

July 29 2014

The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

June 2014 Quarterly Report Of Activities

Please find following the June 2014 Quarterly Report of Activities and Cashflow for Bass Metals Limited (ASX:BSM) (**Bass** or the **Company**).

1. Overview

Bass Metals' activities over the past quarter have focussed on the search for potential new opportunities for the Company, whilst continuing exploration activities and environmental works in Tasmania. Discussions have also commenced with parties who have expressed interest in farming in to some of the Company's Tasmanian exploration areas.

The Board has successfully achieved further cost savings during the quarter and has initiated recovery of funds from previous R&D activities and overpaid taxes. The Company also continues to pursue its litigation for damages against LionGold Corporation.

2. Exploration, Tasmania

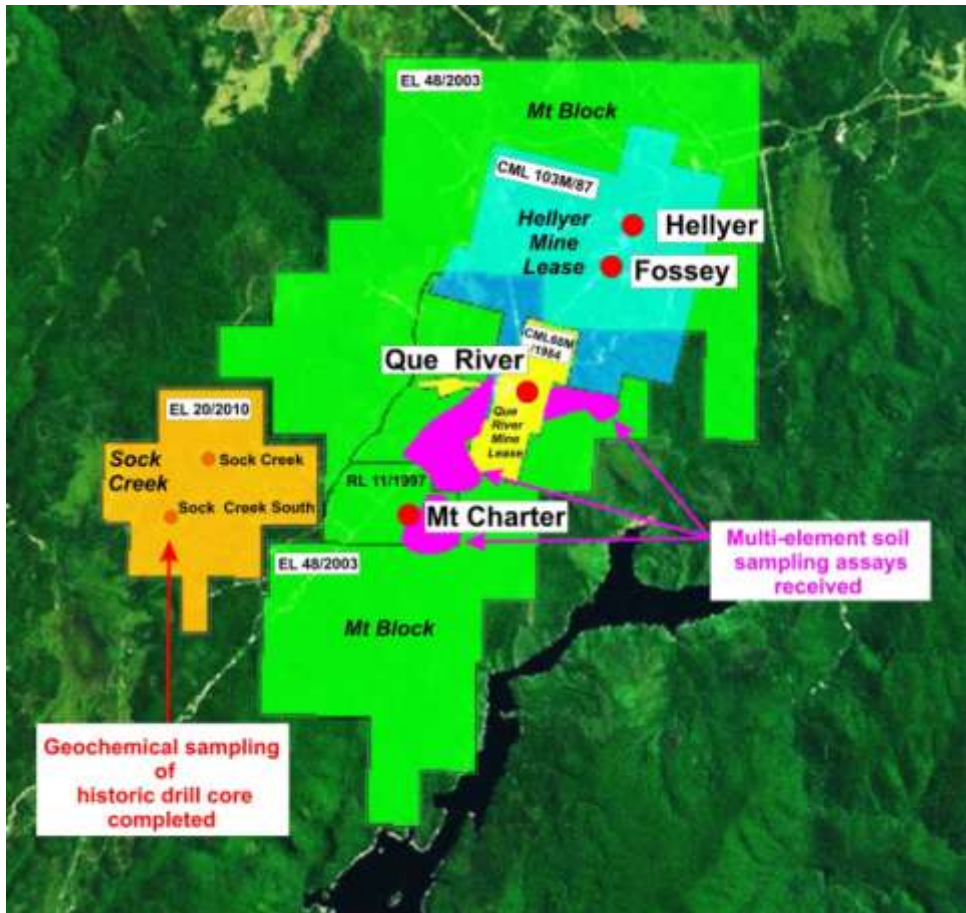
During the Quarter assays were received from a 550 sample, soil sampling program, over parts of the Mt Block and Mt Charter tenements (Figure 1). The aim of the sampling was to increase coverage of Bass' modern multi-element sampling of the highly prospective "corridor" between the Mt Charter and Hellyer deposits. The method has been shown by Bass to be effective in detecting deeply buried mineralisation.

The northern end of the known Mt Charter "pathfinder" anomaly has been better defined, showing this hydrothermal system to be a major feature, extending well beyond the known gold-silver mineralisation at Mt Charter itself. Further drilling is being considered in the area as it remains an under-explored region within the tenement.

Also during the Quarter, geochemical sampling and short wave infrared spectral analysis was completed on historic drill core from twenty two drill holes on the Sock Creek Exploration Licence. This program aims to apply modern geochemical methods, to explore rocks that are correlates of the volcanics hosting the Que-Hellyer orebodies. The targeted stratigraphy is host to known zinc mineralisation at the Sock Creek and Sock Creek South prospects.

Assays from the geochemical samples are awaited. Spectrometry indicates weak alteration and mineralisation at the Sock Creek prospect which are consistent with magmatic fluids associated with a porphyry intrusion, which diminishes it's prospectivity as a massive sulphide target. Very little alteration was detected at the Sock Creek South prospect, but weak zinc mineralisation occurs in two holes approximately 600m apart in volcanogenic sediments immediately below a basalt unit. This places the mineralisation in a similar stratigraphic setting to the Hellyer orebody. Assays are awaited to determine if pathfinder elements are consistent with volcanogenic mineralisation.

Figure 1: Summary map showing work completed during the June Quarter



Early in the reporting period Venture Minerals withdrew from the farm-in joint venture with Bass Metals over EL31/2003 Heazlewood and EL36/2003 Whyte River. These tenements have now reverted to 100% Bass Metals ownership.

3. Environmental activities, Tasmania

Environmental works conducted on the Que River site have focussed on the reseeding and fertilisation of completed earthworks. The site is beginning to see new growth in these areas and staff are confident of continued successful rehabilitation over the spring.

Water quality improved dramatically within the Que underground and the main Settling dam with results highlighting the success of the site management environmental policy and implementation plan. Downstream water quality within the Que River has significantly improved, which is a positive result for the surrounding environment. Bass Metals conducted continuous environmental lab and field sampling as required for the site’s guideline commitments.

4. LionGold Litigation

The Litigation between the Company and LionGold has been placed on the commercial list in the Supreme Court of Western Australia. This has been done with a view to expediting the hearing of the Company’s claim. A compulsory mediation between the parties has been ordered by the Supreme Court, which is due to take place in September, at a date to be fixed.

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5. Financial

Since October of 2013, the Board has focussed on reducing costs to what is considers to be a sustainable level, in order to provide the Company with the opportunity to continue to seek diversification of its project and commodity base, and to progress discussions with potential joint venture partners on some of its Tasmanian exploration areas.

Net operating cash costs have been reduced, from around \$600,000 per quarter during the first half of 2013, to approximately \$200,000 for the current reported quarter. The Company continues to maintain its exploration and environmental activities, albeit at a reduced level. Assuming timely receipt of expected payments, the Board expects net operating outflow for the next quarter to be less than \$100,000.

The Company ended the quarter with cash at bank of approximately \$500,000, which excludes payment of an R&D recoupment of approximately \$70,000 and reimbureable costs of \$100,000 for environmental and site maintenance services conducted at Hellyer Mill Operations. Assuming timely receipt of these payments, effectively available funds totalled approximately \$670,000 at the end of June 2014.



P.A. Treasure
Director
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Competent Persons Statement

The information in this report that relates to Mineral Resource estimates is based on information reviewed by Mr Tony Treasure who is a Director of Bass and a Member of the Australasian Institute of Mining and Metallurgy. Mr Treasure has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)". Mr Treasure consents to the inclusion in the report of the matters based on this information in the form and context in which it appears."

The Company's interests in mining tenements are as follows:

Tenement	Interest
EL31/2003 Heazlewood ¹	100%
EL36/2003 Whyte River ¹	100%
EL48/2003 Mt Block ⁵	100%
EL24/2004 Bulgobac River ⁵	100%
EL28/2009 Lake Margaret ²	75%
EL20/1010 Sock Creek ²	75%
CML 103M/1987 Hellyer Mine Lease ^{3&5}	100%
CML 68M/1984 Que River Mine Lease ⁵	100%
ML 10W/1980 Access Easement to QRML	100%
RL11/1997 Mt Charter Retention ^{4&5}	100%

Notes:

1. Subject to a 2% NSR Royalty to Pioneer Resources Ltd.
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, CML68M/1984 and CML103M/1987.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BASS METALS LTD

ABN

31 109 933 995

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	28
1.2 Payments for		
(a) Exploration & evaluation	(67)	(205)
(b) Development	-	-
(c) Site Care and Maintenance	(39)	(472)
(d) Administration*	(267)	(1,540)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	55	79
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid/(Refunds)	118	118
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(200)	(1,992)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	3
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	3
1.13 Total operating and investing cash flows (carried forward)	(200)	(1,989)

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(200)	(1,989)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	91
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	91
	Net increase (decrease) in cash held	(200)	(1,898)
1.20	Cash at beginning of quarter/year to date	701	2,399
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	501	501

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	36
4.2 Development	-
4.3 Environment including Site Care and Maintenance	27
4.4 Administration	102
Total	165

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	456	656
5.2 Deposits at call	45	45
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	501^A	701

(A) NOTE Research and Development Tax Refund of \$77,677 was received in July 2014 and not included in the cash at end of current quarter

+ See chapter 19 for defined terms.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	326,105,104	326,105,104	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	90,137,678 15,000,000	90,137,678	Exercise price 20.0 cents 1.30 cents	Expiry date 30/09/2014 31/08/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Note to 7.10: * Refers to employee options that have lapsed as a result of employees whom are no longer in the employment of the Company.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 29 July 2014

Print name: A de Vos

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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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