



BASS METALS LTD

ABN 31 109 933 995

PROSPECTUS

for a renounceable rights issue to Shareholders on the basis of 1 New Share at an issue price of \$0.28 for every 4 Existing Shares together with 1 free attaching New Option for every 4 New Shares issued to raise approximately \$4.4 million before issue costs if fully subscribed

The Rights Issue is underwritten to a level of \$4 million

**UNDERWRITER & LEAD MANAGER
Patersons Securities Limited**

The Rights Issue closes at 5.00pm WST on 18 April 2007. Valid acceptances must be received before that time.

Rights trading closes at 5.00pm WST on 11 April 2007. Instructions to sell must be received before that time.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding your Entitlement. This Prospectus is important and should be read in its entirety. If you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional advisor. Securities offered by this Prospectus should be considered speculative.

CORPORATE DIRECTORY

Directors

Don Boyer	Non Executive Chairman
Mike Rosenstreich	Managing Director
Craig McGown	Non Executive Director
Kieran Rodgers	Non Executive Director

Company Secretary

Susan Hunter

Registered / Business Office

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Stock Exchange Listing

Australian Stock Exchange
ASX Code "BSM" and "BSMO"

Underwriter & Lead Manager

Patersons Securities Limited
Level 23 Exchange Plaza
2 The Esplanade
Perth WA 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Hwy
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: registrar@securitytransfer.com.au
Web: www.securitytransfer.com.au

Corporate Advisors

Norvest Corporate Pty Ltd
16 Ord Street
West Perth WA 6005

Solicitors

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Auditor

Bentleys MRI Perth Partnership
Level 1
10 Kings Park Road
West Perth WA 6005

IMPORTANT NOTICE

- This Prospectus is dated 16 March 2007 and was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility as to the contents of this Prospectus. No Securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.
- The offer of securities made pursuant to this Prospectus is not made in any jurisdiction other than Australia and New Zealand. The offer is not made to persons or places to which, or in which, it would not be lawful to make such an offer of securities. Any persons who come into possession of this Prospectus should seek advice on and comply with any legal restrictions.
- The Company will apply for the New Shares and New Options offered pursuant to this Prospectus to be listed on the ASX.
- Applications for New Shares and New Options can only be submitted on an original Entitlement and Acceptance Form which accompanies and forms part of this Prospectus. The Entitlement and Acceptance Form sets out a Shareholders' entitlement to participate in the Rights Issue. Shareholders should carefully consider whether to accept their Entitlement. Shareholders who do not accept their Entitlement in full under this Prospectus may be diluted on issue of New Shares in the Company.
- This Prospectus is a "transaction specific prospectus" for an offer of "continuously quoted securities" prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been made to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.
- No person is authorised to give any information or to make any representation in connection with the Rights Issue. Any information or representation in relation to the Rights Issue which is not contained in this Prospectus may not be relied upon as having been authorised by the Company.
- This document is important and requires your immediate attention. Persons wishing to subscribe for New Shares offered by this Prospectus should read this Prospectus in its entirety. You should consult your financial advisor as to the course you should follow in respect of the New Shares and carefully consider whether the New Shares are an appropriate investment for you. Please refer to the risk factors outlined in Section 7 of this Prospectus.
- Certain terms and abbreviations used in this Prospectus have defined meanings that appear in Section 10 of this Prospectus.

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KEY DATES FOR THE RIGHTS ISSUE

Lodgement of Prospectus with ASIC	16 March
Rights trading commences on ASX	22 March
Record Date to identify Shareholders entitled to participate in the Rights Issue	28 March
Dispatch of Prospectus and Entitlement and Acceptance Forms	30 March
Last day of Rights trading on ASX	11 April
Closing Date for the Rights Issue (5.00pm WST)	18 April
Allotment of New Shares and New Options	26 April
Dispatch of holding statements	27 April
Trading of New Shares and New Options expected to commence on ASX	30 April

This timetable is indicative only. The Company, in conjunction with the Underwriter, reserves the right to vary the above dates subject to the Corporations Act and ASX Listing Rules.

IMPORTANT HIGHLIGHTS

- **Trial mining commenced at the Que River Base Metals Project in Tasmania**
- **Alliance with Mancala to undertake the Que River mining operations**
- **Letter of Intent with the Intec-Polymetals Joint Venture for the sale and processing of Que River ore at the Hellyer Mill**
- **Initial Mineral Resource estimate completed for the Mt Charter Gold-Silver Project in Tasmania**
- **Ongoing exploration programme on regional tenements prospective for base metals, gold and nickel**
- **Key alliances with Zinifex and Geoinformatics continuing to facilitate exploration activities through provision of financial and technical contributions**

These highlights are a brief summary only. Shareholders should read the entire Prospectus and should be aware of the risks as disclosed in Section 7 of this Prospectus.

KEY ACTIONS REQUIRED BY SHAREHOLDERS

Shareholders may:

- Accept their Entitlement in whole or in part
- Apply for additional New Shares under the Shortfall
- Sell all or part of their Rights on ASX

If Shareholders do nothing, their Entitlement and Rights will lapse and they will receive no benefit from the Rights Issue.

Full details and instructions for Shareholders are provided in Section 4 of this Prospectus.



BASS METALS LTD

ABN 31 109 933 995

LETTER FROM MANAGING DIRECTOR

16 March 2007

Dear Shareholder

Your Directors are pleased to offer you an opportunity to participate in the Company's Renounceable Rights Issue to raise approximately \$4,400,000 (before costs) if fully subscribed.

The Rights Issue is underwritten by Patersons to the extent of \$4,000,000. The Company has incorporated a Shortfall facility whereby Eligible Shareholders may apply for additional New Shares in excess of their Entitlement at the same price.

I would like to acknowledge the important support from our major shareholder, Intec who has agreed to sub-underwrite \$1,500,000 of the Rights Issue.

The Company is at a very exciting stage in its growth as an emerging base metals miner. However the Directors are also keen to at least maintain the level of exploration activity to try and meet our core business objective of discovering or acquiring a major ore deposit. The funds raised will be used to provide the initial working capital support for the proposed Que River Mine development, planned exploration and evaluation activities.

On behalf of the Board I invite you to consider the information provided in this Prospectus and encourage you to participate in the Rights Issue.

Yours sincerely,

Mike Rosenstreich
Managing Director

1. DETAILS OF THE RIGHTS ISSUE

1.1 TERMS OF THE RIGHTS ISSUE

The Company is making a renounceable Rights Issue to raise approximately \$4,400,000 (before costs) if fully subscribed through the offer of 15,831,878 New Shares together with 3,957,970 free attaching New Options.

If any Existing Options are exercised and Shares are allotted between the date of this Prospectus and the Record Date, the number of New Shares and New Options offered under this Prospectus will increase and additional funds may be raised.

Entitlements will be determined on the basis of 1 New Share for every 4 Existing Shares held at the Record Date, at an issue price of \$0.28 per New Share payable in full on application, together with 1 free attaching New Option for every 4 New Shares subscribed for. The New Options are exercisable at \$0.40 on or before 30 April 2010.

The New Shares to be issued pursuant to the Rights Issue are of the same class and will rank equally in all respects to Existing Shares in the Company. The rights and liabilities attaching to the New Shares and New Options are further described in Section 5 of this Prospectus.

1.2 UNDERWRITING

The Rights Issue is underwritten by Patersons to the extent of \$4,000,000. A summary of the Underwriting Agreement is set out in Section 8.1.

The Company's major shareholder, Intec, has agreed to sub-underwrite \$1,500,000 of the Rights Issue. Intec will receive a fee of 5% on the amount sub-underwritten equating to \$75,000 payable by Patersons out of its underwriting fee. Should Intec accept its full Entitlement at the date of this Prospectus under the Rights Issue and be required to sub-underwrite its proportion of the Shortfall, Intec's shareholding in the Company will increase to approximately 24.3% based on the Underwritten Amount. Should Intec exercise its Existing Options prior to the Record Date, accept its full Entitlement under the Rights Issue and be required to sub-underwrite its proportion of the Shortfall, Intec's shareholding in the Company will increase to approximately 26.5% based on the Underwritten Amount.

1.3 ENTITLEMENTS

Entitlements to participate in the Rights Issue will be determined on the Record Date, being 5pm WST on 28 March 2007. Any fractional entitlements will be rounded up to the nearest whole number. The number of New Shares to which a Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Shareholders wishing to accept their Entitlements in part or in full should refer to Section 4 of this Prospectus for full instructions.

1.4 APPLICATION FOR ADDITIONAL NEW SHARES

Shareholders who accept their full Entitlement have the opportunity to apply for additional New Shares at the issue price of \$0.28 each, together with 1 free attaching New Option for every 4 New Shares issued. The allocation of these additional New Shares and New Options will be limited to any Shortfall and will be at the discretion of the Underwriter in consultation with the Directors. Shareholders wishing to apply for additional New Shares should do so on the Entitlement and Acceptance Form and should refer to Section 4.5 of this Prospectus for full instructions.

1.5 RIGHTS TRADING

The Rights Issue is made on a renounceable basis. This means that Shareholders who do not wish to accept their Entitlement may sell their Rights on ASX. Trading of Rights on ASX is expected to commence on 22 March 2007 and end on 11 April 2007. Shareholders wishing to sell their Rights should refer to Section 4.6 of this Prospectus for full instructions.

1.6 OPENING AND CLOSING DATES FOR APPLICATIONS

The Company will accept Entitlement and Acceptance Forms from the date of dispatch of this Prospectus, until the Closing Date being 5.00pm WST on 18 April 2007 or such later date as the Directors may determine subject to the ASX Listing Rules.

1.7 APPLICATION MONIES HELD ON TRUST

All Application Monies received for New Shares will be held on trust until the New Shares and New Options are allotted. Should any applications for additional New Shares not be accepted, those Application Monies will be refunded without interest as soon as practicable.

1.8 ALLOTMENT AND ALLOCATION POLICY

The New Shares and New Options will be issued as soon as practicable after the Closing Date. All Shareholders accepting their Entitlements will be allotted their New Shares and New Options. The Underwriter in consultation with the Directors, reserve the right to allocate any Shortfall at their absolute discretion. As such, Shareholders who apply for additional New Shares may receive fewer than that applied for or none at all. In this event, any surplus Application Monies will be refunded without interest as soon as practicable. Holding statements in relation to the New Shares and New Options will be dispatched to Shareholders as soon as practicable after allotment. It is the responsibility of Shareholders to confirm the number of New Shares and New Options allotted to them prior to trading on ASX. Shareholders who sell their New Shares or New Options before they receive their holding statements do so at their own risk.

1.9 APPLICATION FOR QUOTATION OF NEW SHARES AND NEW OPTIONS

Within 7 days after the date of this Prospectus, application will be made to ASX for the New Shares and New Options to be listed for quotation by ASX. If official quotation is not granted by ASX within three months after the date of this Prospectus, the Company will not issue any New Shares and New Options and will repay all Application Monies without interest as soon as practicable.

1.10 MARKET PRICE OF SHARES

For information purposes only, set out below is the latest available closing price of BSM Shares on ASX prior to lodgement of this Prospectus with ASIC and the highest and lowest closing sales prices on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales:

	Price (cents)	Date
Last Closing Sale Price	33.5	12 March 2007
Highest Closing Sale Price	41.5	2 January 2007
Lowest Closing Sale Price	28	5 March 2007

1.11 FOREIGN SHAREHOLDERS

The Company has decided that it is not practicable to make the Rights Issue to Foreign Shareholders who have a registered address in a country other than Australia or New Zealand having regard to the number of Shareholders in such places, the number and value of New Shares they would be offered, and the substantial costs of complying with the legal and regulatory requirements of those other jurisdictions.

The Company has appointed the Underwriter on normal commercial terms as nominee to sell the Foreign Shareholders Rights. The Underwriter will only sell those Rights if there is a viable market in the Rights and a premium over the expenses of sale can be obtained. Any such sale will be at a price and be conducted in a manner that the Underwriter will determine in its absolute discretion.

Neither the Company nor the Underwriter will be liable for any failure to sell the Rights or to sell the Rights at any particular price. If there is no viable market for the Rights of the Foreign Shareholders, their Entitlements will be allowed to lapse and the relevant New Shares will become available under the Shortfall, to be dealt with by the Underwriter in conjunction with the Directors.

1.12 RISK FACTORS

An investment in the New Shares and New Options should be considered speculative. In addition to the general risks applicable to all investments in securities of a listed company, there are specific risks associated with an investment in the Company which are set out in Section 7 of this Prospectus.

1.13 TAXATION CONSIDERATIONS

The subsequent disposal of New Shares or New Options issued to Shareholders or the disposal of the Rights will have tax consequences. The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares as it will differ depending on the individual affairs of each Shareholder. All Shareholders are urged to obtain independent financial advice concerning the taxation consequences of accepting their Entitlement or selling their Rights.

1.14 PROSPECTUS IS AVAILABLE ON THE COMPANY'S WEBSITE

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website, www.bassmetals.com.au. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is accompanying a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

1.15 PRIVACY DISCLOSURE

Persons who apply for New Shares and New Options pursuant to this Prospectus are asked to provide minimum personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for New Shares and New Options, to provide facilities and services to shareholders, and to carry out various administrative functions. The Company is committed to respecting the privacy of your personal information. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Shares and New Options will not be processed. In accordance with privacy laws, information collected in relation to specific shareholders can be obtained by that shareholder by contacting the Company or the Share Registry.

2. PURPOSE AND EFFECT OF THE RIGHTS ISSUE

2.1 PURPOSE OF THE RIGHTS ISSUE AND USE OF THE FUNDS

The Company will raise a minimum of \$4,000,000 before costs pursuant to the Rights Issue based on the Underwritten Amount. The Directors intend to apply the funds as follows:

INDICATIVE USE OF FUNDS	\$000
Que River Mine development expenditure	1,854
Exploration expenditure	1,854
Estimated expenses of the Rights Issue	<u>292</u>
TOTAL UNDERWRITTEN AMOUNT	<u>4,000</u>

Should the Company receive subscriptions above \$4,000,000, the additional funds will be applied to cover costs and then allocated on the same 50/50 basis as above. The information set out in the above table is a statement of present intention as at the date of this Prospectus. In the event circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

2.2 PROFORMA CAPITAL STRUCTURE ON COMPLETION OF THE RIGHTS ISSUE

The tables below show the impact of the Rights Issue on the capital structure based on the full offer as at the date of this Prospectus. The final number of New Shares and New Options to be issued upon completion of the Rights Issue is not known and may be more or less than that shown. The tables assume that no Existing Options are exercised from the date of this Prospectus to the time of completion of the Rights Issue. Option holders do not have any right to participate in the Rights Issue unless the Existing Options have been validly exercised prior to the Record Date. If any Existing Options are exercised and Shares allotted prior to the Record Date, the number of New Shares and New Options offered under this Prospectus will increase.

SHARES	Number	%
Existing Shares at date of this Prospectus	63,327,513	80.0%
New Shares offered under the Rights Issue	<u>15,831,878</u>	<u>20.0%</u>
TOTAL SHARES ON ISSUE AFTER RIGHTS ISSUE	79,159,391	100.0%

OPTIONS		Exercise Price	Expiry Date	Number
Existing Options at date of this Prospectus	Listed	\$0.25	31/07/07	6,076,875
	Unlisted	\$0.25	31/07/07	2,170,625
	Unlisted	\$0.25	31/12/07	2,475,000
	Unlisted	\$0.30	31/12/07	350,000
	Unlisted	\$0.35	31/12/07	350,000
	Unlisted	\$0.275	22/12/11	1,600,000
	Unlisted	\$0.375	31/12/11	500,000
New Options offered under the Rights Issue	Listed*	\$0.40	30/4/10	<u>3,957,970</u>
TOTAL OPTIONS ON ISSUE AFTER RIGHTS ISSUE				17,480,470

*subject to ASX approval

2.3 PROFORMA BALANCE SHEET

To illustrate the effect of the Rights Issue on the financial position of the Company, the following proforma balance sheet has been prepared based on the reviewed 31 December 2006 balance sheet in the half-year accounts after adjustment for:

- completion of the Rights Issue assuming the raising of the minimum Underwritten Amount of \$4,000,000 before costs;
- the issue of 14,285,714 New Shares and 3,571,428 New Options on the basis of the Underwritten Amount; and
- payment of estimated costs of the Rights Issue of approximately \$292,000 based on the Underwritten Amount offset against contributed equity.

PROFORMA BALANCE SHEET BASED ON UNDERWRITTEN AMOUNT	Reviewed 31 December 2006 \$000	Unaudited Proforma \$000
Current Assets		
Cash and cash equivalents	1,633	5,341
Trade and other receivables	254	254
Prepayments	40	40
Total Current Assets	1,927	5,635
Non-Current Assets		
Receivables	154	154
Plant and equipment	163	163
Exploration and evaluation expenditure	3,892	3,892
Exploration properties	3,108	3,108
Total Non-Current Assets	7,317	7,317
Total Assets	9,244	12,952
Current Liabilities		
Trade and other payables	378	378
Short term borrowings	17	17
Provisions	13	13
Total Current Liabilities	408	408
Non-Current Liabilities		
Long term borrowings	80	80
Total Liabilities	488	488
NET ASSETS	8,756	12,464
Equity		
Issued capital	9,913	13,621
Reserves	553	553
Accumulated losses	(1,710)	(1,710)
TOTAL EQUITY	8,756	12,464

The actual amount to be raised under the Rights Issue is not known and will depend on the level of subscriptions by Shareholders to their Entitlements and the potential additional New Shares should Existing Options be exercised prior to the Record Date. The amount may be more than the Underwritten Amount.

3. PROJECT OVERVIEW

This Section includes a summary of the Company's projects and their current status. Full details are available by reviewing the Company's disclosure notices made to ASX as part of its regular reporting and disclosure obligations.

3.1 BASE METALS

Que River Mine Development (100%)

- Trial mining programme commenced in February 2007 as a precursor to the planned Stage 1 Mine Plan in association with mining alliance partner, Mancala.
- Receipt of key environmental approval from the Tasmanian Department of Tourism, Arts & Environment for the Stage 1 Mine Plan.
- Letter of Intent signed with the Intec-Polymetals Joint Venture, operators of the Hellyer Zinc Concentrate Project, outlining the potential sales terms of ore from the Que River Project.
- Indicative project revenues are derived from zinc, lead and silver revenues only at this point. The Company continues to investigate potential to also generate revenue from gold and copper.
- New high grade Mineral Resource estimated at PQ South and Mineral Resource upgrade at S-Lens.

Hellyer Mine Project (100%)

- The Company has identified several high grade copper and base metal targets in close proximity to the mined out Hellyer base metal deposit from historic drill hole data.
- Remnant zones of mineralisation around former mine workings may form the basis of a Mineral Resource upgrade and potential remnant mining operation.

Zinifex Hellyer Exploration Alliance

- The Company has an exploration alliance with Zinifex, spending up to \$1,000,000 each, to explore for new large scale, high grade base metal deposits. BSM is the exploration manager.
- To date 8 diamond drill holes of a 19 hole programme testing 13 new Hellyer-Que River style mineralised targets have been completed.

Regional Base Metal Exploration

- Work has started to evaluate the sixty-five new target areas identified late last year to develop these into drill targets and mineral prospects.
- North Rosebery (75%) – soil sampling is completed and follow-up drilling planned.
- Bonds Range (60%) – drilling to follow-up a high grade soil anomaly where recent drilling has intersected visible base metal mineralisation at the Iris River prospect.
- Mt Selina (60%) – soil sampling is completed and follow-up geological mapping and drilling planned.
- Positive surface rock chip results at Magnet and Oonah historic mine sites (75%) warrant further work.

3.2 GOLD

Mt Charter Gold-Silver Project (100%)

- The initial Mineral Resource estimate (reported in accordance with the JORC code) for Mt Charter reported comprising 240,000 ounces of gold and 6.9 million ounces of silver.
- Preliminary metallurgical testwork indicates overall gold recovery of approximately 95% through flotation and cyanidation of float tails, with work on-going to evaluate processing options for the gold bearing concentrates.
- The Company's focus is to explore for Mt Charter extensions and new gold targets in the Sterling Valley area south of Tullah and Mt Selina, 4km east of the Henty Gold Mine.

3.3 NICKEL

- The Heazlewood project (BSM earning 70%) contains several nickel and platinum metal group exploration targets. Soil sampling work commenced in February 2007. The Company considers the geological setting is similar to the Avebury nickel deposit currently being developed by Allegiance Mining Ltd.

4. ACTION REQUIRED BY SHAREHOLDERS

The information and instructions in this Section are only relevant to those Shareholders with registered addresses in Australia and New Zealand. Foreign Shareholders should refer to Section 1.11 of this Prospectus.

4.1 WHAT ELIGIBLE SHAREHOLDERS MAY DO

The accompanying Entitlement and Acceptance Form has been pre-printed for each Shareholder showing:

- the number of Existing Shares held by them at the Record Date;
- the number of New Shares available to them under their Entitlement; and
- the amount payable upon full acceptance of their Entitlement.

Applications for New Shares can only be made by completing and lodging an original Entitlement and Acceptance Form and Application Monies with the Share Registry. Instructions for completion are included on the reverse of the Form.

Shareholders may:	Refer Section
Accept full Entitlement	4.4
Apply for additional New Shares	4.5
Sell all or part of Entitlement on ASX	4.6
Accept part of Entitlement and sell balance on ASX	4.7
Accept part of Entitlement and allow balance to lapse	4.8
Transfer all or part of Entitlement to another person	4.9
Entitlements not taken up	4.10

4.2 PAYMENT DETAILS FOR APPLICATION MONIES

Cheques must be in Australian dollars and made payable to “**Bass Metals Rights Issue**” and crossed “**Not Negotiable**” for the appropriate Application Monies being \$0.28 per New Share. The attaching New Options are free and require no money to be paid for them upon application. The cheque details should be inserted at Part 2 on the Form. If a cheque is not honoured on its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

4.3 SHARE REGISTRY DETAILS

Completed Entitlement and Acceptance Forms and cheques must be lodged before the Closing Date being 5pm WST on 18 April 2007 at:

Delivery Address: Security Transfer Registrars Pty Ltd
770 Canning Hwy
Applecross WA 6153

Postal Address: Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

4.4 ACCEPT FULL ENTITLEMENT

Shareholders wishing to accept their full Entitlement should complete Part 1 of the accompanying Entitlement and Acceptance Form for the full number of New Shares entitled and the Application Monies as shown on the Form.

Attach a cheque in Australian dollars, made payable to “**Bass Metals Rights Issue**” and crossed “**Not Negotiable**” for the appropriate Application Monies being \$0.28 per New Share. The attaching New Options are free and require no money to be paid for them upon application.

Send the completed Entitlement and Acceptance Form and cheque to the Share Registry before the Closing Date per Section 4.3 above.

The Entitlement and Acceptance Form does not have to be signed to be a binding acceptance of New Shares. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors’ decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final, however a Shareholder will not be treated as having applied for more New Shares than is indicated by the amount on the cheque for the Application Monies and is cleared funds.

4.5 APPLY FOR ADDITIONAL NEW SHARES

Those Shareholders wishing to accept all of their Entitlement may also apply for additional New Shares under the Shortfall at the same issue price of \$0.28 each. The allocation of these additional New Shares will be limited to any Shortfall and will be at the discretion of the Underwriter, in conjunction with the Directors. The attaching New Options will automatically be issued upon successful subscription of any additional New Shares.

If you wish to apply for any additional New Shares under the Shortfall, complete Part 1 of the accompanying Entitlement and Acceptance Form in respect of the number of additional New Shares you wish to apply for and the Application Monies.

A single cheque should be used for the Application Monies for your Entitlement and the additional New Shares being applied for. That is, the total New Shares applied for multiplied by \$0.28.

Send the completed Entitlement and Acceptance Form and cheque to the Share Registry before the Closing Date per Sections 4.2 and 4.3 above.

The Underwriter in consultation with the Directors, reserve the right to allocate any Shortfall at their absolute discretion. As such, Shareholders who apply for additional New Shares may receive fewer than that applied for or none at all. In this event, any surplus Application Monies will be refunded without interest as soon as practicable. Holding statements in relation to the New Shares and New Options will be dispatched to Shareholders as soon as practicable after allotment. It is the responsibility of Shareholders to confirm the number of New Shares and New Options allotted to them prior to trading on ASX. Shareholders who sell their New Shares or New Options before they receive their holding statements do so at their own risk.

4.6 SELL ALL OR PART OF ENTITLEMENT ON ASX

Shareholders wishing to sell all or part of their Entitlement on ASX, should complete the section headed “Instructions to your Stockbroker” on the back of the accompanying Entitlement and Acceptance Form and forward it to your stockbroker as soon as possible.

Trading of Rights on ASX is expected to commence on 22 March 2007 and end on 11 April 2007.

The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

4.7 ACCEPT PART OF ENTITLEMENT AND SELL BALANCE ON ASX

Shareholders wishing to accept part of their Entitlement and sell the balance on ASX, should complete the relevant parts of the accompanying Entitlement and Acceptance Form as follows:

- indicate in Part 1 the number of New Shares to be accepted and the Application Monies;
- indicate in the “Instructions to your Stockbroker” section on the back of the Form the number of New Shares accepted and Application Monies and the number of Rights to be sold.

A cheque in Australian dollars must be made payable to “**Bass Metals Rights Issue**” and crossed “**Not Negotiable**” for the appropriate Application Monies being \$0.28 per New Share. The New Options are free and require no money to be paid for them upon application.

In this case, Shareholders must send the completed Entitlement and Acceptance Form with the cheque attached to their stockbroker as soon as possible.

The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions and pass on the Entitlement and Acceptance Form and cheque to the Share Registry.

4.8 ACCEPT PART OF ENTITLEMENT AND ALLOW BALANCE TO LAPSE

Shareholders wishing to accept part of their Entitlement and allow the balance to lapse, should indicate in Part 1 of the accompanying Entitlement and Acceptance Form the number of New Shares they wish to accept and the Application Monies.

A cheque in Australian dollars must be made payable to “**Bass Metals Rights Issue**” and crossed “**Not Negotiable**” for the appropriate Application Monies being \$0.28 per New Share accepted. The New Options are free and require no money to be paid for them upon application.

Shareholders must send the completed Entitlement and Acceptance Form with the cheque to the Share Registry by the Closing Date per Section 4.3 above.

4.9 TRANSFER ALL OR PART OF ENTITLEMENT TO ANOTHER PERSON

Issuer sponsored Shareholders who wish to transfer their Entitlement to another person (other than on ASX), must send the following documents to the Share Registry by the Closing Date per Section 4.3 above:

- a completed standard renunciation form (obtainable from the Share Registry or your stockbroker) signed by both the Shareholder (as seller) and the buyer;
- the Shareholder’s original Entitlement and Acceptance Form completed by the buyer ;and
- the buyer’s cheque for the appropriate Application Monies at \$0.28 per New Share.

CHESS Shareholders who wish to transfer their Entitlement to another person (other than on ASX), must contact their sponsoring broker as soon as possible.

4.10 ENTITLEMENTS NOT TAKEN UP

Shareholders are not obliged to accept any of their Entitlement or make any other application for New Shares. In this event, Shareholders should consider selling their Rights rather than allowing them to lapse. All Entitlements not accepted will form part of the Shortfall which will be dealt with at the discretion of the Directors, in conjunction with the Underwriter, and those Shareholders will receive no benefit.

It is therefore important that, if you wish to receive a benefit, you take action either to accept or sell your Entitlement. If you are in any doubt as to the action you should take, please consult your professional adviser.

The number of Existing Shares you hold and the rights attaching to those Existing Shares will not be affected if you choose not to accept any of your Entitlement. However, your shareholding in BSM will be diluted with the subsequent issue of the New Shares.

4.11 ENQUIRIES

Shareholders with questions on how to complete the Entitlement and Acceptance Form should contact the Share Registry by telephone on +61 8 9315 2333 or by email to registrar@securitytransfer.com.au or contact their professional advisor.

5. RIGHTS & LIABILITIES ATTACHING TO NEW SHARES AND NEW OPTIONS

5.1 NEW SHARES

The following is a general description of the more significant rights attaching to the New Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the New Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to this Prospectus will rank equally with the Existing Shares.

Voting Rights

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held in the Company.

Dividend Rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

Variation of Rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the ASX Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

General Meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

Unmarketable Parcels

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

5.2 TERMS OF NEW OPTIONS

The terms of the New Options are set out below. The terms are the same as the Company's existing listed options with the exception of the exercise price and expiry date.

- (a) Each New Option will lapse if not exercised on or before 30 April 2010 ("Expiry Date").
- (b) Each New Option shall entitle the holder to subscribe for and to be allotted one Share in the capital of the Company upon exercise of the New Option and payment to the Company of the exercise price of \$0.40.
- (c) A New Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the exercise price and the statement for the New Option, to the Company's Share Registry. If the option holder holds more than one New Option, the New Options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 10 days of receipt of a properly executed notice of exercise and the required application funds the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the New Options, endorsed on the back of the statement, for completion by the option holder (if required). If the New Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the New Options held and not yet exercised.
- (g) The period during which the New Options may be exercised cannot be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to share holders. The option holder can participate in new issues of securities offered to shareholders if the New Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the New Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of a New Option the option holder will be entitled to have issued to it in addition to the shares which it is otherwise entitled to have issued to it upon such exercise additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its New Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other shares allotted upon exercise of the New Options.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any New Options, all rights of the option holder will be reconstructed (as appropriate in accordance with the ASX Listing Rules applying to a re-organisation of capital at the time of the re-organisation).
- (k) Shares allotted pursuant to exercise of the New Options will rank equally with the then issued Shares of the Company.
- (l) The Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any New Options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the New Option does not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised.
- (n) Subject to the constitution of the Company, the Corporations Act and the ASX Listing Rules the New Options are freely transferable.

6. CONTINUOUS DISCLOSURE OBLIGATIONS

6.1 TRANSACTION SPECIFIC PROSPECTUS

BSM is listed on the ASX and its fully paid ordinary shares are quoted on ASX. The New Shares to be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

The Company is a “disclosing entity” (as defined by section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, BSM is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or value of BSM’s securities.

This Prospectus is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. In general terms “transaction specific prospectuses” or “prospectuses for continuously quoted securities” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. It does not contain all the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on ASX.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the 12 months before the issue of this Prospectus) which required BSM to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company believes there is no other information that shareholders or investors would reasonably require for the purposes of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of BSM and the rights and liabilities attaching to the New Shares and New Options under this Prospectus, which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and would reasonably be expected for investors and their professional advisers to find in the Prospectus.

6.2 AVAILABILITY OF INFORMATION REGARDING THE COMPANY

BSM, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office; and
- (c) the Company will provide a copy of any of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of BSM for the year ended 30 June 2006, being the most recently lodged with ASIC;
 - (ii) the half-year financial report of BSM for the six months ended 31 December 2006 lodged with ASIC since the lodgement of the annual report referred to in paragraph (i) above; and
 - (iii) any continuous disclosure notices given by the Company to ASX after lodgement of the 2006 annual financial report and before the lodgement of this Prospectus with ASIC.

Set out below are details of the documents lodged with ASX in relation to the Company since the date of lodgement of the 2006 Annual Report on 27 October 2006 until the date of this Prospectus. ASX maintains publicly available information for all listed companies on its internet site (<http://www.asx.com.au>). BSM’s announcements can be viewed on this site.

List of Continuous Disclosure Notices Lodged by the Company since 27 October 2006	
Issue Date	Title of Announcement as Lodged with ASX
30/10/06	Initial Mt Charter Mineral Resource Estimate
30/10/06	Mt Charter Media Release
31/10/06	First Quarter Activities & Cashflow Report
3/11/06	Settlement of Major Ground Acquisition with Saracen
3/11/06	Appendix 3B
8/11/06	Becoming a Substantial Holder from SAR
8/11/06	Change in Substantial Holding
10/11/06	Appendix 3B
20/11/06	Que River Mining Study Update
20/11/06	Road show presentation - Exploration Update
20/11/06	Media Release: Que River
21/11/06	Ceasing to be a substantial holder
21/11/06	Ceasing to be a substantial holder
28/11/06	Results of Meeting
19/12/06	Que River Drill Results Update
22/12/06	Letter of Intent - Que River Ore Sales Update
22/12/06	Appendix 3B
22/12/06	Change of Director's Interest Notice
22/12/06	Change of Director's Interest Notice
22/12/06	Change of Director's Interest Notice
22/12/06	Change of Director's Interest Notice
2007	
4/1/07	Positive Drill Result for QR32 Zone in Que River
9/1/07	Appendix 3B
11/1/07	Substantial Shareholding - Voluntary Escrowed Shares
18/1/07	Appendix 3B
19/1/07	Further positive results from QR32 drilling at Que River
23/1/07	Que River Trial Mining to commence
31/1/07	Second Quarter Activities & Cashflow Report
8/2/07	Appendix 3B
14/2/07	Trial Mining Starts at Que River
14/2/07	INL's ann: Hellyer Zinc Concentrate Project
16/2/07	New High Grade Hellyer Targets
16/2/07	INL: Hellyer Zinc Concentrate Project: Bass Metals Announcement
21/2/07	RIU Explorers Conference
27/2/07	Que River Trial Mining Update
2/3/07	INL February 2007 Progress at Hellyer
6/3/07	Trading Halt
7/3/07	Bonds Range EL Drilling Update
7/3/07	Media Release - Bonds Range Drill Program
12/3/07	Trading Halt
14/3/07	Suspension from Official Quotation
15/3/07	Half Year Accounts
15/3/07	Underwritten Renounceable Rights Issue
15/3/07	Reinstatement to Official Quotation
16/3/07	Notice to Optionholders

7. RISK FACTORS

In accepting their Entitlements under the Rights Issue, Shareholders will be subscribing for New Shares and New Options in BSM. As with any share investment, there are risks involved. This section identifies the major areas of risk associated with an investment in BSM, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

7.1 GENERAL INVESTMENT RISKS

Investment Risk

The New Shares and New Options to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or market value. The prices at which the New Shares and New Options trade on ASX may be above or below the Issue Price paid for the New Shares. While the Directors commend the Rights Issue, Shareholders must make their own assessment of the likely risks and determine whether accepting their Entitlements in BSM is appropriate to their own circumstances.

Share Market Risk

The Company proposes to apply to ASX for quotation of the New Shares and New Options. Share market conditions may affect the listed securities regardless of the operating performance of the Company. Many factors will affect the market price of the securities including local and international stock markets, movements in interest rates, commodity prices and currency fluctuations, general economic outlook and investor sentiment generally. The market price of the New Shares and New Options may fall as well as rise.

Availability of Capital Risk

The ability of the Company to access debt and/or raise equity capital as and when required will be influenced by many factors and may not be available on commercially acceptable terms or may not be available at all.

Commodity Price and Exchange Rate Risk

As the Company's potential earnings will be largely derived from the sale of mineral commodities, either in processed or concentrate forms, the Company's future revenues and cash flows will be impacted by changes in the prices of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates. Furthermore, the international prices of most commodities are denominated in United States dollars while the Company's cost base will be in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

Economic Factors and Government Risks

The future viability of the Company is also dependent on a number of factors affecting performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval or war in Australia or overseas.

7.2 EXPLORATION, DEVELOPMENT, MINING AND PROCESSING RISKS

Mineral exploration, project development and mining contain elements of significant risk. The future success of the Company, like all resource exploration and mining companies, will be heavily dependent upon a number of factors many of which are beyond the control of the Company. Such risk factors include:

- maintenance of tenure and access to the Company's tenements and the granting of any mining tenement applications or other approvals required for the conduct of exploration and mining activities;
- reliance on key personnel, including the Directors, and ongoing access to competent management and technical personnel;
- the discovery and exploitation of economically recoverable ore reserves on the Company's tenements or any other tenements that may be acquired in the future;
- the calculation and interpretation of resource estimates are by their nature expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may, in turn adversely affect the Company's operations;
- finalisation of bankable feasibility studies and access to adequate project development capital on acceptable terms;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become a party;
- the ability to negotiate acceptable treatment agreements with respect to various mining and milling alternatives;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- mechanical failure or breakdown of mining or drilling plant and equipment or mine structure resulting in significant delays;
- adverse weather conditions, accidents or industrial disputes over a prolonged period adversely affecting mining and exploration activities and the earning of revenues; and
- adverse changes in government policies or legislation affecting mining and exploration activities.

7.3 NATIVE TITLE

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. The risks arising because of native title and aboriginal land rights may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company.

7.4 RISKS SPECIFIC TO THE COMPANY

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses.

Operational and Technical Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- alterations to joint venture programmes and budgets;
- the availability of drilling rigs and other machinery in Tasmania necessary for the Company to undertake its activities;
- unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and

- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with future registered Aboriginal Land Council and Native Title claimants).

Title, Environmental Bonds & Conditions

All mining tenements which the Company may acquire either by application, sale and purchase or farm-in are regulated by applicable state mining legislation. There is no guarantee that applications will be granted as applied for. Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Company.

The Company's projects are subject to State and Federal laws and regulations regarding environmental matters. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws.

Specifically, in relation to the proposed Que River Stage 1 mining plan the Company has submitted a Development Proposal & Environmental Management Plan (DPEMP) to the Waratah Wynyard Council which has assigned the assessment of the DPEMP to the Department of Tourism, Arts and Environment (DTAE). The DTAE Board wrote to the Company on 15 March 2007 approving specified operating conditions consistent with the Company's DPEMP and advising that it will forward those operating conditions to the Waratah Wynyard Council for insertion into its Land Use Permit. Receipt of the Council's Land Use Permit represents the final permit required to commence the Que River Stage 1 mine development. Subsequent to completion of the ore processing trial at the Hellyer Concentrator plant by the Intec-Polymetals Joint Venture (IPJV) an amendment to the IPJV's operating conditions allowing the disposal of Que River tailings into the Hellyer tailings storage facility will be required from DTAE. Whilst the Company considers that the Waratah Wynyard Council approval is now procedural it is possible that the Land Use Permit will not be issued. With respect to the tailings deposition in the Hellyer tailings dam the Company is not aware of any technical reasons for the amendment to be withheld however the approval of the amendment is not certain and there is a risk that it may not be forthcoming.

The Tasmanian Department of Minerals and Resources (MRT) from time to time review the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company. MRT has requested an Environmental Bond of \$500,000 for the proposed Que River Stage 1 Mine development of which \$100,000 has already been lodged for the trial mining process. MRT has advised the Company that Bonds will be reviewed on a regular basis commensurate with activities on site and compliance with the operating conditions in the Land Use Permit. The review of Bonds could result in a requirement to lodge additional funds potentially impacting the Company's working capital position.

The Federal Government has committed to increasing Forest Reserves by 170,000 ha. The decision as to where those areas will be has yet to be determined and is under review by Forestry Tasmania. These reserves could impinge on the Company's tenement areas though the Tasmanian Government has stated that in areas prospective for minerals those reserves will be dual use and accessible to exploration.

Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the operations of the Company.

Mine Development

There is no certainty that capital expended by the Company on pre-development will result in development. The Company is undertaking a trial mining programme to assist in understanding the ore body variation and the metallurgical and geotechnical factors which may impact on a larger scale mine development such as is proposed under the Stage 1 Mine Plan. The trial mining programme may reveal unexpected technical issues which impact on the viability of the Stage 1 Mine Plan. Further work on the mining plans and other pre-development work may show that the development may not be technically or financially viable. In addition, there may be delays and/or budget overruns which are beyond the control of the Company. To reduce these risks, the Company has retained appropriately skilled and experienced consultants and contractors.

The Company's current development proposal involves the processing of its ore at the Hellyer flotation concentrator plant operated by the IPJV as covered in a non-binding Letter of Intent setting out the broad technical and commercial framework of an ore sales agreement. Entering into a binding Ore Sales Agreement is subject to successful completion of a trial processing programme to ensure that results at a laboratory scale are valid at the plant production scale for blending the Que River ore with the current plant feedstock which comprises Hellyer Tailings. There is a risk that the planned ore blend may identify further modifications required to be made to the plant which may result in delays or increased expenditure. There is also the risk that the trial outcome produces a significant unexpected adverse metallurgical outcome precluding the treatment of Que River ore at Hellyer on the basis planned. Such an outcome would mean that the Company may be required to purchase and install additional equipment or would need to re-evaluate other processing options in the district, which is not assured. The Company is working closely with the IPJV and has employed experienced and well qualified consultants to assist it through this process.

Agreements with Third Parties

The Company is and will be subject to various contracts and agreements with third parties. There is a risk of financial failure or default by a counterparty to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, the Company's interest in the relevant subject matter may be jeopardised.

The development of the Que River Stage 1 Mine Plan is subject to the technically successful completion of the trial mining and processing programme as described above. The ongoing operation will be subject to several agreements which can only be finalised on completion of the trial programme.

It is planned that Mancala which is managing and operating the trial mining phase, will continue this role in an alliance structure for at least the Stage 1 mine development. The alliance will be governed by a management type contract between Mancala and the Company. This contract is being drafted. There is a risk that this contract cannot be completed due to failure to agree terms in which case the Company would need to secure the services of a new project manager and operator causing delays and adding to the operational risks.

The Company has a non-binding ore sales letter of intent with the parties which comprise the IPJV, which subject to the outcome of the trial processing will be advanced to a binding Ore Sales Agreement. There is a risk that the parties fail to reach a mutually satisfactory commercial arrangement and that a binding agreement is not executed. This would force the Company to seek alternative treatment arrangements in the district, the availability of which is not assured.

8. ADDITIONAL INFORMATION

8.1 UNDERWRITING AGREEMENT

The Company has entered into an Underwriting Agreement dated 16 March 2007 with Patersons Securities Limited. Patersons has been appointed by the Company to act as Underwriter and Lead Manager to the Rights Issue. Pursuant to the Underwriting Agreement, Patersons will underwrite the Rights Issue to the extent of \$4,000,000 ("the Underwritten Amount").

The Company will pay the Underwriter an underwriting fee equal to 4% of the Underwritten Amount, a management fee equal to 1% of the total amount to be raised by the Rights Issue and a corporate advisory fee of \$30,000 (exclusive of GST). The Underwriter will pay all sub-underwriting commissions out of its fees. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Rights Issue, including legal fees and disbursements and the reasonable costs of advertising, printing and distributing the Prospectus.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligations thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events ("Termination Event") including:

- (a) (Indices fall): any of the S&P/ASX 200 Index or the S&P/ASX 300 Metal and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) (Prospectus): the Company does not lodge the Prospectus on the lodgement date as specified in the Timetable or the Prospectus or the Offer is withdrawn by the Company; or
- (c) (Copies of Prospectus): the Company fails to provide the Underwriter with the required number of copies of the Prospectus and such failure is not remedied within 2 days; or
- (d) (No Official Quotation): Official Quotation has not been granted by the Shortfall Notice Deadline Date as set out in the Timetable or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) (Supplementary prospectus):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause (q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) (Non compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or

- (h) (Restriction on allotment): the Company is prevented from allotting the Rights Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (i) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date (as specified in the Timetable) has arrived, and that application has not been dismissed or withdrawn; or
- (k) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (l) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (m) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) (Authorisation): any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) (Indictable offence): a director or senior manager of the Company (and any subsidiary) is charged with an indictable offence; or
- (p) (Sub-underwriters): any of the sub-underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements; or
- (q) (Termination Events): subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
 - (i) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) (Contravention of constitution or Corporations Act): a contravention by the Company (and any subsidiary) of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company (and any subsidiary) including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
 - (v) (Error in Due Diligence Results): it transpires that any of the Due Diligence Results or any part of the Verification Material was materially false, misleading or deceptive or that there was an omission from them; or

- (vi) (Significant change): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or this Prospectus; or
- (viii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company (or any subsidiary) is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) (Official Quotation qualified): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement; or
- (x) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) (Prescribed Occurrence): a Prescribed Occurrence occurs, other than as disclosed in the Prospectus; or
- (xii) (Suspension of debt payments): the Company suspends payment of its debts generally; or
- (xiii) (Event of Insolvency): an Event of Insolvency occurs in respect of the Company (or any subsidiary); or
- (xiv) (Judgement against Company or subsidiary): a judgment in an amount exceeding \$25,000 is obtained against the Company (or any subsidiary) and is not set aside or satisfied within 7 days; or
- (xv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company (or any subsidiary), other than any claims foreshadowed in the Prospectus; or
- (xvi) (Board or senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the date on which allotment of the last of the Rights Securities occurs in accordance with the Prospectus, without the prior written consent of the Underwriter; or
- (xvii) (Change in shareholding): there is a material change in the major or controlling shareholdings of the Company (or any subsidiary) (other than by virtue of a sub-underwriter complying with its sub-underwriting commitments) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company (or any subsidiary); or
- (xviii) (Timetable): there is a delay in any specified date in the Timetable which is greater than 3 Business Days other than that contemplated in clause 17.2 of the Underwriting Agreement; or
- (xix) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xx) (Certain resolutions passed): the Company (or any subsidiary) passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) (Capital structure): the Company (or any subsidiary) alters its capital structure in any manner not contemplated by this Prospectus; or
- (xxii) (Breach of material contracts): any of the material contracts as specified in this Prospectus is terminated or substantially modified; or
- (xxiii) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company (or any subsidiary); or

- (xxiv) (Market conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxv) (Suspension): the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

The Underwriting Agreement provides that the Underwriter may not exercise its rights under paragraph (q) unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The following terms used in the above summary with respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

"Due Diligence Program" means the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company (or any subsidiary) (including its future business plans and financial forecasts) conducted in the period up until the date on which allotment of the last of the Rights Securities, as implemented by the planning memorandum adopted pursuant to a resolution of the Board;

"Due Diligence Results" means the results of the investigations which make up the Due Diligence Program, as maintained by the Company including but not limited to all due diligence reports and reports of the due diligence committee (established in connection with the Offer), including all supporting documents and working papers to which the Due Diligence Program relates;

"Event of Insolvency" means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;

"Force Majeure" means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties to the Underwriting Agreement;

"Insolvency Provision" means any Act relating to insolvency, sequestration, liquidation or bankruptcy (including any Act relating to the avoidance of conveyances in fraud of creditors or of preferences, and any Act under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person;

"Issue" means the issue of Rights Securities pursuant to the Prospectus;

"Material Adverse Effect" means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Rights Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company;

"Offer" means a pro rata renounceable offer to the Shareholders to subscribe for Rights Shares at the Price on the basis of one Rights Share for every four Shares of which the Shareholder is the registered holder as at 5.00pm on the Record Date, together with one free attaching Option for every four Rights Shares issued, pursuant to the Prospectus;

"Official Quotation" means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of all the Rights Securities when allotted which if conditional may only be conditional on the allotment of the Rights Securities;

"Prescribed Occurrence" means:

- (a) the Company (or any subsidiary) converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company (or any subsidiary) resolving to reduce its share capital in any way;
- (c) the Company (or any subsidiary):
 - (i) entering into a buy back agreement or;
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) the Company (or any subsidiary) making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the issue of shares pursuant to the exercise of options existing at the date of the Prospectus or the terms of the Underwriting Agreement;
- (e) the Company (or any subsidiary) issuing, or agreeing to issue, convertible notes;
- (f) the Company (or any subsidiary) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company (or any subsidiary) charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company (or any subsidiary) resolving that it be wound up;

- (i) the appointment of a liquidator or provisional liquidator to the Company (or any subsidiary);
- (j) the making of an order by a court for the winding up of the Company (or any subsidiary);
- (k) an administrator of the Company (or any subsidiary), being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company (or any subsidiary) executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company (or any subsidiary),

"Price" means \$0.28 (28 cents) per Rights Share;

"Rights Securities" means 15,831,878 Rights Shares and 3,957,970 Options the subject of the Offer;

"Rights Shares" means 15,831,878 Shares the subject of the Offer;

"Timetable" means the timetable for the Offer set out in the Underwriting Agreement as varied from time to time by written agreement of the Company and the Underwriter; and

"Verification Material" means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus.

8.2 INTERESTS OF DIRECTORS

Except as disclosed below or elsewhere in this Prospectus:

- no Director has or had during the last 2 years, any interest in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue or in the Rights Issue itself; and
- no amount of any kind has been paid or agreed to be paid, and no benefit has been given or agreed to be given, to any Director to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Rights Issue.

Directors' Interests in Securities of the Company

The Directors have the following relevant interests in the securities of BSM, held either directly or indirectly through associated parties, at the date of this Prospectus. The table below does not take into account any New Shares and New Options the Directors or their associated entities may subscribe for and be granted under the Rights Issue. In addition, the Directors or their associated entities may decide to exercise some or all of their existing Options prior to the Record Date to participate in the Rights Issue.

	Number of Shares		Number of Options	
	Direct	Indirect	Direct	Indirect
Don Boyer	393,000	110,000 ^d	27,500 ^a 500,000 ^b 300,000 ^c	2,500 ^{a d}
Michael Rosenstreich	350,000	-	25,000 ^a 1,400,000 ^b 850,000 ^c	-
Craig McGown	10,001	844,530 ^e	2,500 ^a	37,500 ^{a e} 400,000 ^{b e} 225,000 ^{c e}
Kieran Rodgers	48,108	11,725,946 ^f	-	2,000,000 ^{a f} 250,000 ^{b f} 225,000 ^{c f}

- a *These options are exercisable at 25 cents on or before 31 July 2007.*
- b *These options are exercisable at 25 cents on or before 31 December 2007.*
- c *These options are exercisable at 27.5 cents on or before 22 December 2011.*
- d *Indirect holdings of Mr Boyer held by A. Boyer (Mr Boyer's spouse): 10,000 Shares and RBC Dexia Investor Services Australia Nominees Pty Limited (of which Mr Boyer is the ultimate beneficiary) .*
- e *Indirect holdings of Mr McGown held through Hartman Pty Ltd (of which Mr McGown is a director): 10,000 Shares and 2,500 July 2007 options, Ionikos Pty Ltd (of which Mr McGown is a director): 824,530 Shares, 32,500 July 2007 options and 200,000 December 2007 options, Carmichael Capital Markets Pty Ltd (of which Mr McGown is a director): 200,000 December 2007 options, Rosemary Ann McGown (Mr McGown's spouse): 10,000 Shares and 2,500 July 2007 options, Ionikos Pty Ltd ATF The Weld Trust: 225,000 December 2011 options.*
- f *Indirect holdings of Mr Rodgers held through Intec Hellyer Metals Pty Ltd (of which Mr Rodgers is the managing director), a wholly owned subsidiary of Intec Ltd (of which Mr Rodgers is a director): 11,700,000 Shares, 2,000,000 July 2007 options, 250,000 December 2007 options and 225,000 December 2011 options and Mudros Pty Ltd (of which Mr Rodgers is a director): 25,946 Shares.*

Sub-Underwriting of the Rights Issue

Mr Rodgers is a director of Intec and managing director of Intec Hellyer Metals Pty Ltd, a wholly owned subsidiary of Intec. Intec is the Company's major shareholder and has agreed to sub-underwrite \$1,500,000 of the Rights Issue. Should Intec be required to take up its full sub-underwritten amount under the Rights Issue it will be issued a total of 5,357,143 New Shares and 1,339,286 New Options. On this basis Intec's shareholding in the Company will increase to approximately 21.5% based on the full offer at the date of this Prospectus. Intec will receive a fee of 5% on the amount sub-underwritten equating to \$75,000 payable by Patersons out of its underwriting fee.

Directors' Remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of \$250,000 per annum as approved by shareholders at the general meeting of the Company on 10 August 2006. The Directors have resolved that non-executive director's fees will be \$65,000 per annum for the Chairman and \$40,000 per annum for non-executive directors, inclusive of statutory superannuation contributions. The fees were increased from \$50,000 per annum for the Chairman and \$25,000 per annum for non-executive directors, inclusive of statutory superannuation contributions.

Remuneration and other terms of employment for Mr Rosenstreich (Managing Director) is formalised in an employment agreement dated 28 July 2005 and valid for three years. This agreement provides for a total package amount inclusive of prescribed superannuation and for participation in the Company's Share Purchase Plan and Employee Option Plan. The cash remuneration paid to the Managing Director is \$210,000 per annum.

Directors' Interests in Contracts

Mr Rodgers is a director of Intec and managing director of Intec Hellyer Metals Pty Ltd, a wholly owned subsidiary of Intec Ltd (jointly referred to as "Intec"). The Company acquired the Que River and Hellyer tenements from Intec for a consideration of 8,000,000 Shares and 2,000,000 31 July 2007 options pursuant to a Tenement Acquisition Agreement dated 21 March 2005. The Company entered into a Letter of Intent dated 22 December 2006 with the Intec-Polymetals Joint Venture regarding utilisation of its Hellyer processing plant on commercial terms consistent with the initial Letter of Intent dated 29 April 2005.

Mr Boyer is a director and shareholder of Boyer Exploration & Resource Management Pty Ltd (as trustee for the BERM Trust). On 21 September 2006 the Company entered into an agreement with that entity ("the Contractor") under which the Contractor provides geological advisory services to the Company on normal commercial terms.

Other Directors' Interests

Mr Rodgers is a director of Intec and managing director of Intec Hellyer Metals Pty Ltd, a wholly owned subsidiary of Intec (jointly referred to as "Intec"). Intec was reimbursed at cost for expenditure made on behalf of the Company and paid his Directors fees of \$58,445.

Mr McGown is the Executive Chairman and, indirectly, a shareholder of DJ Carmichael Pty Limited and its wholly owned subsidiary Carmichael Capital Markets Pty Limited (jointly referred to as "Carmichael"). Carmichael was paid \$346,873 for company secretarial, management and consulting fees and broking fees in relation to capital raisings including the Company's initial public offering and the August 2006 placement.

Boyer Exploration Pty Ltd, an entity related to Mr Boyer, was paid \$38,745 for exploration and management consulting, and was reimbursed at cost for expenditure made on behalf of the Company.

The spouse of Mr Rosenstreich was paid \$21,647 for the provision of part-time administration and bookkeeping services.

8.3 INTERESTS OF EXPERTS AND ADVISERS

This Section 8.3 applies to a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of the Company and the Underwriter, collectively referred to as Prescribed Persons.

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has or had during the last two years:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue, or in the Rights Issue itself; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given for services rendered by such persons in connection with the formation or promotion of the Company or the Rights issue.

Patersons is acting as Underwriter and Lead Manager for the Rights Issue and will be paid a management fee of 1% of the total amount raised by the Rights Issue, and an underwriting fee of 4% of the Underwritten Amount (together equating to approximately \$200,000) and a corporate advisory fee of \$30,000. Patersons is also entitled to reimbursement of out of pocket expenses. Patersons has not been paid any amounts by the Company during the last two years.

Blakiston & Crabb have acted as solicitors to the Company in relation to the Rights Issue. The Company estimates it will pay approximately \$10,000 for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years totaling approximately \$50,800.

Norvest Corporate has acted as corporate advisor to the Company in relation to the Rights Issue. The Company estimates it will pay approximately \$25,000 to Norvest Corporate for these services. Norvest Corporate has provided other professional and company secretarial services to the Company during the last two years totaling approximately \$33,800.

Bentleys MRI Perth Partnership has not undertaken any work in relation to this Prospectus other than provision of their written consent. Bentleys MRI Perth Partnership has provided accounting, audit and other services to the Company during the last two years totaling approximately \$47,159.

Unless otherwise stated all amounts disclosed in this section are exclusive of any goods and services tax payable.

8.4 CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

The following parties have given, and have not before lodgement of this Prospectus withdrawn, their written consents in accordance with the Corporations Act with respect to this Prospectus in both paper and electronic form to be named in the form and context in which they are included:

- Patersons in the capacity of Underwriter and Lead Manager for the Rights Issue;
- Blakiston & Crabb in the capacity of solicitors to the Company for the Rights Issue;
- Norvest Corporate in the capacity of corporate advisor to the Company for the Rights Issue;
- Security Transfer Registrars Pty Ltd in the capacity of the Share Registry to the Company; and
- Bentleys MRI Perth Partnership in the capacity of auditors to the Company and for inclusion of references to the reviewed financial statements for the half-year ended 31 December 2006.

Each of the parties referred to in this Section 8.4:

- has not authorised or caused the issue of this Prospectus;
- has not made any statement in this Prospectus, or any statement on which a statement in the Prospectus is based, other than as specified in this Section;
- makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Rights Issue;
- was not involved in the preparation of this Prospectus or any part of it except where expressly attributed to that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name or as specified in this Section.

8.5 EXPENSES OF THE RIGHTS ISSUE

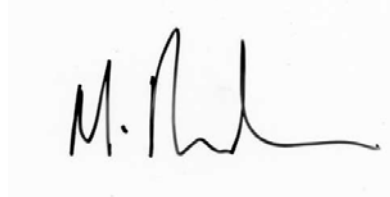
The estimated expenses based on raising the minimum Underwritten Amount of \$4,000,000 pursuant to the Rights Issue are as follows:

ESTIMATED EXPENSES OF THE RIGHTS ISSUE BASED ON THE UNDERWRITTEN AMOUNT	\$000
Underwriting fees	230
ASX quotation fees (New Shares and New Options)	15
Legal and consulting fees	35
Printing, postage and share registry fees	10
ASIC fees	2
TOTAL ESTIMATED EXPENSES	292

9. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised and issued by the Company. Each of the Directors has consented in writing to the lodgement of this Prospectus with ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'M. Rosenstreich', is written on a light-colored rectangular background.

Mike Rosenstreich
Managing Director

10. GLOSSARY OF DEFINED TERMS

In this Prospectus, unless the contrary intention appears, the following words have the following meanings.

“Application Monies” are monies received by the Company for New Shares.

“ASIC” is the Australian Securities and Investments Commission.

“ASX” is ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

“ASX Listing Rules” is the Listing Rules of ASX.

“Board” is the Board of Directors of BSM.

“BSM” is Bass Metals Ltd ABN 31 109 933 995.

“Business Day” is any day which is defined to be a Business Day pursuant to the ASX Listing Rules.

“CHESS” is the ASX Clearing House Electronic Sub-register System.

“Closing Date” is 18 April 2007 or such later date as the Directors, in conjunction with the Underwriters, may determine subject to the ASX Listing Rules.

“Company” is Bass Metals Ltd ABN 31 109 933 995.

“Constitution” is the constitution of the Company as at the date of this Prospectus.

“Corporations Act” is the Corporations Act 2001 (Cth).

“Director” is a director of BSM.

“Eligible Shareholder” is a Shareholder with a registered address in Australia and New Zealand.

“Entitlement” is the pro rata entitlement of Shareholders to New Shares and New Options by virtue of their shareholding at the Record Date.

“Entitlement and Acceptance Form” is the entitlement and acceptance form attached to or accompanying this Prospectus that sets out:

- a) the Entitlement of Shareholders to subscribe for New Shares pursuant to the Rights Issue; and
- b) an application for additional New Shares to be issued from any Shortfall.

“Existing Options” are the Options in the Company on issue at the date of this Prospectus.

“Existing Shares” are the Shares in the Company on issue at the date of this Prospectus.

“Foreign Shareholder” is a Shareholder with a registered address outside Australia and New Zealand.

“Geoinformatics” is Geoinformatics Exploration Inc.

“Intec” is Intec Ltd and its wholly owned subsidiary Intec Hellyer Metals Pty Ltd.

“Mancala” is Mancala Pty Ltd.

“New Options” are the options to acquire Shares at an exercise price of \$0.40 on or before 30 April 2010 being offered as part of the Rights Issue on the basis of 1 New Option for every 4 New Shares subscribed for and granted.

“New Shares” are Shares issued pursuant to the Rights Issue.

“Norvest Corporate” is Norvest Corporate Pty Ltd ACN 092 381 283.

“Option” is an option to acquire a Share subject to the terms and conditions of issue of the option.

“Patersons” is Patersons Securities Limited.

“Prospectus” is this Prospectus dated 16 March 2007 issued by BSM for the Rights Issue.

“Record Date” is 5.00pm (WST) on 28 March 2007 being the date for determination of Entitlements of Shareholders to participate in the Rights Issue.

“Rights” are the rights to subscribe for New Shares under this Prospectus.

“Rights Issue” is the renounceable offer of New Shares to Shareholders on the basis of 1 New Share for every 4 Existing Shares held on the Record Date at an issue price of \$0.28 per New Share together with 1 free attaching New Option for every 4 New Shares subscribed for and granted.

“Section” is a section of this Prospectus.

“Share” is a fully paid ordinary share in the capital of the Company.

“Shareholder” is a holder of Shares in BSM.

“Share Registry” is Security Transfer Registrars Pty Ltd.

“Shortfall” is those New Shares for which valid applications have not been received by the Closing Date under the Rights Issue.

“Underwriter” is Patersons Securities Limited ACN 008 896 311.

“Underwriting Agreement” is the agreement dated 16 March 2007 between the Underwriter and the Company.

“Underwritten Amount” is \$4,000,000 of the Rights Issue.

“WST” is Western Standard Time.

“Zinifex” is Zinifex Australia Limited.

“\$” is Australian dollars.