

28 October 2014

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

Dear Sir/Madam

September 2014 Quarterly Report Of Activities

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

1. Overview

Bass Metals' activities during the period under review, have focussed on:

- Review of previously defined resources in the Company's Hellyer tenements.
- Rationalisation of exploration activities and tenements in Tasmania.
- Continuation of the Company's pathfinder element programme.
- Care and maintenance and closure planning for the Que River mine site.
- Review and discussions pertaining to potential project opportunities.

The Company has successfully managed to further reduce costs, whilst seeking opportunities to diversify its project and commodity base. The Company is also continuing to pursue, through communication with LionGold Corporation's solicitors, an early date for the court ordered mediation of the litigation between LionGold and Bass.

2. Review of Que River and Hellyer Resources

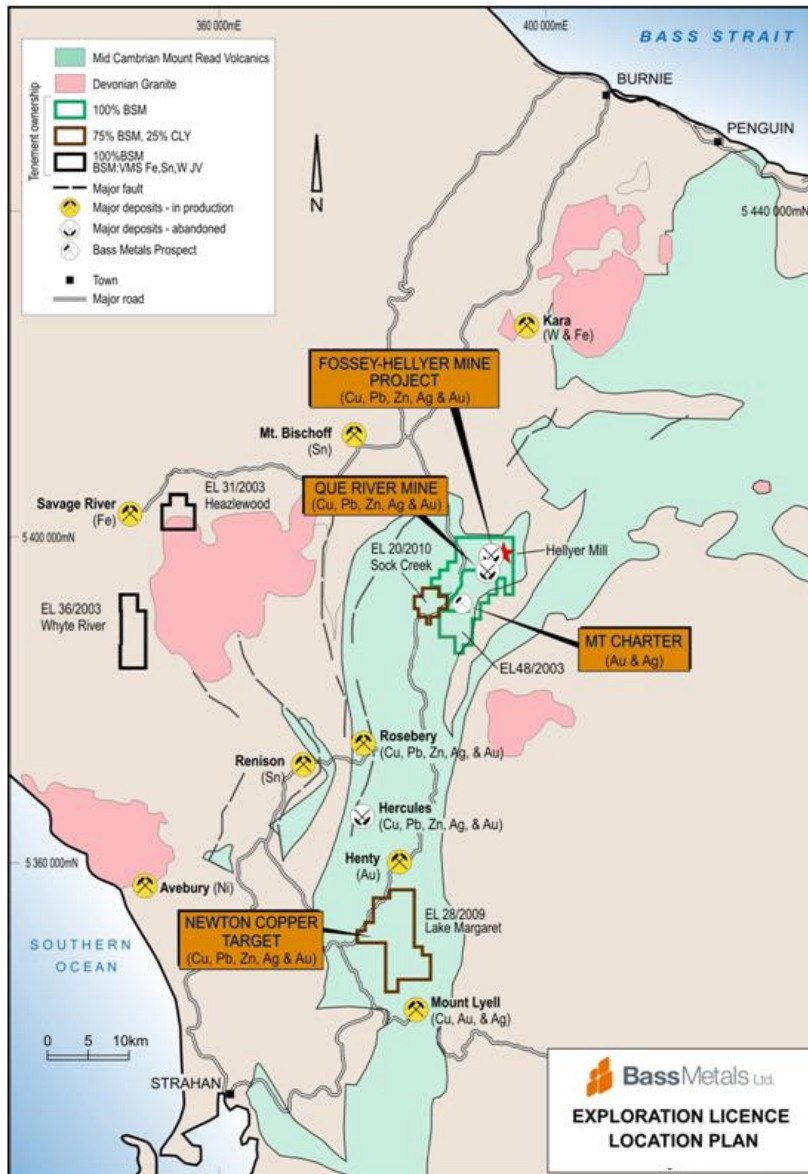
In addition to ongoing exploration of the Tasmanian tenements, Bass is conducting a detailed assessment of the potential for future development of a number of the resources previously delineated in the vicinity of the Hellyer tenements. Details of those resources, classified under the JORC 2004 code, have been previously reported by the Company. As part of the ongoing review it is intended that they be reviewed under the amended 2012 JORC code, the results of which will be provided when the study is complete.

The board is of the view that value can potentially be recovered from the resources that were left behind when the Company ceased operations. The Company is in active discussions with external parties who have expressed an interest in assisting with their potential financing, development and mining.

3. Exploration, Tasmania

As previously reported, the areas retained by Bass Metals in the region continue to be prospective for further base metal discoveries. The Company's program of works has entailed:

- a) Continuation of the 'pathfinder' programme previously reported
- b) Review and rationalisation of tenement holdings



All of the Company's exploration in the region is based upon the geochemical and spectral exploration methods. A multi-element soil survey has been conducted on two tenements covering the Que - Hellyer Volcanics (QHV), extending the area that had previously been surveyed and a geochemical and spectral study of historic drill core has been undertaken on a third tenement adjacent to the QHV.

The key finding of the work completed to date is that the combined use of whole rock geochemistry, Short Wavelength Infrared Spectroscopy (SWIR), and mineral chemistry data is an effective way to highlight prospective areas for mineralisation in the Que - Hellyer Volcanics. The data set generated will be applied to plan appropriate follow up programmes.

Subsequent to the period under review, the Company has relinquished a portion of the Lake Margaret EL and the whole of the Heazlewood EL, in order to focus activities in the future closer to the known orebodies in the Que River and Hellyer localities.

4. Environmental activities, Tasmania

Bass Metals retains the responsibility for care and maintenance of the Que River mine area site, and progressive rehabilitation aimed at eventual final closure of the site. Whilst the Company continues to assess the possibilities of re-entering development of the resources remaining within the Que River leases, monitoring and works have been largely of a care and maintenance nature with rehabilitation works being focussed on water management within and from the site, contouring and capping of waste dump areas and some topsoil and seeding in selected areas.

Environmental activities at the site have focussed on the rehabilitation of Run of Mine ore and waste dump areas, with over 42,000m² now having been completed. Ongoing works include contouring and clay capping of these areas and the placement of topsoil and reseeded. The Company has continued to remove underground water from the disused Que River mine and its treatment with lime to adjust acidity and precipitate contained metals.

In accordance with its environmental permits and plans, the Company recently commissioned an independent audit into the ongoing environmental activities and a closure plan for the site. A final report has yet to be received, but initial views expressed by the auditor indicate that the Company is performing in accordance with its established permits and that, in the event that the Company does not proceed with future development of remaining resources, final closure of the site should be achievable at a cost in line with the value of the bond lodged with the local authorities.

5. LionGold Litigation

As previously advised the Litigation between the Company and LionGold Corporation has been placed on the commercial list in the Supreme Court of Western Australia, with a view to expediting the hearing of the Company's claim. A compulsory mediation between the parties was ordered by the Supreme Court, which was expected to be held during the reported period. However, despite ongoing efforts by the Company's lawyers, it has not yet been possible to set a time for this mediation with LionGold.

6. Financial

Net operating cash costs have been reduced, from around \$600,000 per quarter during the first half of 2013, to approximately \$150,000 for the current reported quarter. The Company ended the reported period with cash at bank of approximately \$350,000, excluding payment of reimbursable costs of over \$100,000 for environmental and site maintenance services conducted at Hellyer Mill Operations on behalf of Ivy Resources Pty.Ltd., and a claim for reimbursement of R&D costs for the 2013/14 financial year (estimated at \$148,000).

The Company is continuing to review a number of external projects opportunities and will advise the market as soon as these become definitive in nature.



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 tenement as at 30 September 2014 were as follows:

Tenement	Interest
EL31/2003 Heazlewood ^{1&2}	100%
EL36/2003 Whyte River ¹	100%
EL48/2003 Mt Block ⁵	100%
EL24/2004 Bulgobac River ⁵	100%
EL28/2009 Lake Margaret ^{2&6}	75%
EL20/1010 Sock Creek ⁶	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. Application has been made to surrender all or part of the exploration licence.
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.
6. Subject to joint venture with Clancy Exploration Limited

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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 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation	(83)	(83)
(b) Development	-	-
(c) Site Care and Maintenance	(89)	(89)
(d) Administration*	(94)	(94)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	25
1.5 Interest and other costs of finance paid	-	-
1.6 Taxes refunded / (paid)	88	88
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(153)	(153)
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	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(153)	(153)

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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)	(153)	(153)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net increase (decrease) in cash held	(153)	(153)
1.20	Cash at beginning of quarter/year to date	501	501
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	348	348

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	19
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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

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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

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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	65
4.2 Development	-
4.3 Environment including Site Care and Maintenance	65
4.4 Administration	55
Total	185

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	348	456
5.2 Deposits at call	-	45
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	348^A	501

(A) NOTE Research and Development Tax Refund of \$ 148,053 expected to be received in November 2014

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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			

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Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>	15,000,000	<u>Exercise price</u> 1.30 cents	<u>Expiry date</u> 31/08/2015
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter	90,137,678	90,137,678	<u>Exercise price</u> 20.0 cents <u>Expiry date</u> 30/09/2014
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

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:

Date: 28 October 2014

(Director/Company secretary)

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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