

ACN 109 933 995

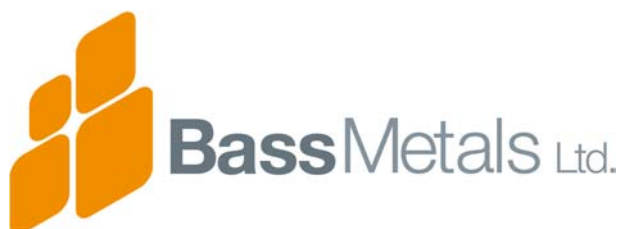
**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT
TO SHAREHOLDERS**

**NOTICE IS INCLUDED FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
TUESDAY, 27 NOVEMBER 2007
AT 2.00PM
AT THE CELTIC CLUB, 48 ORD STREET, WEST PERTH**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

**You are encouraged to attend the meeting, but if you cannot, you are requested to
complete and return the enclosed Proxy Form without delay to
Bass Metals Ltd at Suite 5, 2 Richardson Street, West Perth WA 6005
or by mail to Bass Metals Ltd, PO Box 1330, West Perth WA 6872
or by facsimile on facsimile number (+61 8) 9481 2846**



ACN 109 933 995

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT TO SHAREHOLDERS

TIME: 2.00pm
DATE: Tuesday, 27 November 2007
LOCATION: The Celtic Club
48 Ord Street, West Perth

**This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact
Mr. Michael Rosenstreich, Managing Director of Bass Metals Ltd on +61 8 9322 8044.**

Notice is hereby given that the Annual General Meeting of the Shareholders of Bass Metals Ltd ("Bass Metals" or "the Company") will be held at 2.00pm on Tuesday, 27 November 2007 at The Celtic Club, 48 Ord Street, West Perth.

Words and phrases used in the Resolutions are defined in the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

ORDINARY BUSINESS

Financial Reports

To receive and consider the financial report and the directors' and auditors' reports for the year ended 30 June 2007.

RESOLUTION 1: Re-election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Kieran Rodgers being a Director of the Company who retires by rotation pursuant to rule 11.3 of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 2: Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2007 be adopted."

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

RESOLUTION 3: BASS METALS LTD EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given to the issue of Options from time to time under the terms of the Bass Metals Ltd Employee Share Option Plan attached as Annexure A to this Notice of Annual General Meeting and as otherwise set out in the Explanatory Statement accompanying this Notice of Annual General Meeting for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules."

VOTING EXCLUSION STATEMENT: Pursuant to the ASX Listing Rules, the Company will disregard any votes on Resolution 3 cast by or on behalf of any Director or an associate of any Director. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4: BASS METALS LTD SHARE PURCHASE PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given to the issue of Shares from time to time under the terms of the Bass Metals Ltd Share Purchase Plan attached as Annexure B to this Notice of Annual General Meeting and as otherwise set out in the Explanatory Statement accompanying this Notice of Annual General Meeting for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules."

VOTING EXCLUSION STATEMENT: Pursuant to the ASX Listing Rules, the Company will disregard any votes on Resolution 4 cast by or on behalf of any Director or an associate of any Director. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: RATIFICATION OF THE ISSUE OF 600,000 UNLISTED OPTIONS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue of 450,000 unlisted Options exercisable at \$0.375 each on or before 31 December 2011 to the parties listed in Annexure C on 31 December 2006, 75,000 Options exercisable at \$0.25 each on or before 31 December 2007 to Dr. Travis Murphy on 28 March 2007 and 75,000 Options exercisable at \$0.25 each on or before 31 December 2007 to Dr. Travis Murphy on 7 September 2007 and on the terms set out in the Bass Metals Ltd Employee Share Option Plan attached as Annexure A to this Notice of Annual General Meeting be approved and ratified."

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by any party listed in Annexure C and Dr. Travis Murphy and any Associate of any party listed in Annexure C and Dr. Travis Murphy. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: RATIFICATION OF THE ISSUE OF 50,000 SHARES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue of 25,000 Shares on 28 March 2007 and 25,000 Shares to Dr. Travis Murphy on 7 September 2007 pursuant to the Bass Metals Ltd Share Purchase Plan attached as Annexure B to this Notice of Annual General Meeting be approved and ratified."

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this resolution by Dr. Travis Murphy and any Associate of Dr. Travis Murphy. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of the Annual General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on +61 8 9481 2846;
- post the Proxy Form to the Company at PO Box 1330, West Perth WA 6872; or
- deliver the Proxy Form to the registered office of the Company at Suite 5, 2 Richardson Street, West Perth WA 6005.

Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

DATE FOR DETERMINING HOLDERS OF SHARES

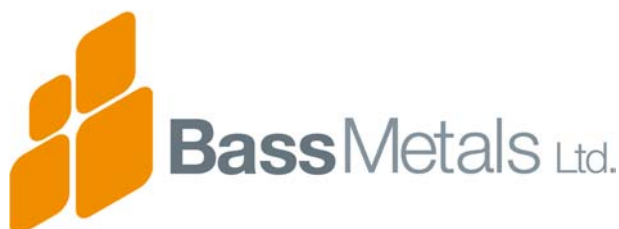
For the purposes of regulation 7.11.37 of the Corporations Act, the Directors have set 9.00am (WST) on 26 November 2007 as the time and date to determine who are the holders of the Shares in the Company for the purposes of the Annual General Meeting. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated this 12 October 2007

By order of the Board



Susan Hunter
Company Secretary



EXPLANATORY STATEMENT TO SHAREHOLDERS

BASS METALS LTD

ACN 109 933 995

This Explanatory Statement has been prepared to assist shareholders of the Company in understanding the business to be put to shareholders for their consideration at the forthcoming 2007 Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Statement and attend the forthcoming 2007 Annual General Meeting.

1. ACTION TO BE TAKEN BY SHAREHOLDERS

This Explanatory Statement sets out information about the Resolutions to be considered by the Shareholders at the Annual General Meeting. Defined terms used in this Explanatory Statement are set out in Section 10.

Accompanying this Explanatory Statement is the Notice of Annual General Meeting convening the Annual General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on each of the Resolutions to be put to the Annual General Meeting. If a Shareholder is not able to attend and vote at the Annual General Meeting, the Shareholder may complete the Proxy Form and return it to the registered office of the Company at the address which appears on the Notice of Meeting not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

2. PURPOSE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting has been convened for the purpose of passing Resolutions 1 to 6 in compliance with the requirements of the ASX Listing Rules and the Corporations Act.

3. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditors for the year ended 30 June 2007 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditors are contained in the Company's 2007 Annual Report, a copy of which is available on the Company's website at www.bassmetals.com.au.

While no resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

The Company's auditor will also be present at the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

4. RESOLUTION 1: ELECTION OF DIRECTOR

It is a requirement under the Company's Constitution that one third of all directors, other than the Managing Director, retire at each annual general meeting. Accordingly, Mr. Kieran Rodgers retires from office, and being eligible, offers himself for re-election as a Director of the Company.

Mr. Rodgers is the current Finance Director and Chief Financial Officer of Intec Ltd. He joined Intec in March 2001 after 13 years of experience in merchant banking and financial consulting, largely with Resource Finance Corporation Ltd, with a specific focus on the Australian and international resources industry. Prior to entering the merchant banking sector, he gained three years of operational mining engineering experience in the gold and base metals industries, including at the Cobar copper mine.

5. RESOLUTION 2: ADOPTION OF REMUNERATION REPORT

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report which details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives is set out on pages 18 to 21 of the Company's 2007 Annual Report, a copy of which is available on the Company's website at www.bassmetals.com.au.

The vote on the resolution is advisory only and does not bind the Directors or the Company.

6. RESOLUTION 3: BASS METALS LTD EMPLOYEE SHARE OPTION PLAN

Resolution 3 seeks Shareholder approval to the issue of Options from time to time upon the terms of the Bass Metals Ltd Employee Share Option Plan attached as Annexure A to the Notice of Annual General Meeting and as otherwise set out in this Explanatory Statement for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules. Any issue of Options to Directors under the Bass Metals Ltd Employee Share Option Plan will be subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act.

The Bass Metals Ltd Employee Share Option Plan was approved by the Directors on 28 November 2006. Approval by shareholders is required in order to enable the Company to issue Options under the Bass Metals Ltd Employee Share Option Plan within the requirements of ASX Listing Rule 7.2 (exception 9).

The Company currently has 450,000 unlisted Options exercisable at \$0.375 each on or before 31 December 2011 and 150,000 Options exercisable at \$0.25 each on or before 31 December 2007 on issue which were issued under the Bass Metals Ltd Employee Share Option Plan.

The success of the Company and its Shareholders depends greatly on the people employed by the Company. To maintain and improve performance, the Company has an ongoing need both to motivate and retain an excellent and dedicated management team and key employees.

The Bass Metals Ltd Employee Share Option Plan will provide a useful means to achieve this goal and implementation of the Plan will:

- provide an incentive to employees to work to improve the performance of the Company;
- attract and retain valued employees essential for the continued growth and development of the Company;
- establish a sense of ownership in the Company for the employees;
- promote and foster loyalty and support amongst employees for the benefit of both the employees and the Company;
- enhance the relationship between the Company and its employees for the long term mutual benefit of all parties; and
- enable the Company to attract high calibre individuals, who can bring expertise to the Company.

The Bass Metals Ltd Employee Share Option Plan is attached as Annexure A to this Notice of Annual General Meeting. The Bass Metals Ltd Employee Share Option Plan will also be available for inspection at the Meeting.

7. RESOLUTION 4: BASS METALS LTD SHARE PURCHASE PLAN

Resolution 4 seeks Shareholder approval to the issue of Shares from time to time upon the terms of the Bass Metals Ltd Share Purchase Plan attached as Annexure B to the Notice of Annual General Meeting and as otherwise set out in this Explanatory Statement for the purpose of exception 9 to Listing Rule 7.2 of the ASX Listing Rules. Any issue of Shares to Directors under the Bass Metals Ltd Employee Share Purchase Plan will be subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act.

The Bass Metals Ltd Employee Share Purchase Plan was approved by the Directors on 30 January 2007. Approval by shareholders is required in order to enable the Company to issue Shares under the Bass Metals Ltd Employee Share Purchase Plan within the requirements of ASX Listing Rule 7.2 (exception 9).

The Company currently has 50,000 Shares on issue which were issued under the Bass Metals Ltd Employee Share Purchase Plan.

The Directors consider it desirable to maintain a share purchase plan under which selected employees, Directors and officers of the Company may be offered the opportunity to be issued with Shares in the Company in order to increase the range of potential incentives and to strengthen links between the Company, its Directors, employees and officers.

The Bass Metals Ltd Employee Share Purchase Plan is attached as Annexure B to this Notice of Annual General Meeting. The Bass Metals Ltd Employee Share Purchase Plan will also be available for inspection at the Meeting.

8. RESOLUTIONS 5 AND 6: RATIFICATION OF THE ISSUE OF 600,000 UNLISTED OPTIONS AND 50,000 SHARES

8.1 ASX LISTING RULE 7.4

Under Chapter 7 of the ASX Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. ASX Listing Rule 7.1 provides that a company must not without shareholder approval issue during any 12 month period any equity securities, including securities with rights of conversion to equity (such as options), if the number of securities issued in the 12 month period exceeds 15% of the number of securities on issue at the commencement of that 12 month period subject to certain exceptions.

ASX Listing Rule 7.4 provides however that an issue under ASX Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of ASX Listing Rule 7.1 if each of the following applies:

- The issue did not breach ASX Listing Rule 7.1 (ASX Listing Rule 7.4.1).
- Holders of ordinary securities subsequently approve it (ASX Listing Rule 7.4.2).

Resolutions 5 and 6 require approval under ASX Listing Rule 7.4. Shareholder approval is sought for the issue such that ASX Listing Rule 7.4.2 will apply. Such approval will have the effect of reinstating the limit in Rule 7.1 to the limit before the Share and Option issues were made.

8.2 RESOLUTION 5: RATIFICATION OF THE ISSUE OF 600,000 UNLISTED OPTIONS

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 and for all other purposes to ratify the issue of 450,000 unlisted Options exercisable at \$0.375 each on or before 31 December 2011 to the parties listed in Annexure C on 31 December 2006, 75,000 Options exercisable at \$0.25 each on or before 31 December 2007 to Dr. Travis Murphy on 28 March 2007 and 75,000 Options exercisable at \$0.25 each on or before 31 December 2007 to Dr. Travis Murphy on 7 September 2007 on the terms set out in the Bass Metals Ltd Employee Share Option Plan attached as Annexure A to this Notice of Annual General Meeting.

No funds were raised by these issues. Funds will be raised by the Company upon the exercise of the Options.

An appropriate voting exclusion statement is included in the attached Notice of General Meeting.

8.3 RESOLUTION 6: RATIFICATION OF THE ISSUE OF 50,000 SHARES

Resolution 6 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 and for all other purposes to ratify the issue of 25,000 Shares on 28 March 2007 at an issue price of \$0.22 per Share and 25,000 Shares to Dr. Travis Murphy on 7 September 2007 at an issue price of \$0.32 per Share pursuant to the Bass Metals Ltd Share Purchase Plan attached as Annexure B to this Notice of Annual General Meeting. All of the Shares issued under Resolution 6 rank equally in all respects with the existing Shares on issue.

No funds were raised by these issues as the Share Purchase Plan provides for the implementation of a loan facility whereby an interest-free non-recourse loan was made to Dr. Murphy for the whole of the issue price of the 50,000 Shares on the terms set out in the Bass Metals Ltd Share Purchase Plan attached as Annexure B to this Notice of Annual General Meeting. Funds will be received by the Company upon repayment of the loan by Dr. Murphy.

An appropriate voting exclusion statement is included in the attached Notice of General Meeting.

9. ROLE OF ASX

The fact that the Notice of Annual General Meeting and Explanatory Statement have been reviewed by ASX is not to be taken as an indication of the merits of the Resolutions. ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any information included in the Notice of Annual General Meeting and Explanatory Statement.

10. DEFINITIONS

In this Explanatory Memorandum:

Annual General Meeting means the meeting of the Shareholders convened for the purposes (including others) of considering the Resolutions contained in the Notice of Annual General Meeting.

ASX means ASX Limited, ACN 008 624 691.

Bass Metals means Bass Metals Ltd, ACN 109 933 995.

Board means the Board of Directors of the Company.

Company means Bass Metals Ltd, ACN 109 933 995.

Constitution means the constitution of Bass Metals Ltd, ACN 109 933 995.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Annual General Meeting.

Listing Rules means the Listing Rules of the ASX.

Notice of Annual General Meeting means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Option means an option over a Share in the Company.

Optionholder means a person entered in the Company's register as a holder of an Option.

Proxy Form means the form of proxy accompanying this Notice of Annual General Meeting.

Resolution means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.

ANNEXURE A

Bass Metals Ltd Employee Share Option Plan

BASS METALS LTD
ACN 109 933 995

RULES OF EMPLOYEE SHARE OPTION PLAN

Blakiston & Crabb
Solicitors
1202 Hay Street
WEST PERTH WA 6005
Tel: (08) 9322 7644
Fax: (08) 9322 1506
Ref: ML.CB.BSM/13963

RULES OF 2006 EMPLOYEE SHARE OPTION PLAN

BASS METALS LTD

ACN 109 933 995

RULES OF 2006 EMPLOYEE SHARE OPTION PLAN

(adopted by the Board on 28 November 2006)

1. NAME OF PLAN

1.1 This Plan shall be called the Bass Metals Ltd 2006 Employee Share Option Plan.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. PURPOSE OF PLAN

3.1 The purpose of this Plan is to:

- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an Offer when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company;

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the Offer outside Australia; or
- (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the Offer.

5. ELIGIBILITY

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFER OF OPTIONS AND EXERCISE PRICE

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:

- (a) the name and address of the Eligible Person to whom the Offer is made;
- (b) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
- (c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (d) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (e) any Exercise Conditions;
- (f) the method of calculation of the Exercise Price; and
- (g) any other matters which the Board may determine.

6.2 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

7. ACCEPTING OFFERS

7.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:

- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

8. NO CONSIDERATION

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

9. CERTIFICATES

9.1 The Company must give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options; and
- (c) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

10. QUOTATION

10.1 The Company will not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

11. NOT TRANSFERABLE

11.1 Subject to clause 14.5, Options are not transferable.

12. EXERCISE OF OPTIONS

12.1 Subject to any Exercise Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

12.2 Notwithstanding paragraph 12.1, all Options may be exercised:

- (a) during a Bid Period; or

- (b) at any time after a Change of Control Event has occurred; or
- (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

12.4 Subject to paragraph 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

13. SHARES ALLOTTED ON EXERCISE OF OPTIONS

13.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

14. LAPSE OF OPTIONS

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

- 14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
 - (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within the 3 months or the longer period determined by the Board, will automatically lapse.
- 14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within :
 - (i) 1 month of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,and any Options the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and
 - (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.
- 14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.
- 14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

- (a) elect to be registered as the new Holder of the deceased Holder's Options;
- (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
- (c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

15.1 New Issues

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - (i) they have become entitled to exercise their Options under the Plan; and
 - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

15.2 Bonus Issues

If there is a bonus issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

15.3 Pro Rata Issues

If there is a pro rata issue (other than a bonus issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be reduced according to the formula provided for in the Listing Rules.

15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

16. AMENDMENTS TO THE RULES

16.1 Board May Alter Rules

The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 4.2).

16.2 Consent of Participants

If any amendment to be made under clause 16.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

16.3 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

17. POWERS OF THE BOARD

17.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

18. NOTICES

18.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day

after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

19. NO COMPENSATION OR DAMAGES

- 19.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 19.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 19.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 19.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

20. GOVERNING LAW

- 20.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 20.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

21. ADVICE

- 21.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

22. DEFINITIONS AND INTERPRETATION

- 22.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Application Form" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"ASX" means Australian Stock Exchange Limited;

"Bid Period", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that

takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"Board" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"Business Day" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"Certificate" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

"Change of Control Event" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"Company" means Bass Metals Ltd ACN 109 933 995;

"Corporations Act" means *Corporations Act 2001 (Cth)*;

"Director" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"Eligible Person" means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"Exercise Condition" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"Exercise Price" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

"Expiry Date" means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

"Holder" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

"Issue Date" means, in relation to an Option, the date on which the Company grants that Option;

"Legal Personal Representative" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a

person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"Listing Rules" means the Official Listing Rules of ASX as they apply to the Company from time to time;

"Market Value" means, if the Company is admitted to the official list of ASX:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the past month immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the month's trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

"Offer" means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

"Official Quotation" has the meaning ascribed to it in the Listing Rules;

"Option" means an option issued under the Plan to subscribe for a Share;

"Participant" means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

"Permitted Nominee" has the meaning given to it by clause 7.2;

"Plan" means the Bass Metals Ltd 2006 Employee Share Option Plan established in accordance with these Rules;

"Redundancy" means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

"Retirement" means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

"Rules" means these rules, as amended from time to time;

"Series" means, in relation to Options, Options with a common Issue Date;

"Shares" means fully paid ordinary shares in the capital of the Company;

"Specified Reason" means Retirement, Total and Permanent Disablement, Redundancy or death;

"Tax" means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

"Total and Permanent Disablement" means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

22.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

ANNEXURE B

Bass Metals Ltd Share Purchase Plan

BASS METALS LTD
ACN 109 933 995

RULES OF THE SHARE PURCHASE PLAN

Table of contents

<i>Clause</i>	<i>Page</i>
1. Definitions and Interpretation	1
2. Offer of Shares	3
3. Maximum Value of Shares Issued or Acquired Under the Plan	4
4. Restrictions on Offer of Shares	5
5. Invitations to Participate in the Plan	5
6. Loan	5
7. Acceptance	5
8. Acquisition and allotment of Shares	5
9. Restrictions on dealings in Shares	6
10. Transfer of Shares	6
11. Repayments	7
12. Rights attaching to Shares	8
13. Administration of the Plan	8
14. Rights of Participants	9
15. Amendment of these Rules	9
16. Notices	10
17. Governing Law	10

This Share Purchase Plan was adopted by the Board on 30 January 2007.

Name of Plan

This document sets out the Rules of the Bass Metals Ltd Share Purchase Plan.

1. Definitions and Interpretation

1.1 In these Rules, the following words and expressions have these meanings indicated unless a contrary intention appears:

1.1.1 “**Acceptance Form**” means a form to accept Shares offered under the Plan in the form annexed to these Rules with any amendment or modification determined from time to time by the Board;

1.1.2 “**Board**” means all or some of the Directors acting as a board of the Company;

1.1.3 “**CHESS Holding Lock**” means a facility under CHESS that prevents a Participant from Dealing with those Loan Shares otherwise than in accordance with the Plan;

1.1.4 “**Company**” means Australian Stock Exchange Limited (ACN 008 624 691);

1.1.5 “**Deal with respect to Shares**” means to sell, dispose of, encumber or otherwise deal with the Shares;

1.1.6 “**Director**” means a director of the Company;

1.1.7 “**Dividend**” means a dividend or similar cash distribution declared or paid with respect to a Loan Share;

1.1.8 “**Eligible Employee**” means all permanent full time and permanent part time employees of the Group (as defined in section 139GB of the Income Tax Assessment Act 1936), including a director of a body corporate in the Group who holds on a permanent full time or permanent part time basis salaried employment in a body corporate which is in the Group;

1.1.9 “**Exchange**” means the Company in its role as the national stock exchange;

1.1.10 “**Group**” means the Company and its subsidiaries;

- 1.1.11** “**Lender**” means the body corporate in the Group that makes the relevant Loan or the assignee of that body corporate;
- 1.1.12** “**Listing Rules**” means the official listing rules of the Exchange;
- 1.1.13** “**Loan**” means a loan made by a member of the Group under this Plan;
- 1.1.14** “**Loan Share**” means:
- (a) a Share acquired with a Loan;
 - (b) a bonus share deemed to be a Loan Share by virtue of Rule 12.5.
- 1.1.15** “**Market Value**” means a Share subscribed for or acquired under the Plan is the value determined under Rule 2.4;
- 1.1.16** “**Participant**” means a person who elects to participate in the Plan;
- 1.1.17** “**Responsible Person**” means the person or entity who is responsible for the administration of a Restriction Arrangement. If the Restriction Arrangement is a trust, the Responsible Person is the trustee of that trust or its delegate;
- 1.1.18** “**Restriction Arrangement**” means either a trust, a CHES Holding Lock, or any other suitable arrangement determined by the Board in its absolute discretion to restrict the Participant from Dealing with the Loan Shares in a manner otherwise than in accordance with this Plan;
- 1.1.19** “**Restriction Period**”, in respect of a Loan Share, means the period during which the Share is under a Restriction Arrangement as contemplated under Rules 9.1 and 9.2;
- 1.1.20** “**Rules**” means these rules governing the operation of the Plan;
- 1.1.21** “**Share**” means a fully paid ordinary share in the capital of the Company; and
- 1.1.22** “**Share Registry**” means the share registry appointed from time to time by the Company to administer its issuer-sponsored sub-register of holders of Shares.
- 1.2** In these Rules, unless the contrary intention appears:
- 1.2.1** the singular includes the plural and vice versa;
 - 1.2.2** a reference to a statute or other law includes regulations and

other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

1.2.3 a reference to a person includes a reference to the person's executors, administrators and successors, a firm or a body corporate; and

1.2.4 a term used in the Business Rules of the Exchange has the same meaning.

1.3 Headings are inserted for convenience and do not affect the interpretation of these Rules.

2. Offer of Shares

2.1 The Board may in its absolute discretion make offers of Shares and, on behalf of the Lender make, corresponding Loans to an Eligible Employee of the Group to which the Board has resolved that the Plan shall for the time being apply. In determining which Eligible Employees will receive offers, and which Eligible Employees will not, the Board may have regard to any matters which it considers relevant, including, without limitation:

2.1.1 the Eligible Employee's length of service, grade or position with the Group;

2.1.2 the contribution to the Group which has been made by the Eligible Employee;

2.1.3 the potential contribution of the Eligible Employee to the Group;

2.1.4 any misconduct or wilful default by an Eligible Employee;

2.1.5 whether the Eligible Employee will continue to be an employee of the Group at or soon after the time of issue of the Shares;

2.1.6 taxation implications for the Group, the Eligible Employee and/or other Eligible Employees participating in the Plan; and

2.1.7 securities and/or employment laws.

2.2 Shares must be acquired on the terms of these Rules, the Corporations Law and the Listing Rules, and any additional terms as the Board considers appropriate (not being inconsistent with these Rules) and each Eligible Employee will be taken to have agreed to be bound by:

2.2.1 these Rules;

2.2.2 any additional terms imposed under this Rule; and

2.2.3 the constitution of the Company from time to time,
on acceptance of any offer of Shares under this Plan.

2.3 The number or Market Value of Shares offered to each Eligible Employee is the number or Market Value determined from time to time by the Board in its absolute discretion.

2.4 Shares offered under the Plan will be offered at Market Value or, if the Board determines, for an amount equal to:

(Market Value x N - \$1.00)

N

where:

N = the number of Shares offered to the Participant.

The Market Value of a Share subscribed for or acquired under the Plan is to be determined by the weighted average price at which the Shares are traded on the Exchange in the one week period up to and including the date of entitlement to that Share, or if there were no transactions on the Exchange in relation to the Shares during the relevant one week period:

2.4.1 the last price at which an offer was made on the Exchange in that period; or

2.4.2 if 2.4.1 does not apply, the arms length value assessed by an independent registered company auditor or otherwise calculated in a manner approved by the Commissioner of Taxation.

3. Maximum Value of Shares Issued or Acquired Under the Plan

3.1 Shares must not be issued or acquired under this Plan in any financial year of the Group if, immediately following the proposed issue or acquisition, the aggregate Market Value of the Shares issued or acquired in that period exceeds \$2,500,000.

3.2 If, as a result of acceptances received for an offer under this Plan, the Market Value of Shares to be issued to or acquired for Participants would exceed in aggregate the maximum amount set out in Rule 3.1, the amount of Shares to be issued or acquired under the Plan to each Participant will be scaled down, in the manner determined by the Board.

4. Restrictions on Offer of Shares

Shares must not be offered under this Plan in a manner that would contravene the Corporations Law or the Listing Rules.

5. Invitations to Participate in the Plan

5.1 The Board may, subject to any approvals of shareholders of the Company required by law or the Listing Rules, and at intervals determined by the Board, invite any Eligible Employee to participate in the Plan.

5.2 The Board may, at the time the Eligible Employee is invited to participate in the Plan, invite or procure the invitation for the Eligible Employee to apply for a Loan under the Plan for the purpose of acquiring the Shares being offered.

6. Loan

6.1 As contemplated in Rule 10, each Loan will be made on a non-recourse basis.

6.2 Each Loan will be interest free unless the Board decides otherwise.

6.3 In sending to the Company a completed Acceptance Form in accordance with Rule 7.1, each Participant irrevocably authorises the Lender to pay directly to the Responsible Person the whole of the Loan to fund Shares to be subscribed for or purchased under the Plan.

7. Acceptance

7.1 To accept an offer of Shares made by the Board and to apply for a Loan under this Plan, the Eligible Employee must send a completed Acceptance Form to the Company.

7.2 The Acceptance Form must be received by the Company within the period for acceptance of the offer made by the Board under this Plan.

7.3 No brokerage, commission, stamp duty or other transaction costs will be payable by the Eligible Employee in respect of any allotment or transfer of Shares under the Plan.

8. Acquisition and allotment of Shares

8.1 Unless the Board otherwise determines, where Shares are to be

provided to a Participant under the Plan, the Company will issue the Shares to the Responsible Person for the benefit of the Participant, or if the relevant Restriction Arrangement permits, directly to the Participant.

- 8.2** If the Board determines, Shares may be purchased on-market for the benefit of the Participant under the Plan. The Board may, in its absolute discretion, authorise appropriate procedures to facilitate the transfer of Shares to the Responsible Person for the benefit of any Participant under the Plan, or if the relevant Restriction Arrangement permits, directly to the Participant.

9. Restrictions on dealings in Shares

- 9.1** The Responsible Person is authorised to administer a Restriction Arrangement over the Loan Shares provided in accordance with this Plan. Each Loan Share will be subject to a Restriction Arrangement until the earlier of:

9.1.1 full repayment of the Loan amount;

9.1.2 the Lender, in its absolute discretion, forgiving the whole of the outstanding Loan amount; or

9.1.3 the Lender or another member of the Group paying that amount in full on behalf of the Participant,

in respect of that Loan Share.

- 9.2** While there exists a Restriction Arrangement over a Loan Share, the Participant may not Deal with that Loan Share other than in accordance with these Rules.

- 9.3** On the provision of Loan Shares under the Plan, the Responsible Person must enter the Loan Shares on the Australian issuer-sponsored sub-register of holders of Shares and those Loan Shares must remain entered in the issuer-sponsored sub-register for the duration of the Restriction Period in relation to the Loan Shares.

- 9.4** The Responsible Person must instruct the Share Registry to segregate all the Loan Shares provided under the Plan in the issuer-sponsored sub-register and to record in the issuer-sponsored sub-register that the Loan Shares are subject to the Plan for the duration of the Restriction Period applicable to those Loan Shares.

10. Transfer of Shares

- 10.1** A Participant may at any time give written notice to the Responsible Person that they wish to Deal in their Loan Shares and may require that the Responsible Person transfer the Loan Shares to the

Participant if the outstanding amount of the Participant's Loan has been repaid in full or arrangements satisfactory to the Responsible Person are made for repayment to be made out of the proceeds of sale of some or all of the Loan Shares.

- 10.2** If the Responsible Person sells Loan Shares pursuant to Rule 10.1, the Responsible Person must apply the proceeds of the sale:
- 10.2.1** first, in payment of any stamp duty, brokerage and other costs and expenses of the sale incurred by the Responsible Person;
 - 10.2.2** second, in reduction of the outstanding amounts of the corresponding Loan; and
 - 10.2.3** third, the balance (if any) in payment to the Participant.
- 10.3** The whole of the amount outstanding under a Loan will become immediately due and payable on the giving of written notice by the Lender or the Responsible Person to the Participant on the earliest to occur of:
- 10.3.1** the 10th anniversary of the date on which the Loan was made; and
 - 10.3.2** the Participant ceasing to be an employee of the Group or notice having been given to that effect.
- 10.4** On receipt of written notice that the whole of the amount outstanding under a Loan has become due and payable under Rule 10.3, and if the Participant does not make the payment within 30 days of the date of that notice, the Participant irrevocably directs the Responsible Person to sell the Loan Shares on behalf of the Participant. The Responsible Person must apply the proceeds of the sale in the same manner as under Rule 10.2.
- 10.5** If the proceeds of sale of Loan Shares contemplated by Rule 10 are less than the amount outstanding under the Loan, the Lender will forgive, or the Lender or another member of the Group will pay on the Participant's behalf, the amount of the shortfall.

11. Repayments

- 11.1** All cash Dividends payable in respect of Loan Shares during the Restriction period relating to those Shares must be applied to repay the amount outstanding under the Loan, and both the Responsible Person on behalf of the Participant and the Company may take all necessary or appropriate steps to ensure that this occurs.
- 11.2** A Participant may elect to repay the whole or any of the principal

amount outstanding under a Loan at any time.

12. Rights attaching to Shares

- 12.1** Subject to the terms of this Plan, unless otherwise determined at the time of issue by the Board, Shares issued under the Plan rank pari passu in all respects with other Shares on issue at the time of issue of those Shares and carry the same rights and entitlements as those conferred by other Shares.
- 12.2** Subject to the terms of this Plan, a Participant is entitled to receive all Dividends paid on Loan Shares.
- 12.3** Any Restriction Arrangement implemented in relation to a Loan Share must enable the relevant Participant to exercise or direct the exercise of any votes attaching to those Loan Shares.
- 12.4** Subject to Rule 12.5, each Loan Share provided under the Plan confers on the holder the same right to participate in bonus issues by the Company as that conferred by each other Share.
- 12.5** When a bonus share is provided to a Participant during the Restriction Period, the bonus shares issued in respect of Loan Shares are deemed to be Loan Shares for the purposes of this Plan.
- 12.6** Each Loan Share provided under the Plan confers on the holder the same right to participate in any new issues of securities by the Company as that conferred by every other Share.
- 12.7** New issues of Shares by the Company taken up by holders of Loan Shares issued under the Plan, other than bonus issues, are not subject to the restriction contained in Rule 9.1.

13. Administration of the Plan

- 13.1** The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.
- 13.2** Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising that power or discretion, under any fiduciary or other obligation to any other person.
- 13.3** Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and on such conditions as the Board may determine to a committee or anyone or more persons, who need not be or include Directors.
- 13.4** Every exercise of discretion by the Board (or its delegate) and every

decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive and binding.

- 13.5** The Board may permit a casual employee of the Group to participate in the Plan and such person is deemed to be an Eligible Employee for the purposes of the Plan.
- 13.6** On application by a Participant the Board may terminate a Restriction Arrangement on compassionate or similar grounds.

14. Rights of Participants

- 14.1** Nothing in these Rules:
 - 14.1.1** confers on any employee the right to receive any Shares or Loans;
 - 14.1.2** confers on any employee the right to continue as an employee of the Group;
 - 14.1.3** affects any rights which any member of the Group may have to terminate the employment of any employee; or
 - 14.1.4** may be used to increase damages in any action brought against any member of the Group in respect of the termination of the employment of any employee of any member of the Group.

15. Amendment of these Rules

- 15.1** Subject to Rules 15.2 and 15.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 15).
- 15.2** No amendment of the provisions of these Rules is to reduce the rights of any Participant in respect of Shares issued or Loans made to the Participant under the Plan prior to the date of the amendment, other than an amendment introduced primarily:
 - 15.2.1** for the purpose of complying with or conforming to present or future laws governing or regulating the maintenance or operation of the Plan or like plans;
 - 15.2.2** to correct any manifest error or mistake;
 - 15.2.3** to enable contributions or other amounts paid by a member of the Group in respect of the Plan to qualify as tax deductions for that entity;
 - 15.2.4** to enable the Participant or their employer to reduce the

amount of tax or impost that may otherwise be payable by the Participant or their employer in relation to the Plan, including under the Fringe Benefits Tax Assessment Act 1986 and the Income Tax Assessment Acts of 1936 and 1997, or any other similar legislation in any jurisdiction outside Australia;

15.2.5 for the purpose of enabling the Participant generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or

15.2.6 to enable the Company and the Lender to comply with the Corporations Law or the Listing Rules or any similar legislation or requirements in any jurisdiction outside Australia.

15.3 Any amendment of these Rules must be made in accordance with and in the manner stipulated (if any) by the Listing Rules.

15.4 Subject to the provisions of this Rule 15, any amendment made under Rule 15.1 may be given retrospective effect, as specified in the written instrument or resolution by which the amendment is made.

16. Notices

Any notice regarding Shares issued or Loans made under the Plan will be sent to the address of the holder as recorded in the register of members maintained by the Company or the Share Registry.

17. Governing Law

The Plan is governed by, and is to be construed and take effect in accordance with, the laws of Western Australia.

ANNEXURE C

Included in the table below is a list of parties under which Resolution 5 seeks approval and ratification from Shareholders for the issue of 450,000 unlisted Options on 31 December 2006 exercisable at \$0.375 each on or before 31 December 2011 pursuant to ASX Listing Rule 7.4 and for all other purposes.

Optionholder	No. of Options
Travis Murphy	125,000
Catherine Turnbull	50,000
Richard Rout	50,000
Susan Hunter	125,000
Steve Richardson	100,000
TOTAL	<hr/> 450,000 <hr/>

THIS PAGE IS BLANK INTENTIONALLY

INSTRUCTIONS FOR COMPLETING THE PROXY FORM

1. To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of General Meeting as soon as possible and either:
 - send the Proxy Form by facsimile to the Company on +61 8 9481 2846;
 - post the Proxy Form to the Company at PO Box 1330, West Perth WA 6872; or
 - deliver the Proxy Form to the registered office of the Company at Suite 5, 2 Richardson Street, West Perth WA 6005.
2. Proxy Forms must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights.
4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
5. Should you desire to direct your proxy how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
6. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
7. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provision of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.
8. Completion of a Proxy Form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the meeting in person, the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
9. Where a Proxy Form or form of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged with this proxy.



ACN 109 933 995

FORM OF PROXY

I/We (print name)
of

.....
a member/members of Bass Metals Ltd (ACN 109 933 995) hereby appoint

.....
of

.....
or failing him/her

.....
of

or failing him/her, the Chairman of the meeting, as my/our proxy at the Annual General Meeting of the Company to be held commencing at **2.00pm on Tuesday, 27 November 2007**, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following*

.....
of my/our shares in the manner as set out below.

In relation to any undirected proxies the Chairman intends to vote in favour of all Resolutions.

If you do not wish to instruct your proxy how to vote, please place a cross in the box.

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

	For	Against	Abstain
Resolution 1 Re-election of Director – Mr. Rodgers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Bass Metals Ltd Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Bass Metals Ltd Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of the Issue of 600,000 Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Ratification of the Issue of 50,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2007.

Signature of Member/s

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature		Director/Sole Director
Signature		Director/Company Secretary
Signature		Sole Director and Sole Company Secretary