Bass Metals Ltd.

ABN 31 109 933 995

Annual Report

For the year ended 30 June 2014

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1. CORPORATE DIRECTORY

DIRECTORS
Mr Richard Stacy Anthon - Non-Executive Chairman – (appointed on 4 October 2013)
Mr Mark Richard Sykes - Non-Executive Director – (appointed 11 February 2014)
Mr Patrick Anthony Treasure – Non-Executive Director – (appointed 2 December 2008)

COMPANY SECRETARY
Arno de Vos

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Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 557 010

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

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

2. REVIEW OF OPERATIONS

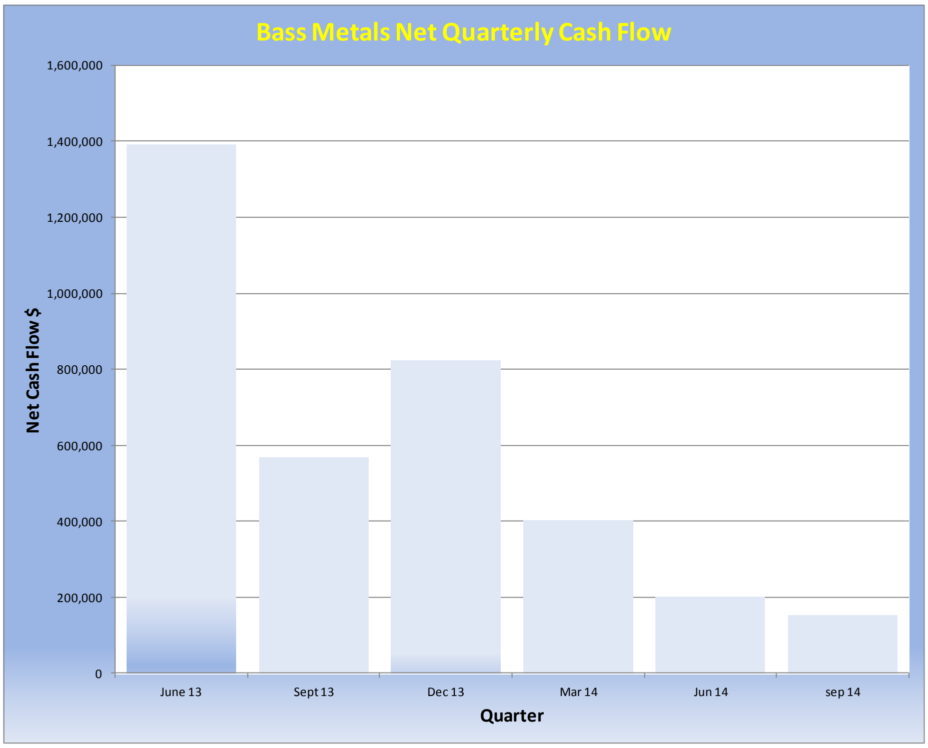
2.1 Overview

Bass Metals' focus for the year under review has been to reduce and minimise the Company's overhead costs, whilst maintaining and conducting:

1. Exploration in Tasmania in key high potential areas
2. Review of defined (under JORC 2004) resources in the Company's Hellyer tenements
3. Care and maintenance and progressive rehabilitation of the Que River mine site
4. Continued pursuit of the Company's litigation with LionGold
5. Review of corporate and project opportunities

2.2 Expenditure reductions:

Since changes to the management of the Company were made by shareholders in October 2013, the new board of directors has successfully implemented a number of changes which have resulted in significant reduction in the Company's base operating costs. This is best illustrated in the following chart (net operating cash outflow as reported to the ASX on a quarterly basis):



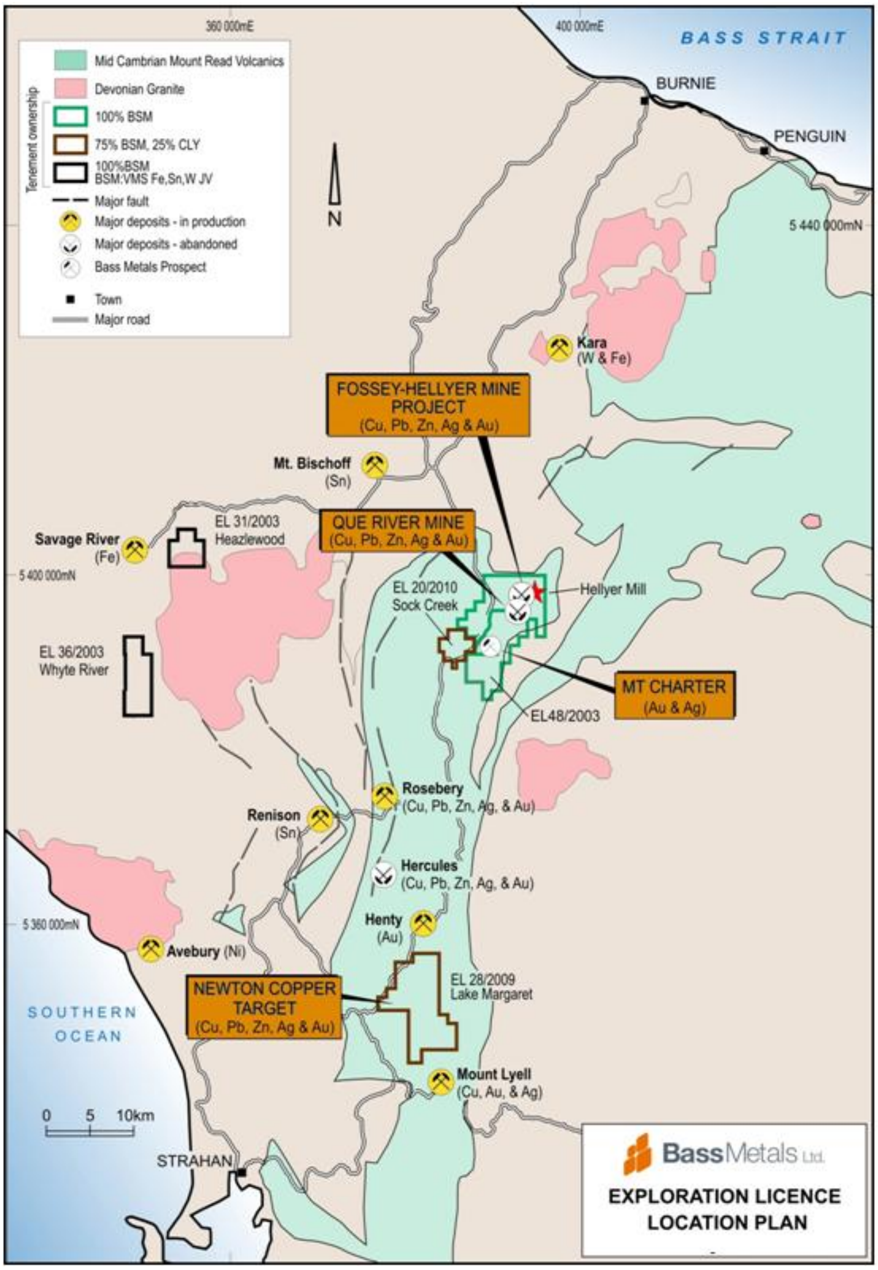
The Company will continue to maintain a tight control on cash costs as it pursues other opportunities for renewed growth - including recovery of funds from the ongoing litigation with LionGold and/or potential contribution to development of Bass Metals' remaining assets in Tasmania.

2.3 Exploration

Following completion of the sale of assets to Ivy Resources Pty Ltd in 2013, the Company retained key base metals resources and exploration tenements in Tasmania being:

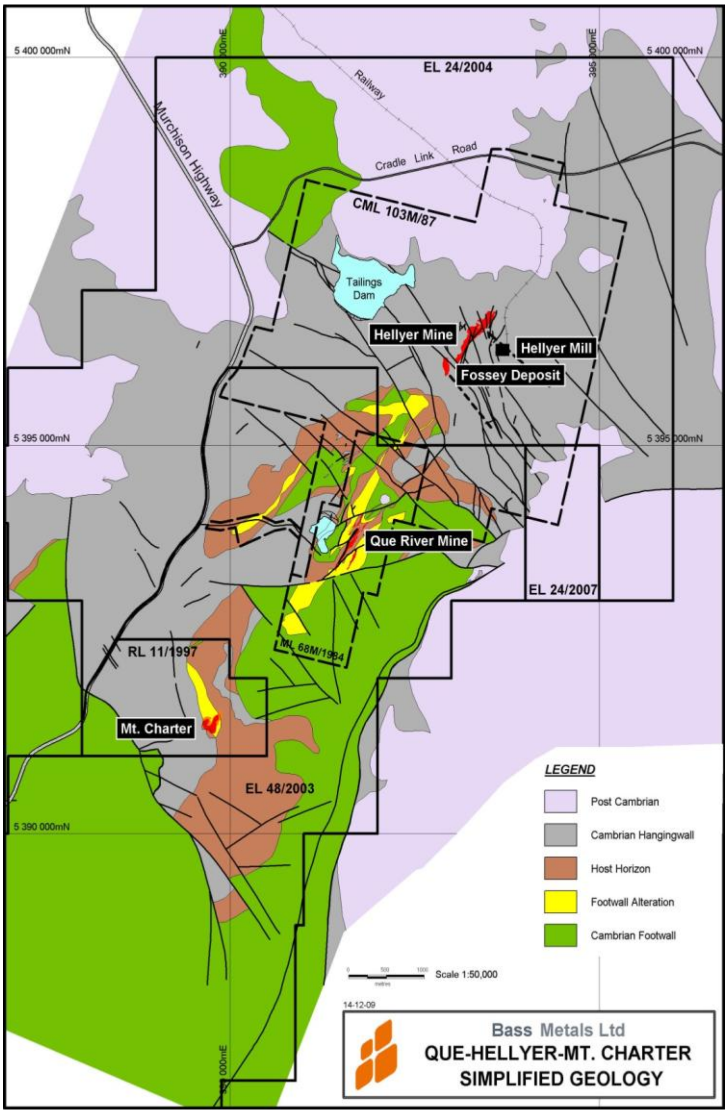
Tenement	Name	Area km(²)
CML 103M/1987	Hellyer	17.0
ML 10W/1980	Que River	0.2
ML 68M/1984	Que River	3.0
EL24/2004	Bulgobac	32.0
EL48/2003	Mt Block	50.0
EL24/2010	Mackintosh Creek	38.0
RL 11/1997	Mt Charter	4.0
EL 28/2009	Lake Margaret	59.0

These tenements are generally indicated in the Figures below:



Bass holds two granted mining leases. ML 68M/1984 contains the Que River mine whilst a second small mining lease (ML 10W/1980, 0.2km) is solely to provide access to the Que River Mining lease from the Murchison Highway. Through a sub-lease agreement with Ivy Resources, Bass Metals has base metal exploration rights over a third mining lease, CML 103M/1987, which contains the Hellyer and Fossey ore bodies.

Two exploration licences (100% BSM) enclose the mining leases (EL24/2004 Bulgobac River and EL48/2003 Mt Block). A third exploration licence, EL 20/2010 Sock Creek(BSM75%, Clancy Exploration 25%) contains correlates of the Que Hellyer Volcanics (QHV). A retention licence (RL11/1997) covers the Mt Charter gold resource where Bass is also involved in a sub-lease agreement with Ivy Resources. Rights to exploit the Mt Charter gold resource are held by Ivy Resources.



As previously reported, the areas retained by Bass Metals in the region continue to hold high potential for further base metal discoveries. The Company's work during the year under review has entailed:

a) Continuation of the 'pathfinder' programme previously reported
b) Review and rationalisation of tenement holdings
c) Review of potential in remaining base metal resources

Over the past two years Bass Metals has researched and employed a geochemical exploration method on its' tenements, which is designed to fingerprint mineral deposits by multi-element geochemistry and spectral analysis and to then search for those finger print patterns in large data sets. Targets can then be followed-up with drill testing. The work has identified a series key pathfinder elements, which appear to provide a more consistent and uniform vector towards mineralisation than the major target metals such as zinc, lead and copper. Trend patterns in major elements caused by hydrothermal alteration and the immobile element signatures of the various stratigraphic units in the Que Hellyer Volcanics (QHV) have also been defined.

All of the Company's exploration over the past year had been based upon the geochemical and spectral exploration methods being developed. A multi-element soil survey has been conducted on two tenements covering the 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 used to plan an appropriate follow up programme.

Subsequent to the year end, 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.

2.4 Review of Previously Defined 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 Company is in discussions with external parties who have expressed an interest in assisting with the potential financing and development of these resources.

2.5 Que River Mine Site Activities

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 resource remaining within the Que River leases, monitoring and works have been largely of a care and maintenance nature with rehabilitation works being focussed on management of drainages within and from the site, contouring and capping of waste dump areas and some topsoil and seeding in selected areas.

The site is beginning to see new growth in the areas in question and staff are confident of continued successful rehabilitation through the remainder of 2014. Water quality within the Que underground, the Que River and the main Settling dam at the site has improved significantly over the period, which is a positive result for the surrounding environment.

Bass continues to adhere to EPA guidelines in regard to site environmental monitoring at Que River, with daily field sampling conducted and weekly laboratory samples collected, analysed and reported as per EPA requirements. The Company is currently preparing revised Care and Maintenance and Closure plans, taking into account the possibility of future further development of the mine, for submission to the EPA.

Aug 2013, Prior to commencing the rehabilitation of the Settlement Dam waste stockpile

Nov 2013, Final re-contoured profile of the Settlement Dam waste stockpile

Dec 2013, Topsoil and vegetative matter ready for final placement to support re-growth

2.6 LionGold Litigation

The board of Bass Metals is continuing to pursue its litigation with LionGold Corporation, at a lower cost than previously considered. The case 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 has been ordered by the Supreme Court, which is due to take place during the last quarter of 2014. The Company's lawyers are currently seeking a suitable date for both parties to conduct this mediation.

R.ANTHON
Chairman

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."

3. DIRECTORS' REPORT

The directors of Bass Metals Ltd present their report together with the financial statements of the entity, being Bass Metals Ltd ("Bass Metals" or "Company") for the year ended 30 June 2014 and the independent auditors report thereon.

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

Mr Rick Anthon - Non-Executive Chairman
BA (ANU) LLB (ANU) MAICD
Appointed - 4 October 2013
Member of Audit Committee

Mr Anthon has practiced extensively in corporate, mining and resources law for over 30 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, Rick has acted as non-executive director and chairman for a number of public resource companies over the last 25 years and has chaired audit and remuneration committees for those companies.

Other Listed Company Directorships include:
- Laneway Resources Limited (ASX: LNY) (appointed June 1996)
- Stratum Metals (ASX: SXT) (appointed May 2011)
- Metals Finance Limited (ASX: MFC) (appointed October 2009).

Mr Patrick Anthony Treasure – Independent Non-Executive Director
B.Sc (Hons), MAIMM, MAICD
Appointed – 2 December 2008
Chairman of the Audit Committee

Mr Treasure is a geologist by profession who has been actively involved in the resource and metal recovery industry for over 36 years, holding senior executive positions with a number of publicly listed companies in the process metallurgy and mining fields. Mr Treasure has extensive experience in corporate management, technology development, project evaluation and development.

Other Current Directorships:
Mr Treasure is director of Nickel Developments Limited, a subsidiary of Metals Finance Ltd.

Previous directorships (last 3 years):
Metals Finance Ltd – Resigned 1 May 2013.

Mr Mark Sykes – Non-Executive Director
B.Eng (Mining) (WASM)
Appointed - 11 February 2014

Mr Sykes is an experienced Mining Engineer with a wealth of operations and business development experience, during a career of some 22 years. Mark's career includes time with BHP in an operational capacity and with Mitsubishi Development in a senior corporate investment role. Mark has exposure to a broad range of commodities including coal, uranium, iron ore, platinum group metals and other minerals. Mark brings exceptional experience in areas of corporate and strategic development, transactional due diligence, operations, technical engineering and project management

Previous Directors:

Mr Craig Ian McGown – Independent Non-Executive Chairman
Appointed – 7 July 2004
Removed by Shareholders – 4 October 2013

Mr Michael Benjamin Rosenstreich – Managing Director
Appointed – 15 December 2004
Removed by Shareholders – 4 October 2013

Mr Barry James Kevin Sullivan – Non-Executive Director
Appointed – 9 January 2012
Removed by Shareholders – 4 October 2013

3. DIRECTORS' REPORT (continued)

Mr Arno De Vos – Company Secretary
B Com., B Com (Hons), B Compt. (Hons), CA, CPA, PMP, MAICD
Appointed – 9 May 2013

Arno is a Chartered Accountant with over 20 years of experience in accounting, audit, corporate finance, treasury and company secretarial. For 6 years he was Chief Financial Officer and Company Secretary of Metals Finance Limited and for the preceding 8 years, he was Chief Financial Officer of a property industry related company. Arno has served as a director for more than 34 private companies and was employed for a period of 5 years by Deloitte where Arno also worked with numerous listed entities.

Arno is a member of the Institute of Chartered Accountants Australia (ICAA), member of Chartered Public Accountants Australia (CPA), member of the Australian Institute of Company Directors (MAICD), affiliate of Governance Institute Australia, Registered Project Management Professional with the Project Management Institute and member of the Australian Institute of Project Management (AIPM) and Registered with the Australian Office of Fair Trading as Principal Real Estate Agent and Property Developer.

Mr Pierre Jacques Malherbe – Company Secretary
BCom Inv. Management, BCom Hons Acc, MCom Business Management
Appointed – 1 May 2013
Resigned - 31 May 2014

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

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

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

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

Principal Activities

The principal activities of the Company for the period, in this annual report consisted of mineral exploration and site care and maintenance activities in Tasmania and project generation work in Australia and off shore.

Dividends

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

Result for the Financial Year

The loss from ordinary activities after income tax expense for the Company was $2,087,478 (2013: $12,167,052).

Review of Operations

A review of the operations during the financial year is set out in Section 2 of this report.

3. DIRECTORS' REPORT (continued)

Remuneration Report (Audited)

This report details the amount and nature of remuneration of key management personnel including each director's of the Company and executives receiving the highest remuneration.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the directors and other executives has been developed by the Board after seeking professional advice and taking into account market conditions and comparable salary levels for entities of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

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

- Focuses on sustained growth as well as focussing the executive on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

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

- Rewards performance, capability and experience;
- Reflects competitive reward for contributions to shareholder growth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

Non-Executive Directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought on an annual basis. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align non-executive directors' interests with shareholder interests, non-executive directors are encouraged to hold shares in the Company and may receive options as long-term incentive remuneration.

The Board has resolved that director's fees will be $85,000 per annum for the Chairman and $60,000 per annum for non-executive directors, inclusive of statutory superannuation contributions effective 1 April 2011. All Directors were remunerated less than the prescribed amounts during the period in respect of their roles as non-executive directors. Shareholders approved on 30 November 2010 the aggregate remuneration for all non-executive directors at an amount of $350,000 per annum. This amount does not include the value of options provided to non-executive directors or committee member fees.

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

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

3. DIRECTORS' REPORT (continued)

Executives

Executive directors and executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.50%, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and are based on an executive's performance. In addition, long term incentives are received through participation in the Bass Metals Ltd Employee Share Loan Scheme and the Bass Metals Ltd Employee Performance Incentive Plan.

All remuneration paid to directors and executives is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology and are expensed over the vesting period of the options.

Base Salary

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

Benefits

Directors and executives may receive reimbursements of out-of-pocket expenses incurred in the undertaking of their duties, including reasonable travel, accommodation and entertainment expenses.

Bass Metals Ltd Employee Share Loan Scheme

Information on the Bass Metals Ltd Employee Share Loan Scheme is set out in Note 22.

Bass Metals Ltd Employee Performance Incentive Plan

Information on the Bass Metals Ltd Employee Performance Incentive Plan is set out in Note 22.

Relationship between the Remuneration Policy and Company Performance

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

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

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

During each year executives of the Company may be issued with options and shares. The Board considers that this is an appropriate way to attract persons of experience and ability to the Company; foster and promote loyalty by providing an incentive to remain in the Company's employment for the long term; and to recognise the ongoing ability of key management personnel to contribute to the performance and success of the Company. During the period under review, the Company did not issue any shares or options to executives of the Company.

3. DIRECTORS' REPORT (continued)

Performance Conditions Linked to Remuneration

The Company seeks to emphasise reward incentives for results and continued commitment to the Company through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of performance milestones and continued employment with the Company. No cash bonuses have been paid out during the year or post year end.

The performance related proportions of remuneration based on these targets are included in the following remuneration table. The objective of the reward scheme is to both reinforce the short and long-term goals of the Company and provide a common interest between management and shareholders.

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

Details of Key Management Personnel

The Company considers the following persons as key management personnel:

Chairman – Non-executive
Mr RA Anthon – Appointed 4 October 2013.
Mr C I McGown – Appointed 7 July 2004. Removed by Shareholders on 4 October 2013

Executive Directors
Mr M B Rosenstreich – Appointed 15 December 2004. Removed by Shareholders on 4 October 2013

Non-executive Directors
Mr P A Treasure – Appointed 2 December 2008.
Mr M R Sykes – Appointed 11 February 2014
Mr B J K Sullivan – Appointed 9 January 2012. Removed by Shareholders on 4 October 2013

Other Key Management Personnel
Mr A de Vos - Chief Financial Officer & Company Secretary – Appointed 9 May 2014
Mr PJ Malherbe – Chief Financial Officer & Company Secretary – Appointed 1 April 2013. Resigned 31 May 2014
Mr A J Brazier – Chief Financial Officer – Appointed 27 June 2011. Resigned 2 August 2012.

Refer to the remuneration report contained on the following page for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2014.

Employment Contracts

No director or key management personnel are employed under an official contract of service.

3. DIRECTORS' REPORT (continued)

Compensation of Key Management Personnel for the year ended 30 June 2014
The following table discloses the remuneration of the key management personnel of the Company. The information in this table is audited.

		Short-term benefits (salary and leave)	Short-term benefits (performance bonus)	Post-Employment benefits (superannuation)	Non cash benefits	Termination benefits	Share-based payments (shares/ options)	Total remuneration represented by performance bonus	Total remuneration represented by shares/ options	Total
		$	$	$	$	$	$	%	%	$
Executive Directors										
Mr M B Rosenstreich[1]	2014	71,565	-	6,913	-	106,085	-	-	-	184,563
	2013	333,710	-	13,374	-	-	-	-	-	347,084
Non-executive Directors										
Mr RA Anthon	2014	40,826	-	3,776	-	-	-	-	-	44,602
	2013	0	-	-	-	-	-	-	-	0
Mr P A Treasure[2]	2014	55,750	-	-	-	-	-	-	-	55,750
	2013	51,000	-	-	-	-	-	-	-	51,000
Mr MR Sykes[3]	2014	54,983	-	-	-	-	-	-	-	54,983
	2013	0	-	-	-	-	-	-	-	0
Mr HG Solomon	2014	14,699	-	1,359	-	-	-	-	-	16,058
	2013	0	-	-	-	-	-	-	-	0
Mr B J K Sullivan[4]	2014	8,670	-	2,339	-	-	-	-	-	11,009
	2013	74,311	-	6,688	-	-	-	-	-	80,999
Mr C I McGown[5]	2014	24,885	-	-	-	-	-	-	-	24,885
	2013	104,469	-	-	-	-	-	-	-	104,469
Total Directors	**2014**	**271,378**	**-**	**14,387**	**-**	**106,085**	**-**	**-**	**-**	**391,850**
	2013	**563,490**	**-**	**20,062**	**-**	**-**	**-**	**-**	**-**	**583,552**
Company Executives										
Mr P J Malherbe[6]	2014	165,897	-	16,958	-	33,548	-	-	-	216,403
	2013	55,384	-	4,984	-	-	-	-	-	60,368
Mr A J Brazier[7]	2014	0	-	0	-	0	-	-	-	0
	2013	24,576	-	2,211	-	18,679	-	-	-	45,466
Mr A de Vos	2014	12,500	-	0	-	-	-	-	-	12,500
Total Executives	**2014**	**178,397**	**-**	**16,958**	**-**	**33,548**	**-**	**-**	**-**	**228,903**
	2013	**79,960**	**-**	**7,195**	**-**	**18,679**	**-**	**-**	**-**	**105,834**

3. DIRECTORS' REPORT (continued)

Note 1: During 2013, Mr Rosenstreich's was removed by Shareholders as Director on 4 October 2013 and termination benefits paid of $106,085.

Note 2: During 2013 $53,670 of Mr Treasure's short-term benefits listed above were paid to Karton Investments Ltd in 2014 in which Mr Treasure was a Director and $51,000 in 2013 was paid to Metals Finance Ltd, a company in which Mr Treasure was a director up to 1 May 2013.

Note 3: Mr Sykes was paid $7,000 as a Director of the company and $47,983 for the period he acted as Chief Operating Officer.

Note 4: Mr Sullivan was removed by Shareholders as Director on 4 October 2014.

Note 5: During 2013 Mr McGown's was removed by Shareholders as Director on 4 October 2013 and short-term benefits listed above were paid to Resource Investment Capital Advisors Pty Ltd of which Mr McGown is a director.

Note 6: Mr Malherbe resigned as Chief Financial Officer and Company Secretary on 31 May 2014.

Note 7: Mr Brazier resigned as Chief Financial Officer on 2 August 2012.

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

Other Information

There were consultants engaged in relation to the remuneration of key management personnel during the financial year.

The Company did not receive a "no vote" of 25% or more on its remuneration report at its 2013 AGM.

Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2014	Balance at 1 July 2013	On Exercise of Options	On market Transactions	Net Change Other	Balance at 30 June 2014
Mr C I McGown [2]	3,851,461	-	-	-	3,851,461
Mr M B Rosenstreich [2]	2,353,973	-	-	-	2,353,973
Mr B Sullivan [2]	250,000	-	-	-	250,000
Mr P A Treasure [1]	100,000	-	-	-	100,000
Mr R S Anthon	-	-	-	-	-
Mr M R Sykes	-	-	-	-	-
	6,555,434	**-**		**-**	**6,555,434**

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

2 Number of shares held on date ceasing to hold office as a Director of the Company

3. DIRECTORS' REPORT (continued)

Options held by Key Management Personnel

Details of options over shares provided as compensation to each key management personnel of the Company are set out below. When exercised each option is convertible to one ordinary share in the Company.

2014	Balance at 1 July 2013	Issued during the Year	Exercised during the Year	Lapsed during the Year	Balance at 30 June 2014	Vested and Exercisable at the End of the Year
Directors						
Mr C I McGown	1,283,333	-	-	1,283,000	-	-
Mr M B Rosenstreich	-	-	-	-	-	-
Mr P A Treasure	3,333,333	-	-	-	3,333,333	3,333,333
Mr R S Anthon	-	-	-	-	-	-
Mr M R Sykes	-	-	-	-	-	-
	4,616,666		**-**	**1,283,000**	**3,333,333**	**3,333,333**
Company Executives						
Mr A de Vos	-	-	-	-	-	-
Mr P J Malherbe	-	-	-	-	-	-
	-	**-**	-	**-**	**-**	**-**

Options Issued as Part of Remuneration

No options were issued to Directors and executives as part of their remuneration and all options to employees have either lapsed or have been cancelled and no options to employees have been exercised during the financial period.

Loans to Key Management Personnel

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

2013	Balance at 1 July 2012	Additional Loans	Repayment / Cancellation of Loans	Balance at 30 June 2013
	$	**$**	**$**	**$**
Mr M Rosenstreich	100,000	-	-	100,000
	100,000	**-**	**-**	**100,000**

2014	Balance at 1 July 2013	Additional Loans	Repayment/ Cancellation of Loans	Balance at 1 July 2014
	$	**$**	**$**	**$**
Mr M Rosenstreich	100,000	-	(100,000)	-
	100,000	**-**	**(100,000)**	**-**

Under the terms of the Employee Share Loan Scheme no interest is payable in respect of the above loans. On the removal of Mr Rosenstreich as managing director the loan was settled.

3. DIRECTORS' REPORT (continued)

Based on fringe benefits tax benchmark interest rate of 7.8% (2013: 7.8%) the following amounts would have been charged on an arm's length basis for the period outstanding during the year.

	2014 $	2013 $
Mr M B Rosenstreich	-	7,800
	-	**7,800**

All loans granted under this scheme are unsecured and are made for either a period of 10 years, until the employee repays the loan, the Company forgives the loan or until the employee ceases employment with the Company, whichever occurs first.

(End of remuneration report)

Share Options

At the date of this report unissued ordinary shares of the Company under option are:

Grant Date	Date of expiry	Exercise price	Number under option
26 September 2011 [1]	30 September 2014	20.0 cents	28,666,667
1 November 2011 [1]	30 September 2014	20.0 cents	61,471,011
31 August 2012	31 August 2015	1.3 cents	15,000,000
			105,137,678

[1] Since the end of the financial year, 90,137,678 options lapsed on 30 September 2014.

Directors' Interest

The relevant interest of each director in the shares and options over shares issued by the Company at the date of this report are as follows:

Director	Ordinary Shares Direct	Ordinary Shares Indirect	Options Direct	Options Indirect
Mr P A Treasure[1]	-	100,000	-	-

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

Company Performance

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

Significant Changes in the State of Affairs

On 6 July 2013 the Company announced that it had signed a non-binding memorandum of understanding (MoU) with a private Turkish group with strong mining credentials under which the two companies will acquire, explore and develop mining projects in Turkey through a 50:50 Turkish joint venture company (TJVC) structure. In October 2013 the Board decided not to pursue this option any further. The company has since then been pursuing other opportunities apart from continuing its exploration activities in Tasmania.

3. DIRECTORS' REPORT (continued)

Likely Developments and Expected Results

The likely developments in the operation of the Company and the expected results of those operations in future financial years are as follows:

- Maintain a strategic land position in Tasmania incorporating a full spectrum of targets from advanced prospects to conceptual large scale anomalies, potentially with a joint venture partner earning-in; and
- Continue to assess opportunities to expand its business via development of its existing assets and potential project acquisitions both within Australia and overseas.

Environmental Regulation

The Company is subject to environmental regulation in respect of its exploration activities. The Company makes every effort to comply with the relevant regulations and, during the year, has not been advised by the regulatory authority of any breaches in relation to the regulations within the State in which it operates.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2014 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee[1]	
	A	B	A	B	A	B
Mr R Anthon	6	6	1	1	-	-
Mr P A Treasure	9	9	2	2	-	-
Mr M Sykes	5	3	-	-	-	-
Mr H Solomon	4	4	-	-	-	-
Mr C I McGown	6	6	1	1	-	-
Mr M B Rosenstreich	6	6	-	-	-	-
Mr B J K Sullivan	6	6	-	-	-	-

A: Number of meetings eligible to attend
B: Number of meetings attended

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

Note 2: The directors met as the Nomination Committee on an as required basis during the year ended 30 June 2014.

Note 3: The current members of the Audit committee are Mr Treasure (Chairman) and Mr Anthon.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

3. DIRECTORS' REPORT (continued)

Indemnification and Insurance of Directors and Officers

Indemnification
The Company has agreed to indemnify current directors and officers and past directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance
The directors have not included details of the premiums paid in respect of directors' and officers' liability insurance as such disclosure is prohibited under the terms of the contract.

Events Subsequent to Reporting Date

There were no significant changes in the state of affairs of the company during the financial year.

Non-audit Services

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Managing Director/Executive Director(s) prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

No fees were paid/payable to Grant Thornton for non-audit services provided during the year ended 30 June 2014 (2013: $ Nil).

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2014. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

Signed in accordance with a resolution of directors.

RA Anthon
Chairman
Brisbane, Queensland
30 September 2014

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2014

	Note	Parent 2014 $	Consolidated * 2013 $
Continuing Operations			
Sales revenue	3	-	1,573,421
Final sales adjustments	3	-	(4,777,791)
Cost of sales	4	-	(132,587)
Operating profit/(loss)		**-**	**(3,336,957)**
Other income	3	86,238	631,045
Other expenses	4	(2,232,381)	(5,383,092)
Share-based payments	4	-	(302,697)
Finance costs	4	(18,238)	(522,791)
Loss before income tax		**(2,164,381)**	**(8,914,492)**
Income tax benefit	5	76,903	30,758
Loss after income tax from continuing operations		**(2,087,478)**	**(8,883,734)**
Loss for the year from discontinued operations		-	(3,283,318)
Loss for the year		**(2,087,478)**	**(12,167,052)**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive loss for the year		**(2,087,478)**	**(12,167,052)**
Loss attributed to:			
Owners of the parent entity		(2,087,478)	(12,167,052)
Total comprehensive loss attributed to:			
Owners of the parent entity		(2,087,478)	(12,167,052)
Earnings per share			
Basic loss per share from continuing operations (cents)	6	(0.65)	(2.87)
Basic loss per share from discontinued operations (cents)		-	(1.06)
Diluted loss per share from continuing operations (cents)	6	(0.65)	(2.87)
Diluted loss per share from discontinued operations (cents)		-	(1.06)
Total basic loss per share (cents)	6	(0.65)	(3.93)
Total diluted loss per share (cents)		(0.65)	(3.93)

The above should be read in conjunction with the accompanying notes.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Parent 2014 $	Parent 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	507,843	2,399,554
Trade and other receivables	8	176,446	190,910
Other assets	9	28,629	31,824
		712,918	**2,622,288**
Total Current Assets		**712,918**	**2,622,288**
NON-CURRENT ASSETS			
Trade and other receivables	8	670,500	815,500
Plant and equipment	10	55,959	223,104
Mine properties	11	-	-
Capitalised exploration and evaluation	12	3,066,801	3,066,801
Total Non-Current Assets		**3,793,260**	**4,105,405**
TOTAL ASSETS		**4,506,178**	**6,727,693**
CURRENT LIABILITIES			
Trade and other payables	14	63,220	221,749
Provisions	15	42,148	79,341
Total Current Liabilities		**105,368**	**301,090**
NON-CURRENT LIABILITIES			
Provisions	15	694,242	740,758
Total Non-Current Liabilities		**694,242**	**740,758**
TOTAL LIABILITIES		**799,610**	**1,041,848**
NET ASSETS		**3,706,568**	**5,685,845**
EQUITY			
Issued capital	16	61,782,248	61,674,048
Reserves	17	1,302,817	1,924,410
Retained profits		(59,378,497)	(57,912,613)
TOTAL EQUITY		**3,706,568**	**5,685,845**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Total Equity
	$	$	$	$
Balance at 1 July 2012	61,524,048	(50,787,839)	6,813,992	17,550,201
Total comprehensive loss for the year	-	(12,167,052)	-	(12,167,052)
Transactions with owners, recorded directly in equity				
Transfer on expiry of options	-	5,042,278	(5,042,278)	-
Share based payments	150,000	-	152,696	302,696
Balance at 30 June 2013	**61,674,048**	**(57,912,613)**	**1,924,410**	**5,685,845**
Balance at 1 July 2013	61,674,048	(57,912,613)	1,924,410	5,685,845
Total comprehensive loss for the year	-	(2,087,478)	-	(2,087,477)
Transactions with owners, recorded directly in equity				
Shares issued during the period	108,200	-	-	108,200
Transfer on expiry of options	-	621,593	(621,593)	-
Share based payments	-	-	-	-
Balance at 30 June 2014	**61,782,248**	**(59,378,498)**	**1,302,817**	**3,706,568**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Parent 2014 $	Consolidated * 2013 $
Cash flows from operating activities			
Cash receipts in the course of operations		241,852	4,512,799
Cash payments in the course of operations		(1,965,903)	(11,832,392)
Income tax refunds		-	30,758
Interest received		53,023	162,047
Interest paid		(18,238)	(386,969)
Net cash (used in) operating activities	**20(a)**	**(1,689,266)**	**(7,513,757)**
Cash flows from investing activities			
Proceeds from sale of subsidiary		-	11,000,000
Purchase of property, plant and equipment		(1,310)	
Proceeds from sale of plant and equipment		-	70,450
Payments for exploration and evaluation		(292,335)	(363,270)
Settlement of derivative financial instruments		-	602,375
Net cash (used in) / provided by investing activities		**(293,645)**	**11,309,555**
Cash flows from financing activities			
Proceeds from issue of shares		91,200	-
Repayment of borrowings		-	(5,268,193)
Proceeds from other financing activities		-	200,000
Net cash (used in) /provided by financing activities		**91,200**	**(5,068,193)**
Net decrease in cash and cash equivalents		(1,891,711)	(1,272,395)
Cash and cash equivalents at the beginning of the year		2,399,554	3,671,949
Cash and cash equivalents at the end of the year	**7**	**507,843**	**2,399,554**

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information and Statement of Compliance

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

Bass Metals Ltd ("the Company") ultimate parent company, and is a public company incorporated and domiciled in Australia. During the prior reporting period, as disclosed in the 30 June 2013 annual report, the Company sold its sole subsidiary. Therefore any references to "Group" relates to the Company's former status.

The financial statements for the year ended 30 June 2014 (including comparatives) were approved and authorised for issue by the Board of Directors on 30 September 2014.

(b) New and Revised Standards that are effect for these Financial Statements

The AASB has issued a number of new and revised Accounting Standards and Interpretations are effective for annual periods beginning or after 1 July 2013. These new and revised standards are:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurements
- Amendments to AASB 119 Employee Benefits

The Company has adopted each of the above new and amended standards. The application of these standards did not have a material impact on the results of the Company for the reporting period.

(c) Standards issued but not yet effective and not early adopted by the Company

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Company. The new and amended standards that are relevant to the Company are listed below:

- AASB 9 Financial Instruments
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Company has decided not to early adopt any of the above new and amended pronouncements. When the above new and amended Standards are adopted, they not considered to have a material impact on the Company.

(d) Summary of Accounting Policies

Overall Considerations

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

The Group financial statements previously consolidated those of the Parent Company and its sole subsidiary up to its sale on 13 February 2013. As the Company sold its only subsidiary during the prior period, the statement of financial position at 30 June 2014 represents that of the Company.

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. The sold subsidiary had a reporting date of 30 June.

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

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

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

Investments in Joint Ventures

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Dividends received or receivable from associates reduce the carrying amount of the investment.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of the joint operations are included in the respective line items of the financial statements.

Foreign Currency Translation

Functional and Presentation Currency

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

Foreign Currency Transactions and Balances

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Reporting

Previously, in identifying its operating segments, management generally followed the Company's operations and activities:

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

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

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

Now, as the Company has sold its Tasmanian mining and processing operations in the prior year, the Directors have identified that for the year ending 30 June 2014, it has no operating segments disaggregated within the Company. This has been determined based on the fact that the Board of Directors (chief operating decision makers) assesses performance of the Company with no further review at a disaggregated level.

Revenue

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

The Company applies the revenue recognition criteria set out below:

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

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

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

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

Other Income
Other income is recognised as and when it is receivable and has been recorded as part of other receivables if it has not yet been received.

Operating Expenses

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

Borrowing Costs

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

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

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

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

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

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

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

Leased Assets

Finance Leases

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

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

Operating Leases

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

Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration and evaluation expenditure is capitalised in the year in which is occured when it is expected to be recouped through the successful development of the area in future periods.

The total accumulated costs of the exploration and evaluation asset are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

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

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

Classification and Subsequent Measurement of Financial Assets

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

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

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

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

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

Loans and Receivables

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

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

Classification and Subsequent Measurement of Financial Liabilities

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

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

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

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

Equity and Reserves

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

Other components of equity include the options reserve. This comprises costs associated with share-based payments (see Share-based Employee Remuneration).

Retained earnings includes all current and prior period retained profits.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-employment Benefits and Short-term Employee Benefits

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

Defined Contribution Plans

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

Short-term Employee Benefits

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

Share-based Employee Remuneration

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

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

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

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

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

Provisions, Contingent Assets and Liabilities

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

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

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

Comparative Figures

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

Significant Management Judgement in Applying Accounting Policies

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

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

Provision for Restoration and Rehabilitation

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

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

Share-based Payment Transactions

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

Estimation of Useful Lives of Assets

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

The financial statements for the year ended 30 June 2014 have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the consolidated entity incurred a loss after tax of $2,087,478 (2013: $12,167,052). Net cash outflows from operations during the period were $1,689,266 (2013: $7,513,757) and at reporting date current assets exceeded current liabilities by $607,550 (2013: $2,321,198).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the consolidated entity's tenements.

These conditions give rise to material uncertainty over the consolidated entity's ability to continue as a going concern.

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

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

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

2. Assets and Disposal Groups Classified as Held for Sale

(a) On 23 February 2013, the Company disposed of its wholly-owned subsidiary, Hellyer Mill Operations Pty Ltd, to Ivy Resources Pty Ltd for $11 million. The first instalment payment of $600,000 was received on 8 February 2013 and the remaining $10.4 million was paid on completion, with settlement occurring on 23 February 2013. The subsidiary was classified as held for sale in the 30 June 2012 financial statements.

For further details on the disposed subsidiary refer to the 30 June 2013 Annual Report.

3. Revenue

		Note	2014 $	2013 $
(a)	**Sales revenue**			
	Concentrate sales		-	1,573,421
	Sales adjustment on final assay results[1]		-	(4,777,791)
	Total sales revenue		**-**	**(3,204,370)**
(b)	**Other income**			
	Interest received		53,023	162,048
	Realised foreign currency gains		5,485	23,434
	Other revenue		27,730	245,563
	Other Fees[2]		-	200,000
	Total other income		**86,238**	**631,045**

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

[2]*Other Fees*
During the prior period, Ivy Resource Pty Ltd paid the Company a $200,000 non-refundable fee for the right to due diligence on the Company's assets held for sale.

4. Loss for the Year

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

Expenses

		2014 $	2013 $
(a)	**Cost of sales**		
	Production costs	-	447,283
	Royalties adjustments	-	(176,956)
	Treatment charge adjustments on final assay results	-	(137,740)
	Total cost of sales	**-**	**132,587**
(b)	**Share-based payments**		
	Share-based payments	-	302,697

4. Loss for the Year (continued)

		2014	2013
(c)	**Other expenses**		
	Employee benefits expense	557,072	1,118,719
	Contracting & consulting expenses	184,331	221,843
	Finance lease expenses	6,449	40,620
	Operating lease expenses	-	42,394
	Administration expenses	525,505	918,809
	Environmental expenses	312,763	515,247
	Legal expenses	137,881	582,250
	Insurance expenses	36,655	237,027
	Hedge settlements	-	94,412
	Depreciation – plant & equipment	134,836	193,159
	Additional mine properties amortisation on revised mine plan	-	-
	Exploration expenditure expensed	303,270	346,469
	Development expenditure expensed	-	-
	Mine closure expenses	-	527,967
	Impairment charges	-	-
	Gain/(loss) on sale of fixed assets	33,619	544,176
	Total other expenses	**2,232,381**	**5,383,092**
(d)	**Finance costs**		
	Interest charges	-	240,860
	Borrowing costs	-	281,931
	Finance costs	18,238	-
	Total finance costs	**18,238**	**522,791**
	Total expenses	**2,250,618**	**6,341,167**

5. Income Tax Expense

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

		Consolidated 2014 $	2013 $
(a)	**The components of tax expense comprise:**		
	Deferred tax	(76,903)	(30,758)
	Under provision in respect of prior years	-	-
		(76,903)	**(30,758)**
(b)	**The prima facie tax on loss before income tax at 30% (2013: 30%)**	(649,314)	(3,659,343)
	Add tax effect of:		
	Non-deductible expenditure	64,606	87,704
	Equity based payments	-	90,809
		(584,708)	(3,480,830)
	Add tax effect of:		
	Deferred Tax Asset not brought to account	507,805	3,450,072
	Under provision in respect of prior years	-	-
	Income tax (benefit) attributable to loss from ordinary activities before tax	**(76,903)**	**(30,758)**
	The applicable weighted average effective tax rates are as follows:	**0%**	**0%**

5. Income Tax Expense (continued)

Unrecognised temporary differences

At 30 June 2014, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries, associate or joint venture, as the Company has no liability for additional taxation should unremitted earnings be remitted (2013: $Nil).

(c) Deferred tax balances

	$
The following deferred tax assets and liabilities have been recognised:	
Deferred tax asset – losses available	920,040
Deferred tax liability – exploration expenditure	(920,040)
Net recognised tax balances	**-**
The following deferred tax assets and liabilities have not been brought to account:	
Unrecognised deferred tax assets comprise:	
Losses available for offset against future taxable income	19,671,142
Plant and equipment	90,197
Transaction costs on equity issue	289,108
Provisions	13,234
	20,063,681

Deferred tax asset not recognised is $6.02 million.

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

The potential deferred tax assets will only be obtained if:

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

6. Earnings Per Share

	Consolidated	
(a) Basic Earnings Per Share	**2014 $**	**2013 $**
(Loss) for the year from continuing operations	(2,087,478)	(8,883,734)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	321,941,364	309,080,282
Basic loss per share from continuing operations (cents)	**(0.65)**	**(2.87)**

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

7. Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and in hand	462,843	2,399,554
Short-term bank deposit	45,000	-
	507,843	**2,399,554**

The effective interest rate on short-term bank deposits at 30 June 2014 was 3.15% (2013: 3.45%). These deposits have an average maturity of 90 days.

8. Trade and Other Receivables

	2014 $	2013 $
Current		
Trade receivables	93,889	108,510
Other receivables	82,557	82,400
	176,446	**190,910**
Non-current		
Tenement security deposits[1]	170,500	170,500
Operating lease bonds	-	45,000
Hellyer operating infrastructure guarantees[1]	500,000	500,000
Loans to key management personnel[2]	-	100,000
	670,500	**815,500**

Note 1: Tenement security deposits and Hellyer operating infrastructure guarantees are held in fixed term deposits relating to the Que River project.

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

All of the Company's trade and other receivables have been reviewed for indicators of impairment. No trade receivables are impaired at balance date (2013: nil).

9. Other Assets

	2014 $	2013 $
Current		
Prepayments	28,629	31,824
	28,629	**31,824**

10. Plant & Equipment

	2014 $	2013 $
Plant & Equipment – Other		
At cost	702,715	702,715
Accumulated depreciation	(646,756)	(479,611)
Total Plant & Equipment	**55,959**	**223,104**

Movements in carrying amounts

The carrying amounts of each class of plant and equipment between the beginning and end of the current and last financial year are set out below:

Parent	Plant & Equipment Ore Processing	Plant & Equipment Hellyer Mill Refurbishment	Plant & Equipment – Other	Total
	$	$	$	$
Balance at 1 July 2012	-	-	421,077	421,077
Additions	-	-	-	-
Disposals	-	-	(4,814)	(4,814)
Depreciation expense	-	-	(193,159)	(193,159)
Balance at 30 June 2013	**-**	**-**	**223,104**	**223,104**

Parent	Plant & Equipment Ore Processing	Plant & Equipment Hellyer Mill Refurbishment	Plant & Equipment – Other	Total
	$	$	$	$
Balance at 1 July 2013	-	-	223,104	223,104
Additions	-	-	-	-
Disposals	-	-	(32,309)	(32,309)
Depreciation expense	-	-	(134,836)	(134,836)
Balance at 30 June 2014	**-**	**-**	**55,959**	**55,959**

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

Property, plant and equipment pledged as security for liabilities

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

11. Mine Properties

	2014 $	2013 $
Que River Capital Infrastructure		
At cost	663,273	663,273
Accumulated depreciation	(663,273)	(663,273)
	-	-
Que River Mine Closure and Restoration		
At cost	1,118,930	1,118,930
Accumulated depreciation	(1,118,930)	(1,118,930)
	-	-
Que River Mine Development		
At cost	13,060,366	13,060,366
Accumulated depreciation	(13,060,366)	(13,060,366)
	-	-
Fossey Capital Infrastructure		
At cost	5,760,940	5,760,940
Accumulated depreciation	(5,760,940)	(5,760,940)
	-	-
Fossey Mine Closure and Restoration		
At cost	483,285	483,285
Accumulated depreciation	(483,285)	(483,285)
	-	-
Fossey Mine Development		
At cost	34,826,539	34,826,539
Accumulated depreciation	(34,826,539)	(34,826,539)
	-	-
Total Mine Properties	**-**	**-**

12. Capitalised Exploration and Evaluation Expenditure

	2014 $	2013 $
The Company has mineral exploration costs carried forward in respect of areas of interest currently in the phase of exploration and evaluation:		
Balance at the beginning of the year	3,066,801	3,050,000
Expenditure capitalised for the period	-	16,801
Write-off resulting from relinquished tenements	-	-
Balance at the end of the year	**3,066,801**	**3,066,801**

Ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas at an amount at least equivalent to the carrying value. During the period the Company expensed $203,405 in exploration and evaluation expenditure.

13. Interests in Tenements

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

Tenement	Interest
EL31/2003 Heazlewood[1&6]	100%
EL36/2003 Whyte River[2]	100%
EL48/2003 Mt Block[5]	100%
EL24/2004 Bulgobac River[5]	100%
EL28/2009 Lake Margaret[1&2]	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. Applications has been made to surrender part or all of the tenements
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.
6. Subject to a 2% NSR Royalty to Pioneer Resources Ltd

14. Trade and Other Payables

	2014 $	2013 $
Current		
Unsecured liabilities:		
Trade payables	31,353	132,915
GST payable	-	21,283
PAYG Payable	7,596	24,469
Superannuation payable	1,966	13,082
Accrued expenses	22,305	30,000
	63,220	**221,749**

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

(a) Fair value

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

(b) Related party payables

For terms and conditions relating to related party payables refer to Note 24.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 25.

15. Provisions

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

	Fossey Mine Closure & Restoration	Short-term Employee Benefits	Long-term Employee Benefits	Total
	$	$	$	$
Balance at 1 July 2012	694,242	152,983	41,296	888,521
Additions	-	-	5,220	5,220
Amounts used during the period	-	(73,642)	-	(73,642)
Amounts included in disposal groups held for sale Refer Note 2	-	-	-	-
Balance at 30 June 2013	**694,242**	**79,341**	**46,516**	**820,099**
Additions	-	-	8,528	8,528
Amounts used during the period	-	(37,193)	(55,044)	(92,237)
Balance at 30 June 2014	**694,242**	**42,148**	**-**	**736,390**

	2014	2013
	$	$
Analysis of total provisions		
Provision for short term employee entitlements	42,148	79,341
Provision for long term employee entitlements	-	46,516
Rehabilitation of mine properties	694,242	694,242
	736,390	**820,099**

Provision for Mine Closure & Restoration – Fossey

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

16 Issued Capital

	2014	2013
	$	$
326,105,104 (2013: 309,450,145) fully paid ordinary shares	61,782,248	61,674,048

Ordinary shares

The Company has 326,105,104 (2013: 309,450,145) fully paid ordinary shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of fully paid ordinary shares.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

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

Options

- Refer to Note 22 for information relating to the Company employee option plan, including details of options issued, exercised and lapsed during the financial year.
- Refer to the remuneration report for information relating to share options issued to key management personnel during the financial year.

16 Issued Capital (Continued)

Capital management

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

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

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

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

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

	2014 Number of Shares	2014 $	2013 Number of Shares	2013 $
At the beginning of the year	**309,450,145**	**61,674,048**	**294,450,145**	**61,524,048**
Issued during the year				
• Ordinary shares issued at $0.006 on exercise of options on 23 September 2013	15,200,000	91,200	-	-
• Ordinary shares issued in lieu of cash for geological consulting services provided in terms of a Technical services Agreement dated 28 March 2013 @ $0.0117	855,858	10,000	-	-
• Ordinary shares issued in lieu of cash for geological consulting services provided in terms of a Technical services Agreement dated 28 March 2013 @ $0.0117	599,101	7,000	-	-
• Ordinary shares issued at zero cents to Intec Limited as consideration to extinguish the Hellyer processing royalty on 9 July 2012[1]	-	-	15,000,000	150,000
Less share issue costs	-	-	-	-
Current and previously unrecognised tax benefit relating to share issue costs	-	-	-	-
Balance at the end of the year	**326,105,104**	**61,782,248**	**309,450,145**	**61,674,048**

Non-Cash Financing Activities

1. *1 On 9 July 2012, the Company announced that it has issued 15,000,000 shares to Intec Limited for no consideration as part of the restructure of the Hellyer Processing Royalty. Under AASB 2: Share Based Payments, the issuing of the ordinary shares have been valued at the fair value of the shares at the date of the issue.*

17. Reserves

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and as consideration for loans received and for acquiring tenements or rights to participate in joint ventures. An analysis of movements in this reserve is provided in the Statement of Changes in Equity.

	2014 $	2013 $
Option reserve	1,924,410	1,924,410
Movement	(621,593)	-
	1,302,817	**1,924,410**

18. Capital and Leasing Commitments

	2014 $	2013 $
(i) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
Not later than 12 months	20,116	16,636
Between 12 months and five years	1,289	8,805
	21,405	**25,441**

The Company has entered into the following operating lease:

A non-cancellable lease for computer equipment located at the Company's Perth head office. The lease has a five-year term and was entered into on the 24 August 2010. Lease payments are payable in advance.

During 2014 the Company's total operating lease expenditure was $32,499 (2013, $42,394).

Exploration Commitments
The Company has minimum exploration commitments totalling $212,000 for the next financial reporting period.

19. Operating Segments

Segment information

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

The Company has identified for the year ending 30 June 2014 that it has no operating segments disaggregated within the Company. This has been determined based on the fact that the Board of Directors (chief operating decision makers) assesses performance of the Company with no further review at a disaggregated level.

The Company operates in one segment be Exploration and Evaluation of Minerals in Tasmania, Australia. Thus, segmented disclosures are not required nor will any disaggregated level of revenue or expenditure be informative.

In previous reporting periods, the reportable segments disclosed were based on aggregating operating segments where the segments were considered to have similar economic characteristics and were also similar with respect to the following:

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

19. Operating Segments (continued)

This resulted in the following segments being recognised in prior periods:

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

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

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

Basis of accounting for purposes of reporting by operating segments

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

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

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

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

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

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

(a) Geographical Region

The Company operates within one geographical region in Australia.

(b) Major Customers

There were no external customers in the 2014 financial year.

19. Operating Segments (continued)

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

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

20. Cash Flow Information

(a) Reconciliation of cash flows from operations with loss after income tax

	2014 $	2013 $
Operating (loss) after income tax	**(2,087,478)**	**(12,167,052)**
Non-cash flows:		
Depreciation & amortisation	134,836	193,159
Issue of shares	16,999	-
Gain on sale of fixed assets	33,619	215,864
Exploration expensed	292,335	-
Share-based payments expense	-	302,697
Impairment charges	-	2,500,000
Change in operating assets and liabilities net of the effects of business combination acquisition:		
Decrease / (Increase) in trade and other receivables	14,464	8,920,664
Decrease / (Increase) in non-current receivables	145,000	-
Decrease / (increase) on other assets	3,197	194,338
(Decrease) / increase in income taxes payable	(46,516)	-
(Decrease) / increase in trade and other payables	(158,529)	(7,605,005)
(Decrease) / increase in provisions	(37,193)	(68,422)
Net cash used in operating activities	**(1,689,266)**	**(7,513,757)**

21. Contingencies

Contingent Liability
At the end of the financial period the Company had no contingent liabilities.

Contingent Asset
On 16 October 2012, the Company commenced legal proceedings against LionGold Corp Ltd (“LionGold”) in respect of its allegations that LionGold breached and repudiated a Share Sale Agreement dated 5 July 2012 between the parties for the sale of the Hellyer Mill Operations Pty Ltd (“HMO”). As the sale of HMO has since occurred in February 2013 for a total of $11m, this has reduced the damages that the Company can recover from LionGold.

The Company is continuing to pursue this action. The matter has been set for hearing in the Commercial Causes list in Western Australia. An order has been made for the parties to seek resolution through mediation, which is in the process of being scheduled.

22. Share-based Payments

The following share-based payment arrangements existed at 30 June 2014.

(i) Bass Metals Ltd Employee Share Loan Scheme

The Bass Metals Ltd Employee Share Loan Scheme ("Scheme") was approved by shareholders at an annual general meeting held on 30 November 2010. The directors of the Company may in their absolute discretion make offers of shares and, on behalf of the Company, make corresponding loans to an eligible employee of the Company to which the board has resolved that the Employee Share Loan Scheme shall for the time being apply.

Shares may not be issued to a director (or associate) except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules. The board may, subject to any approvals of shareholders of the Company required by law, and at intervals determined by the board, invite any eligible employee to participate in the Employee Share Loan Scheme.

Participation is optional and subject to the Rules of the Scheme. Offers made under the Scheme are not renounceable. Shares offered under the Scheme are offered with regard to the market value of the Company's shares where the market value of a share subscribed for or acquired under the Scheme is determined by the weighted average price at which the shares are traded on the ASX in the one week period up to and including the date of offer to that Share, or if there were no transactions on the Exchange in relation to the Shares during the relevant one week period (i) the last price at which an offer was made on the ASX in that period or (ii) if (i) does not apply, the arm's length value assessed by an independent registered company auditor or otherwise calculated in a manner approved by the Commissioner of Taxation.

(ii) Bass Metals Ltd Employee Performance Incentive Plan

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

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

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

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

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

(iii) Total Unlisted Options

	2014		2013	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	122,192,678	0.350	189,622,678	0.349
Granted	-	-	30,200,000	0.009
Forfeited	(91,992,678)	0.18	(97,630,000)	0.330
Exercised	(15,200,000)	0.006	-	-
Outstanding at the end of the year	15,000,000	0.013	122,192,678	0.350
Exercisable at the end of the year	**15,000,000**	**0.013**	**122,192,678**	**0.350**

22. Share-based Payments (continued)

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

	2014 Number of Options	2013 Number of Options
Outstanding at the beginning of the year (exercise price 25 cents, expiring 1 September 2013)	730,000	730,000
Forfeited and cancelled	(730,000)	-
Outstanding at the end of the year	**-**	**730,000**
Outstanding at the beginning of the year (exercise price 25 cents, expiring 1 September 2013)	200,000	200,000
Forfeited and cancelled	(200,000)	-
Outstanding at the end of the year	**-**	**200,000**
Outstanding at the beginning of the year (exercise price 35 cents, expiring 1 September 2013)	200,000	200,000
Forfeited and cancelled	(200,000)	-
Outstanding at the end of the year	**-**	**200,000**
Outstanding at the beginning of the year (exercise price 50 cents, expiring 1 September 2013)	200,000	200,000
Forfeited	(200,000)	
Outstanding at the end of the year	**-**	**200,000**
Outstanding at the beginning of the year (exercise price 43.5 cents, expiring 31 January 2015)	75,000	100,000
Forfeited	(75,000)	(25,000)
Outstanding at the end of the year	**-**	**75,000**
Outstanding at the beginning of the year (exercise price 61 cents, expiring 31 January 2015)	75,000	100,000
Forfeited	(75,000)	(25,000)
Outstanding at the end of the year	**-**	**75,000**
Outstanding at the beginning of the year (exercise price 88 cents, expiring 31 January 2015)	75,000	100,000
Forfeited	(75,000)	(25,000)
Outstanding at the end of the year	**-**	**75,000**
Outstanding at the beginning of the year (exercise price 26 cents, expiring 27 August 2015)	100,000	200,000
Forfeited	(100,000)	(100,000)
Outstanding at the end of the year	**-**	**100,000**
Outstanding at the beginning of the year (exercise price 36.5 cents, expiring 27 August 2015)	100,000	200,000
Forfeited	(100,000)	(100,000)
Outstanding at the end of the year	**-**	**100,000**
Outstanding at the beginning of the year (exercise price 52.5 cents, expiring 27 August 2015)	100,000	200,000
Forfeited	(100,000)	(100,000)
Outstanding at the end of the year	**-**	**100,000**

23. Events Subsequent To Reporting Date

No material events occurred subsequent to the 30 June 2014 year-end.

24. Related Party Transactions

Transactions between related parties are as follows:

(a) Key Management Personnel

(i) Resource Investment Capital Advisors Pty Ltd, an entity related to Mr C I McGown, was paid $24,885 (2013: $104,469) for Director Fees and financial consulting fees and was reimbursed at cost for expenditure made on behalf of the Company.

(ii) Karton Investments Pty Ltd and Metals Finance Limited, an entity related to Mr P A Treasure, was paid $53,650 (Karton Investments Pty Ltd) (2013: $51,000 (Metals Finance Limited) and was reimbursed at cost for expenditure made on behalf of the Company.

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

25. Financial Risk Management

(a) Financial Risk Management Policies

The Company's financial instruments consist of at call and short term deposits with banks, accounts receivable and payable, borrowings, leases and derivatives.

Derivatives were used prior to 30 June 2013 by the Company for hedging purposes. During the previous financial year these instruments included short dated Australian dollar (AUD) denominated lead, zinc and silver forward sales. The Company did not speculate in the trading of derivative instruments.

(ii) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments and operations are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

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

Foreign currency risk
The Company was exposed to fluctuations in foreign currencies arising from the sale of ore and purchase of goods and services in currencies other than the Company's functional currency.

Liquidity risk
The Company manages liquidity risk by monitoring forecast cash flows and investing in financial instruments which under normal market conditions are readily converted to cash.

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

There are no amounts of collateral held as security at 30 June 2014.

Credit risk is managed on a Company basis and reviewed regularly by the Company. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

25. Financial Risk Management (continued)

The Company monitors credit risk by actively assessing liquidity of counter parties:

- Only banks and financial institutions with a high rating are utilised for derivative financial instruments; and
- All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing.

The credit risk for counterparties included in trade and other receivables and financial assets at 30 June 2012 are detailed below:

	2014 $	2013 $
Trade and other receivables		
Trade receivables – counterparties not rated [1]	93,889	108,510
Other receivables – counterparties not rated [2]	753,057	897,900
	846,946	**1,006,410**

Note 1: Bass Metals Ltd has trade receivables with Ivy Resources Ltd $93,889 (2013: $108,510).
Note 2: Other receivables exclude prepayments, as detailed in Note 8.

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instrument. As such, the amounts may not reconcile to the Statement of Financial Position.

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

25. Financial Risk Management (continued)

Parent			Fixed Interest Rate Maturing			
30 June 2014	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	1 to 5 Years	Non-interest bearing	Total
		$	$	$	$	$
Financial Assets:						
Cash & cash equivalents	0.94%	507,843	-	-	-	507,843
Trade and other receivables	3.24%	-	76,903	670,500	99,543	846,946
Total Financial Assets		**507,843**	**76,903**	**670,500**	**99,543**	**1,354,789**
Financial Liabilities:						
Trade and other payables		-	-	-	105,368	105,368
Total Financial Liabilities		**-**	**-**	**-**	**105,368**	**105,368**

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

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

	2014 $	2013 $
Less than 6 months	176,446	190,430
6 months to 1 year	-	-
1 to 5 years	670,500	815,980
	846,946	**1,006,410**

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

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

	2014 $	2013 $
Less than 6 months	105,368	221,749
	105,368	**221,749**

(iii) Fair Values

The fair values of the Company's at call and short term deposits with banks, accounts receivable and payable, borrowings, leases and derivatives are all in line with the carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than derivative financial instruments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at reporting date are as follows:

25. Financial Risk Management (continued)

	2014 Carrying Amount $	2013 Carrying Amount $
Financial Assets		
Cash and cash equivalents	507,843	2,399,554
Trade and other receivables	846,946	1,006,410
Derivative financial instruments	-	-
	1,354,789	**3,405,964**

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

	2014 Carrying Amount $	2013 Carrying Amount $
Financial Liabilities		
At amortised cost:		
Trade and other payables	105,368	221,749
Borrowings	-	-
Derivative financial instruments	-	-
	105,368	**221,749**

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

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

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

(iv) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate in relation to financial assets with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit		
Increase in interest rate by 1% (100 bps)	13,548	22,998
Decrease in interest rate by 1% (100 bps)	(13,548)	(22,998)
Change in equity		
Increase in interest rate by 1% (100 bps)	13,548	22,998
Decrease in interest rate by 1% (100 bps)	(13,548)	(22,998)

25. Financial Risk Management (continued)

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate in relation to financial liabilities with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit		
Increase in interest rate by 1% (100 bps)	(1,054)	(18,800)
Decrease in interest rate by 1% (100 bps)	1,054	18,800
Change in equity		
Increase in interest rate by 1% (100 bps)	(1,054)	(18,800)
Decrease in interest rate by 1% (100 bps)	1,054	18,800

Foreign Currency Risk Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the value of the Australian dollar to the US dollar, with all other variables remaining constant is as follows:

	2014 $	2013 $
Change in profit		
Increase in AUD/USD by 5%	(13,245)	-
Decrease in AUD/USD by 5%	13,245	-
Change in equity		
Increase of AUD/USD by 5%	(13,245)	-
Decrease in AUD/USD by 5%	13,245	-

26. Key Management Personnel

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

	2014 $	2013 $
Short-term employee benefits (salary and leave)	449,775	691,910
Short-term employee benefits (performance bonus)	-	-
Post-employment benefits	31,345	27,257
Share-based payments	-	-
Termination benefits	139,633	107,490
	620,753	**826,657**

27. Remuneration of Auditors

	2014 $	2013 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	29,000	43,837
Taxation and consulting services	-	-
	29,000	**43,837**

Grant Thornton

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Independent Auditor's Report
To the Members of Bass Metals Ltd

Report on the financial report

We have audited the accompanying financial report of Bass Metals Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Bass Metals Ltd is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of $2,087,478 during the year ended 30 June 2014 and, as of that date, the Company's cash outflows from operating equates to $1,689,266. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 16 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Bass Metals Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 30 September 2014

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Bass Metals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bass Metals Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 30 September 2014

6. DIRECTORS DECLARATION

1. In the opinion of the Directors of Bass Metals Limited ("Company"):

a. The financial statements and notes as set out on pages 25 to 84 are in accordance with the Corporations Act 2001, including:

   i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and

   ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   iii. Complying with International Financial Reporting Standards as disclosed in Note 1.

b. The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report designated as audited comply with the Corporations Act 2001; and

c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

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

RA Anthon
Chairman

Brisbane, Queensland
30 September 2014

7. ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 21 October 2014.

(a) Distribution schedule and number of holders of equity securities as at 21 October 2014

Security	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares (BSM)	135	269	202	630	312	1,548
Unquoted Options – 1.3c 31/08/15	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 21 October 2014 is 1,310.

(b) 20 Largest holders of quoted equity securities as at 21 October 2014

The names of the twenty largest holders of fully paid ordinary shares (ASX Code: BSM) as at 21 October 2014 are:

Rank	Name	Units	% of Units
1	METALS FINANCE LIMITED	29,746,778	9.12
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	23,488,878	7.20
3	INTEC LTD	18,100,000	5.55
4	MR EDWIN SUGIARTO	15,039,802	4.61
5	MR NELSON FERNANDEZ	14,950,760	4.58
6	MR LEE CHAI HUAT	14,495,519	4.45
7	MS BEE LAY NEOH	9,400,000	2.88
8	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	7,021,689	2.15
9	MANCALA HOLDINGS PTY LTD	6,373,333	1.95
10	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	6,049,403	1.86
11	MS MOOI FAH LEE	6,000,000	1.84
12	HSBC CUSTODY NOMINEES <AUSTRALIA>	4,547,809	1.39
13	MR BOONSRI PEWKLIANG + MRS KATIMA PEWKLIANG <THE B PEWKLIANG FAM A/C>	4,327,275	1.33
14	MR BRIAN LESLEIGH WILLIAMS + MRS VALERIE RUBY DAWN WILLIAMS <WILLIAMS S/F A/C>	3,900,000	1.20
15	MR DAVID DONALD BOYER <DB FAMILY A/C>	3,610,074	1.11
16	MR STEPHEN SMITH	3,420,177	1.05
17	MR JOHN FYFE + MRS EVELYN FYFE <FYFE FAMILY SUPER FUND A/C>	3,127,498	0.96
18	HOBBS TRADING PTY LTD	3,078,463	0.94
19	MR JOHN RAYMOND FREW	3,000,000	0.92
20	MR MARKUS TERJUNG	2,860,000	0.88
	TOTAL	**182,537,458**	**55.98**

7. ADDITIONAL INFORMATION (continued)

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

(c) Substantial shareholders

Substantial shareholders in Bass Metals Ltd and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices given to the Company are listed below:

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

(d) Unquoted Securities

The number of unquoted securities on issue as at 21 October 2014 are as follows:

Security	Number on Issue
Options exercisable at $0.013 on or before 31 August 2015.	15,000,000
Total	**15,000,000**

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 21 October 2014

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

(f) Restricted Securities as at 21 October 2014

There are no restricted securities on issue as at 21 October 2014.

g) Voting Rights

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

Unquoted options have no voting rights.

(h) Company Secretary

The Company Secretary is Mr Arno de Vos.

(i) Registered Office

The Company's Registered Office is Level 5, 10 Market Street, Brisbane, QLD, 4000.

7. ADDITIONAL INFORMATION (continued)

(j) Share Registry

The Company's Share Registry is Computershare Investor Services Pty Ltd of Level 2, 45 St Georges Terrace, Perth WA 6000. Telephone: 1300 557 010.

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

(l) Interests in Mining Tenements

The Company's interests in mining tenements as at 23 September 2014 are 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

8. CORPORATE GOVERNANCE

Corporate Governance Statement

Bass Metals Ltd ("Bass Metals" or "the Company") has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity; pursuing the true spirit of corporate governance commensurate with the Company's needs. A summary of the Company's corporate governance policies and procedures is included in this Statement.

The Company's corporate governance policies and procedures are in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition which were updated in June 2010 in relation to diversity, remuneration, trading policies and briefings ("Principles & Recommendations"). The Company has followed the Principles & Recommendations where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration by the Board, the Company's corporate governance practices depart from the Principles & Recommendations, the Board has fully disclosed the departure and the reason for the adoption of its own practice, in compliance with the "if not, why not" exception reporting regime.

Further information about the Company's corporate governance practices including the information on the Company's charters, code of conduct and other policies and procedures is set out on the Company's website at www.bassmetals.com.au.

The ASX Corporate Governance Council encourages companies to use the guidance stated in the Corporate Governance Principles and Recommendations as a focus for their corporate governance practices. The principles (Principles) are:

(a) Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.

(b) Principle 2 – Structure the Board to add value. Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

(c) Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.

(d) Principle 4 – Safeguard integrity in financial reporting. Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

(e) Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.

(f) Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

(g) Principle 7 – Recognise and manage risk. Companies should establish a sound system of risk oversight and management and internal control.

(h) Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Role of the Board and Management

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Executive Directors are responsible for the day-to-day activities of the Company in advancing the strategic direction. Senior management is responsible for supporting the Executive Directors and to assist the Executive Directors implement the running of the general operations and financial business of the Company, in accordance with delegated authorities for expenditure levels and materiality thresholds in place.

8. CORPORATE GOVERNANCE (continued)

The Board is collectively responsible for promoting the success of the Company by:

- overseeing the Company, including its control and accountability systems;
- appointing the Executive Directors, or equivalent, for a period and on terms as all the Directors see fit and, where appropriate, removing the Executive Directors, or equivalent;
- ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (or equivalent) and the Company Secretary;
- ensuring the Company's Policy and Procedure for Selection and (Re)Appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter;
- approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving the annual budget of the Company;
- monitoring the financial performance of the Company;
- ensuring the integrity of the Company's financial and other reporting through approval and monitoring of such;
- providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- engaging with the Company's external auditors;
- monitoring compliance with all of the Company's legal obligations, such as those obligations relating to occupational health and safety, the environment, native title and cultural heritage; and
- make regular assessment of whether each Non-executive Director is independent in accordance with the Company's Policy on Assessing the Independence of Directors.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Company's delegated authorities for expenditure levels and materiality thresholds in place.

Directors are encouraged to request information from senior management where they consider such information necessary to make informed decisions.

The Managing Director/Executive Director(s) is/are responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. The Managing Director/Executive Director(s) is/are also responsible for appointing and, where appropriate, removing senior executives, including the Chief Financial Officer (or equivalent) and the Company Secretary, with the approval of the Board.

The Chief Financial Officer is responsible for managing the financial and administration controls across the Company, including the overall management and the preparation of statutory reporting for the Company.

The Chair is responsible for evaluation of the Board, Board committees and individual Directors, where deemed appropriate. The Company conducts an annual performance evaluation of the Board each financial year. During the financial year, the Company conducted an informal performance evaluation of the Board and next financial year plan to undertake a formal performance evaluation of the Board which will involve completion of a questionnaire by each Board member and collation and review of the results by the Board.

The Non-executive Directors undertook an annual performance and remuneration review of the Managing Director during the financial year. The Managing Director is reviewed against a number of qualitative and quantitative factors

8. CORPORATE GOVERNANCE (continued)

including key performance indicators. Senior executives also undertook annual performance and remuneration reviews conducted by the Managing Director. Senior executives are reviewed against a number of qualitative and quantitative factors relevant to their role and position.

A summary of the Board Charter, a statement of matters reserved for the Board and senior management is available on the Company's website www.bassmetals.com.au.

Composition of the Board

The Company has adopted a Policy on Assessing the Independence of Directors which is consistent with the guidelines detailed in the ASX Principles & Recommendations.

The Company's Board Charter includes guidelines for assessing the materiality of matters which are summarised below:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net assets;
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more;
- Items are also material if:
  - i. they impact on the reputation of the Company,
  - ii. they involve a breach of legislation or may potentially breach legislation,
  - iii. they are outside the ordinary course of business,
  - iv. they could affect the Company's rights to its assets,
  - v. if accumulated they would trigger the quantitative tests above,
  - vi. they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items or
  - vii. they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%; and

- Contracts will be considered material if
  - i. they are outside the ordinary course of business,
  - ii. they contain exceptionally onerous provisions,
  - iii. they impact on income or distribution in excess of the quantitative tests above,
  - iv. any default, should it occur, may trigger any of the quantitative or qualitative tests above,
  - v. they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests above,
  - vi. they contain or trigger change of control provisions,
  - vii. they are between or for the benefit of related parties or
  - viii. they otherwise trigger the quantitative tests above.

The current Board consists of an Executive Chairman (Mr R Anthon), one Non-Executive Director (Mr M Sykes) and one Executive Director (Mr T Treasure). A profile of each Director containing their date of appointment, skills, experience and expertise is set out in the Directors' Report.

In assessing the independence of directors, the Company has regard to Principle 2 Recommendation 2.1 of the Corporate Governance Principles and regards an independent director as a non executive director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement and who:

(a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;

(c) within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

(d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

(e) has no material contractual relationship with the Company or another group member other than as a director of the Company.

8. CORPORATE GOVERNANCE (continued)

The Board considers that and Mr T Treasure is independent based on the criteria for independence included in the Company's Policy on Assessing the Independence of Directors and the ASX Principles & Recommendations. When applying the Company's Policy on Assessing the Independence of Directors and the ASX Principles & Recommendations, Mr R Anthon (Chairman) and Mr M Sykes are not considered independent Directors due to their direct association with the major shareholder of the Company.

As only one of the three Directors are independent, there is not a majority of independent Directors on the Board. The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's size and activities. The Company considers that the non-independent Director possess skills and experience suitable for building the Company. However it is noted the Board takes the responsibilities of best practice in corporate governance seriously and will consider the appointment of additional independent Directors if deemed appropriate depending on the scope and scale of its operations.

The Company has a Policy and Procedure for Selection and (Re)Appointment of Directors.

A minimum of three Directors are required under the Company's Constitution. Any changes to the composition of the Board will be determined by the Board, subject to any applicable laws and the resolutions of Shareholders. The Board seeks to nominate persons for appointment to the Board who has the qualifications, experience and skills to augment the capabilities of the Board. All Directors (except the Managing Director) are required by the Constitution of the Company to submit themselves for re-election at regular intervals and at least every three years.

New Directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment and undergo a formal Induction Program.

A summary of the Company's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website www.bassmetals.com.au.

Conflicts of Interest

In accordance with the Corporations Act, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Statement Concerning Availability of Independent Professional Advice

The Board acknowledges the need for independent judgement on all Board decisions, irrespective of each individual Director's independence.

To assist Directors with independent judgement, it is the Board's Policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Committee

The Board considers that given the current size, scale and level of complexity of the Company's operations, it is not presently justified to set up a discrete Nominations Committee. The Board as a whole operates as a Nominations Committee (Principle 2, Recommendation 2.4). To assist the Board to fulfil its function as the Nomination Committee, the Board has adopted a Nomination Committee Charter. A summary of the Nomination Committee Charter is available on the Company's website www.bassmetals.com.au.

Remuneration Committee

Given the present size of the Company, the whole Board acts as the Remuneration Committee, where required. The Board had previously had a separate Remuneration Committee, but resolved on 27 June 2012 to dissolve the Remuneration Committee and have the whole Board act as the Remuneration Committee.

Given the current size of the Company, the Board believes no efficiencies or other benefits can be gained by establishing a separate Remuneration Committee. To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter. A summary of the Remuneration Committee Charter is available on the Company's website www.bassmetals.com.au. All matters of remuneration are determined by the Board pursuant to the Corporations Act and the ASX Listing Rule requirements, especially in respect of related party transactions. That is, no Directors participated in any deliberation regarding his own remuneration or related issues.

8. CORPORATE GOVERNANCE (continued)

The Company has a Remuneration Policy adopted by the Board. Remuneration of Directors and senior management is determined with regard to payments made by other companies of similar size and industry and in accordance with the skills and experience of the particular person. Details of remuneration of Directors and key management personnel are disclosed in the Remuneration Report included in this Annual Report.

There are no termination or retirement benefits for Non-executive Directors (other than for superannuation).

Pursuant to the Remuneration Policy, executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

A copy of the Remuneration Committee Charter is available on the Company's website www.bassmetals.com.au.

Audit Committee

The Board has established an Audit Committee (Principle 4, Recommendation 4.1). The Audit Committee consists of the following:

(a) Only non-executive directors;
(b) A majority of independent directors;
(c) An Independent Chairperson who is not Chairperson of the Board; and
(d) Two members, but where there are not two or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

Each member of the Audit Committee is financially literate and at least one member of the Committee has accounting or related financial management experience.

The Audit Committee is a committee of the Board.

The Audit Committee’s primary function is to approve all financial statements issued by the Company and to assist the Board in discharging its responsibility to exercise due care, diligence and skill, including in relation to the Company’s financial statements:

(a) quality of financial controls;
(b) reviewing scope and results of external audits;
(c) monitoring corporate conduct and business ethics;
(d) maintaining open lines of communication between the Board, management and the external auditors;
(e) reviewing matters of significance affecting the financial welfare of the Company;
(f) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
(g) reviewing the Company's internal financial control system; and
(h) considering the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

The Audit Committee meets at least twice a year. The attendees are the Audit Committee Members, Chief Financial Officer, External Auditor and Company Secretary.

The Board has established an Audit Committee which is comprised of Mr P A Treasure (Executive Director who is deemed to be independent) and Mr R Anthon (Chairman of the Board) and. The Audit Committee does not consist of a majority of independent Directors as it consists of one independent Executive Director and one non-independent Director as sufficient for the current size, scale and level of complexity of the Company’s operations. The Board considers that the Audit Committee’s structure has been, and continues to be, appropriate in the context of the Company's size. The Company considers that Mr T Treasure is an appropriate Chairman of the Audit Committee and that Mr R Anthon possesses the necessary financial skills and experience suitable to be a member of the Company’s Audit Committee. A profile of each Director and the Company Secretary containing their date of appointment, skills, experience and expertise is set out in the Directors' Report of this Annual Report.

The Company has a Policy for the Selection, Appointment and Rotation of External Auditors which is available on the Company’s website www.bassmetals.com.au. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

8. CORPORATE GOVERNANCE (continued)

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

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

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

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer have provided a declaration to the Board in writing pursuant to section 295A of the Corporations Act and the ASX Listing Rules that:

- the consolidated financial statements of the Company and its controlled entity for the financial year ended 30 June 2014 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Risk Management

The operation of internal controls and the measurement of risk are important in the creation and preservation of shareholder value and is a high priority for the Board and management. A summary of the Company's Risk Management Policy is available on the Company's website www.bassmetals.com.au. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director/Executive Director(s) having ultimate responsibility to the Board for the risk management and control framework.

The Company is committed to the identification; monitoring and management of risks associated with its business activities and has established various financial and operational reporting procedures and other internal control and compliance systems in this regard. These include the following:

- the Managing Director/Executive Director(s) is required to report on the management of risk as a standing agenda item at each Board meeting. This involves the tabling of a Risk Register which is actively monitored and updated by management;
- delegated authority limits exist in respect of financial expenditure and other business activities;
- a comprehensive insurance program is undertaken;
- internal controls exist to safeguard the Company's assets and ensure the integrity of business processes and reporting systems;
- annual budgeting and monthly reporting systems for business operations is undertaken which enable the monitoring of progress against performance targets and the evaluation of trends;
- appropriate due diligence procedures are undertaken for acquisitions and divestments; and
- disaster recovery procedures and crisis management systems exist.

The Company's Managing Director/Executive Director(s) and Chief Financial Officer have provided a declaration that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. Additionally, the Managing Director/Executive Director(s) and Chief Financial Officer have stated that this declaration is based on a sound system for risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received assurance from the Managing Director/Executive Director(s) that the Company's management of its material business risks are effective.

8. CORPORATE GOVERNANCE (continued)

Continuous Disclosure

The Board has adopted a Policy on Continuous Disclosure. A summary of the Policy on Continuous Disclosure is available on the Company's website www.bassmetals.com.au.

The Policy on Continuous Disclosure sets out the obligations of Directors, officers and employees to ensure the Company satisfies its continuous disclosure obligations. It provides information as to what a person should do when they become aware of information which could have a material effect on the Company's securities. The Policy also sets out the consequences of non-compliance and a person's confidentiality obligations.

Under the provisions of ASX Listing Rule 3.1, the Company is required to immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware, and which a reasonable person would expect to have a material effect on the price and value of the Company securities All relevant information provided to ASX in compliance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules is promptly posted on the Company's website www.bassmetals.com.au.

Compliance Procedures

The Board has also adopted Compliance Procedures to assist it to comply with the Corporations Act and ASX Listing Rule disclosure requirements. A summary of the Compliance Procedures are available on the Company's website www.bassmetals.com.au.

Under the Compliance Procedures, Responsible Officers are appointed who are primarily responsible for ensuring the Company complies with its disclosure obligations. The Managing Director/Executive Director(s) and Company Secretary are the Responsible Officers of the Company. The duties of the Responsible Officers are set out in the Compliance Procedures. The Compliance Procedures provide guidelines as to the type of information that needs to be disclosed and encourages thorough recording of disclosure decision making. The Compliance Procedures contain information on avoiding a false market, safeguarding confidentiality of corporate information, and information on external communication for the purpose of protecting the Company's price sensitive information. The Compliance Procedures also provide guidance relating to potential disclosure material.

Communication to Shareholders

The Company has a Shareholder Communications Policy that promotes effective communication with shareholders and encourages presentation of information to shareholders in a clear, concise and effective manner. The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to Shareholders through its annual report, annual general meeting, half-yearly results and quarterly activities and cash flow announcements, ASX announcements and the Company's website.

The Company considers general meetings to be an effective means to communicate with shareholders and encourages shareholders to attend the meeting. Information included in the notice of meeting sent to shareholders is presented in a clear, concise and effective manner.

The Shareholder Communications Policy is available on the Company's website www.bassmetals.com.au.

Code of Conduct

The Board has adopted a Code of Conduct which requires Directors, management and employees to deal with the Company's customers, suppliers, competitors and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates. The Code prohibits Directors, management and employees from involving themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. The Company also has a policy on financial and other inducements. Directors, management and employees are required to respect the confidentiality of all

information of a confidential nature acquired in the course of the Company's business. Directors, management and employees must protect the assets of the Company to ensure availability for legitimate business purposes. The Company acknowledges its responsibility to shareholders, the community, and the individual. The Company uses its best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.

A breach of the code is subject to disciplinary action which may include termination of employment.

A summary of the Code of Conduct is available on the Company's website www.bassmetals.com.au.

8. CORPORATE GOVERNANCE (continued)

Ethical Standards

The Board considers that the success of the Company will be enhanced by a strong ethical culture within the Company. Accordingly, the Board is committed to the highest level of integrity and ethical standards in all business practices. Employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation.

Policy for Trading in Company Securities

The Policy for Trading in Company Securities adopted by the Board prohibits trading in shares by a Director, officer or employee during certain blackout periods (in particular, prior to release of interim or annual results) except in exceptional circumstances and subject to procedures set out in the Policy.

Outside of these blackout periods, a Director, officer or employee must first obtain clearance in accordance with the Policy before trading in shares. For example:

- a Director must receive clearance from the Chairman before he may buy or sell shares;
- if the Chairman wishes to buy or sell shares he must first obtain clearance from the Managing Director; and
- other officers and employees must receive clearance from the Managing Director before they may buy or sell shares.

Directors must advise the Company Secretary of any transactions conducted by them in securities of the Company as soon as reasonably possible after the date of the change and in any event no later than three business days after the date of the change.

Directors, officers and employees must observe their obligations under the Corporations Act not to buy or sell shares if in possession of price sensitive non-public information and that they do not communicate price sensitive non-public information to any person who is likely to buy or sell shares or communicate such information to another party. A summary of the Policy for Trading in Company Securities is available on the Company's website www.bassmetals.com.au.

Diversity Policy

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

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

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

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

The Company's Diversity Policy is available on the Company's website www.bassmetals.com.au.

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

	2014		2013	
	Female	Male	Female	Male
Board	-	3	-	4
Senior Executives	-	1	-	1
Other Employees	-	2	-	2
	-	**6**	**-**	**7**

8. CORPORATE GOVERNANCE (continued)

ASX Listing Rule Disclosure – Exception Reporting

As required by ASX Listing Rules, the following table discloses the extent to which the Company has not followed the best practice recommendations set by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition).

Principle No	Best Practice Recommendation	Compliance	Reasons for Non-compliance
2.1	A majority of the Board should be independent Directors.	Currently, the Company has one independent Director and two Directors that are not considered to be independent.	The Board considers that its structure has been, and continues to be, appropriate for its size and activities. The Company considers that each of the non-independent Directors possess skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who are not deemed to be independent. Nonetheless, the Board takes the responsibilities of best practice in corporate governance seriously and has in the past and will in the future consider the appointment of independent Directors if deemed appropriate depending on the scope and scale of its operations.
2.4	The Board should establish a nomination committee.	The Board has not established a separate nomination committee, however, the responsibilities of a nomination committee are carried out by the full Board. It is noted the Board has adopted a Nomination Committee Charter.	Given the present size of the Company, the whole Board acts as a nomination committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee. The Board will re-consider establishing a separate Nomination Committee as the Company's operations grow.
3.3	The Company should disclose the measurable objectives for achieving gender diversity.	The Board has not established measurable objectives for achieving gender diversity.	The Board has established a Diversity Policy. Given the present size of the Company and its activities, the Board believes that no efficiencies or other benefits could be gained through establishment of measurable objectives for achieving gender diversity. The Board will re-consider establishing measurable objectives for achieving gender diversity as the Company's workforce and operations grow.
4.2	The Company's audit committee should consist of a majority of independent directors, be chaired by an independent chair, who is not chair of the board, and have at least three members.	The Audit Committee consists of two members, Mr T Treasure, the Company's independent Executive Director, who also chairs the Committee, and Mr R Anthon, Executive Chairman who is not deemed to be independent.	The Board considers that the Audit Committee's structure has been, and continues to be, appropriate for the Company's size and activities. The Company considers that the Executive Director is an appropriate Chairman of the Audit Committee and that Mr T Treasure possesses the necessary financial skills and experience suitable to chair the Company's Audit Committee. It is noted the Board has adopted an Audit Committee Charter.

8. CORPORATE GOVERNANCE (continued)

Principle No	Best Practice Recommendation	Compliance	Reasons for Non-compliance
8.1 and 8.2	The Board should establish a Remuneration Committee.	The Board no longer has a separate Remuneration Committee, however, the responsibilities of such a committee are carried out by the full Board. It is noted the Board has adopted a Remuneration Committee Charter.	Given the present size of the Company, the whole Board acts as a remuneration committee, if required. The Board believes no efficiencies or other benefits could be gained by establishing a separate Remuneration Committee. The Board will re-consider establishing a separate Remuneration Committee as the Company's operations grow. All matters of remuneration are determined by the Board pursuant to the Corporations Act and the ASX Listing Rule requirements, especially in respect of related party transactions. That is, no Directors participated in any deliberation regarding his own remuneration or related issues. The Company has a Remuneration Policy adopted by the Board.