011	2.7 cents	52.5 cents	27/6/2013	27/8/2015

None of the above options have been exercised during the financial period.

(End of remuneration report)

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
26 September 2011	30 September 2014	20.0 cents	28,666,667
1 November 2011	30 September 2014	20.0 cents	61,471,011
			90,137,678

Since the end of the financial year, the following options had lapsed or were cancelled:

730,000 employee options at an exercise price of 22 cents and expiry date of 5 July 2013 pursuant to the terms of the Bass employee share option scheme as employee option holders have left the company.

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 are as follows:

Director	Ordinary Shares		Options	
	Direct	Indirect	Direct	Indirect
Mr C I McGown	18,337	3,833,124	-	1,666,667
Mr M B Rosenstreich	-	2,353,973	-	466,666
Mr P A Treasure ¹	-	100,000	-	-
Mr B J K Sullivan	250,000	-	-	-

Note 1: Mr Treasure holds 100,000 shares in the Company through Karton Investments Pty Ltd. acting as trustee for the Karton Investments Pty Ltd Superfund of which Mr Treasure is a beneficiary.

Company Performance

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

Significant Changes in the State of Affairs

In January 2013 the Company announced an asset sale transaction that, on completion, would enable it to clear its debts, relaunch exploration and undertake new acquisition assessments as well as to pursue its litigation for damages against LionGold Corporation.

Bass Metals entered into a binding Heads of Agreement to sell its wholly owned subsidiary, HMO to Ivy Resources, a private resource development company for an acquisition price of \$11,000,000. Settlement of the transaction occurred on 23 February 2013 enabling the Company to repay all of its secured and unsecured creditors leaving it effectively debt free with surplus cash to restart exploration programs on its Tasmanian projects and pursue new project opportunities.

On 6 July 2013 the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group with strong mining credentials under which the two companies will acquire, explore and develop mining projects in Turkey through a 50:50 Turkish joint venture company (TJVC) structure. Bass has compiled a detailed Turkey focused business strategy split into three phases; establishment, consolidation and realisation over 3 to 5 years. Further details on the overall business strategy in Turkey, progress on the finalisation of the Strategic Alliance Agreement, the proposed joint venture projects and Bass' initial funding commitments as well as further details on its Turkish partner will be reported as the transaction progresses. *Refer to Events Subsequent to Reporting Date on page 70 for further information.*

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:

- Finalisation of the Strategic Alliance Agreement with the Turkish partner and advancing the Turkish strategy to acquire, explore and develop mining projects in Turkey; and
- Maintain a strategic land position in Tasmania incorporating a full spectrum of targets from advanced prospects to conceptual large scale anomalies, potentially with a joint venture partner earning-in; and
- Continue to 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, during the year, has not been advised by the regulatory authority of any breaches in relation to the regulations within the State in which it operates.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2013 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee ¹	
	A	B	A	B	A	B
Mr C I McGown	16	16	2	2	-	-
Mr M B Rosenstreich	16	16	-	-	-	-
Mr P A Treasure	16	14	2	2	-	-
Mr B J K Sullivan	16	16	-	-	-	-

A: Number of meetings eligible to attend

B: Number of meetings attended

Note 1: The Remuneration Committee was dissolved at a directors' meeting held on 27 June 2012. It was resolved that the directors address the remuneration matters in the regular board meetings.

Note 2: The directors met as the Nomination Committee on an as required basis during the year ended 30 June 2013.

Note 3: The directors formed an Audit Committee on 1 July 2010. The current members of the committee are Mr McGown (Chairman) and Mr Treasure.

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 premiums paid in respect of directors' and officers' liability insurance as such disclosure is prohibited under the terms of the contract.

Events Subsequent to Reporting Date

Turkish Initiative

On 6 July 2013 the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group with strong mining credentials under which the two companies will acquire, explore and develop mining projects in Turkey through a 50:50 Turkish joint venture company (TJVC) structure. Bass has compiled a detailed Turkey focused business strategy split into three phases; establishment, consolidation and realisation over 3 to 5 years. Further details on the overall business strategy in Turkey, progress on the finalisation of the Strategic Alliance Agreement, the proposed joint venture projects and Bass' initial funding commitments as well as further details on its proposed Turkish partner will be reported as the transaction progresses.

S249D Requisition

On 9 July 2013, the Company advised the market that it had received a purported notice pursuant to section 249D of the Corporations Act 2001(Cth) (Corporations Act) from Metals Finance Limited (ASX:MFC) requisitioning a shareholders' meeting to consider the removal of three of the Company's four Directors, Mr Michael Rosenstreich (Managing Director), Mr Craig McGown (Non-executive Chairman) and Mr Barry Sullivan (Non-executive Director) and the appointment of two new Directors (Mr Gavin Solomon and Mr Richard Anthon, a Non-executive Director of MFC). The Directors of the Company determined that, based on advice from its lawyers, the purported requisition notice was invalid for the purposes of convening a meeting of shareholders under section 249D of the Corporations Act, on the basis that the requisition notice did not comply with the requirements of the Company's constitution and the Corporations Act relating to the removal of Directors.

On 8 August 2013, the Company advised that it had received a request under section 249D & 203D of the Corporations Act, from MFC which it was advised by its lawyers was valid.

On 22 August 2013, the Company lodged a Notice of General Meeting to be held on 4 October 2013 as requisitioned by the S249D notice to enable shareholders to vote on the removal of three of the Company's four Directors, Mr Michael Rosenstreich (Managing Director), Mr Craig McGown (Non-executive Chairman) and Mr Barry Sullivan (Non-executive Director) and the appointment of two new Directors (Mr Gavin Solomon and Mr Richard Anthon).

Non-audit Services

The directors are 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 APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

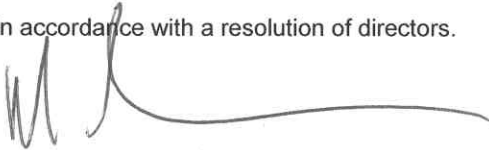
The following fees were paid/payable to Grant Thornton for non-audit services provided during the year ended 30 June 2013:

	2013 \$	2012 \$
Amounts received or due and receivable by Grant Thornton for:		
Consulting services	-	12,692
Taxation services	-	19,926
	<u>-</u>	<u>32,618</u>

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2013. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

Signed in accordance with a resolution of directors.



M B Rosenstreich
Managing Director
Subiaco, Western Australia
27 September 2013

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated *	
		2013 \$	2012 \$
Continuing Operations			
Sales revenue	3	1,573,421	93,403,431
Final sales adjustments	3	(4,777,791)	-
Cost of sales	4	(132,587)	(81,186,367)
Operating profit/(loss)		(3,336,957)	12,217,064
Other income	3	631,045	3,971,046
Other expenses	4	(5,383,092)	(36,017,641)
Share-based payments	4	(302,697)	(4,108,694)
Finance costs	4	(522,791)	(6,083,185)
Loss before income tax		(8,914,492)	(30,021,410)
Income tax benefit	5	30,758	3,193,466
Loss after income tax from continuing operations		(8,883,734)	(26,827,944)
Loss for the year from discontinued operations	2	(3,283,318)	(28,388,802)
Loss for the year from sale of subsidiary	2	-	-
Loss for the year		(12,167,052)	(55,216,746)
Total comprehensive loss for the year		(12,167,052)	(55,216,746)
Loss attributed to:			
Owners of the parent entity		(12,167,052)	(55,216,746)
Total comprehensive loss attributed to:			
Owners of the parent entity		(12,167,052)	(55,216,746)
Earnings per share			
Basic loss per share from continuing operations (cents)	6	(2.87)	(10.05)
Basic loss per share from discontinued operations (cents)		(1.06)	(10.63)
Diluted loss per share from continuing operations (cents)	6	(2.87)	(10.05)
Diluted loss per share from discontinued operations (cents)		(1.06)	(10.63)
Total basic loss per share (cents)	6	(3.93)	(20.68)
Total diluted loss per share (cents)		(3.93)	(20.68)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

* The 2013 numbers above include the consolidated balances of the Group up until the sale of the Groups only subsidiary in February 2013.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Parent 2013 \$	Consolidated 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	7	2,399,554	3,671,949
Trade and other receivables	8	190,910	9,168,044
Derivative financial assets	17	-	696,787
Other assets	9	31,824	226,162
		2,622,288	13,762,942
Assets and disposal groups held for sale	2	-	13,500,000
Total Current Assets		2,622,288	27,262,942
NON-CURRENT ASSETS			
Trade and other receivables	8	815,500	759,030
Plant and equipment	10	223,104	421,077
Mine properties	11	-	-
Capitalised exploration and evaluation	12	3,066,801	3,050,000
Other financial assets	14	-	-
Deferred tax assets	19	-	-
Total Non-Current Assets		4,105,405	4,230,107
TOTAL ASSETS		6,727,693	31,493,049
CURRENT LIABILITIES			
Trade and other payables	15	221,749	7,826,754
Borrowings	16	-	5,119,978
Derivative financial liabilities	17	-	-
Provisions	18	79,341	152,983
Total Current Liabilities		301,090	13,099,715
NON-CURRENT LIABILITIES			
Borrowings	16	-	107,595
Provisions	18	740,758	735,538
Deferred tax liabilities	19	-	-
Total Non-Current Liabilities		740,758	843,133
TOTAL LIABILITIES		1,041,848	13,942,848
NET ASSETS		5,685,845	17,550,201
EQUITY			
Issued capital	20	61,674,048	61,524,048
Reserves	21	1,924,410	6,813,992
Retained profits		(57,912,613)	(50,787,839)
TOTAL EQUITY		5,685,845	17,550,201

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2013**

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Hedge Reserve	Total Equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2011	50,357,997	4,428,907	2,705,298	(1,204,315)	56,287,887
Total comprehensive loss for the year	-	(55,216,746)	-	1,204,315	(54,012,431)
Transactions with owners, recorded directly in equity					
Shares issued during the year	12,150,650	-	-	-	12,150,650
Share issue costs	(984,599)	-	-	-	(984,599)
Share based payments	-	-	4,108,694	-	4,108,694
Balance at 30 June 2012	61,524,048	(50,787,839)	6,813,992	-	17,550,201
Parent					
Balance at 1 July 2012	61,524,048	(50,787,839)	6,813,992	-	17,550,201
Total comprehensive loss for the year	-	(12,167,052)	-	-	(12,167,052)
Transactions with owners, recorded directly in equity					
Transfer on expiry of options	-	5,042,278	(5,042,278)	-	-
Share based payments	150,000	-	152,696	-	302,696
Balance at 30 June 2013	61,674,048	(57,912,613)	1,924,410	-	5,685,845

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

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated	
		2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts in the course of operations		4,512,799	92,920,558
Cash payments in the course of operations		(11,832,392)	(81,648,879)
Income tax refunds		30,758	-
Interest received		162,047	224,120
Interest paid		(386,969)	(1,691,309)
Net cash (used in)/provided by operating activities	24(a)	(7,513,757)	9,804,490
Cash flows from investing activities			
Proceeds from sale of subsidiary		11,000,000	-
Purchase of plant and equipment		-	(334,879)
Proceeds from sale of plant and equipment		70,450	27,840
Payments for exploration and evaluation		(363,270)	(2,327,863)
Payments for development of mineral properties		-	(6,644,916)
Settlement of derivative financial instruments		602,375	2,553,646
Net cash (used in) investing activities		11,309,555	(6,726,172)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,648,301
Borrowings (net of transaction costs)		-	16,223,000
Repayment of borrowings		(5,268,193)	(26,018,520)
Proceeds from other financing activities		200,000	-
Costs of share issues		-	(614,600)
Net cash (used in)/provided by financing activities		(5,068,193)	(5,761,819)
Net increase in cash and cash equivalents		(1,272,395)	(2,683,501)
Cash and cash equivalents at the beginning of the year		3,671,949	6,355,450
Cash and cash equivalents at the end of the year	7	2,399,554	3,671,949

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information and Statement of Compliance

These consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Bass Metals Ltd is a for-profit entity for the purpose of preparing the financial statements.

Bass Metals Ltd ("the Company") is the Group's ultimate parent company, and is a public company incorporated and domiciled in Australia. During the period, as disclosed in this annual report, the Company sold its sole subsidiary. As the consolidated group forms part of the comparatives, up until the date of sale, this financial report reflects policies for a consolidated group.

The consolidated financial statements for the year ended 30 June 2013 (including comparatives) were approved and authorised for issue by the board of directors on 27 September 2013.

(b) Changes in Accounting Policies

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).

This standard is mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 defers the application date of AASB 9 from 1 January 2013 to 1 January 2015. AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

The entity does not have any financial liabilities. Therefore, the Directors do not anticipate that the adoption of this standard will have any impact on the financial statements.

- AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011-7: *Amendments to Australian Accounting Standards*.

AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. When adopted, this Standard is not expected to significantly impact the Group's financial statements.

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). When adopted, this Standard is not expected to significantly impact the Group's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity: concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. When adopted, this Standard will affect disclosures only and therefore is not expected to significantly impact the Group's financial statements.

- AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 2013* (applicable for annual reporting periods commencing on or after 1 January 2013).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

This Standard is expected to result in more detailed fair value disclosures, but is not expected to significantly impact the amounts recognised in these financial statements.

- AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosure requirements by Australia specific paragraphs.

When adopted, these amendments are unlikely to have any significant impact on the financial statements.

- AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) (applicable for annual reporting periods beginning on or after 1 January 2013).

This Standard introduces a number of changes to presentation and disclosure of a defined benefit plan. AASB 119 also includes changes to the criteria for determining when termination benefits should be recognised as obligation.

The entity does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the entity.

- AASB Interpretation 20: *Stripping Costs in the Production Phase of Surface Mining* (applicable for annual reporting periods beginning on or after 1 January 2013).

This interpretation clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production stage of a mine must be capitalised as inventories under AASB 102: *Inventories* if the benefits from stripping activity is realised in the form of inventory produced.

The entity does not operate a surface mine. Therefore, there will be no impact on the financial statements when this interpretation is first adopted.

- AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (application for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's statement of financial position.

When adopted, there will be no impact on the entity as the entity does not have any netting arrangements in place.

- AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011* (applicable for annual reporting periods beginning on or after 1 January 2013).

These amendments are a consequence of the annual improvement process, which provides a vehicle for making non-urgent but necessary amendments to Standards.

When these amendments are first adopted, this Standard is not expected to significantly impact the Group's financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of Accounting Policies

Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Basis of Consolidation

The Group financial statements consolidate those of the parent company and its sole subsidiary up to 30 June 2013. As the Company sold its only subsidiary during the period, the statement of financial position at 30 June 2013 represents that of the Company. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries had a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business Combinations

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie: gain on a bargain purchase) is recognised in profit or loss immediately.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in Associates and Joint Ventures

Entities whose economic activities are controlled jointly by the Group and other ventures independent of the Group (joint ventures) are accounted for using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

The carrying amount of the investments in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Segment Reporting

In identifying its operating segments, management generally follows the Group's operations and activities:

- The activities undertaken by the *Tasmanian Operations – Mining* segment include the mining of ore containing zinc, lead, copper, silver and gold;
- The activities undertaken by the *Tasmanian Operations – Processing* segment include the processing of the ore generated by the Group's mining activities; and
- The activities of the *Exploration* segment include the search for new and additional mineral resources.

All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that: (a) post-employment benefit expenses; and (b) expenses relating to share-based payments are not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue arises from the sale of metal concentrate. It is measured by reference to the fair value of consideration received or receivable, excluding goods and services tax (GST), rebates, and trade discounts.

The Group applies the revenue recognition criteria set out below:

Ore Sales

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

- risk has been passed to the customer;
- the quantity of the product can be determined with reasonable accuracy; and
- 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 results, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Concentrate Sales

Contract terms for the Group's sale of metal concentrates allows for a price adjustment based on final assay results by the customer to determine metal content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal concentrates (based on initial assay results) and the spot price at the date of shipment, with a subsequent adjustment made upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price is based on prevailing spot prices on a specified future date after shipment to the customer ("quotation period"). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and six months.

The provisionally priced sales of metal concentrates contain an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the sale of metal concentrates and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. Accordingly, the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in the fair value recognised in profit or loss each period until final settlement. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Interest

Interest is reported on an accrual basis using the effective interest method.

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.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in "finance costs".

Profit or Loss from Discontinued Operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the statement of comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in Note 2.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See *Business Combinations* for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to *Impairment Testing of Goodwill, Property, Plant and Equipment and Mine Properties* for a description of impairment testing procedures.

Property, Plant and Equipment

Equipment is initially recognised at acquisition or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The following depreciation rates are applied:

Computer equipment	33.33 to 50%
Exploration, Plant & environmental equipment	20 to 33.33%
Motor vehicles	20%
Office equipment	20%

Motor vehicles also include assets held under a finance lease (see *Leased Assets*). Motor vehicles are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Leased Assets

Finance Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See *Property, Plant and Equipment* for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating Leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment Testing of Goodwill, Property, Plant and Equipment and Mine Properties

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (known as cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

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. If costs incurred during a period are not deemed to be carried forward they are automatically expensed to the statement of comprehensive income. The Company has adopted the policy of writing off costs where the incurrence of such costs does not increase the resource base of those permits.

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 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.

Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity (HTM) investments; and
- available-for-sale (AFS) financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' (see *Revenue*).

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Classification and Subsequent Measurement of Financial Liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

For the reporting periods under review, the Group has designated certain forward commodity contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate pricing risk arising from the sale of metal concentrates (refer *Revenue*).

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

The Company has no hedges currently outstanding.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Taxation of Financial Arrangements

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group's tax position and these are not considered to be significant. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2013 (2012: \$Nil).

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current Assets and Liabilities Classified as Held-for-Sale and Discontinued Operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as "held for sale" and presented separately in the statement of financial position. Liabilities are classified as "held for sale" and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as "held for sale", the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (see *Profit or Loss from Discontinued Operations*).

Equity and Reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Options reserve – comprises costs associated with share-based payments (see *Share-based Employee Remuneration*); and
- AFS financial assets and cash-flow hedge reserves – comprises gains and losses relating to these types of financial instruments (see *Financial Instruments*).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Post-employment Benefits and Short-term Employee Benefits

The Group provides post-employment benefits through defined contribution plans.

Defined Contribution Plans

The Group pays fixed contributions into independent entities for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term Employee Benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Share-based Employee Remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (ie: profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Provisions, Contingent Assets and Liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of: (a) a past event; (b) it is probable that an outflow of economic resources will be required from the Group; and (c) amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 statement of financial position are shown inclusive of GST.

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

Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Significant Management Judgement in Applying Accounting Policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Concentrate Sales and Trade Receivables

Management undertake certain estimates to determine initial sales invoicing and trade receivables. The terms of concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price is based on prevailing spot prices on a specified future date after shipment to the customer ("quotation period"). These estimates are based on preliminary concentrate assay results and the spot price of the metal concentrate at invoice date. Management make the same estimates of metal concentrate at the date of shipment.

Subsequent to the initial invoice and under the terms of the Contract, the Company allows for price adjustments based upon the final assay exchanges between the Company and its customer. Adjustments are made upon final determination of metal concentrate and metal price on a specific future date after the shipment occurs. Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and six months.

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. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see *Impairment Testing of Goodwill, Property, Plant and Equipment and Mine Properties*).

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 compiled by Competent Persons (as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources, or 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,

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at 30 June 2013 represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116: *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with AASB 136: *Impairment of Assets*. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss. Also, rehabilitation obligations that arose as a result of the production phase of a mine should be expensed as incurred.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of Useful Lives of Assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Units-of-production Amortisation and Depreciation

Estimated recoverable reserves are used in determining the amortisation and depreciation of mine specific assets. This results in a charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units-of-production (UOP) depreciation methodologies are available to choose from. The Group adopts a Run-of-the-Mine (ROM) tonnes of ore produced methodology for mining costs and tonnes of metal produced methodology for post mining costs. Changes are accounted for prospectively.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recovery of Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Fair Value

Management have applied valuation techniques to determine the fair value of the assets and liabilities recognised as non-current assets held for sale. The determination of fair value requires management to develop estimates and assumptions based on market inputs, using observable data, external valuations obtained and potential third party offers made to purchase assets during the period. Where such data is not observable, management uses its best estimate. Estimated fair values of assets recognised may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer Note 2 for further details.

Going Concern

The financial statements for the year ended 30 June 2013 have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the consolidated entity incurred a loss after tax of \$12,167,052 (2012: \$55,216,746). Net cash outflows from operations during the period were \$7,513,757 (2012: net cash inflows of \$9,804,490) and at reporting date current assets exceeded current liabilities by \$2,321,198 (2012: \$14,163,227).

The directors of the Company consider the basis of going concern appropriate for the following reasons:

1. Held for Sale Assets

In January 2013 the Company announced an asset sale transaction that, on completion, would enable the Company to clear its debts, relaunch exploration and undertake new acquisition assessments as well as allowing it to continue to pursue its litigation for damages against LionGold Corporation.

Bass Metals entered into a binding Heads of Agreement to sell its wholly owned subsidiary, Hellyer Mill Operations Pty Ltd (HMO) to Ivy Resources Pty Ltd (Ivy or Ivy Resources), a private resource development company for an acquisition price of \$11,000,000. Settlement of the transaction occurred on 23 February 2013 enabling the Company to repay all of its secured and unsecured creditors leaving the company effectively debt free with surplus cash to restart exploration programs on its Tasmanian projects and pursue new project opportunities.

2. New Initiatives

On 6 July 2013 the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group with strong mining credentials under which the two companies will acquire, explore and develop mining projects in Turkey through a 50:50 Turkish joint venture company (TJVC) structure. Bass has compiled a detailed Turkey focused business strategy split into three phases; establishment, consolidation and realisation over 3 to 5 years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern (continued)

The strategic alliance between Bass and the Turkish partner is planned to feature:

- An equal funding model between Bass and the Turkish joint venture partner supporting the creation of the TJVC;
- A business building process for which Bass has the funds to advance opportunities to a meaningful stage, without committing an excessive amount of its current capital; and
- Bass contributing exploration and mining skills and its local partner contributing projects and local operating experience.

The Directors will continue to monitor the capital requirements of the Company on a go forward basis and will include additional capital raisings in future periods as required. The ability of the Company to continue as a going concern is also dependent upon the continued successful exploration of its existing mining tenements as well as the successful implementation of the Turkish initiative or other new project opportunities that may arise.

The directors recognise that the above factors represent a material uncertainty as the Company's ability to continue as a going concern, however, the Directors are confident that the Company will be able to continue its operations into the foreseeable future.

Should the Company be unable to raise sufficient funding as described above, there is a material uncertainty whether the Company will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

2. Assets and Disposal Groups Classified as Held for Sale

- (a) On 23 February 2013, the Company disposed of its wholly-owned subsidiary, Hellyer Mill Operations Pty Ltd, to Ivy Resources Pty Ltd for \$11 million. The first instalment payment of \$600,000 was received on 8 February 2013 and the remaining \$10.4 million was paid on completion, with settlement occurring on 23 February 2013. Refer Note 2(b). The subsidiary was classified as held for sale in the 2012 financial statements.

The loss for the financial year of the disposal company is summarised as follows:

	2013	2012
	\$	\$
Milling Sales	-	11,567,336
Sundry Income	12,855	-
Interest income	-	76,000
Operating costs	(340,637)	(11,587,823)
Depreciation and amortisation	-	(6,762,002)
Depreciation on revised production ¹	-	(17,195,136)
Impairment charges	(2,681,833)	-
Other expense	(273,703)	(4,487,177)
Loss for the year	(3,283,318)	(28,388,802)

¹Following adoption of the revised mine and mill plan in January 2012, estimated total reserves materially reduced, and accordingly, so did the useful lives of ore processing equipment assets. This resulted in an additional depreciation charge for the 2012 financial year of \$17,195,136 (2013: nil).

The carrying amounts of net assets in the Consolidated Group as at the date of disposal of the sole subsidiary are summarised as follows:

	2013	2012
	\$	\$
Property, plant and equipment	5,362,920	5,362,920
Mine properties	6,318,167	9,000,000
Other receivables	2,012,000	2,012,000
Trade and other payables	(673,380)	(855,213)
Provisions	(2,019,707)	(2,019,707)
Assets classified as held for sale	11,000,000	13,500,000

(b) Disposal of Hellyer Mill Operations Pty Ltd

The consideration was received in February 2013. The carrying amount of the net assets of Hellyer Mill Operations Pty Ltd recognised at the date of disposal (23 February 2013) were as follows:

	2013
	\$
Property, plant and equipment	5,362,920
Mine properties	6,318,167
Other receivables	2,012,000
Trade and other payables	(673,380)
Provisions	(2,019,707)
Total Net Assets	11,000,000
Total consideration received in cash	11,000,000
Cash and cash equivalents received	-
Net cash received	11,000,000

3. Revenue

	Note	Consolidated	
		2013	2012
		\$	\$
(a) Sales revenue			
Concentrate sales		1,573,421	93,403,431
Sales adjustment on final assay results ¹		(4,777,791)	-
Total sales revenue		(3,204,370)	93,403,431
(b) Other income			
Interest received		162,048	236,947
Gain/(loss) on sale of fixed assets		-	105,904
Realised foreign currency gains/(losses)		23,434	318,900
Hedge settlements		-	3,250,241
Other revenue		245,563	59,054
Other Fees ²		200,000	-
Total other income		631,045	3,971,046

¹*Concentrate Sales*

Sales adjustments on final invoicing of (\$4,777,791) has arisen as per contract terms for the Company's sale of metal concentrates which allows for price adjustments based on final assay results by the customer to determine metal content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal concentrates (based on initial assay results) and the spot price at the date of shipment, with a subsequent adjustment for both metal content and exchange rate made upon final determination. The period between provisional invoicing and final settlement can be between one and six months.

²*Other Fees*

During the period, Ivy Resource Pty Ltd paid the Company a \$200,000 non-refundable fee for the right to due diligence on the Company's assets held for sale.

4. Loss for the Year

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

Expenses	Consolidated	
	2013	2012
	\$	\$
(a) Cost of sales		
Production costs	447,283	36,954,459
Milling costs	-	11,567,337
Inventory adjustments	-	(123,677)
Amortisation of mine closure & restoration	-	345,204
Amortisation of mining properties	-	13,604,253
Royalties adjustments	(176,956)	1,492,187
Treatment charge adjustments on final assay results	(137,740)	17,346,604
Total cost of sales	132,587	81,186,367
(b) Other expenses		
Employee benefits expense	1,118,719	1,494,838
Contracting & consulting expenses	221,843	720,302
Finance lease expenses	40,620	29,832
Operating lease expenses	42,394	183,374
Administration expenses	918,809	1,559,802
Environmental expenses	515,247	566,312
Legal expenses	582,250	336,674
Insurance expenses	237,027	346,926
Hedge settlements	94,412	-
Depreciation – plant & equipment	193,159	186,347
Additional mine properties amortisation on revised mine plan	-	11,196,222
Exploration expenditure expensed	346,469	8,574,594
Development expenditure expensed	-	9,663,656
Mine closure expenses	527,967	1,158,762
Impairment charges	-	-

Gain/(loss) on sale of fixed assets	544,176	
Total other expenses	5,383,092	36,017,641
(c) Share-based payments		
Share-based payments	302,697	4,108,694
(d) Finance costs		
Interest charges	240,860	3,287,337
Borrowing costs	281,931	1,432,590
Finance costs	-	1,363,258
Total finance costs	522,791	6,083,185
Total expenses	6,341,167	127,395,887

5. Income Tax Expense

The prima facie tax on loss before income tax is reconciled as follows:

	Consolidated	
	2013	2012
	\$	\$
(a) The components of tax expense comprise:		
Deferred tax	(30,758)	(3,193,466)
Under provision in respect of prior years	-	-
	(30,758)	(3,193,466)
(b) The prima facie tax on loss before income tax at 30% (2012: 30%)	(3,659,343)	(16,339,820)
<i>Add tax effect of:</i>		
Non-deductible expenditure	87,704	-
Equity based payments	90,809	1,232,608
	(3,480,830)	(15,107,212)
<i>Add tax effect of:</i>		
Deferred Tax Asset not brought to account	3,450,072	11,913,746
Under provision in respect of prior years	-	-
Income tax (benefit) attributable to loss from ordinary activities before tax	(30,758)	(3,193,466)
The applicable weighted average effective tax rates are as follows:	0%	5.86%

Recognised Deferred Tax Balance

Deferred tax asset	-	-
Deferred tax liability	-	-
Net Deferred Tax Liability	-	-

Unrecognised temporary differences

At 30 June 2013, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should unremitted earnings be remitted (2012: \$Nil).

(c) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

Unrecognised deferred tax assets comprise:

Losses available for offset against future taxable income	19,995,997
Plant and equipment	90,197
Transaction costs on equity issue	460,316
Provisions	41,682
	20,588,192

Deferred tax asset not recognised is \$6.17 million.

Unrecognised deferred tax liabilities comprise:

Exploration expenditure	(920,040)
	(920,040)

Deferred tax liability not recognised is \$270,012.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits from.

The potential deferred tax assets will only be obtained if:

- (i) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefits.

6. Earnings Per Share

	Consolidated	
(a) Basic Earnings Per Share	2013	2012
	\$	\$
(Loss) for the year from continuing operations	(8,883,734)	(26,827,944)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	309,080,282	266,973,967
Basic loss per share from continuing operations (cents)	(2.87)	(10.05)
(b) Dilutive Instruments	2013	2012
	\$	\$
Weighted average number of ordinary shares used in the calculation of basic earnings per share	309,080,282	266,973,967
Weighted average share options on issue	222,221,267	125,949,248
Weighted average number of ordinary shares (diluted) at 30 June	531,301,549	392,923,215

There is no dilutive potential for ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

7. Cash and Cash Equivalents

	Parent 2013	Consolidated 2012
	\$	\$
Cash at bank and in hand	2,399,554	3,647,980
Short-term bank deposit	-	23,969
	2,399,554	3,671,949

The effective interest rate on short-term bank deposits at 30 June 2013 was 2.35% (2012: 1.00%). These deposits have an average maturity of 146 days.

8. Trade and Other Receivables

	Parent 2013	Consolidated 2012
	\$	\$
Current		
Trade receivables	108,510	7,898,524
Other receivables	-	-
Operating lease bonds	480	1,580
GST receivable	81,920	1,267,940
	190,910	9,168,044
Non-current		
Tenement security deposits ¹	670,500	592,500
Operating lease bonds	45,000	66,530
Hellyer operating infrastructure guarantees ¹	-	-
Loans to key management personnel ²	100,000	100,000
	815,500	759,030

Note 1: Tenement security deposits and Hellyer operating infrastructure guarantees are held in fixed term deposits.

Note 2: Further information relating to the loan to key management personnel is set out in Note 30 iii.

9. Other Assets

	Parent 2013	Consolidated 2012
	\$	\$
Current		
Prepayments	31,824	226,162
	31,824	226,162

10. Plant & Equipment

	Parent 2013 \$	Consolidated 2012 \$
Plant & Equipment – Other		
At cost	702,715	792,462
Accumulated depreciation	(479,611)	(371,385)
Total Plant & Equipment	223,104	421,077

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 & Equipment Ore Processing \$	Plant & Equipment Hellyer Mill Refurbishment \$	Plant & Equipment – Other \$	Leased Plant & Equipment \$	Total \$
Balance at 1 July 2011	23,753,149	5,183,029	989,621	82,318	30,008,117
Additions	-	28,898	396,492	-	425,390
Disposals	-	(46,010)	(499,949)	(7,504)	(553,463)
Assets held for sale or included in disposal groups ¹	(5,362,920)	-	-	-	(5,362,920)
Depreciation expense ¹	(18,390,229)	(5,165,917)	(465,087)	(74,814)	(24,096,047)
Balance at 30 June 2012	-	-	421,077	-	421,077

Parent	Plant & Equipment Ore Processing \$	Plant & Equipment Hellyer Mill Refurbishment \$	Plant & Equipment – Other \$	Leased Plant & Equipment \$	Total \$
Balance at 1 July 2012	-	-	421,077	-	421,077
Additions	-	-	-	-	-
Disposals	-	-	(4,814)	-	(4,814)
Assets held for sale or included in disposal groups ¹	-	-	-	-	-
Depreciation expense	-	-	(193,159)	-	(193,159)
Balance at 30 June 2013	-	-	223,104	-	223,104

There was no impairment losses recognised during the current or prior reporting periods.

¹The depreciation charge for the prior year includes an amount of \$17,195,136 as a result of the revised mine and mill plan in January 2012 and is included in disposal groups held for sale. For more information refer to Note 2.

Property, plant and equipment pledged as security for liabilities

There is no fixed and floating charge over any of the assets in the Company.

11. Mine Properties

	Parent 2013 \$	Consolidated 2012 \$
Hellyer Tailings Dam		
At cost	-	9,000,000
Accumulated depreciation	-	-
Assets held for sale in disposal groups ¹	-	(9,000,000)
	-	-
Hellyer Operating Infrastructure – Mill Closure and Restoration		
At cost	-	1,143,285
Accumulated depreciation	-	(1,143,285)
	-	-
Que River Capital Infrastructure		
At cost	663,273	663,273
Accumulated depreciation	(663,273)	(663,273)
	-	-
Que River Mine Closure and Restoration		
At cost	1,118,930	1,118,930
Accumulated depreciation	(1,118,930)	(1,118,930)
	-	-
Que River Mine Development		
At cost	13,060,366	13,060,366
Accumulated depreciation	(13,060,366)	(13,060,366)
	-	-
Fossey Capital Infrastructure		
At cost	5,760,940	5,760,940
Accumulated depreciation	(5,760,940)	(5,760,940)
	-	-
Fossey Mine Closure and Restoration		
At cost	483,285	483,285
Accumulated depreciation	(483,285)	(483,285)
	-	-
Fossey Mine Development		
At cost	34,826,539	34,826,539
Accumulated depreciation	(34,826,539)	(34,826,539)
	-	-
Total Mine Properties	-	-

¹Hellyer tailings dam forms part of the disposal group for sale. Details have been included at Note 2.

11. Mine Properties (continued)

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

Consolidated	Hellyer Tailings Dam	Hellyer Operating Infrastructure – Mill Closure and Restoration	Que River Mine Development	Fossey Capital Infrastructure	Fossey Mine Closure and Restoration	Fossey Mine Development	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	9,000,000	943,210	-	2,426,088	345,204	19,451,168	32,165,670
Additions	-	-	-	2,531,623	-	10,055,251	12,586,874
Mine properties included in disposal group	(9,000,000)	-	-	-	-	-	(9,000,000)
Amortisation expense	-	(943,210)	-	(4,957,711)	(345,204)	(29,506,419)	(35,752,544)
Balance at 30 June 2012	-	-	-	-	-	-	-
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Mine properties included in disposal group	-	-	-	-	-	-	-
Amortisation expense	-	-	-	-	-	-	-
Balance at 30 June 2013	-	-	-	-	-	-	-

12. Capitalised Exploration and Evaluation Expenditure

	Parent 2013 \$	Consolidated 2012 \$
The Group has mineral exploration costs carried forward in respect of areas of interest currently in the phase of exploration and evaluation:		
Balance at the beginning of the year	3,050,000	16,910,948
Expenditure capitalised for the period	16,801	2,328,993
Write-off resulting from relinquished tenements	-	-
Transfer to mine properties for development	-	(6,426,925)
Write-off of project evaluation expenditure	-	(9,763,016)
Balance at the end of the year	3,066,801	3,050,000

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. During the period the Company expensed \$346,469 in exploration and evaluation expenditure.

13. Interests in Tenements

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

<u>Partner</u>	<u>Licence</u>	<u>Interest</u>
Venture Minerals Ltd ¹	EL31/2003 Heazlewood	78%
Venture Minerals Ltd ¹	EL36/2003 Whyte River	78%
Clancy Limited	EL20/2010 Sock Creek	25%
Clancy Limited	EL28/2009 Lake Margaret	25%

¹Venture Minerals Ltd has earned an entitlement to a 78% (2012: 70%) of the iron, tin and tungsten interest in the above mentioned exploration areas by sole funding or incurring a total expenditure of not less than \$650,000 in connection with the exploration for those commodities on the Joint Venture Tenements within three years of the date of satisfaction of the conditions precedent in the agreements. Pioneer Resources Ltd retains a 2% net smelter royalty.

Stellar Resources Ltd has relinquished its rights to a 75% earn in interest in the abovementioned exploration area by sole funding or incurring a total expenditure of not less than \$500,000 in connection with the exploration for all commodities other than tin, tungsten and iron on the Joint Venture Tenements on or before the third anniversary of the date of the letter agreement.

14. Other Financial Assets

	Note	Parent 2013 \$	Consolidated 2012 \$
Non-current			
Capitalised finance costs			
Borrowing costs incurred at cost		-	1,769,974
Accumulated amortisation		-	(1,769,974)
	18	-	-

During 2012 the Company secured and drew an additional \$12 million from its project finance facility with RMB Australia Holdings Ltd ("RMB AHL"). Following a revision of the mine plan in January 2012, an accelerated repayment schedule was agreed with RMB AHL. This resulted in the repayment of \$15.8 million as at 30 June 2012. The remaining balance of \$5 million was renegotiated on 16 July 2012. The loan was on standard commercial terms and was repaid in full in February 2013. Following agreement of the accelerated repayment schedule all capitalised transaction costs were written off.

15. Trade and Other Payables

	Parent 2013 \$	Consolidated 2012 \$
Current		
<i>Unsecured liabilities:</i>		
Trade payables	132,915	5,731,827
GST payable	21,283	1,169,972
PAYG Payable	24,469	-
Superannuation payable	13,082	-
Accrued expenses	30,000	924,955
	221,749	7,826,754

Accrued expenses are recognised when the Company has identified a present obligation from the result of past events. These amounts include interest, employee payment obligations and statutory obligations.

(a) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

For terms and conditions relating to related party payables refer to Note 28.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 28.

16. Borrowings

	Note	Parent 2013 \$	Consolidated 2012 \$
Current			
Lease liability	22	-	119,987
Insurance premium funding		-	-
Secured bank loans ¹		-	5,000,000
Silver loan		-	-
		-	5,119,978
Non-Current			
Lease liability	22	-	107,595
Secured bank loans		-	-
		-	107,595

Note 1: On 16 July 2011 a \$5 million project finance loan was provided by RMB Australia Holdings Ltd. The loan was offered on standard commercial terms and re-payable by 30 September 2012, subject to a possible extension of the maturity date. Refer to Note 29 for more information. The loan was repaid in full in February 2013 after the sale of the Company's sole subsidiary.

The following table provides a reconciliation of net borrowings:

	2013 \$	Consolidated 2012 \$
Current		
Secured bank loans	-	5,000,000
Total net secured bank loans	-	5,000,000

16. Borrowings (continued)

(a) Fair values:

Unless disclosed, the carrying values of the Group's current and non-current borrowings approximated their fair values. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 8.0% to 11.19% (2012: 8.6% to 14.52%) depending on the nature of the borrowing.

(b) Assets pledged as security:

- (1) Under the terms of the previously held leases all risks and rewards incidental to legal ownership are transferred to the Group whilst the lessor held security over the assets until the final payments have been made.
- (2) Under the terms of the secured bank loans, the Group had issued a fixed and floating charge over all of its assets in favour of the financier. The charge remained in effect until the Company had fully discharged its indebtedness. In February 2013, the secured bank loans and other secured creditors were settled in full.

(c) Defaults and breaches

During the year there were no defaults or breaches against any of the Group's interest-bearing loans and borrowings.

17. Derivative Financial Instruments

	Parent 2013 \$	Consolidated 2012 \$
Current Assets		
Forward commodity contracts – at fair value through profit or loss	-	696,787
Current Liabilities		
Forward commodity contracts – cash flow hedges	-	-

(a) Instruments used by the Group

Derivative financial instruments were used by the Group in the normal course of business to hedge exposure to price and currency risk associated with metal concentrates sold under US dollar off-take agreements.

(i) Forward Commodity Derivatives

The Group entered into forward commodity contracts to hedge the price risk of highly probable metal sales. The hedge instruments were timed to mature in line with the estimated delivery of the hedged production. Hedges are carried on a mark to market basis and any movements were taken directly to profit or loss.

On 28 August 2012, all forward contracts were settled in cash resulting in a net loss of \$94,412 to the Group.

These forward contracts were specifically designated as a hedge in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*.

The hedges were carried on a mark to market basis, with movement taken to the profit or loss.

(ii) Movement in commodity forward hedge reserve

	2013 \$	2012 \$
Opening balance	-	(1,204,315)
Charged to other comprehensive income	-	1,204,315
Closing Balance	-	-

These amounts have not been tax-effected. Gains or losses on hedge settlements are recognised in the Statement of Comprehensive Income.

18. Provisions

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

	Hellyer Operating Infrastructure Closure & Restoration	Que River Mine Closure & Restoration	Fossey Mine Closure & Restoration	Short-term Employee Benefits	Long-term Employee Benefits	Mine Contractor Incentive Payment	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated							
Balance at 1 July 2011	4,468,144	-	505,732	167,674	32,911	-	5,174,461
Additions	-	-	188,510	-	8,385	-	196,895
Amounts used during the period	(2,448,438)	-	-	(14,691)	-	-	(2,463,129)
Amounts included in disposal groups held for sale Refer Note 2	(2,019,706)	-	-	-	-	-	(2,019,706)
Balance at 30 June 2012	-	-	694,242	152,983	41,296	-	888,521
Balance at 1 July 2012	-	-	694,242	152,983	41,296	-	888,521
Additions	-	-	-	-	5,220	-	5,220
Amounts used during the period	-	-	-	(73,642)	-	-	(73,642)
Amounts included in disposal groups held for sale Refer Note 2	-	-	-	-	-	-	-
Balance at 30 June 2013	-	-	694,242	79,341	46,516	-	820,099
						2013	2012
						\$	\$
Analysis of total provisions							
Provision for short term employee entitlements						79,341	152,983
Provision for long term employee entitlements						46,516	41,296
Rehabilitation of mine properties						694,242	694,242
						820,099	888,521

Provision for Infrastructure Closure & Restoration

The provision recognises the costs to be incurred for restoration of the Hellyer Mill site used for the milling of ore. As a result of the Company's announcement to dispose of the mill (refer Note 29), the provision has been unwound.

Provision for Mine Closure & Restoration – Fossey

The provision recognises the costs to be incurred in restoration of the Fossey mine site used for the extraction of base metals. Restoration of the mine site has commenced and is ongoing.

Provisions for Mine Closure & Restoration – Que River and Mine Contractor Incentive Payments

During the year rehabilitation of the Que River mine site was undertaken. The provision for mine contractor incentives was removed following the cessation of mining operations.

19. Tax

Consolidated	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	\$	\$	\$	\$
Deferred Tax Assets				
Provisions	1,427,613	(1,427,613)	-	-
Transaction costs on equity issue	305,800	(305,800)	-	-
Plant and equipment	38,983	(38,983)	-	-
Other	24,754	(24,754)	-	-
Unused tax losses	9,844,345	(9,844,345)	-	-
Balance at 30 June 2012	11,641,495	(11,641,495)	-	-
Deferred Tax Liabilities				
Property, plant and equipment	4,166,226	(4,166,226)	-	-
Future income tax benefit attributable to Capitalised exploration expenditure	5,059,647	(5,059,647)	-	-
Mine Properties	5,222,256	(5,222,256)	-	-
Inventories	165,229	(165,229)	-	-
Other	221,603	(221,603)	-	-
Balance at 30 June 2012	14,834,961	(14,834,961)	-	-

Consolidated	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	\$	\$	\$	\$
Deferred Tax Assets				
Provisions	-	-	-	-
Transaction costs on equity issue	-	-	-	-
Plant and equipment	-	-	-	-
Other	-	-	-	-
Unused tax losses	-	-	-	-
Balance at 30 June 2013	-	-	-	-
Deferred Tax Liabilities				
Property, plant and equipment	-	-	-	-
Future income tax benefit attributable to Capitalised exploration expenditure	-	-	-	-
Mine Properties	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Balance at 30 June 2013	-	-	-	-

20. Issued Capital

	2013	2012
	\$	\$
309,450,145 (2012: 294,450,145) fully paid ordinary shares	61,674,048	61,524,048

Ordinary shares

The Company has 309,450,145 (2012: 294,450,145) fully paid ordinary shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of fully paid ordinary 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 on a poll each share is entitled to one vote.

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

Options

- Refer to Note 26 for information relating to the Company employee option plan, including details of options issued, exercised and lapsed during the financial year.
- Refer to Note 30 for information relating to share options issued to key management personnel during the financial year.

Capital management

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

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

Management effectively manages the Company's capital by assessing the Company'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 Company since the prior year.

20. Issued Capital (continued)

There are no externally reported capital requirements, except those disclosed in Note 16.

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

	2013 Number of Shares	2013 \$	2012 Number of Shares	2012 \$
At the beginning of the year	294,450,145	61,524,048	213,430,823	50,357,997
Issued during the year				
• Ordinary shares issued at 15 cents conversion of loans on 30 September 2011 ¹	-	-	6,666,667	1,000,000
• Ordinary shares issued at 15 cents being shortfall placement on 4 November 2011	-	-	3,866,667	580,000
• Ordinary shares issued at 15 cents pursuant to rights issue on 4 November 2011	-	-	24,415,284	3,662,293
• Ordinary shares issued at 15 cents being forgone payment of convertible notes on 4 November 2011 ²	-	-	32,032,334	4,804,850
• Ordinary shares issued at 15 cents in lieu of brokerage fees, royalties and investor relations service retainer issued on 4 November 2011	-	-	13,933,333	2,090,000
• Ordinary shares issued at 12.5 cents pursuant to the employee loan scheme on 4 November 2011	-	-	100,000	12,500
• Ordinary shares issued at 20 cents on exercise of options on 6 December 2011	-	-	5,037	1,007
• Ordinary shares issued at Nil cents to Intec Ltd to extinguish the Hellyer processing royalty	15,000,000	150,000	-	-
Less share issue costs	-	-	-	(984,599)
Current and previously unrecognised tax benefit relating to share issue costs	-	-	-	-
Balance at the end of the year	309,450,145	61,674,048	294,450,145	61,524,048

Non-Cash Financing Activities

1. Share issue relates to conversion of 1 million loan notes issued to Directors, pursuant to approval by shareholders at a general meeting held on 26 September 2011.
2. Share issue relates to conversion of convertible note obligations, pursuant to approval by shareholders at a general meeting held on 3 January 2012.

21. Reserves

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and as consideration for loans received and 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.

	Parent 2013 \$	Consolidated 2012 \$
Option reserve	1,924,410	6,813,992
	1,924,410	2,705,298

Further information in relation to the option reserve is set out in Note 26.

22. Capital and Leasing Commitments

	2013 \$	Consolidated 2012 \$
(i) Finance Lease Commitments		
<i>Payable – minimum lease payments</i>		
Not later than 12 months	-	73,901
Between 12 months and five years	-	193,183
Minimum lease payments	-	267,084
Less future finance charges	-	(39,511)
Present value of future lease payments	-	227,573

The Group leased various plant and equipment with a carrying value of \$Nil (2012: \$Nil) under finance leases expiring within five years. Under the terms of leases the Group has the option to acquire the leased assets on expiry of the leases.

The Company has settled all of its lease obligations in full during the period.

	Parent 2013 \$	Consolidated 2012 \$
(ii) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
<i>Payable – minimum lease payments:</i>		
Not later than 12 months	16,636	16,635
Between 12 months and five years	8,805	15,110
	25,441	31,745

22. Capital and Leasing Commitments (continued)

The Company (2012: Group) has entered into the following operating leases:

- (a) A property lease for new office accommodation in Perth commencing 1 July 2013. The lease may be terminated by giving three month's written notice. Contingent rental provisions within the lease agreement require that minimum lease payments shall be subject to annual rent review increased by the greater of CPI or the market rent.
- (b) A non-cancellable lease for office equipment located at the Company's Perth head office. The lease has a five-year term and was entered into on the 24 August 2010. Lease payments are payable in advance.

During 2013 the Group's total operating lease expenditure was \$42,394 (2012, \$183,374).

23. Operating Segments

Segment information

The operating segments identified are based on geographical location, different risk profiles and performance assessment criteria.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold/and or services provided by the segment;
- the manufacturing or production processes.

Tasmanian Operations – Mining

The Tasmanian Operations – Mining segment produces ore from its Tasmanian mining operations, containing zinc, lead, copper, silver and gold.

Tasmanian Operations – Processing

The Tasmanian Operations – Processing segment includes the Hellyer Plant and associated infrastructure and treats ore generated by the Group's mining operations.

In January 2013, the Company announced an asset sale transaction that, on completion, would enable the Company to clear its debts, relaunch exploration and undertake new acquisition assessments as well as allowing it to continue to pursue its litigation for damages against LionGold Corporation.

Bass Metals entered into a binding Heads of Agreement to sell its wholly owned subsidiary, Hellyer Mill Operations Pty Ltd (HMO) to Ivy Resources Pty Ltd (Ivy or Ivy Resources), a private resource development company for an acquisition price is \$11,000,000. Settlement of the transaction occurred on Saturday 23 February 2013. Accordingly there is no longer any Processing operations in the Company at 30 June 2013.

Exploration

The exploration segment covers activities related to the identification and discovery of new and additional mineral resources.

23. Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those disclosed in Note 1.

Inter-segment transactions

Inter-segment loans receivable and payable are recognised at the consideration to be received/paid and are eliminated.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that has greatest influence over the asset economic value. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense and assets are not allocated to operating segments as they are not considered part of the core operations of any segment:

- corporate costs;
- interest revenue and expense;
- share-based payments;
- derivatives;
- income tax expense; and
- deferred tax assets (except for those relating to the closure provision for the Hellyer Mill).

Operating Segments	Tasmanian Operations – Mining	Tasmanian Operations – Processing	Exploration	Total
2013	\$	\$	\$	\$
Revenue				
Sales to external customers	(3,204,370)	-	-	(3,204,370)
Total segment revenue	(3,204,370)	-	-	(3,204,370)
Depreciation and amortisation	-	-	-	-
Reportable segment profit/(loss) before income tax	(527,967)	(473,223)	-	(1,001,190)
Reportable segment assets	715,499	-	3,066,801	3,782,300
Additions to non-current assets:				
Capitalised exploration and evaluation	-	-	16,801	16,801
Reportable segment liabilities	694,242	-	-	694,242

23. Operating Segments (continued)

Reconciliation of reportable segment revenues, profit or loss, and assets	2013
	\$
Revenues	
Total revenue for reportable segments	(3,204,370)
Unallocated amounts:	
Other revenue	369,304
Interest revenue	162,048
Consolidated revenue	(2,673,018)
Profit or loss	
Total profit/(loss) before income tax for reportable segments	(1,001,190)
Unallocated amounts:	
Other profit/(loss)	(7,148,832)
Other corporate expenses	(946,903)
Net gain/(loss) on derivative financial instruments	(94,412)
Share-based payments	(302,697)
Write off of project evaluation expenditure	-
Consolidated profit/(loss) before income tax	(12,167,052)
Assets	
Total assets for reportable segments	3,782,300
Unallocated amounts:	
Cash and cash equivalents	2,399,554
Trade and other receivables	290,910
Plant and equipment	223,104
Other assets	31,825
Deferred tax assets	-
Total assets	6,727,693
Liabilities	
Total liabilities for reportable segments	694,242
Unallocated amounts:	
Trade and other payables	221,750
Other liabilities	125,856
Total liabilities	1,041,848

23. Operating Segments (continued)

Operating Segments	Tasmanian Operations – Mining	Tasmanian Operations – Processing	Exploration	Total
2012	\$	\$	\$	\$
Revenue				
Sales to external customers	93,403,431	-	-	93,403,431
Total segment revenue	93,403,431	-	-	93,403,431
Depreciation and amortisation	24,800,475	-	-	24,800,475
Reportable segment profit/(loss) before income tax	(9,801,576)	-	(8,574,594)	(18,376,170)
Reportable segment assets	6,791,545	16,374,920	3,142,500	26,308,965
Additions to non-current assets:				
Plant and equipment	-	-	-	-
Mine properties	12,586,874	-	-	12,586,874
Capitalised exploration and evaluation	-	-	2,553,057	2,553,057
Reportable segment liabilities	5,725,155	2,874,920	-	8,600,075

Reconciliation of reportable segment revenues, profit or loss, and assets
2012
\$
Revenues

Total revenue for reportable segments

93,403,431

Unallocated amounts:

Other revenue

483,858

Interest revenue

236,947

Hedge Settlements

3,250,241

Consolidated revenue
97,374,477
Profit or loss

Total profit/(loss) before income tax for reportable segments

(18,376,170)

Unallocated amounts:

Other profit/(loss)

(4,703,602)

Other corporate expenses

3,250,241

Net gain/(loss) on derivative financial instruments

(4,108,694)

Share-based payments

(6,083,185)

Finance costs

Consolidated profit/(loss) before income tax
(30,021,410)
Assets

Total assets for reportable segments

26,308,965

Unallocated amounts:

Cash and cash equivalents

3,671,949

Trade and other receivables

168,109

Plant and equipment

421,077

Other assets

226,162

Derivative financial assets

696,787

Consolidated total assets
31,493,049

23. Operating Segments (continued)

	Total
Liabilities	
Total liabilities for reportable segments	8,600,075
Unallocated amounts:	
Trade and other payables	148,491
Borrowings	5,000,000
Other Liabilities	194,282
Consolidated total liabilities	<u>13,942,848</u>

(a) Geographical Region

The Company (2012: Group) operates within one geographical region in Australia.

(b) Major Customers

In 2012 the Group supplied two external customers in the mining segment who account for 99% of external revenue. There were no external customers in the 2013 financial year.

24. Cash Flow Information
(a) Reconciliation of cash flows from operations with loss after income tax

	Consolidated	
	2013	2012
	\$	\$
Operating (loss) after income tax	(12,167,052)	(55,216,746)
Non-cash flows:		
Depreciation & amortisation	193,159	50,815,115
Borrowing costs	-	1,988,272
Loss/(Gain) on sale of fixed assets	215,864	383,736
Decrease in the discounted amount for infrastructure closure & restoration	-	-
Exploration expenditure written off	-	9,763,016
Share-based payments expense	302,697	4,108,694
Amortisation of deferred tax assets relating to share issue costs	-	-
(Increase) in deferred tax assets relating to items affecting the income statement	-	(11,641,495)
Decrease in deferred tax assets relating to items affecting the income statement	-	14,834,961
Net loss on derivative financial instruments	-	2,446,945
Impairment charges	2,500,000	-
	<u>(8,955,332)</u>	<u>17,482,498</u>

24. Cash Flow Information (continued)

	Consolidated	
	2013 \$	2012 \$
Change in operating assets and liabilities net of the effects of business combination acquisition:		
(Increase)/decrease in trade and other receivables	8,920,664	(5,126,556)
(Increase)/decrease in inventories	-	5,333,510
Decrease on other assets	194,338	-
(Increase) on other financial assets	-	2,090,153
Decrease in provision for restoration	-	(2,794,837)
(Decrease)/increase in trade and other payables	(7,605,005)	(2,894,339)
(Decrease) in provisions	(68,422)	(4,285,939)
Net cash provided by operating activities	(7,513,757)	9,804,490

(b) Non-cash financing and investment transactions

- Issue of 15,000,000 shares to Intec for Nil consideration to extinguish the Hellyer processing royalty. As a result a share based payment of \$150,000 was recognised at the fair value of \$0.01 per share (see Note 21).

25. Contingencies
Contingent Liability

At the end of the financial period the Company (2012: Group) had no contingent liabilities.

Contingent Asset

On 16 October 2012, the Company commenced legal proceedings against LionGold Corp Ltd ("LionGold") in respect of its allegations that LionGold breached and repudiated a Share Sale Agreement dated 5 July 2012 between the parties for the sale of the Hellyer Mill Operations Pty Ltd ("HMO"). As the sale of HMO has since occurred in February 2013 for a total of \$11m, this has reduced the damages that the Company can recover from LionGold. The Company estimates its claim to be up to \$5 million to \$6 million. Supportive of Bass' estimate is the observation of LionGold has estimated its damages liability to Bass to be approximately \$3.6 million as reported in their audited annual report for the year ended 31 March 2013.

26. Share-based Payments

The following share-based payment arrangements existed at 30 June 2013.

(i) Bass Metals Ltd Employee Share Loan Scheme

The Bass Metals Ltd Employee Share Loan Scheme ("Scheme") was approved by shareholders at an annual general meeting held on 30 November 2010. 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 Employee Share Loan Scheme shall for the time being apply.

Shares may not be issued to a director (or associate) except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules. 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 Employee Share Loan Scheme.

Participation is optional and subject to the Rules of the Scheme. Offers made under the Scheme are not renounceable. Shares offered under the Scheme are offered with regard to the market value of the Company's shares where the market value of a share subscribed for or acquired under the Scheme 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 offer 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 arm's length value assessed by an independent registered company auditor or otherwise calculated in a manner approved by the Commissioner of Taxation.

26. Share-based Payments (continued)
(ii) Bass Metals Ltd Employee Performance Incentive Plan

The Bass Metals Ltd Employee Performance Incentive Plan ("Plan") was approved by shareholders at an annual general meeting held on 30 November 2010. The directors of the Company administer the Employee Performance Incentive Plan and in their absolute discretion determine to whom the securities will be offered, the number to be offered and any performance criteria in relation to the options or performance rights issued under the Plan.

Options or performance rights may not be issued to a director (or associate) except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules.

No consideration is payable by an eligible person for a grant of an option or a performance right, unless the board decides otherwise. Subject to the rules of the Plan and to ASX Listing Rules, the Company (acting through the board) may offer options or performance rights to any eligible person at such times and on such terms as the board considers appropriate. Options and performance rights issued under the Plan may be exercised or vest at any time during the period commencing on the issue date and ending no later than five years from the date of issue. Options or performance rights which have vested and have been issued under the Plan will automatically lapse in three months from the date of departure or such longer period as the board determines in the event that an eligible person either resigns voluntarily from employment with the Company or is dismissed in certain circumstances.

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

On vesting of performance rights, shares will automatically be issued to the eligible person subject to compliance with the Company's Policy for Trading in Company Securities and the insider trading provisions of the Corporations Act 2001. Unless otherwise provided in the invitation to receive performance rights, no amount shall be payable by the eligible person on the automatic exercise of performance rights.

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

	2013 Number of Options	2012 Number of Options
Outstanding at the beginning of the year (exercise price 42.5 cents, expiring 16 October 2012)	795,000	1,145,000
Forfeited / expired	(795,000)	(350,000)
Outstanding at the end of the year	-	795,000
Outstanding at the beginning of the year (exercise price 26 cents, expiring 31 December 2012)	300,000	300,000
Forfeited / expired	(300,000)	-
Outstanding at the end of the year	-	300,000
Outstanding at the beginning of the year (exercise price 28.5 cents, expiring 31 December 2012)	300,000	300,000
Forfeited / expired	(300,000)	-
Outstanding at the end of the year	-	300,000
Outstanding at the beginning of the year (exercise price 30 cents, expiring 31 December 2012)	950,000	950,000
Forfeited / expired	(950,000)	-
Outstanding at the end of the year	-	950,000
Outstanding at the beginning of the year (exercise price 30.5 cents, expiring 31 December 2012)	300,000	300,000
Forfeited / expired	(300,000)	-
Outstanding at the end of the year	-	300,000
Outstanding at the beginning of the year (exercise price 22 cents, expiring 5 July 2013)	730,000	1,090,000
Granted	-	-
Forfeited	-	(360,000)
Exercised	-	-
Outstanding at the end of the year	730,000	730,000

26. Share-based Payments (continued)

Outstanding at the beginning of the year (exercise price 25 cents, expiring 1 September 2013)	100,000	100,000
Forfeited	(100,000)	-
Outstanding at the end of the year	-	100,000
Outstanding at the beginning of the year (exercise price 25 cents, expiring 1 September 2013)	200,000	200,000
Outstanding at the end of the year	200,000	200,000
Outstanding at the beginning of the year (exercise price 25 cents, expiring 1 September 2013)	100,000	100,000
Forfeited	(100,000)	-
Outstanding at the end of the year	-	100,000
Outstanding at the beginning of the year (exercise price 35 cents, expiring 1 September 2013)	100,000	100,000
Forfeited	(100,000)	-
Outstanding at the end of the year	-	100,000
Outstanding at the beginning of the year (exercise price 35 cents, expiring 1 September 2013)	200,000	200,000
Outstanding at the end of the year	200,000	200,000
Outstanding at the beginning of the year (exercise price 35 cents, expiring 1 September 2013)	100,000	100,000
Forfeited	(100,000)	-
Outstanding at the end of the year	-	100,000
Outstanding at the beginning of the year (exercise price 50 cents, expiring 1 September 2013)	200,000	300,000
Forfeited		(100,000)
Outstanding at the end of the year	200,000	200,000
Outstanding at the beginning of the year (exercise price 20.5 cents, expiring 11 October 2014)	200,000	200,000
Forfeited	(200,000)	-
Outstanding at the end of the year	-	200,000
Outstanding at the beginning of the year (exercise price 29 cents, expiring 11 October 2014)	200,000	200,000
Forfeited	(200,000)	-
Outstanding at the end of the year	-	200,000
Outstanding at the beginning of the year (exercise price 41 cents, expiring 11 October 2014)	200,000	200,000
Forfeited	(20,000)	-
Outstanding at the end of the year	-	200,000
Outstanding at the beginning of the year (exercise price 43.5 cents, expiring 31 January 2015)	100,000	150,000
Forfeited	(25,000)	(50,000)
Outstanding at the end of the year	75,000	100,000
Outstanding at the beginning of the year (exercise price 61 cents, expiring 31 January 2015)	100,000	150,000
Forfeited	(25,000)	(50,000)
Outstanding at the end of the year	75,000	100,000
Outstanding at the beginning of the year (exercise price 88 cents, expiring 31 January 2015)	100,000	150,000
Forfeited	(25,000)	(50,000)
Outstanding at the end of the year	75,000	100,000

26. Share-based Payments (continued)

Outstanding at the beginning of the year (exercise price 26 cents, expiring 27 August 2015)	200,000	-
Granted	(100,000)	200,000
Outstanding at the end of the year	100,000	200,000
Outstanding at the beginning of the year (exercise price 36.5 cents, expiring 27 August 2015)	200,000	-
Granted	(100,000)	200,000
Outstanding at the end of the year	100,000	200,000
Outstanding at the beginning of the year (exercise price 52.5 cents, expiring 27 August 2015)	200,000	-
Granted	(100,000)	200,000
Outstanding at the end of the year	100,000	200,000

(iii) Total Unlisted Options

	2013		2012	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	189,622,678	0.349	17,610,000	0.313
Granted	30,200,000	0.009	172,442,715	0.262
Forfeited	(97,630,000)	0.330	(800,000)	0.621
Exercised	-	-	(5,037)	0.200
Outstanding at the end of the year	122,192,678	0.350	189,247,678	0.349
Exercisable at the end of the year	122,192,678	0.350	185,622,678	0.351

Options outstanding at 30 June 2013 had a weighted average exercise price of \$0.350 (2012: \$0.349) and a weighted average remaining contractual life of 1.0 years (2012: 1.5 years). Exercise prices range from \$0.200 to \$0.880 in respect of options outstanding at year end. The Company share price at year end was \$0.01.

The weighted average fair value price for options granted during the year was \$0.009 (2012: \$0.262). This price was calculated by using a Black-Scholes option pricing model applying the following inputs at grant date:

On 31 August 2012, 15,000,000 unlisted options exercisable at \$0.01 each on or before 31 August 2015 were issued to the Group's financier.

Number of options	15,000,000
Fair value at grant date ¹	\$0.005
Share price	\$0.006
Exercise price	\$0.01
Volatility factor	194.0%
Expiry date of the options	31 August 2015
Risk free interest rate ²	4.75%

¹ The basis of measuring fair value of the options was the Black-Scholes option pricing model.

² Based on the 2 year Commonwealth Government bond rate

26. Share-based Payments (continued)

On 18 December 2012, 15,200,000 unlisted options exercisable at \$0.006 each on or before 18 December 2015 were issued to the Group's financier.

Number of options	15,200,000
Fair value at grant date ¹	\$0.0046
Share price	\$0.005
Exercise price	\$0.006
Volatility factor	207.0%
Expiry date of the options	18 December 2015
Risk free interest rate ²	4.75%

¹ The basis of measuring fair value of the options was the Black-Scholes option pricing model.

² Based on the 2 year Commonwealth Government bond rate

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. Included under share option expense in the Statement of Comprehensive Income is \$302,697 (2012: \$4,108,694) and relates, in full, to equity-settled share-based payment transactions.

Since the end of the financial year, the following options had lapsed or were cancelled:

730,000 employee options at an exercise price of 22 cents and expiry date of 5 July 2013 pursuant to the terms of the Bass employee share option scheme as employee option holders have left the company.

27. Events Subsequent To Reporting Date

Turkish Initiative

On 6 July 2013 the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group with strong mining credentials under which the two companies will acquire, explore and develop mining projects in Turkey through a 50:50 Turkish joint venture company (TJVC) structure. Bass has compiled a detailed Turkey focused business strategy split into three phases; establishment, consolidation and realisation over 3 to 5 years. Further details on the overall business strategy in Turkey, progress on the finalisation of the Strategic Alliance Agreement, the proposed joint venture projects and Bass' initial funding commitments will be reported as the transaction progresses.

S249D Requisition

On 9 July 2013, the Company advised the market that it had received a purported notice pursuant to section 249D of the Corporations Act 2001(Cth) (Corporations Act) from Metals Finance Limited (ASX:MFC) requisitioning a shareholders' meeting to consider the removal of three of the Company's four Directors, Mr Michael Rosenstreich (Managing Director), Mr Craig McGown (Non-executive Chairman) and Mr Barry Sullivan (Non-executive Director) and the appointment of two new Directors (Mr Gavin Solomon and Mr Richard Anthon, a non executive director of MFC). The Directors of the Company determined, based on legal advice received, that the purported requisition notice was invalid for the purposes of convening a meeting of shareholders under section 249D of the Corporations Act, on the basis that the requisition notice did not comply with the requirements of the Company's constitution and the Corporations Act relating to the removal of Directors.

On 8 August 2013, the Company advised that it had received a valid request under section 249D & 203D of the Corporations Act, from MFC.

On 22 August 2013, the Company lodged a formal Notice of General Meeting to be held on 4 October 2013 as requisitioned by the S249D notice to enable shareholders to vote on the removal of three of the Company's four Directors, Mr Michael Rosenstreich (Managing Director), Mr Craig McGown (Non-executive Chairman) and Mr Barry Sullivan (Non-executive Director) and the appointment of two new Directors (Mr Gavin Solomon and Mr Richard Anthon).

Options

Since the end of the financial year, the following options had lapsed or were cancelled:

730,000 employee options at an exercise price of 22 cents and expiry date of 5 July 2013 pursuant to the terms of the Bass employee share option scheme as employee option holders have left the company.

28. Related Party Transactions

Transactions between related parties are as follows:

(a) Key Management Personnel

- (i) Boyer Exploration and Resource Management Pty Ltd, an entity related to Mr D D Boyer, was paid \$NIL (2012: \$40,250) for exploration and management consulting, and was reimbursed at cost for expenditure made on behalf of the Group.
- (ii) Resource Investment Capital Advisors Pty Ltd, an entity related to Mr C I McGown, was paid \$104,469 (2012: \$161,773) for Director Fees and financial consulting fees and was reimbursed at cost for expenditure made on behalf of the Group.
- (iii) Metals Finance Corporation, an entity related to Mr P A Treasure, was paid \$47,300 (2012: \$60,000) and was reimbursed at cost for expenditure made on behalf of the Group.

Additional disclosures relating to the remuneration and shareholdings of key management personnel are set out in the Remuneration Report and Note 30 respectively.

(b) Subsidiary

The Company previously 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. As the subsidiary has been sold there was no loan at 30 June 2013. The loan amount at 30 June 2012 was \$30,111,667.

The Company has resolved to convert the loan to equity pursuant to the Sale Agreement.

29. 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 were used by the Group for hedging purposes. During the previous financial year these instruments included short dated Australian dollar (AUD) denominated lead, zinc and silver forward sales. The Group did not speculate in the trading of derivative instruments.

(i) Treasury Risk Management

A Hedge Committee consisting of the Managing Director, the Chief Financial Officer and a Non-Executive Director, with experience in financial markets, met 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 Company's financial instruments.

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

The Company 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. With the close out of all residual hedge contracts in August 2012, the Hedge Committee was discontinued from that time.

29. Financial Risk Management (continued)

(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

Short term borrowings interest rate risk is mitigated as 100% of the debt is at a fixed rate.

Foreign currency risk

The Group was 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 functional currency.

Liquidity risk

The Company 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 reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no amounts of collateral held as security at 30 June 2013.

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 for derivative financial instruments; 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 2012 are detailed below:

	Parent 2013	Consolidated 2012
	\$	\$
Trade and other receivables		
Trade receivables – counterparties not rated ¹	108,510	7,898,524
Other receivables – counterparties not rated ²	897,900	2,028,551
	1,006,410	9,927,075

Note 1: Bass Metals Ltd has trade receivables with Ivy Resources Ltd (\$108,510). 2012: Nyrstar Sales & Marketing AG (\$4,086,577) and LN Metals International Ltd (\$4,271,946).

Note 2: Other receivables exclude prepayments, as detailed in Note 8.

Financial assets – Derivative financial instruments

AA - rated counterparties

-	-
-	-

Financial liabilities – Derivative financial instruments

AA - rated counterparties

-	(1,204,315)
-	(1,204,315)

The above are based on long term Fitch ratings as at 30 June 2013.

Credit risk for derivative financial instruments arises from the potential failure by counter parties to the contract to meet their obligations.

29. Financial Risk Management (continued)
Price Risk

In 2012, the Group was exposed to commodity price risk through its Hellyer operations. The Group managed this risk by entering into copper, gold, lead, silver and zinc forward sales contracts. The amount and nature of the hedging has been determined and administered by the Company's Hedge Committee, in line with the Company's financial risk management policy statement. The group no longer has any forward sales contracts.

(b) Financial Instruments
(i) Derivative Financial Instruments

Derivative financial instruments were used by the Group to hedge exposure to commodity price and exchange rate risks associated with the sale of metal concentrates under the off-take agreements with Nyrstar Sales & Marketing AG and LN Metals International Ltd. The counterparty to the Group's derivative financial instruments was RMB Australia Holdings Ltd.

	2013 USD	Average Commodity Price USD	2012 USD	Average Commodity Price USD
Copper forward sales contracts				
Settlements				
Less than 6 months	-	-	77,762	7,686/t
Gold forward sales contracts				
Settlements				
Less than 6 months	-	-	424,847	1,587/oz
Lead forward sales contracts				
Settlements				
Less than 6 months	-	-	486,680	1,857/t
Silver forward sales contracts				
Settlements				
Less than 6 months	-	-	271,530	27.49/oz
Zinc forward sales contracts				
Settlement				
Less than 6 months	-	-	(54,415)	1,880/t
Total options	<u>-</u>		<u>1,206,404</u>	

During the previous financial year the Group used short-dated Australian dollar denominated lead, silver and zinc forward sales for hedging.

29. 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 Statement of Financial Position.

Consolidated	Weighted Average Effective Interest Rate	Fixed Interest Rate Maturing				Total
		Floating Interest Rate	Within 1 Year	1 to 5 Years	Non-interest bearing	
30 June 2012		\$	\$	\$	\$	\$
Financial Assets:						
Cash & cash equivalents	1.00%	3,671,949	-	-	-	3,671,949
Trade and other receivables	4.7%	-	-	760,610	9,166,465	9,927,075
Total Financial Assets		3,671,949	-	760,610	9,166,465	13,599,024
Financial Liabilities:						
Trade and other payables		-	-	-	7,826,754	7,826,754
Short-term borrowings	9.94%	-	5,055,241	-	-	5,055,241
Long-term borrowings	15.66%	-	-	172,332	-	172,332
Total Financial Liabilities		-	5,055,241	172,332	7,826,754	13,054,327

Parent	Weighted Average Effective Interest Rate	Fixed Interest Rate Maturing				Total
		Floating Interest Rate	Within 1 Year	1 to 5 Years	Non-interest bearing	
30 June 2013		\$	\$	\$	\$	\$
Financial Assets:						
Cash & cash equivalents	2.24%	2,399,554	-	-	-	2,399,554
Trade and other receivables	4.10%	-	-	815,980	190,430	1,006,410
Total Financial Assets		2,399,554	-	815,980	190,430	3,405,964
Financial Liabilities:						
Trade and other payables		-	-	-	221,749	221,749
Short-term borrowings		-	-	-	-	-
Long-term borrowings		-	-	-	-	-
Total Financial Liabilities		-	-	-	221,749	221,749

The above weighted average effective interest rates are as at 30 June 2013.

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

	Parent 2013 \$	Consolidated 2012 \$
Less than 6 months	190,430	9,166,465
6 months to 1 year	815,980	760,610
1 to 5 years	-	-
	1,006,410	9,927,075

29. Financial Risk Management (continued)

There are no balances within trade and other receivables that contain assets that have been impaired and are past due. The Company's debt from Ivy Resources Ltd makes up the majority of trade and other receivables and is expected to be received in less than six months. It is expected these balances will be received when due.
 2012: Nyrstar Sales and Marketing AG and LN Metals International Ltd

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

	Parent 2013 \$	Consolidated 2012 \$
Less than 6 months	221,749	7,826,754
	221,749	7,826,754

(iii) Fair Values

The fair values of the Company's (2012: Group's) 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 fair values and carrying amounts of financial assets and financial liabilities at reporting date are as follows:

	2013 Carrying Amount \$	2012 Carrying Amount \$
Financial Assets		
Cash and cash equivalents	2,399,554	3,671,949
Loans and receivables	1,006,410	7,782,169
Derivative financial instruments	-	696,787
	3,405,964	12,150,905

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

	2013 Carrying Amount \$	2012 Carrying Amount \$
Financial Liabilities		
At amortised cost:		
Trade and other payables	221,749	7,826,754
Borrowings	-	5,227,573
Derivative financial instruments	-	-
	221,749	13,054,327

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

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

29. Financial Risk Management (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated 2012				
Financial Assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Derivative instruments	696,787	-	-	696,787
	696,787	-	-	696,787
Parent 2013	\$	\$	\$	\$
Financial Assets:				
<i>Financial assets at fair value through profit or loss:</i>				
Derivative instruments	-	-	-	-
	-	-	-	-

(iv) Sensitivity Analysis
Interest Rate Risk, Foreign Currency Risk and Price Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting 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 2013, the effect on profit and equity as a result of changes in the interest rate in relation to financial assets with all other variables remaining constant would be as follows:

	Parent 2013 \$	Consolidated 2012 \$
Change in profit		
Increase in interest rate by 1% (100 bps)	22,998	23,411
Decrease in interest rate by 1% (100 bps)	(22,998)	(23,411)
Change in equity		
Increase in interest rate by 1% (100 bps)	22,998	23,411
Decrease in interest rate by 1% (100 bps)	(22,998)	(23,411)

At 30 June 2013, the effect on profit and equity as a result of changes in the interest rate in relation to financial liabilities with all other variables remaining constant would be as follows:

	2013 \$	2012 \$
Change in profit		
Increase in interest rate by 1% (100 bps)	(18,800)	(144,661)
Decrease in interest rate by 1% (100 bps)	18,800	144,661
Change in equity		
Increase in interest rate by 1% (100 bps)	(18,800)	(144,661)
Decrease in interest rate by 1% (100 bps)	(18,800)	(144,661)

29. Financial Risk Management (continued)
Foreign Currency Risk Sensitivity Analysis

At 30 June 2013, 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:

	2013 \$	2012 \$
Change in profit		
Increase in AUD/USD by 5%	-	(3,669,082)
Decrease in AUD/USD by 5%	-	3,852,536
Change in equity		
Increase of AUD/USD by 5%	-	(3,669,082)
Decrease in AUD/USD by 5%	-	3,852,536

Price Risk Sensitivity Analysis

At 30 June 2013, 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:

	Parent 2013 \$	Consolidated 2012 \$
Change in profit		
Increase in zinc price by USD 200/tonne	-	4,371,968
Increase in lead price by USD 200/tonne	-	2,456,676
Increase in copper price by USD 200/tonne	-	92,590
Decrease in zinc price by USD 200/tonne	-	(4,371,968)
Decrease in lead price by USD 200/tonne	-	(2,456,676)
Decrease in copper price by USD 200/tonne	-	(92,590)
Change in equity		
Increase in zinc price by USD 200/tonne	-	4,371,968
Increase in lead price by USD 200/tonne	-	2,456,676
Increase in lead price by USD 200/tonne	-	92,590
Decrease in zinc price by USD 200/tonne	-	(4,371,968)
Decrease in lead price by USD 200/tonne	-	(2,456,676)
Decrease in lead price by USD 200/tonne	-	(92,590)

30. Key Management Personnel

This note should be read in conjunction with the remuneration report included in the Directors' Report.

(i) Details of Key Management Personnel
Chairman – Non-executive

Mr D D Boyer – Appointed 2 August 2004. Resigned 31 December 2011.

Mr C I McGown – Appointed 7 July 2004.

Executive Directors

Mr M B Rosenstreich – Appointed 15 December 2004.

Non-executive Directors

Mr P A Treasure – Appointed 2 December 2008.

Mr B J K Sullivan – Appointed 9 January 2012.

Other Key Management Personnel

Mr P J Malherbe – Chief financial Officer and Company Secretary – Appointed 1 April 2013.

Ms S P Hunter – Company Secretary – Appointed 28 September 2006. Resigned 30 April 2013.

Mr A J Brazier – Chief Financial Officer – Appointed 27 June 2011. Resigned 2 August 2012.

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's (2012: Group's) key management personnel for the year ended 30 June 2013.

There were no consultants engaged in relation to the remuneration of key management personnel during the financial year.

The Company did not receive a "no vote" of 25% or more on its remuneration report at its 2012 AGM.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	Consolidated	
	2013	2012
	\$	\$
Short-term employee benefits (salary and leave)	691,910	1,879,583
Short-term employee benefits (performance bonus)	-	-
Post-employment benefits	27,257	133,719
Share-based payments	-	99,475
Termination benefits	107,490	-
	826,657	2,112,777

(ii) Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2012	Balance at the Start of the Year	On Exercise of Options	On market Transactions	Employee Share Purchase Plan	Balance at the End of the Year
Mr D D Boyer	1,622,336	-	2,172,851	-	3,795,187
Mr C I McGown	1,652,346	-	2,199,115	-	3,851,461
Mr M B Rosenstreich	1,887,307	-	466,666	-	2,353,973
Mr R V Rajasooriar	100,000	-	-	-	100,000
Mr P A Treasure	26,413,445	-	3,433,333	-	29,846,778
Ms S P Hunter	17,500	-	-	-	17,500
Mr K P Denwer	50,000	-	-	-	50,000
Mr B Burdett	100,000	-	40,741	-	140,741
Mr A J Brazier	-	-	-	100,000	100,000
	31,842,934	-	8,312,706	100,000	40,225,640
2013	Balance at the Start of the Year	On Exercise of Options	On market Transactions	Employee Share Purchase Plan	Balance at the End of the Year
Mr C I McGown	3,851,461	-	-	-	3,851,461
Mr M B Rosenstreich	2,353,973	-	-	-	2,353,973
Mr B Sullivan	250,000	-	-	-	250,000
Mr P A Treasure ¹	100,000	-	-	-	100,000
	6,555,434	-	-	-	6,555,434

¹ The opening balance of Mr Treasure's shareholding has been reduced from 29,846,778 shares as disclosed in the 2012 annual report to 100,000 shares in 2013 as the 2012 number included an indirect interest of Metals Finance Ltd, a company of which Mr Treasure was the Managing Director of, up to 1 May 2013.

30. Key Management Personnel (continued)

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

(iii) Loans to Key Management Personnel

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

2012	Balance at the Start of the Year	Additional Loans	Repayment/ Cancellation of Loans	Balance at the End of the Year
	\$	\$	\$	\$
Mr K Denwer	6,500	-	(6,500)	-
Mr B Burdett	29,000	-	(29,000)	-
Mr M Rosenstreich	100,000	-	-	100,000
Mr V Rajasooriar	26,000	-	(26,000)	-
Mr A Brazier	-	12,500	(12,500)	-
	161,500	112,500	(74,000)	100,000

2013	Balance at the Start of the Year	Additional Loans	Repayment/ Cancellation of Loans	Balance at the End of the Year
	\$	\$	\$	\$
Mr M Rosenstreich	100,000	-	-	100,000
	100,000	-	-	100,000

Under the terms of the Employee Share Loan Scheme no interest is payable in respect of the above loans. Based on fringe benefits tax benchmark interest rate of 7.8% (2012: 7.4%) the following amounts would have been charged on an arm's length basis for the period outstanding during the year.

	2013	2012
	\$	\$
Mr M B Rosenstreich	7,800	7,500
Mr R V Rajasooriar	-	1,950
Mr K P Denwer	-	481
Mr B Burdett	-	2,175
Mr A J Brazier	-	937
	7,800	13,043

All loans granted under this scheme 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 employment with the Company, whichever occurs first.

30. Key Management Personnel (continued)
(iv) Options held by Key Management Personnel

Details of options over 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.

2012	Balance at Start of the Year	Issued during the Year	Exercised during the Year	Lapsed during the Year	Balance at the End of the Year	Vested and Exercisable at the End of the Year
Directors						
Mr D D Boyer	600,000	1,666,667	-	-	2,266,667	1,966,667
Mr C I McGown	475,000	1,000,000	-	-	1,475,000	1,250,000
Mr M B Rosenstreich	1,750,000	-	-	-	1,750,000	1,750,000
Mr R V Rajasooriar	600,000	-	-	-	600,000	300,000
Mr P A Treasure	250,000	3,333,333	-	-	3,583,333	3,583,333
	3,675,000	6,000,000	-	-	9,675,000	8,850,000
Company Executives						
Ms S P Hunter	475,000	-	-	-	475,000	475,000
Mr K P Denwer	630,000	-	-	-	630,000	630,000
Mr B Burdett	700,000	-	-	-	700,000	700,000
Mr B L Hamilton	-	600,000	-	-	600,000	300,000
	1,805,000	600,000	-	-	2,405,000	2,105,000
2013						
	Balance at Start of the Year	Issued during the Year	Exercised during the Year	Lapsed during the Year	Balance at the End of the Year	Vested and Exercisable at the End of the Year
Directors						
Mr C I McGown	1,475,000	-	-	191,667	1,283,333	1,283,333
Mr M B Rosenstreich	1,750,000	-	-	1,750,000	-	-
Mr P A Treasure	3,583,333	-	-	250,000	3,333,333	3,333,333
	6,808,333	-	-	2,191,667	4,616,666	4,616,666
Company Executives						
	-	-	-	-	-	-

31. Remuneration of Auditors

	Consolidated	
	2013 \$	2012 \$
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	43,837	70,680
Taxation and consulting services	-	7,970
	43,837	78,650

32. Parent Entity Disclosure

Financial Position	2013	2012
	\$	\$
Assets		
Current assets	2,622,288	27,262,942
Non-current assets	4,105,405	4,230,107
Total assets	6,727,693	31,493,049
Liabilities		
Current liabilities	301,090	13,034,978
Non-current liabilities	740,758	907,870
Total liabilities	1,041,848	13,942,848
Equity		
Issued capital	61,674,048	61,524,048
Retained earnings	(57,912,613)	(50,787,839)
Reserves		
Hedge reserve	-	-
Option reserve	1,924,410	6,813,992
Total equity	5,685,845	17,550,201
Financial performance		
Profit/(loss) for the year	(12,167,052)	(43,431,737)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(12,167,052)	(43,431,737)
Capital expenditure commitments		
Exploration tenements		
Not later than 12 months	394,000	440,000
Between 12 months and five years	665,000	544,000
	1,059,000	984,000

Bass Metals entered into a binding Heads of Agreement to sell its wholly owned subsidiary, Hellyer Mill Operations Pty Ltd (HMO) to Ivy Resources Pty Ltd (Ivy or Ivy Resources), a private resource development company for an acquisition price is \$11,000,000. Settlement of the transaction occurred on 23 February 2013 enabling the Company to repay all of its secured and unsecured creditors leaving the company effectively debt free.

Information regarding the financial position of HMO has been disclosed at Note 2 of this report. Therefore, as the Group sold its sole subsidiary in February 2013, the information contained above in the 2013 financial year reflects that of the Company.

33. Controlled Entity

On 23 February 2013, the Group disposed of its wholly-owned subsidiary, Hellyer Mill Operations Pty Ltd ("HMO"), to Ivy Resources Pty Ltd for \$11 million. The first instalment payment of \$600,000 was received on 8 February 2013 and the remaining \$10.4 million was paid on completion, with settlement occurring on 23 February 2013. As announced in previous years, HMO is the only subsidiary of the Company.

HMO is incorporated in Australia. Ownership at 30 June 2013 was 0% (2012: 100%).

**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 statement of financial position as at 30 June 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company and the entities that it controlled at the year's end of from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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 Company's preparation of the financial report that gives a true and fair view in order to

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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 info.wa@au.gt.com
W www.granthornton.com.au

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 opinion.

Independence

In conducting our audit, we have complied with the 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 financial position as at 30 June 2013 and of its performance for the year ended on that date;
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of Matter


Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of \$12,167,052 during the year ended 30 June 2013 and, as of that date, the Company's current assets exceeded its current liabilities by \$2,321,198 and, during the period, the Company's net cash outflows from operations were \$7,513,757. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 16 to 21 of the directors' report for the year ended 30 June 2013. 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 on the remuneration report

In our opinion, the remuneration report of Bass Metals Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

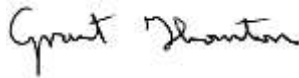
Perth, 27 September 2013

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 info.wa@au.gt.com
W www.granthornton.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 2013, 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 AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 27 September 2013

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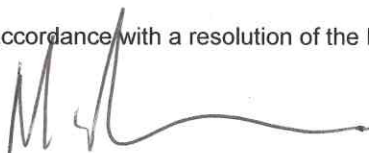
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6. Directors' Declaration

1. In the opinion of the Directors of Bass Metals Ltd ("Company"):
 - a. The financial statements and notes as set out on pages 25 to 84 are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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;
 - iii. Complying with International Financial Reporting Standards as disclosed in Note 1.
 - b. The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report designated as audited comply with the Corporations Act 2001; 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 Managing Director and Chief Financial Officer for the financial year ended 30 June 2013.

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



M B Rosenstreich
Managing Director

Subiaco, Western Australia
27 September 2013

7. ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 23 September 2013.

(a) Distribution schedule and number of holders of equity securities as at 23 September 2013

Security	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)	134	273	210	690	294	1,601
Quoted Options – 20c 30/9/14	46	149	101	207	81	584
Unquoted Options – 43.5c 31/01/15	-	-	-	2	-	2
Unquoted Options – 61c 31/01/15	-	-	-	2	-	2
Unquoted Options – 88c 31/01/15	-	-	-	2	-	2
Unquoted Options – 1.3c 31/08/15	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 23 September 2013 is 1,085.

The number of holders holding less than a marketable parcel of listed \$0.20 30 September 2014 options as at 23 September 2013 is 548.

7. ADDITIONAL INFORMATION (continued)
(b) 20 Largest holders of quoted equity securities as at 23 September 2013

The names of the twenty largest holders of fully paid ordinary shares (ASX Code: BSM) as at 23 September 2013 are:

Rank	Name	Units	% of Units
1	METALS FINANCE LIMITED	29,746,778	9.12
2	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	23,822,591	7.31
3	RMB AUSTRALIA HOLDINGS LIMITED	20,866,667	6.40
4	INTEC LTD	18,100,000	5.55
5	MR EDWIN SUGIARTO	15,039,802	4.61
6	MR NELSON FERNANDEZ	14,950,760	4.58
7	MR LEE CHAI HUAT	14,495,519	4.45
8	MS BEE LAY NEOH	8,945,000	2.74
9	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	7,7075,022	2.17
10	MANCALA HOLDINGS PTY LTD	6,373,333	1.95
11	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	5,879,022	1.80
12	HSBC CUSTODY NOMINEES <AUSTRALIA>	5,046,475	1.55
13	MR DAVID DONALD BOYER <DB FAMILY A/C>	3,610,074	1.11
14	HAWKESTONE OIL PTY LTD	3,290,988	1.01
15	PANCHO (NSW) PTY LIMITED <GAVSOL SUPER FUND A/C>	3,166,666	0.97
16	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,971,369	0.91
17	MR MARKUS TERJUNG	2,860,000	0.88
18	MR IAN THOMAS BELL	2,500,000	0.77
19	DAMPLIN INVESTMENTS PTY LTD	2,327,777	0.71
20	MR AKMAL REZKALLA	2,123,374	0.65
	TOTAL	193,191,217	59.24

Stock Exchange Listing: Listing has been granted for 326,105,104 ordinary fully paid ordinary shares of the Company on issue on the Australian Securities Exchange. The Company's ordinary fully paid shares are also quoted on the Deutsche Börse (R2F-Ber (Berlin) and R2F-FRA (Frankfurt)).

7. ADDITIONAL INFORMATION (continued)

The names of the twenty largest holders of listed \$0.20 30 September 2014 options (ASX Code: BSMO) as at 23 September 2013 are:

Rank	Name	Units	% of Units
1	MANCALA HOLDINGS PTY LTD	8,333,332	9.25
2	MR DAVID SHANE MILLER	7,136,930	7.92
3	MR CHRISTOPHER DAVID HILL <HILL FAMILY A/C>	5,000,000	5.55
4	MR SAIRAM SIVANAGA BALAJI GRANDHI + MRS SOWMYA GRANDHI <GRANDHI FAMILY SUPERFUND A/C>	3,746,106	4.16
5	METALS FINANCE LIMITED	3,333,333	3.70
6	INTEC LTD	3,100,000	3.44
7	MR JAMES CHONG	3,000,000	3.33
8	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,529,300	2.81
9	MR MICHELE PAGLIARO <PAUL & SANDRA PAGLIARO A/C>	2,500,100	2.77
10	MR CHIA CHENG LEE	2,500,000	2.77
11	HELMSEC GLOBAL CAPITAL LIMITED	2,372,717	2.63
12	MR DAVID DONALD BOYER <DB FAMILY A/C>	2,279,074	2.53
13	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,019,778	2.24
14	MR MICHAEL PAGLIARO	2,000,100	2.22
15	MR CHRISTOPHER LESLIE JARRETT + MS MAYA FROST <C L JARRETT SUPERFUND A/C>	2,000,000	2.22
16	MS YUK YING LAI + MR TZE WAI WONG	2,000,000	2.22
17	ARCHIBALD RHODES PTY LTD <BJP FAMILY A/C>	1,609,434	1.79
18	IONIKOS PTY LTD <THE MCGOWN SUPER FUND A/C>	1,550,782	1.72
19	MR RICHARD ALLEN DAVIDSON + MRS MARGARET DAVIDSON	1,500,000	1.66
20	KONKOLA INVESTMENTS PTY LTD <KONKOLA A/C>	1,333,334	1.48
	TOTAL	59,844,320	66.39

Stock Exchange Listing: Listing has been granted for 90,137,678 listed \$0.20 30 September 2014 options on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 23 September 2013 are detailed below in part (d).

(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:

Name	No. Shares Held	% of Issued Capital
METALS FINANCE LTD	29,746,778	9.12
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	23,822,591	7.31
RMB AUSTRALIA HOLDINGS LIMITED	20,866,667	6.40
INTEC LTD	18,100,000	5.55

7. ADDITIONAL INFORMATION (continued)

(d) Unquoted Securities

The number of unquoted securities on issue as at 13 September 2013 are as follows:

Security	Number on Issue
Options exercisable at \$0.435 on or before 31 January 2015.	50,000
Options exercisable at \$0.61 on or before 31 January 2015.	50,000
Options exercisable at \$0.88 on or before 31 January 2015.	50,000
Options exercisable at \$0.013 on or before 31 August 2015.	15,000,000
Total	15,150,000

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 23 September 2013

Security	Name	Number of Securities
Unquoted Options exercisable at \$0.013 on or before 31 August 2015.	RMB Australia Holdings Ltd	15,000,000

(f) Restricted Securities as at 23 September 2013

The Company has 768,410 fully paid ordinary shares under voluntary escrow which have been issued to the Managing Director and certain senior employees of the Company pursuant to the Company's Employee Share Loan Scheme. These shares will remain under voluntary escrow until such time as the employee repays the loan related to the ordinary shares or the Company forgives the loan in accordance with the terms and conditions of the Company's Employee Share Loan Scheme.

There are no other restricted securities on issue as at 23 September 2013.

(g) Voting Rights

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

Unquoted options have no voting rights.

(h) Company Secretary

The Company Secretary is Mr Pierre Malherbe.

(i) Registered Office

The Company's Registered Office is Suite 7,186 Hay Street, Subiaco WA 6008.

(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 557 010.

(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 Company's interests in mining tenements as at 23 September 2013 are as follows:

Tenement	Interest
EL31/2003 Heazlewood ¹	22%/100%
EL36/2003 Whyte River ¹	22%/100%
EL48/2003 Mt Block	100%
EL24/2004 Bulgobac River	100%
EL28/2009 Lake Margaret ²	75%
EL20/1010 Sock Creek ²	75%
CML 103M/1987 Hellyer Mine Lease ³	100%
ML 68M/1984 Que River Mine Lease	100%
Hellyer 10W/1980 Access Easement to QRML	100%
RL11/1997 Mt Charter Retention ⁴	100%
EL 24/2010 Mackintosh Creek	100%

Notes:

1. Subject to a commodity based joint venture with Venture Minerals and a 2% NSR Royalty to Pioneer Resources Ltd. Venture has earned 78% interest on the iron, tin and tungsten rights on EL31/2003 & EL36/2003. Bass retains a 100% interest in other commodities.

2. Subject to joint venture with Clancy Exploration Limited.

3. CML 103/1987 is owned by HMO a 100% subsidiary of Ivy Resources Ltd. Bass has 100% interest in all of the existing base metal resources and base metal exploration rights through a Sublease Agreement.

4. RL11/1997 is owned by Bass, but HMO has a 100% interest in the existing gold resource and gold exploration rights through a Sublease Agreement. Bass retains all base metal exploration rights.

5. Intec Limited holds a 2.5% NSR Royalty over all Product from Bass' interests in RL11/1997, EL24/2004, EL48/2003, ML68M/1984 and CML103M/1987.

8. CORPORATE GOVERNANCE

Corporate Governance Statement

Bass Metals Ltd ("Bass Metals" 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 which were updated in June 2010 in relation to diversity, remuneration, trading policies and briefings ("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 at 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 Managing Director, or equivalent, for a period and on terms as the Directors see fit and, where appropriate, removing the Managing Director, 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, acquisitions and divestitures;
- 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 of such;

8. CORPORATE GOVERNANCE (continued)

- 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 occupational health and safety, the environment, native title and cultural heritage; 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 Chief Financial Officer 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, Board committees and individual Directors, where deemed appropriate. The Company conducts an annual performance evaluation of the Board each financial year. During the financial year, the Company conducted an informal performance evaluation of the Board and next financial year plan to undertake a formal performance evaluation of the Board which will involve 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 assets;
- 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%; and

8. 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 C I McGown), two Non-executive Directors (Mr B J K Sullivan and Mr P A Treasure) and one Executive Director (Mr M B 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 C I McGown (Chairman) and Mr B J K Sullivan are 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 P A 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 size and activities. 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 additional 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.

8. CORPORATE GOVERNANCE (continued)

Remuneration Committee

Given the present size of the Company, the whole Board acts as the Remuneration Committee, where required. The Board had previously had a separate Remuneration Committee, but resolved on 27 June 2012 to dissolve the Remuneration Committee and have the whole Board act as the Remuneration Committee. Prior to 27 June 2012, the Remuneration Committee comprised C I McGown (Chair of the Board and the Remuneration Committee) and P A Treasure (Non-executive Director).

Given the current size of the Company, the Board believes no efficiencies or other benefits can 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. A summary of the Remuneration Committee Charter is available on the Company's website. 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 Board has established an Audit Committee which is comprised of Mr C I McGown (Chairman of the Committee and Chairman of the Board) and Mr P A Treasure (Non-Executive Director who is not deemed to be independent). No Executive Directors are members of the Committee. The Audit Committee does not consist of a majority of independent Directors as it consists of one independent Non-Executive Director who is Chairman of the Board and of the Committee (Mr C I McGown) and one non-independent Non-Executive Director (Mr P A Treasure). The Board considers that the Audit Committee's structure has been, and continues to be, appropriate in the context of the Company's size. The Company considers that the Non-Executive Chairman of the Board is an appropriate Chairman of the Audit Committee and that Mr C I McGown possesses the necessary financial skills and experience suitable to Chair the Company's Audit Committee. A profile of each Director and the Company Secretary containing their date of appointment, skills, experience and expertise is set out in the Directors' Report.

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.

A formal Audit Committee Charter has been adopted, a copy of which is available on the Company's website.

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

8. CORPORATE GOVERNANCE (continued)

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer 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 entity for the financial year ended 30 June 2013 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.

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 the 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 program 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 Chief Financial Officer 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 Chief Financial Officer have 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.

8. CORPORATE GOVERNANCE (continued)

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 effect 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.

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.

8. CORPORATE GOVERNANCE (continued)

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.

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.

Diversity Policy

The Company has adopted a Diversity Policy. The Company is committed to workplace diversity and recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Principles and Recommendations.

The Board is responsible for developing objectives and strategies to meet the objectives of the Diversity Policy (Objectives) and will discuss at least annually the progress against and achievement of these Objectives. The Board may also set measurable objectives for achieving gender diversity. The Board is responsible for implementing, monitoring and reporting on the Objectives.

Given the size of the Company, no measurable objectives have been set however the Company has disclosed below the proportion of women employees in the Company, in senior executive positions and on the Board.

The Company's Diversity Policy is available on the Company's website.

The Company provides the proportion of women employees in the Company, in senior executive positions and on the Board as at the end of the financial year below.

	2013		2012	
	Female	Male	Female	Male
Board	-	4	-	4
Senior Executives	-	1	5	4
Other Employees	-	2	3	2
	-	7	8	10

8. CORPORATE GOVERNANCE (continued)
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 for its size and activities. 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.
3.3	The Company should disclose the measurable objectives for achieving gender diversity.	The Board has not established measurable objectives for achieving gender diversity.	The Board has established a Diversity Policy. Given the present size of the Company and its activities, the Board believes that no efficiencies or other benefits could be gained through establishment of measurable objectives for achieving gender diversity. The Board will re-consider establishing measurable objectives for achieving gender diversity as the Company's workforce and operations grow.
4.2	The Company's audit committee should consist of a majority of independent directors, be chaired by an independent chair, who is not chair of the board, and have at least three members.	The Audit Committee consists of two members, Mr C I McGown, the Company's independent Non-executive Chairman, who also chairs the Committee, and Mr P A Treasure, Non-executive Director who is not deemed to be independent.	The Board considers that the Audit Committee's structure has been, and continues to be, appropriate for the Company's size and activities. The Company considers that the Non-executive Chairman of the Board is an appropriate Chairman of the Audit Committee and that Mr C I McGown possesses the necessary financial skills and experience suitable to chair the Company's Audit Committee. It is noted the Board has adopted an Audit Committee Charter.

8. CORPORATE GOVERNANCE (continued)

Principle No	Best Practice Recommendation	Compliance	Reasons for Non-compliance
8.1 and 8.2	The Board should establish a Remuneration Committee.	The Board no longer has a separate Remuneration Committee, however, the responsibilities of such a 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. The Board will re-consider establishing a separate Remuneration Committee as the Company's operations grow. 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.