



BASS METALS LTD

16 March 2006

The Manager
Company Announcements
Australian Stock Exchange
20 Bridge St
Sydney NSW 2000

Please find attached the December 2005 Half-Yearly information required under Listing Rule 4.2A.

This information should be read in conjunction with the June 2005 Annual Financial Report.

Mike Rosenstreich
Managing Director

BASS METALS LTD
ABN 31 109 933 995

HALF-YEAR REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2005

Directors' Report	2
Financial Statements	
• Income Statement	9
• Balance Sheet	10
• Statement of Changes in Equity	11
• Statement of Cash Flows	12
• Notes to the Financial Statements	13
Directors' Declaration	25
Auditor's Independence Declaration	26
Independent Review Report to Members	27

DIRECTORS' REPORT

Your directors submit their report on Bass Metals Ltd for the half-year ended 31 December 2005.

Bass Metals Ltd (the "Company") is a company limited by shares that is incorporated and domiciled in Australia.

Directors

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

Mr Don Boyer - Chairman

Mr Michael Rosenstreich – Managing Director

Mr Craig McGown – Non-executive Director

Mr Kieran Rodgers – Non-executive Director

Review of Operations

Exploration

Since incorporation in July 2004, Bass Metals Ltd has focused on a strategy of accumulating a substantial land position within the highly prospective Mt Read Volcanics belt ("MRV") in Western Tasmania. Acquisition of the advanced Hellyer exploration project, including the Hellyer and Que River decommissioned mines, was the first stage of a very successful acquisition process that has since resulted in the expansion of the Company's ground position to approximately 1,000 km² – the largest in this outstandingly prospective region. The Company has formulated an exploration strategy which has started with two drilling programmes commencing in late October 2005.

Summarised results are as follows:

Positive drill results at the Mt Charter Gold-Silver Project:

- 52.5 metres downhole at 2.0 g/t gold and 39 g/t (>1 oz./t) silver from 1.7 metres (MCD020),
- 80 metres downhole grading 1.6 g/t gold and 61 g/t (2 oz./t) silver from surface (MCD021) including 12.9 metres downhole at 2.7g/t gold and 96 g/t (>3 oz./t) silver from 9.6 metres downhole.
- 15.4 metres grading 2.1 g/t gold, 38 g/t (>1 oz./t) silver 4.8% zinc and 1.9% lead from 56 metres downhole, and 8.0 metres grading 2.1 g/t gold, 27 g/t silver 2.9% zinc and 1.0% lead from 83.9 metres downhole within a broader zone of 49.4 metres downhole at 1.4 g/t gold, 22 g/t silver 2.6% zinc and 1.0% lead from 49.2 metres downhole (MCD022).

DIRECTORS' REPORT (CONTINUED)

Positive drill results at Que River Base Metals Project

- 2.8 metres grading 3.9% copper, 93g/t silver (3 oz./t) and 3.0% zinc within a broader 8.4 metre intersection grading 1.3% copper, 35g/t silver and 2.0% zinc from 32.0m downhole (QRD1223).
- 4.7 metres at 1.7% copper, 33 g/t (1.0 oz./t) silver from 97.7 metres downhole and 4.4 metres at 12.5% zinc, 3.3% lead and 57 g/t silver from 108.7 metres downhole (QRD1224).
- 6.5 metres at 3.4% copper, 67 g/t (2.0 oz./t) silver from 73 metres downhole (QRD1225).
- 5.6 metres grading 1.1% copper and 16 g/t silver from 113.2 metres (QRD1226).

The Hellyer Corridor compilation and targeting work in association with Geoinformatics Exploration Inc. and Zinifex Limited is progressing well and on schedule to deliver new targets in early 2006.

Regional exploration and target generation work has commenced including regional soil sampling 4km east of the Henty Gold mine.

Corporate

The highlight of the half-year was the successful listing of the Company on ASX with the Initial Public Offer (IPO) closing early and substantially oversubscribed. A total of \$3.5 million was raised via the IPO of 17.5 million shares at \$0.20 each. Shares were also issued to Geoinformatics Exploration Australia Ltd pursuant to the Tasmania Alliance Agreement and to the Managing Director under an Employee Share Purchase Plan approved by shareholders on the 21 March 2005.

During the half-year, 4,525,000 options exercisable at \$0.25 and expiring on the 31st July 2007 were also issued. This comprised 4,375,000 issued pursuant to the IPO Prospectus on the basis of one option for every 4 shares subscribed, for no consideration. Pioneer Nickel Ltd was issued 150,000 options under the Staged Farm-in Agreement covering the Heazlewood and Whyte River tenements. Additional options issued comprise:

- 50,000 exercisable at \$0.25 and expiring 31 December 2007 issued to Geoinformatics Exploration Australia Ltd; and
- Three tranches of Incentive Options were issued to the Managing Director totalling 1,050,000 exercisable at prices between \$0.25 and \$0.35, pursuant to shareholder approval granted on 21 March 2005.

At the annual general meeting of shareholders approval was granted to change the Company's name from Resource Finance and Investments Limited to Bass Metals Ltd.

DIRECTORS' REPORT (CONTINUED)

Financial Position

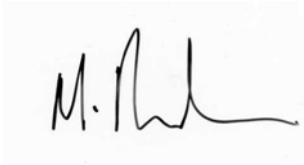
At the end of the half-year the Company had net cash balances of \$2,730,959. Carried forward exploration expenditure was \$2,361,467, and net assets of the Company were \$5,117,265.

During the half-year the Company issued 18,050,000 fully paid ordinary shares raising a total of \$3,500,000 cash funds, and issued capital increased to \$5,867,682 from \$2,282,523 at the end of June 2005.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 26.

Signed in accordance with a resolution of the directors:

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

M Rosenstreich
Managing Director

West Perth, Western Australia
16th March 2006

Bass Metals Ltd
ABN 31 109 933 995

CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Half-year	
	2005	2004
	\$	\$
Revenue from continuing operations	47,109	1,887
Employee benefits expense	(19,516)	-
Depreciation expense	(3,759)	-
Office and administration costs	(267,306)	(11,834)
Project evaluation expenses	-	(6,221)
Loss before income tax	(243,472)	(16,168)
Income tax expense	-	-
Loss attributable to members of Bass Metals Ltd	(243,472)	(16,168)
Basic loss per share (cents)	(0.0095)	(0.0019)

*The Condensed Income Statement should be read in conjunction with the accompanying
Notes to the Financial Statements*

Bass Metals Ltd
ABN 31 109 933 995

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	31 December 2005	30 June 2005
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,730,959	517,476
Trade and other receivables	91,472	24,585
Prepayments	31,679	851
Total Current Assets	2,854,110	542,912
NON-CURRENT ASSETS		
Receivables	132,500	85,000
Plant & equipment	29,514	17,499
Exploration and evaluation expenditure	2,361,467	1,537,116
Total Non-Current Assets	2,523,481	1,639,615
TOTAL ASSETS	5,377,591	2,182,527
CURRENT LIABILITIES		
Trade and other payables	257,035	70,489
Provisions	3,291	-
Total Current Liabilities	260,326	70,489
TOTAL LIABILITIES	260,326	70,489
NET ASSETS	5,117,265	2,112,038
EQUITY		
Issued capital	5,471,115	2,230,256
Reserves	158,040	150,200
Accumulated losses	(511,890)	(268,418)
TOTAL EQUITY	5,117,265	2,112,038

The Condensed Balance Sheet should be read in conjunction with the accompanying Notes to the Financial Statements

Bass Metals Ltd
ABN 31 109 933 995

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Half-year	
	2005	2004
	\$	\$
Total equity at the beginning of the half-year	2,112,038	-
Loss for the half-year	(243,472)	(16,168)
Total recognised income and expense for the half-year	(243,472)	(16,168)
Transactions with equity holders in their capacity as equity holders		-
Contributions of equity net of transaction costs	3,248,699	367,321
Total equity at the end of the half year	5,117,265	351,153

The Condensed Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements

Bass Metals Ltd
ABN 31 109 933 995

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Half-year	
	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(336,396)	(18,891)
Other – security deposits	(10,000)	-
Interest received	39,568	1,887
	(306,828)	(17,004)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant & equipment	(15,774)	-
Payments for exploration properties	(42,263)	-
Expenditure on exploration activities	(577,352)	(3,580)
	(635,389)	(3,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,500,000	382,503
Costs of share issues	(344,300)	-
	3,155,700	382,503
Net increase in cash held	2,213,483	361,919
Cash at the beginning of the financial period	517,476	0
	2,730,959	361,919

The Condensed Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2005 has been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting*, and the Corporations Act 2001, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not contain all the notes of the type usually included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Bass Metals Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) **Basis of Preparation**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)

This interim financial report is the first Bass Metals Ltd interim financial report prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Bass Metals Ltd until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing this interim financial report for the half-year ended 31 December 2005, management has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. A reconciliation of equity and profit and loss between previous AGAAP and Australian equivalents to IFRS has been prepared per note 8.

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit and loss, certain classes of property, plant & equipment and investments property.

Bass Metals Ltd
ABN 31 109 933 995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bass Metals Ltd is a listed public company, incorporated and domiciled in Australia.

(b) Plant & Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant & equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on the prime cost method and is brought to account over the estimated useful lives of all plant and equipment from the time the asset is held ready for use. The depreciation rates used are:

Office furniture	20%
Office computer equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement when revalued assets are sold, amounts included in the revaluation reserve relating to the assets are then transferred to accumulated losses.

(c) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(e) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of the acquisition plus costs incidental to the acquisition.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(f) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(h) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Employee Entitlements

(i) Salaries, wages and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in other creditors in respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Equity based compensation benefits are provided to employees via the Bass Metals Ltd Share Purchase Plan and the Bass Metals Ltd Employee Option Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Issues of employee options are brought to account through the Income Statement. At the time of exercise, the amounts receivable from employees are recognised in the Balance Sheet as share capital.

(j) Trade Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(k) Trade creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Recoverable Amount of Non-current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows used in determining recoverable amount are not discounted to their present value.

(m) Leased Non-current Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(n) Revenue Recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised as follows:

(i) Interest

Interest earned is recognised as and when it is receivable, including interest which is accrued and is readily convertible to cash within two working days. Accrued interest is recoded as part of other debtors.

(ii) Sundry income

Sundry income is recognised as and when it is receivable. Income receivable, but not received at balance date, is recorded as part of other debtors.

(o) Goods and Services Tax (GST)

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

2. SEGMENT INFORMATION

The Company operates predominantly in one business segment, being mining and exploration and in one geographical segment being Australia.

3. DIVIDENDS

No dividends were paid or declared payable during or since the half-year

Bass Metals Ltd
ABN 31 109 933 995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Half-year		Half-year	
	2005 Shares	2004 Shares	2005 \$	2004 \$
4. EQUITY SECURITIES ISSUED				
Ordinary fully paid shares issued during the half-year				
Ordinary shares issued at \$11.00 each to promoters - July 2004	-	2	-	22
Ordinary shares issued at \$1.00 each to promoters – 8 July 2004	-	1	-	1
Ordinary shares issued at 1 cent each to seed capitalists – 20 July 2004	-	3,250,000	-	32,500
Conversion of partly paid shares – 21 March 2005	-	7,000,000	-	1,050,000
Ordinary shares issued at 15 cents each as consideration for asset purchase – 19 April 2005	-	8,000,000	-	1,200,000
Ordinary shares issued at 20 cents each pursuant to a prospectus – 18 October 2005	17,500,000	-	3,500,000	-
Ordinary shares issued at 15 cents each as consideration for asset purchase – 18 October 2005	150,000	-	22,500	-
Ordinary shares issued under the Bass Metals Ltd Share Purchase Plan – 18 October 2005	250,000	-	37,500	-
Ordinary shares issued at a weighted average price of 16.7727 cents each as consideration for asset purchase – 30 November 2005	150,000	-	25,159	-
Ordinary partly paid shares issued during the half-year				
Ordinary shares issued at 15 cents each and partly paid to 5 cents, pursuant to a prospectus – 5 August 2004	-	7,000,000	-	350,000
Call on partly paid shares to fully paid – 21 March 2005	-	-	-	700,000
Conversion of partly paid shares to fully paid – 21 March 2005	-	(7,000,000)	-	(1,050,000)

Bass Metals Ltd
ABN 31 109 933 995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Half-year		Half-year	
	2005 Options	2004 Options	2005 \$	2004 \$
Options to acquire ordinary shares				
Free attaching options granted on a 1 for 4 basis pursuant to a prospectus – 5 August 2004	-	1,750,000	-	-
Free attaching options granted on a 1 for 4 basis – 19 April 2005	-	2,000,000	-	-
Grant of options to directors pursuant to shareholder approval at a meeting held 21 March 2005 – 30 June 2005	-	1,500,000	-	58,800
Grant of options under the Bass Metals Employee Share Option Plan – 30 June 2005	-	500,000	-	19,600
Free attaching options granted on a 1 for 4 basis pursuant to a prospectus – 18 October 2005	4,375,000	-	-	-
Grant of options as consideration for asset purchases – 18 October 2005	150,000	-	5,880	-
Grant of options to directors pursuant to shareholder approval at a meeting held 21 March 2005 – 18 October 2005	1,050,000	-	38,150	-
Grant of options as consideration for asset purchases – 30 November 2005	50,000	-	1,960	-

5. EARNINGS PER SHARE

	Half-year	
	2005	2004
Basic and diluted loss per share (cents per share)	(0.95)	(0.19)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	25,572,286	8,582,883

6. CONTINGENT LIABILITIES

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

7. EVENTS OCCURRING AFTER BALANCE DATE

No significant events have occurred subsequent to balance date that would have a material effect on the interim financial report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

(a) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(i) At the date of transition to AIFRS: 1 July 2004

The Company was incorporated on 7 July 2004 and thus there is no transition at this date.

(ii) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

At this date the Company had just begun operations and there were no adjustments on transition.

(iii) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Notes	Previous AGAAP \$	Effect of Transition to AIFRS \$	AIFRS \$
CURRENT ASSETS				
Cash assets		517,476	-	517,476
Receivables		24,585	-	24,585
Prepayments		851	-	851
Total current assets		542,912	-	542,912
NON-CURRENT ASSETS				
Receivables		85,000	-	85,000
Plant & equipment		17,499	-	17,499
Exploration and evaluation		1,537,116	-	1,537,116
Total non-current assets		1,639,615	-	1,639,615
TOTAL ASSETS		2,182,527	-	2,182,527
CURRENT LIABILITIES				
Payables		70,489	-	70,489
Total current liabilities		70,489	-	70,489
TOTAL LIABILITIES		70,489	-	70,489
NET ASSETS		2,112,038	-	2,112,038

Bass Metals Ltd
ABN 31 109 933 995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Notes	Previous AGAAP \$	Effect of Transition to AIFRS \$	AIFRS \$
EQUITY				
Contributed equity		2,230,256	-	2,230,256
Reserves	1	71,800	78,400	150,200
Accumulated losses	1	(190,018)	(78,400)	(268,418)
TOTAL EQUITY		2,112,038	-	2,112,038

(b) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(i) Reconciliation of loss for the half-year ended 31 December 2004

At this date the Company had just begun operations and there were no adjustments on transition.

(ii) Reconciliation of loss for the year ended 30 June 2005

	Notes	Previous AGAAP \$	Effect of Transition to AIFRS \$	AIFRS \$
Revenue		16,867	-	16,867
Employee benefits expense	2	-	(78,400)	(78,400)
Depreciation expense		(406)	-	(406)
Office and administration expense		(200,258)	-	(200,258)
Project evaluation expense		(6,221)	-	(6,221)
Loss before income tax		(190,018)	(78,400)	(268,418)
Income tax expense		-	-	-
Loss attributable to members of Bass Metals Ltd		(190,018)	(78,400)	(268,418)

(c) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(d) Notes to the reconciliations

Share based payments

Under AASB 2 *Share Based Payments* from 1 July 2004 the Company is required to recognise an expense for those options that were issued to directors.

1. At 30 June 2005 there has been an increase of \$78,400 in accumulated losses and a corresponding increase in reserves.
2. At 30 June 2005 there has been an increase in employee benefits expense of \$78,400.

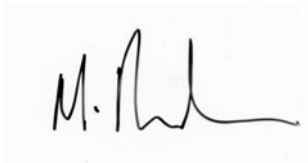
Bass Metals Ltd
ABN 31 109 933 995

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes set out on pages 5 to 24 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2005 and of the performance for the half-year ended on that date of the Company
2. The Chief Executive Officer and the Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the half-year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) The financial statements and notes for the half-year comply with the Accounting Standards; and
 - (c) The financial statements and notes for the half-year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



M Rosenstreich
Managing Director

Perth, Western Australia
16th March 2006

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BASS METALS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

- (b) no contraventions of any applicable code of professional conduct in relation to the review.

BENTLEYS MRI PERTH PARTNERSHIP



JW VIBERT
Partner

Dated this 16th day of March 2006
WEST PERTH, WA

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF BASS METALS LIMITED**

Scope

We have reviewed the financial report of Bass Metals Limited for the half-year ended 31 December 2005 as set out on pages 9 to 25. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bass Metals Limited is not in accordance with:

- a. the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

BENTLEYS MRI PERTH PARTNERSHIP



JW VIBERT

Partner

Dated this 16th day of March 2006.

WEST PERTH, WA