



ASX Announcement

16th September 2013

The Manager
Company Announcements Office
Australian Securities Exchange

Bass Metals Limited (ASX:BSM) Board Changes

Metals Finance Limited (ASX:MFC, **Metals Finance**) holds nearly 10% of shareholder voting power in Bass Metals Limited (**Bass**) and has requisitioned a meeting of Bass shareholders to change the Board of Bass.

A shareholders meeting (EGM) of Bass is to be held on 4 Oct 2013.

In response to the Notice of Meeting issued by Bass on 22 Aug 2013, Metals Finance has written to Bass shareholders.

Metals Finance considers it important that our shareholders have access to the same information that has been provided to Bass shareholders, as Metals Finance's shareholding in Bass is a material asset of the Company. Further, Metals Finance has suffered significant losses resulting from the decline in the value of Bass' shares, which is a material issue for Metals Finance shareholders.

Below is a summary of the key points we have put to Bass shareholders in our letter to them:

1. Metals Finance urges Bass shareholders to change the Board of Bass Metals by voting to remove Bass' Chairman, Mr Craig McGown, its Managing Director, Mr Mike Rosenstreich and non-executive Director, Mr Barry Sullivan.
2. Metals Finance has adopted this position based on the following facts:
 - **Bass shares have declined from \$0.49 in Feb 2011 to \$0.01 in Sep 2013.**
 - **Bass raised more than \$54m in equity plus extra debt for its Hellyer mine project. The mine failed, forcing Bass to near insolvency.**
 - **The current Managing Director of Bass has earned over \$3.0m since the Bass IPO and he owes Bass \$100,000 via a 10 year, interest free loan.**
 - **During the same period, the current Bass Chairman and his related entities have earned over \$1.0m.**
 - **Bass reported net losses of \$80m between Jul 2009 and the end of Dec 2012.**
 - **Bass's workforce has declined by some 100 employees.**
 - **Bass had \$2.4m in cash at 30 June 2013, down from almost \$4m three months earlier.**
 - **None of the Bass directors have taken any public responsibility for the failures of Bass and the decline in its share price.**

3. Metals Finance has written to Bass shareholders because we consider that the Notice of Meeting issued by Bass does not accurately represent the facts, a matter that Metals Finance has referred to ASIC for investigation.
4. Despite assertions to the contrary by Bass in the Notice of Meeting, we have reiterated to Bass shareholders that:
 - Mr Solomon, nominated by Metals Finance for appointment as a director of Bass, is not a consultant to or a director or employee or shareholder, of Metals Finance. Mr Solomon will therefore be an independent Director of Bass, as would Mr Anthon, if elected. Their duties under law would be to promote the best interests of all Bass shareholders and therefore, of Metals Finance as a Bass shareholder.
 - Regarding ongoing litigation between Bass and LionGold Corp, there is no relationship of any kind between Metals Finance and LionGold Corp. However, Metals Finance is of the view that the litigation strategy employed by Bass has been misguided.
 - Metals Finance, as a significant shareholder of Bass, has lost faith in Mr Craig McGown, Mr Mike Rosenstreich and Mr Barry Sullivan as directors of Bass.
 - Metals Finance does not support Bass' current management strategy of investing in what it calls "strategic Turkish mining opportunities" at the behest of a third-party, Ponte Capital Pty Ltd.
 - Metals Finance wishes to see Bass' cash preserved, costs reduced and projects brought forward only after careful and deliberate consideration.
 - Metals Finance believes that its nominees for appointment as directors of Bass have the expertise required to bring about an improvement in Bass' position.

A full version of Metals Finance's letter to Bass can be found on our website www.metalsfinance.com, or by clicking the following link: [Letter to Bass Shareholders](#)

If you desire any further information in relation to the EGM please do not hesitate to contact Mark Sykes.



Mark Sykes

Chief Executive Officer

Metals Finance Limited

m. +61 (0) 449 252 852

