



Notice of General Meeting

to be held at 9:00am on Friday 4 October, 2013

at

The Vic Hotel, 226 Hay Street, Subiaco, Perth WA.

**THE DIRECTORS CONSIDER THE RESOLUTIONS ARE
NOT IN THE BEST INTERESTS OF THE COMPANY OR THE
VAST MAJORITY OF SHAREHOLDERS AND RECOMMEND
THAT SHAREHOLDERS VOTE**

AGAINST

ALL RESOLUTIONS AT THIS SHAREHOLDERS' MEETING

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6315 1300.

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LETTER TO SHAREHOLDERS

Dear Shareholder

This is to notify you of a General Meeting that is scheduled for 9:00 am on Friday 4 October 2013 at The Vic Hotel, 226 Hay Street, Subiaco, Perth WA.

The Meeting is being held as one of the Company's Shareholders, Metals Finance Limited (**MFC**), which holds 9.61% of the Company's voting shares, is seeking to replace three of the Company's Directors with two of its nominees.

A formal Notice of Meeting has been lodged with the ASX and accompanies this letter. The issues that will be before you at the Meeting are extremely important and have significant implications for the future of the Company.

This Meeting is to determine who is best placed to lead the Company through the challenges it faces in restoring shareholder value from its existing projects and through the acquisition of new assets, such as the new initiative into Turkey and in directing the Company in future years.

This letter outlines the reasons why your current Directors¹ are recommending that you:

REJECT ALL OF THE RESOLUTIONS AT THE MEETING

If you are unable to attend the Meeting, you are encouraged to complete and return the enclosed Proxy Form by 9.00am (WST) on Wednesday 2 October 2013.

WHY YOU SHOULD NOT SUPPORT A CHANGE OF LEADERSHIP

Your current Directors believe that, in seeking this Meeting, MFC is proposing to take Board control of your Company and is not acting in the best interests of all Shareholders. MFC seeks to replace three of your current Directors with two alternative nominees, one of which is a director of MFC and another is the Managing Director of a broking firm which has been approached by MFC to act in this matter.

The current Directors believe that the change of your Board is not in the best interests of Bass Shareholders, for the following reasons:

Resolutions 1 & 2 – Appointment of Mr Herbert Gavin Solomon and Mr Richard Stacy Anthon as Directors of the Company

Resolutions 1 and 2 cover a call for shareholders to consider the election of two of MFC's representatives, Mr Herbert Gavin Solomon and Mr Richard Stacy Anthon, to the Bass Metals' Board. **If elected (and the directors the subject of Resolution 3 are removed), they would sit with MFC's current representative Tony Treasure, providing MFC with sole board control of Bass Metals, the Company's working capital of \$2.4 million and its future.**

The current Bass Board does not consider that Mr Solomon and Mr Anthon have the corporate record (as further set out in pages 11 to 14) or technical mining backgrounds to enhance Bass or properly manage its existing assets and its ongoing obligations. The Board considers Mr Solomon, with his full-time role as Managing Director of Helmsec Global Capital Ltd, and Mr Anthon, in his full-time role as the Managing Partner of Brisbane law firm Hemming + Hart Lawyers, would find it difficult to fully commit to the challenging role of taking Bass Metals forward and delivering shareholder value.

In fact, despite requests to MFC from the Bass Board for an outline of its mid and long term strategies for your Company, **no plans for the Company or developing shareholder value have been revealed by MFC at this time.**

¹ Mr Tony Treasure, Non-executive Director of Bass Metals, has a conflict of interest in relation to the matters which are the subject of this Notice of Meeting as he was until 1 May, 2013 the Managing Director of MFC and remains a director of one of the MFC subsidiaries, Nickel Developments Limited, and has not participated in Board deliberations in relation to, and makes no recommendation to Shareholders as to how to vote on, the Resolutions. He is also not subject to the "spill" resolution as proposed by MFC. All references to the Directors' views or recommendations in this Notice of Meeting are to the views and recommendations of the current Board of Directors, excluding Mr Treasure.

Resolutions 3 – Removal of Mr Michael Benjamin Rosenstreich, Mr Craig Ian McGown and Mr Barry James Sullivan as Directors of the Company

MFC has called for Bass' shareholders to consider the removal of current Board and Management members Michael Rosenstreich (Managing Director), Craig McGown (Non-executive Chairman) and Barry Sullivan (Non-executive Director).

Mr McGown (appointed to the Bass Metals Board in 2004), Mr Rosenstreich (appointed to the Bass Metals Board in 2004) and Mr Sullivan (appointed to the Bass Metals Board in January 2012) have a combined **95 years** of mining, exploration and corporate experience.

Mr McGown and Mr Rosenstreich guided the Company from IPO through exploration success and into a 5 year period of production which commenced within 2 years of listing on the ASX. More recently, with Mr Sullivan, they have successfully steered Bass Metals through a tumultuous period where technical and market issues could have led to the demise of your company. But through their technical and corporate skill and experience they have put the Company in a position where it has no debt, \$2.4 million in working capital and been saved from the very real threat of administration and receivership despite very challenging circumstances. As well, your Company is now pursuing an exciting growth opportunity in Turkey based on a sensible 50:50 joint funding structure with a local partner able to contribute projects from this well-endowed and under explored region.

In contrast, MFC, has no known plans for the Company, has yet to demonstrate any progress or success in its own stated aim of securing new projects and now faces likely funding issues given its cash position.

Mr McGown, Mr Rosenstreich and Mr Sullivan have also declared they are willing to fight for your company's rights in the ongoing pursuit of litigation against LionGold Corp. Ltd. The current Board is vital in the litigation trial process and resolved to achieving the best possible outcome for Bass.

The Bass Directors have also shown they have very real "skin in the game" by putting their own money into the Company; more money than MFC and its nominee Director, Mr Treasure have invested. Also, significantly more financial support than MFC Directors have provided to MFC in recent years, which is nil.

In conclusion, the Bass Directors consider that MFC is being opportunistic and have serious concerns with MFC's motivation of taking board control with a shareholding of less than 10%. MFC is seeking to take board control of Bass without paying shareholders any premium for this control. If you vote in favour of the Resolutions and MFC is successful:

- Bass will have no independent directors;
- Bass will have no full time executives – only part time directors who have other full time roles;
- Bass is unlikely to be able to finalise its strategic alliance in Turkey;
- Bass will lose significant knowledge of the Company's history, assets and operations which rest with your current directors; and
- Bass may lose its capacity to effect a beneficial outcome for all shareholders through a settlement or damages claim against LionGold.

The directors of Bass Metals consider the resolutions proposed by MFC are not in the best interests of the Company and the vast majority of shareholders and urge shareholders to seriously consider their best chance to regain or increase the value of their investment in your Company and recommend shareholders vote AGAINST all resolutions at this shareholder's meeting.

We look forward to sharing in the future success of the Company with you and to receiving your vote of confidence in our current Board.

Yours sincerely

Craig McGown

Chairman

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of Shareholders to which this Notice of Meeting relates will be held at **9:00am WST on Friday 4 October, 2013** at The Vic Hotel, 226 Hay Street, Subiaco, Perth.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return as follows:

Person: Suite 7, 186 Hay Street, Subiaco WA 6008

Facsimile: (within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Post: Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Email: admin@bassmetals.com.au

Please note that the Proxy Form must be received not later than **9:00am (WST) on Wednesday 2 October, 2013**.

Proxy Forms received later than this time will be invalid.

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined that all Shares of the Company that are on issue at 5.00pm (WST) on Wednesday 2 October, 2013 will, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

NOTICE OF MEETING

Notice is given that a General Meeting of Bass Metals Limited (**Bass** or the **Company**) will be held at The Vic Hotel, 226 Hay Street, Subiaco, Perth, Western Australia on Friday 4 October, 2013 commencing at 9:00am (WST).

AGENDA

Resolutions 1 – 3 are to be considered at the General Meeting following their proposal in a requisition notice to call a general meeting received by the Company under section 249D of the Corporations Act 2001 (Cth) (**Corporations Act**), from Metals Finance Limited (**MFC**), being a Shareholder with at least 5% of the votes that may be cast at the Meeting.

ITEM 1 – REQUISITION NOTICE

To consider the notice received by the Company from MFC under section 249D of the Corporations Act to requisition the Company to hold this Meeting.

ITEM 2 – RESOLUTIONS

Resolution 1 – Appointment of Mr Herbert Gavin Solomon as a Director

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That Herbert Gavin Solomon be appointed as a Director of the Company, with effect from the conclusion of the Meeting.”

Resolution 2 – Appointment of Mr Richard Stacy Anthon as a Director

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That Richard Stacy Anthon be appointed as a Director of the Company, with effect from the conclusion of the Meeting.”

Resolution 3 – Removal of Mr Rosenstreich, Mr McGown and Mr Sullivan as Directors

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That Michael Benjamin Rosenstreich, Craig Ian McGown and Barry James Kevin Sullivan be removed as Directors of the Company, with effect from the conclusion of the Meeting.”

EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Statement.

ORDINARY RESOLUTIONS

All Resolutions are ordinary resolutions. This means that, to be passed, the Resolution needs the approval of a simple majority of votes cast by Shareholders entitled to vote on the Resolution.

PROXIES

Please note that:

- a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Pierre Malherbe
Company Secretary
Bass Metals Limited

Dated: 22 August, 2013

IMPORTANT NOTE

All Resolutions have been proposed by Metals Finance Limited pursuant to section 249D of the Corporations Act.

The Resolutions have NOT been endorsed by and are NOT supported by the Directors.

The Directors have set out their recommendations on the Resolutions in the Explanatory Statement attached to this Notice of Meeting.

Shareholders are urged to read the Explanatory Statement carefully prior to voting or submitting their Proxy Forms.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held on Friday 4 October, 2013 commencing at 9:00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

All Resolutions are ordinary resolutions. This means that, to be passed, the Resolution needs the approval of a simple majority of votes cast by Shareholders entitled to vote on the Resolution.

ITEM 1 – REQUISITION NOTICE

1.1 Background

On 8 July 2013, the Company received a notice pursuant to section 249D of the Corporations Act (**Purported Requisition Notice**) from MFC, being a Shareholder and entitled to not less than 5% of the votes that may be cast at the General Meeting, requesting that the Company hold a general meeting of Shareholders to consider resolutions to remove three of the current Directors (Mr Craig McGown (Non-executive Chairman), Mr Michael Rosenstreich (Managing Director) and Mr Barry Sullivan (Non-executive Director)) and appoint two new Directors nominated by MFC (Mr Gavin Solomon and Mr Richard Anthon) (**Nominee Directors**).

As announced to ASX on 9 July 2013, the Directors determined, based on legal advice 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 7 August 2013, the Company was served with revised documents from MFC seeking to requisition a Shareholder's meeting under section 249D of the Corporations Act to consider the same resolutions as set out in the Purported Requisition Notice (**Revised Requisition Notice**).

In compliance with section 249D of the Corporations Act, and pursuant to this Notice of Meeting, the Directors have called this General Meeting for the purpose of Shareholders considering the resolutions set out in the Revised Requisition Notice.

The Company has made a number of attempts to determine what MFC's key concerns are and to explore alternative remedies in order to spare the Company the expense associated with holding a general meeting and also to minimise the distraction caused and time taken by a requisition. These attempts were to no avail. It should also be remembered that MFC has been represented on the Bass Board by its former Managing Director, Mr Tony Treasure, who has been a Director of Bass since 2 December 2008.

The costs of convening and holding the General Meeting requested by MFC will be paid by the Company and not MFC.

Shareholders should note that the General Meeting is not being convened voluntarily by the Board and the Resolutions to remove three current Directors and appoint two new Directors nominated by MFC have not been proposed and are not supported by the Board.

The Directors recommend Shareholders vote **AGAINST** each Resolution.

1.2 Member's Statement

MFC has provided a statement pursuant to section 249P of the Corporations Act which it has requested the Company provide to all Shareholders (**Member's Statement**).

In accordance with its statutory obligations, the Company has attached a copy of the Member's Statement as Annexure A to this Notice of Meeting.

The Company is not responsible for the content of the Member's Statement (including whether such statement is in compliance with all applicable law) and the Member's Statement does not form part of this Notice of Meeting.

1.3 Bass Board response to the Revised Requisition Notice

The Directors oppose each of the Resolutions and intend to vote against each Resolution.

THE DIRECTORS OPPOSE EACH OF THE RESOLUTIONS FOR THE FOLLOWING REASONS:

CHANGE OF CONTROL OF YOUR COMPANY WITH NO PREMIUM

If successful, MFC will have gained control of the Bass Board with two of the new board comprising MFC Directors or recent, former directors; Mr Treasure and Mr Anthon and the third being an MFC nominee, Mr Solomon, who is engaged with MFC in this requisition process. Your current Directors believe that, in seeking this Meeting, MFC is proposing to take Board control of your Company and is not acting in the best interests of all Shareholders.

WHAT IS MOTIVATING MFC TO SEEK THIS EFFECTIVE CHANGE OF CONTROL OF YOUR COMPANY?

In contrast to the current Board's stated strategy for Bass, neither MFC nor the MFC Nominee Directors have articulated to the current Directors or the market any plan or direction for the Company or its assets, or made any suggestion as to how the Company's operations may be conducted more beneficially for Shareholders. In fact, MFC has stated the proposed Nominee Directors have no fixed agenda or firm proposal for any future/potential corporate or business activity for Bass. MFC has not provided the Company with any plan on the proposed management structure should the Company's Managing Director be removed from his position as a Director.

It is the Directors' view that the motivation for the spill of the current Board is simply to effect a change of control of Bass (through Board control) without proceeding with a formal takeover offer to all Shareholders, thereby taking control of the Company's cash and control what MFC regards as a "shell company" from a minimal shareholding position.

By installing two of MFC's own nominated Directors, together with Mr Tony Treasure (MFC Managing Director until 1 May 2013 and continued representative of MFC on the Bass Board), on the Board of Bass, MFC is seeking to gain 100% control of the Board and effectively control the Company's activities and assets, including cash reserves and management of legal proceedings, whilst holding less than a 10% interest.

If elected, the proposed Nominee Directors would, subject to their directors' duties, presumably be acting in accordance with, or would be influenced by, the instructions of MFC. In addition, MFC have publicly stated that Mr Tony Treasure is and has been since December 2008 a representative of MFC on the Bass Board, and together with the fact that MFC has not proposed that Mr Treasure be removed as a Director (despite Mr Treasure having participated fully in all decisions which were all made on a unanimous basis throughout his Directorship), he must also be regarded as a MFC representative. Mr Sullivan, an independent director, joined the Bass Board on 9 January, 2012 and yet is also the subject of this spill motion.

Therefore MFC has always been fully informed and aware of Bass operations. The attempt to now remove Mr Sullivan and maintain Mr Treasure highlights MFC's real intent to take control of Bass and given MFC's own limited finances (cash at 31 May 2013 of \$973,000 with a proposed spend of \$270,000 to 31 August 2013) is regarded by the Directors as not being for the benefit of all Bass Shareholders.

Shareholders should also note that if Resolutions 1 and 2 are passed but Resolution 3 does not receive a majority vote in favour, the Bass Board will increase to 6 directors comprising 3 MFC nominees, 2 independent directors and an executive director.

It appears somewhat presumptuous that MFC wants to dictate your future from this minority position.

Bass understands that MFC intends to move the Company's head office to either Brisbane or Sydney, thereby incurring significant costs including termination and redundancy payments to executives and lease break costs which are estimated at approximately \$630,000. Further, it plans to engage a corporate administration firm to run the day to day administration and compliance of Bass whilst relying on consultants to meet its technical obligations at its Tasmanian assets and to provide the new business development opportunities.

This cash drain and outsourcing of these important roles poses additional risk to the Company and limits its financial capacity to undertake any growth or new project initiatives.

The existing Directors assume that MFC may have a plan in respect to the Company and its assets but this plan has not been outlined to the existing Directors. Therefore the existing Directors cannot ascertain if any plans MFC have for the Company and its assets are in the best interests of all Shareholders.

Given that MFC had a cash position of only \$0.97 million (as at 31 May 2013); MFC appears strongly motivated to forge closer links with Bass which has a more stable balance sheet. Bass is concerned that MFC is endeavouring to access and use Bass' assets and cash on favourable terms. As well, it would incur significant termination costs.

YOUR CURRENT DIRECTORS ARE BETTER SKILLED TO RE-ESTABLISH BASS AS AN ACTIVE EXPLORATION COMPANY

Bass' current Directors and management team is a small, experienced group of mining executives with sound technical, corporate and financial skills tempered and tested through times of success and also adversity.

The Board considers that the existing Directors and management team have the necessary skills and experiences to re-establish Bass as an active exploration company, with a proven track record having:

- developed the Company's assets through exploration success and acquisition into production within 2 years of floating on ASX. Resource growth was due to an innovative exploration approach and strong technical skills which became the basis for a 5 year operational period from September 2007 during which production was sourced from several open pits and finally the problematic, Fossey underground mine. During this period Bass recorded audited operating profits for four financial years and audited net profits results for three of those financial years; an important achievement for a junior company which contributed significantly to the business, particularly through the Global Financial Crisis;
- taken a pro-active and realistic stance to close down the Fossey mine in an orderly manner following a series of adverse technical issues in a falling AUD commodity price market and thereby created the platform to rebuild the Company, when other base metal companies in similar circumstances were succumbing to these issues. Bass' financiers and creditors backed the incumbent team to complete a series of complex negotiations and transactions which saw all of Bass' creditors repaid in full, 100 cents in the dollar creating the opportunity to now focus on restoring shareholder value;
- continued a strong record of positive environmental management outcomes at its Que River and Hellyer mine leases where Bass has ongoing commitments and liabilities in a complex and challenging setting;
- reduced corporate costs, including Non-executive Directors Fees and salaries with the Managing Director's salary being reduced by over 30%; and
- successfully completed a key asset divestment process for cash.

REMOVAL OF DIRECTORS WILL CAUSE LOSS

The Directors consider that the removal of the existing Directors will cause a loss of:

- substantial industry experience and corporate knowledge of the Company;
- detailed knowledge of the Company's assets and the substantial operating requirements and obligations relating to the Tasmanian sites; and
- important relationships which have been established over time with key stakeholders, contractors, authorities, potential financiers and strategic partners.

The Directors consider that the loss of such knowledge, experience and relationships at Board level and the likely resultant loss of its small technical team, will severely hinder the ability of the Company to successfully pursue its strategic goals, particularly the cost effective maintenance of its existing assets, the acquisition of a new project, such as the initiative in Turkey, and the successful pursuit of the litigation against LionGold Corp. Ltd.

Given that MFC is seeking to remove three of the existing four Directors, including the Chairman and Managing Director, and having regard to the matters set out above and elsewhere in this Explanatory Statement, the existing Directors are of the opinion that the proposed Directors (a currently practising lawyer and managing partner of a law firm, and a former lawyer who is now the managing director of a stockbroking firm) will have neither the time nor technical mining expertise to effectively manage the Company if they are appointed and this may create a substantial risk for Shareholders. There is a concern that the possible outcome of the General Meeting may result in a void at management level that could prevent the Company from rebuilding Shareholder value through the maintenance and development of the Company's assets.

The Directors believe that Shareholder value will be best increased by having a stable Board and management team with the experience necessary to cultivate the opportunities available to the Company.

THE CURRENT BOARD HAS A COMPREHENSIVE STRATEGY AND PLAN FOR THE FUTURE OF THE COMPANY. IN CONTRAST MFC HAS ADVISED OF NO SPECIFIC STRATEGY AND SEEMS TO WANT TO PUT BASS "ON THE SHELF".

Your Board's strategy includes:

- Diversifying into new projects with a strong pipeline of opportunities, including the recently announced Turkish joint venture initiative.
- Undertaking an independent technical review of its Tasmanian VMS projects with a view to either exploring or farming-out.
- Vigorously pursuing a settlement with or litigation against LionGold Corp. Ltd to achieve a successful outcome.

MFC and the MFC nominees have no stated strategy for Bass. MFC is yet to demonstrate any progress or success in its own stated aim of securing new projects.

As has been communicated to Shareholders through its ASX announcements, the Company has commenced a short and medium term business strategy to re-establish Bass as an active exploration company and return value for its shareholders.

Bass is now debt free with approximately \$2.4 million of working capital to restart exploration programs on its Tasmanian projects, if considered appropriate, or pursue new opportunities.

With the core objective of restoring Shareholder value, the Company has put in place a four-fold strategy to achieve this objective:

1. Diversify its interests into a new project, with the skills, experiences and cash of Bass to contribute. An active assessment process is underway, with many opportunities currently on the project review list.

In particular, on 30 July, 2013, the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group (TMC) with established 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.

The strategic alliance between Bass and TMCo currently being negotiated will feature:

- ✓ An equal funding model between Bass and TMCo 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 TMCo contributing projects and local operating experience.

Turkey is attracting increasing global mining interest spurred on by recent changes to the Mining Law establishing a “use it or lose it” structure and the country’s strong prospectivity for new mineral deposits. The Board considers that this is a low cost initiative for Bass to start an ongoing business building process in a terrain renowned for large scale, high-grade polymetallic and precious metal deposits. There is considerable scope for Bass to apply its exploration skills for polymetallic and VMS style deposits such as occur in Tasmania to various geological environments in Turkey.

This type of alliance is ideally suited to this capital constrained market environment for junior companies and also has a sensible risk sharing structure in terms of both exploration risk and country risk through the equal co-funding model.

As well as the technical synergies, Bass’ Directors have significant experience in off shore jurisdictions both technically and commercially on which to base this business development decision which has been under consideration since March 2013. TMCo is a strong local partner with substantial financial capacity, long-term generational mining industry relationships and deep political connections through its key shareholders. Bass and TMCo have a common vision to create a significant local mining company by establishing a project pipeline, which in time is planned to include production assets.

Given that negotiations toward a binding agreement are in progress it is not commercially prudent to provide more details at this stage other than what is required for ASX disclosure purposes. Further details on this initiative will be provided as Bass finalises the transaction over the next few months and Shareholder approvals sought as required.

2. Review its Tasmanian VMS projects and advance exploration (with an amended exploration strategy) - either on a sole funding or joint venture basis.
3. Vigorously pursue its legal case against LionGold Corp. Ltd of Singapore to achieve a financial settlement or successful judgement, in relation to LionGold’s repudiation of its acquisition contract to acquire the Hellyer Gold Project.
4. Consider other opportunities which will increase shareholder value.

To underpin these initiatives management is continually seeking further cost reductions at the site level on environmental obligations and at a corporate level including salaries. In the quarter ending 30th June, 2013, the company posted a closing cash balance of \$2.4 million compared to \$3.96 at the close of the March 2013 quarter. This did not include approximately \$0.1 million owed to Bass by Ivy Resources for shared expenses at Hellyer which has since been paid.

The net expenditure in the June quarter of \$1.39 million comprised:

- Exploration: \$0.27 million (\$0.03 million March quarter),
- Development & production: \$0.73 million (\$3.95 million in March quarter). This relates to a State Royalty obligation on concentrate revenue which was paid during the period as reported in the March quarterly report.

- Environmental: \$0.18 million (\$0.04 million March quarter) relates to Hellyer and Que River Mine Lease environmental expenditure.
- Site Care & Maintenance: \$0.11 million (\$0.25 million March quarter).
- Corporate administration: \$0.20 million (\$0.46 million March quarter), which included Bass' ongoing litigation expenses. Note MFC's latest quarterly administration cost was \$207,000 with a similar amount forecast for the next quarter.

Forecast Expenditure for the September 2013 quarter was estimated to be approximately \$0.7 million, which includes \$0.2 million of discretionary exploration expenditure which is currently under review, though some of this will be utilised in advancing the new Turkish strategy.

The objective of these initiatives is to rebuild Bass shareholder value, whilst continuing to maintain a stringent focus on cost containment both at a site level in Tasmania and at a corporate level.

In the medium term, the Company's strategy of new project generation and a revised Tasmanian exploration structure is expected to become well established and ideally starting to generate results. Longer term, the Company expects to realise a positive outcome from its litigation against LionGold and more importantly, be well advanced on its Turkey exploration process or other new project acquisition and generating results from its existing exploration projects in Tasmania.

In contrast, if the Resolutions were passed, there would be no clear strategy for the Company in the short to medium term as MFC has not proposed any plans or strategy for restoring and building Shareholder value other than to assert that the two nominees are better positioned to restore value to Bass. Based on its discussions and correspondence with MFC, the Directors are concerned that MFC would effectively "warehouse" the Company for an indefinite period of time potentially compromising its existing assets, undermining its litigation and settlement process and almost certainly terminating any of the emerging business development opportunities, given it would have MFC's ex-Managing Director, and another current Director as two of the three Bass Board members.

EXECUTIVE COMMITMENT TO YOUR COMPANY

In mid-2011, when Bass had a significant short-term financing issue, Bass Directors (Mr McGown and Mr Boyer (former Non-executive Chairman)) provided \$500,000 in unsecured loan notes to the Company which were subsequently converted to shares at an issue price of \$0.15 per share. MFC also matched this amount. However, in the subsequent Rights Issue at \$0.15 per share, Bass Directors (Mr McGown, Mr Rosenstreich and Mr Boyer) supported the issue for a total of \$246,311 whereas MFC and its representative, Mr Tony Treasure did not support the issue at all.

Bass' Directors have shown a preparedness to support the Company financially to the extent they are able, exceeding MFC's contribution. In contrast, the MFC Board (including its Nominee Director Mr Anthon) has allowed MFC's cash position to decline below \$1 million with no financial support apparent from the MFC Board over the past few years.

WHAT DO WE KNOW ABOUT THE TWO MFC NOMINEES AND MFC?

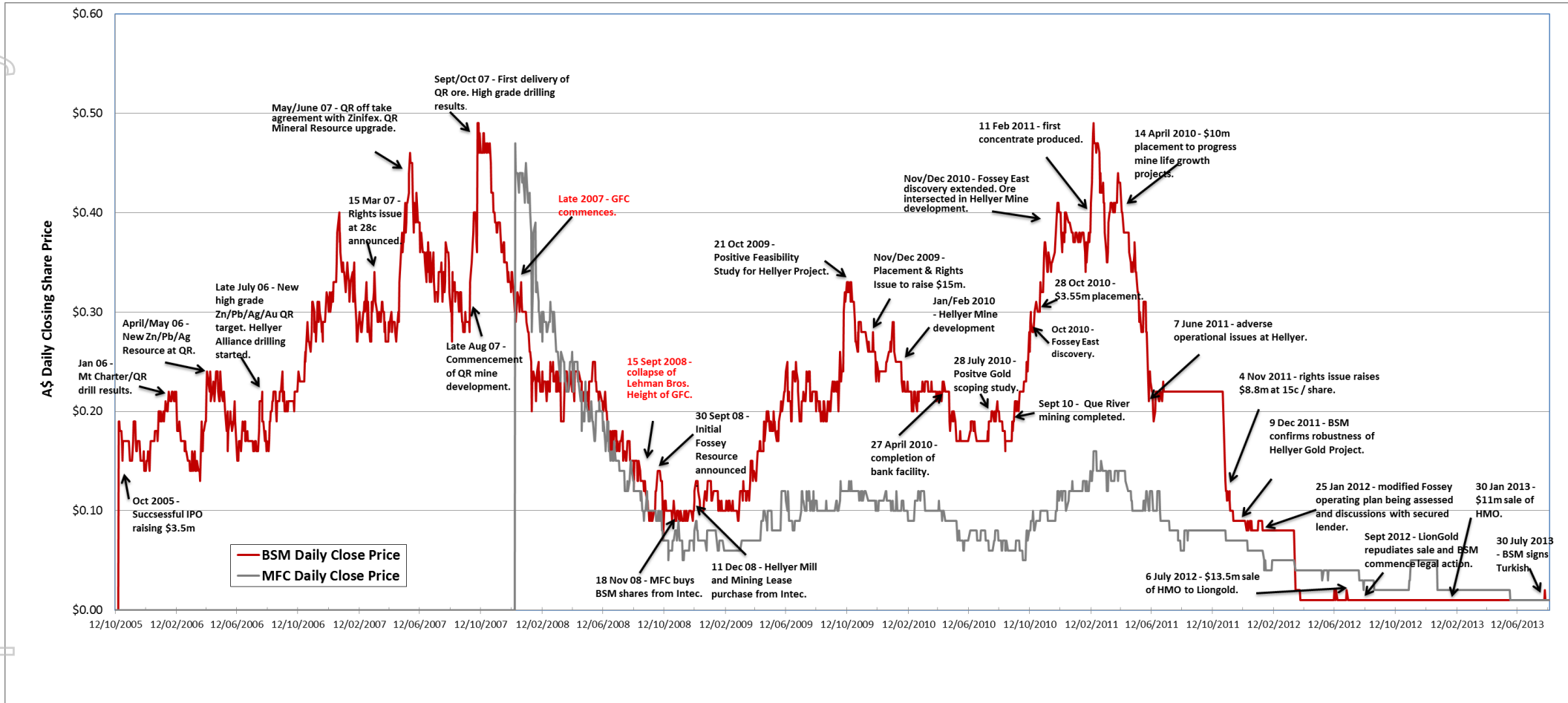
The Directors consider that neither Mr Solomon nor Mr Anthon possess the technical mining skill set or corporate track record that would be of benefit to Bass and its existing Shareholders.

Examination of the stock market performance of MFC indicates a company that has been focussed on several nickel developments and to date, has not succeeded in achieving its own stated aim of acquiring a new project. Mr Geoffrey Hill, signatory to the Requisition Notice has been the Chairman of MFC since 3 March 2007. Nominee Director, Mr Richard Anthon has been an MFC Director since 7 October 2009.

Share price performance is the ultimate objective measure of performance of a Company, notwithstanding the mixture of external and internal factors that will determine market value. The performance of Bass' and MFC's directors over time can be assessed on the basis of Figure 1, showing the full price history of both Bass and MFC since each listed on ASX.

For personal use only

Figure 1: Bass (BSM) & MFC Share price, since BSM listed in October 2005.



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Clearly Bass investors have had numerous opportunities to trade in and out of the stock at attractive levels reflecting exploration success, operational success and both negative and positive market forces. However, Directors acknowledge the regrettable shareholder loss associated with the proactive stance to wind down operations from February 2012 and ensure full creditor settlements in anticipation of continuing declining AUD metal prices coincident with a series of on-going technical problems at its Hellyer operations which had manifested unexpectedly due to the campaign nature of the processing operations.

MFC acquired its stake in Bass on 17 November 2008 at 9 cents per share from Intec Ltd, following a sustained period of on-market selling of Bass shares by Intec and another distressed seller since early 2008, during the GFC. In contrast to Bass' share price performance, the MFC graph, listing in December 2007, at 50 cents has a consistent negative trend, buoyed only occasionally by, what appears in Figure 1 to be, underlying positive Bass share price performance.

Within that wider time frame of share price performance set out in Figure 1 above, Table 1 below, provides a performance summary of MFC and its Directors, Mr Hill, Mr Anthon and Mr Bird, and Mr Solomon. The review is based on their involvement in companies similar to Bass, i.e. junior explorers; note that Mr Hill and Mr Bird are also directors of iron ore producer Mt Gibson Iron Ltd since May 2011 and February 2012 respectively. From this summary data it is clear that the current Directors and management of Bass have outperformed the MFC Board and Nominee Directors over the last 12 months and whilst the overall performance in a very difficult market with challenging operations is disappointing for longer term Bass shareholders, **there is certainly no evidence to endorse any outstanding performance from MFC, its Directors, the Nominee Directors or their associated companies.**

Despite the current downturn of the mining sector over the past 12 months, Bass' Directors and management have managed to keep the company stable, settled all of its outstanding debts and embarked on a new business strategy resulting in a reasonably constant share price performance with a gain of 20% over the past 12 months, to 6 August 2013, compared to a 2.3% drop in the ASX300 Metals & Mining Index over the same 12 month period and a decline in the range of 29% to 93% in MFC and the companies in which the MFC Directors and Nominee Directors are involved (see Table 1 below).

Table 1: Share Price Performance of ASX listed Exploration Companies associated with the MFC Directors and Nominee Directors as at 6 August 2013.

	Metals Finance Ltd (ASX:MFC)	Broken Hill Prospecting (ASX:BPL)	Lamboos Resources (ASX:LMB)	Laneway Resources (ASX:LNY)	Stratum Metals (ASX:SXT)	Estrella Resources (ASX:ESR)	Bass Metals Ltd (ASX:BSM)
Directors	Geoffrey Hill Richard Anthon Simon Bird	Geoffrey Hill	Richard Anthon	Richard Anthon	Richard Anthon	Gavin Solomon	Craig McGown Michael Rosenstreich Barry Sullivan
Share Price Movements Over Past 12 Months (to 6 August 2013)							
Period start	0.030	0.100	0.350	0.240	0.180	0.170	0.010
Period end	0.010	0.042	0.047	0.016	0.120	0.120	0.012
% change	-67%	-58%	-87%	-93%	-33%	-29%	20%
CASH	\$0.97M	\$0.36M	\$1.03M	\$0.03M	\$0.79	\$2.49M	\$2.40M
Market CAP	\$0.73M	\$3.5M	\$3.7M	\$1.3M	\$7.6M	\$10.4M	\$3.7M

The Board takes the view that based on the performance of MFC and the companies that the MFC Directors have been involved in; there are no proven unique attributes or technical mining skills that MFC or its Nominees bring to the Company. They are respectively involved full time in stockbroking and law which is likely reflected in the false start to this requisition process, namely the invalid requisition notice, and the ensuing long delay, highlighting their lack of focus.

Indeed, with respect to other Companies and transactions involving Mr Solomon and Mr Anthon, the Directors note that:

- Laneway Resources Limited, of which Mr Anthon is a Director, has recently been the subject of Takeovers Panel proceedings regarding a proposed rights issue. The Panel determined that the structure of, and disclosure regarding, the rights issue would constitute unacceptable circumstances, resulting in Laneway ultimately withdrawing the rights issue.
- Likewise, Modena Resources Limited (ASX: MDA) received a section 249D requisition notice in February 2009 seeking to replace all of the MDA board with Herbert Gavin Solomon, Simon Robert Kidston (also a director of Helmsec) and Justin Bradley Clyne. The resolutions (including the appointment of Mr Solomon) were all overwhelmingly defeated (93.78% against the resolution to appoint Mr Solomon). Disclosures around the requisition noted that Mr Solomon and Mr Kidston had previously offered MDA short term secured loan at an interest rate of 60% p.a. and a default rate of 120% p.a. and otherwise stated that Mr Solomon, Mr Kidston and their associates were acting in an opportunistic manner which was not in the best interests of Modena Shareholders.

Mr Solomon is the Managing Director of Helmsec Global Capital Ltd and Mr Anthon is the Managing Partner of Brisbane law firm Hemming + Hart Lawyers. The Board regards both of these as full time and challenging roles and also notes their involvements on various other Boards – If appointed to the Bass Board Mr Anthon would be a full time managing partner of a law firm and a Non-executive Director of 5 listed public companies. The lack of focus in implementing the requisition process has already been highlighted and the Bass Board seriously questions their respective capacities to contribute in any meaningful way to the growth of Bass given their other time commitments. It is also worth noting that MFC's existing nominee on the Board, Mr Treasure is also the principal director of Comet Exploration, a Chilean focussed exploration company. This is a particularly pressing issue as with their limited technical mining experience (other than that of Mr Treasure) and without the support of Bass' current management group, they will likely struggle to grasp the issues around Bass' existing assets let alone be able to focus on new growth opportunities.

Bass' non-executive directors are or until recent times have been involved in a range of junior resource companies with a largely successful track record as follow:

Craig McGown:

- ✓ Entek Energy Ltd (ASX: ETE) an oil and gas company producer in the Gulf of Mexico, North America (Non-Executive Chairman until February 2011).
- ✓ Peel Mining Ltd (ASX: PEX) a successful exploration company focused on exploring and developing precious and base metals resources in NSW (Non-Executive Director until April 2013).
- ✓ Pioneer Resources Ltd (ASX: PIO) a successful junior exploration company focussed on a strategic land position in the Eastern Goldfields of WA, maintaining an active exploration program with a strong cash position (Non-Executive Chairman).

Barry Sullivan:

- ✓ Exco Resources Ltd – a successful mining and exploration company with a greenfields gold mine in South Australia and significant copper projects in NW Queensland. In November 2012 the Company was taken over by Washington H Soul Pattinson and Company Limited at an offer of 26.5 cents per share representing a premium of 47.2% to the closing price of 18 cents. (Non-Executive Chairman until completion of the takeover)
- ✓ Lion Selection Group (ASX: LSX) a well-respected and established listed resources investment company investing directly in mining and exploration companies (currently a non-Executive Director)
- ✓ Allegiance Mining NL which discovered and developed the Avebury Nickel Project in Tasmania. It was taken over by Zinifex Limited in 2008 for \$861m at \$1.10 per share (Non-Executive Director until completion of the takeover).

MFC HAS DEMONSTRATED AN UNWILLINGNESS TO ACT PRAGMATICALLY IN THE INTERESTS OF SHAREHOLDERS

In questioning the motivation of MFC to initiate this proposed changing of the Board and management it is important to note that the Bass Directors have held discussions in good faith with MFC to establish a dialogue in an attempt to ascertain and address any concerns that it might have in respect of the Company's operations or the way the Company is being managed, without conceding control of the Company to MFC. The Bass Directors have also entered into discussions in respect of giving MFC alternative Board representation. Indeed at times, Bass appeared to be receiving different proposals from different MFC executives and nominee directors, causing further delays and confusion to this requisition process. MFC has taken an intransigent view of this process, ultimately reaffirming its original position that it requires the Bass Board to be comprised of three MFC "nominees" and has demonstrated an unwillingness to co-operate to address MFC's concerns, highlighting the likely real motivation behind this action.

The Directors believe MFC is causing the Company unnecessary cost and inconvenience. The Company has made a number of attempts to determine what MFC's key concerns are and to explore alternative remedies in order to spare the Company the expense associated with holding a general meeting and also to minimise the distraction caused and time taken by a requisition. These attempts were to no avail.

BEWARE OF UNINTENDED CONSEQUENCES OF A SUCCESSFUL BOARD SPILL

LionGold would likely also prefer to have the current Bass directors removed from the Board because it would severely disrupt and weaken the litigation proceedings that Bass is running against LionGold. Bass is being advised by an expert and well respected litigation team from Ashurst Australia, a global law firm, which has to date successfully contested the legal issues raised by LionGold. As well, Bass is in discussions with several litigation funding groups in order to reduce the cost impact and legal exposure to Bass and its shareholders.

MFC has written to Bass requesting that Bass not commit to any litigation funding facilities and has also asserted that Mr Anthon and Mr Solomon are better qualified to advance this litigation. The Bass Directors will continue the litigation funding process which has been in progress since October, 2012 as it is clearly in the best interests of shareholders. Likewise, the Directors have confidence in the current legal team and cannot see what value a Brisbane law firm will add to the likelihood of a positive outcome. It is also important to note that Mr Rosenstreich has sworn the key affidavits in the litigation proceedings to date and would be the key witness in any proceedings.

It is important for Bass shareholders to achieve the best possible outcome from this litigation and that is considered to be most likely with the current legal team and existing Directors who are an integral component of the case.

**THEREFORE, THE DIRECTORS URGE SHAREHOLDERS TO THINK
COMMERCIALY ABOUT THEIR BEST CHANCE TO REGAIN OR INCREASE THE
VALUE OF THEIR INVESTMENT IN THE COMPANY BY OPPOSING THE MFC
MOTION BY VOTING **AGAINST** ALL RESOLUTIONS AT THIS
SHAREHOLDER'S MEETING.**

IN CONCLUSION

CONTROL WITHOUT A TAKEOVER OFFER TO SHAREHOLDERS

In normal circumstances, to nominate a majority of directors on a board (let alone 100%), a party would need to mount a takeover offer and acquire a majority of the shares in the company and pay existing shareholders a control premium. ***If MFC wishes to take control of your Company, it should pay all Shareholders an appropriate premium to effect a change of control.***

NO INDEPENDENT DIRECTORS

If the Resolutions proposed by MFC are passed, it will mean that Bass will no longer have any independent Directors. The role of an independent Director is, in part, to ensure that decisions being made by the Board are in the best interests of all Shareholders. If the Resolutions proposed by MFC are successful, the Company will not comply with ASX Corporate Governance Principles which recommend that boards have a majority of independent directors

LOSS OF KNOWLEDGE OF EXECUTIVES AND WASTE OF MONEY

In terms of existing assets and activities, MFC's desire to remove from the Company the individuals who have the detailed knowledge and experience places at risk its ongoing management in Tasmania, where ***the Company has an excellent record of sound environmental management and ongoing reductions in the cost of meeting its environmental obligations, which MFC has not acknowledged and likely has significantly underestimated. Likewise, MFC has likely ignored approximately \$630,000 in one-off termination liabilities associated with redundancies and moving Bass' head office to Brisbane or Sydney.***

NO EXCEPTIONAL PERFORMANCE OR ATTRIBUTES

The share price performance of MFC and of similar companies that the MFC Directors and nominees are associated with is below that of Bass for the past 12 months. ***Bass share price performance since listing has created numerous opportunities for shareholders to take profits; MFC share price performance has been consistently downward, buoyed only by the value of its stake in Bass.***

NO FULL TIME EXECUTIVES – ALL PART TIMERS WITH OTHER FULL TIME ROLES

As set out above, the proposed new Directors have existing fulltime positions and do not propose to be engaged on an executive level at Bass. As a result, ***Bass would have a non-executive board and no management to pursue Bass' strategies, run its operations or deal with the valuable LionGold litigation.***

UNINTENDED CONSEQUENCES

LionGold, like MFC would also like to see the current Bass directors depart because it would severely disrupt and weaken the litigation proceedings Bass is running against LionGold.

THEREFORE, THE DIRECTORS URGE THE MAJORITY OF SHAREHOLDERS TO THINK COMMERCIALY ABOUT THEIR BEST CHANCE TO REGAIN OR INCREASE THE VALUE OF THEIR INVESTMENT IN THE COMPANY VOTING **AGAINST ALL RESOLUTIONS AT THIS SHAREHOLDER'S MEETING.**

2. RESOLUTIONS

2.1 Resolutions 1 to 2 – Appointment of Mr Solomon and Mr Anthon as Directors of the Company

MFC has nominated the following persons to be appointed as Directors:

(a) Mr Gavin Solomon

Gavin is Managing Director of Helmsec Global Capital Limited, an unlisted Pan Asian Investment and Advisory House with offices in Sydney, Melbourne and affiliated offices in Hong Kong and Singapore (www.helmsec.com.au).

Gavin has over 35 years' experience in the international business, equity and capital markets. Gavin has been a Director of a number of ASX listed companies including the recently taken over Endocoal Limited (ASX.EOC). Gavin has also held executive and non-executive positions with a range of companies in commercial fields such as mineral exploration, finance, media, property and telecommunications both within Australia and overseas.

Gavin holds a Bachelor of Commerce/Law from the University of New South Wales, is a Notary Public and is a member of the Australian Institute of Company Directors.

Gavin is non-executive Chairman of Estrella Resources Limited (ASX.ESR), a copper/gold explorer with assets in Chile, and he is a Non-Executive Director of the Bradman Foundation, including the International Cricket Hall of Fame.

(b) Mr Richard Anthon

Mr Anthon is the non-executive chairman of Stratum Metals (appointed May 2011) and Lamboo Resources Limited (appointed November 2012) and a non-executive director of Laneway Resources Ltd (appointed June 1996) and Metals Finance Ltd (appointed October 2009).

Mr Anthon is the Managing Partner of the Queensland law firm Hemming+Hart and has practiced in corporate, mining and resources law for over 30 years.

BOARD RECOMMENDATION

THE BOARD DOES NOT SUPPORT THE APPOINTMENT AS DIRECTORS OF THE INDIVIDUALS NOMINATED BY METALS FINANCE LIMITED

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST RESOLUTIONS 1 AND 2

THE CHAIRMAN OF THE MEETING INTENDS TO VOTE ALL UNDIRECTED PROXIES AGAINST RESOLUTIONS 1 AND 2

2.2 Resolution 3 – Removal of Mr Rosenstreich, Mr McGown and Mr Sullivan as Directors of the Company

MFC has nominated the following Directors be removed at the General Meeting:

(a) Mr Craig McGown (Non-executive Chairman)

(b) Mr Michael Rosenstreich (Managing Director)

(c) Mr Barry Sullivan (Non-executive Director)

Each of the Directors is highly credentialed, having extensive experience in the mining industry, significant involvement with the Company's business and a demonstrated understanding of the issues facing Bass.

Information on the experience and capabilities of each of the Directors the subject of Resolution 3 is included below.

Mr Craig 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.

Mr McGown is an executive director of New Holland Capital Pty Ltd and non-executive chairman of Pioneer Resources Limited, and until 8 April 2013, was a non-executive director of Peel Mining Limited.

Mr Michael 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 the past 28 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.

Mr Barry 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 (2005 – 2012), Mr Sullivan was non-executive chairman

of Exco Resources when Exco successfully developed a “greenfields” gold deposit in South Australia into production and also negotiated the successful sale of a substantial copper deposit, amidst other exploration/development activities.

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

BOARD RECOMMENDATION

THE BOARD DOES NOT SUPPORT THE REMOVAL OF THE CURRENT DIRECTORS AND RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST RESOLUTION 3.

THE CHAIRMAN OF THE MEETING INTENDS TO VOTE ALL UNDIRECTED PROXIES AGAINST RESOLUTION 3.

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GLOSSARY

Board	the Board of Directors of the Company.
Company	Bass Metals Limited (ACN 109 933 995).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Explanatory Statement	the explanatory statement that accompanies this Notice of Meeting.
Meeting or General Meeting	the meeting convened by the Notice of Meeting.
Notice or Notice of Meeting	this Notice of Meeting.
Resolutions	the resolutions set out in the Notice of Meeting and Resolution means any one of them.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
WST	Western Standard Time.

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ANNEXURE A – MEMBER’S STATEMENT

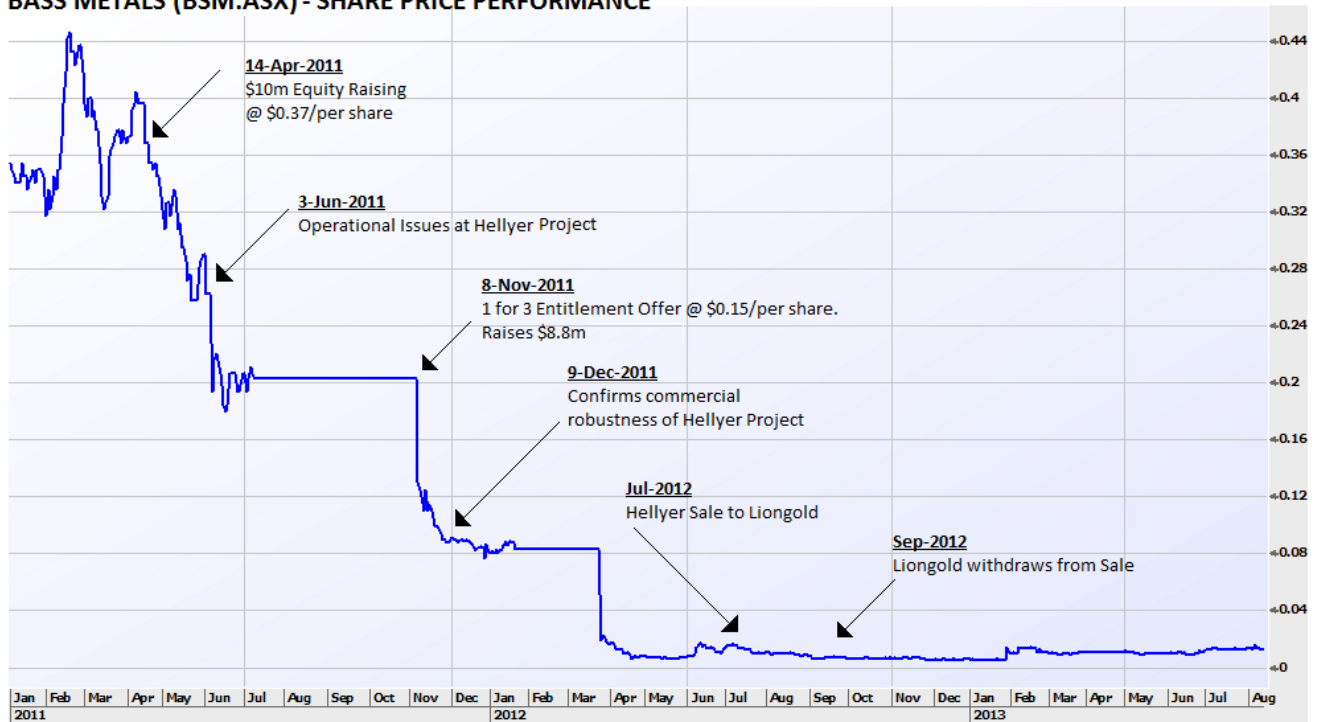
Metals Finance Limited (**MFC**) (**ASX:MFC**) is the largest shareholder in Bass Metals Limited (**Bass**) (**ASX: BSM**), holding 9.61% of Bass’s shares.

Overview

Under the current board of Directors Bass shareholders have suffered a significant destruction of the value:

- Bass' share price has fallen from highs of 50 cents in 2007 and 49 cents in February 2011 to its current level of approximately 1.2 cents (9 August 2013), a fall of 98%;
- Bass has raised in excess of \$54,000,000 of shareholders’ money and incurred substantial debt without creating any value for shareholders;
- Bass had cash on hand at the end of the June 2013 quarter of \$2,400,000 and at the end of the March 2013 quarter was \$3,960,000;
- Bass’ market capitalisation is approximately \$3,700,000;
- Despite only operating in Tasmania Bass has now announced a strategy of acquiring and developing start up projects in Turkey.

BASS METALS (BSM:ASX) - SHARE PRICE PERFORMANCE



MFC has, without success, attempted to engage with Bass with a view of restructuring the Board.

MFC and its supporters believe that the Board of Bass must be restructured to preserve shareholders investment in Bass and provide the opportunity to increase that value going forward.

MFC is seeking to bring in a new team, aligned with all shareholders.

Bass's Operational History

Bass' focus since its IPO in 2005 has been the Hellyer project. Significant equity and debt funding was raised to develop this project.

The Hellyer project incurred ongoing and substantial losses. MFC believes that the project was a financial and operational failure. The project has now been closed down and the majority of the plant and equipment sold.

Current Position of Bass

\$200,000 was spent in the June 2013 quarter on administration expenses (\$460,000 March 2013 quarter).

Bass retains a small number of regional exploration properties in Tasmania but has limited resources to effectively explore and develop these further.

Bass' major contingent asset is a claim against LionGold Corp Limited of up to \$6,000,000. MFC believes that the new Board members will have a far greater chance of success in this litigation. Gavin Solomon and Rick Anthon are both well versed in dealing with globally significant overseas investors and institutions as well as multi-jurisdictional commercial litigation.

The Turkish Strategy

Bass has announced that it had entered into a "non-binding MOU" to enable Bass to "acquire, explore, and develop mining projects in Turkey" and "to start an ongoing business process". The ASX announcement flags the potential issue of up to 22,000,000 Bass shares to the proposed new joint venture partners and a Perth based consultancy company.

This represents a significant change in the business of Bass yet no specific projects or business opportunities have been identified in Turkey which would allow shareholders to determine the merits of this strategy. Little detail is provided as to the basis for the issue of the Bass shares and the likely costs associated with the proposed Joint Venture.

MFC believes that Bass does not have any inherent advantages or prior expertise in mining activities in Turkey. MFC does not support either the move into Turkey or the proposed placement of Bass shares.

Proposed new Directors

MFC proposes that shareholders remove Mr McGown, (non-executive Chairman of Bass appointed 7 July 2004), Mr Rosenstreich (Bass' Managing Director appointed 15 December 2004) and Mr Sullivan (Non-Executive Director appointed 9 January 2012).

The proposed new Bass Directors are Mr Rick Anthon and Mr Gavin Solomon.

Mr Rick Anthon, Managing Partner of the law firm Hemming+Hart and a Non-Executive Director of MFC. Mr Anthon is also the chair of ASX listed companies Stratum Metals Ltd and Lamboo Resources

Ltd and a non executive director of Laneway Resources Ltd. He has an extensive background in the acquisition and development of resource projects.

Mr Solomon is the Managing Director of Helmsec Global Capital Limited (**Helmsec**). He is also non-executive Chairman of Estrella Resources Limited. Helmsec was Lead Manager of Bass' \$10,000,000 equity raising in April 2011 at 37 cents as well as Bass' 1 for 3 entitlement issue in November 2011 which raised \$8,800,000 at 15 cents. Participants in those equity raisings have expressed directly to Helmsec their dissatisfaction with Bass.

New direction for Bass

MFC believes the existing Board has failed to deliver value to Bass Shareholders. MFC is seeking to protect the interests of ALL shareholders by removing three of the current directors and installing two new directors.

The proposed new Bass Directors have the necessary vision and experience to create shareholder value in the difficult market conditions confronting Bass. As representatives of both the largest Bass shareholder and the advisers whose clients have contributed significantly to funding Bass' activities, MFC believes the proposed new Directors are far better aligned with the interests of all Bass shareholders.

The new Directors role is to represent the interests of ALL shareholders and work to preserve and restore value to the Company.

If the resolutions are all passed at this shareholder meeting then Mr Tony Treasure, currently a non-executive director of Bass, will stand for re-election at the forthcoming AGM.

The proposed new Directors plan to draw upon their experience, knowledge and reputations in Australian and overseas investing marketplaces to enhance shareholder value in Bass. As stated above, the expertise of both Mr Anthon and Mr Solomon will significantly aid the company in its case against LionGold.

Summary

MFC and the proposed new directors believe that by any measure, the existing Bass Board's strategy has been a financial failure. A fresh approach is required.

MFC urges you, fellow shareholders, to support these changes. Should you have any queries on the above, please contact MFC on 0449 252 852.

Lodge your vote:

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 BSM
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 **For your vote to be effective it must be received by 9:00 am (WST) Wednesday, 2 October 2013**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Bass Metals Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Bass Metals Limited to be held at The Vic Hotel, 226 Hay Street, Subiaco on Friday, 4 October 2013 at 9:00 am (WST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Appointment of Mr Herbert Gavin Solomon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Appointment of Mr Richard Stacy Anthon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Removal of Mr Rosenstreich, Mr McGown and Mr Sullivan as Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE DIRECTORS CONSIDER THE RESOLUTIONS ARE NOT IN THE BEST INTERESTS OF THE COMPANY OR THE VAST MAJORITY OF SHAREHOLDERS AND RECOMMEND THAT SHAREHOLDERS VOTE **AGAINST** ALL RESOLUTIONS AT THIS SHAREHOLDERS' MEETING

The Chairman of the Meeting intends to vote all undirected proxies against each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

B S M

9 9 9 9 9 9 A

Computershare +

CORPORATE REPRESENTATIVE FORM

Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),
Insert name of shareholder company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001* (Cth), to act as the body corporate representative of that company at the meeting of the members of Bass Metals Limited to be held on 4 October 2013 and at any adjournments of that meeting.

DATED 2013

Please sign here

Executed by the Company)
in accordance with its constituent)
documents)

..... Signed by authorised representative Signed by authorised representative
..... Name of authorised representative (print) Name of authorised representative (print)
..... Position of authorised representative (print) Position of authorised representative (print)

Instructions for Completion

- Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- Insert the date of execution where indicated.
- Send or deliver the Certificate to the registered office of Suite 7, 186 Hay Street, Subiaco WA 6008, or fax the Certificate to the registered office at +61 8 9481 2846.

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