



ABN 31 109 933 995

HALF-YEAR REPORT

**For the period ended
31 December 2015**

To be read in conjunction with the 30 June 2015 Annual Report

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CORPORATE DIRECTORY**DIRECTORS**

Mr Richard Stacy Anthon - Non-Executive Chairman – (appointed on 4 October 2013)
Mr David Premaj - Non-Executive Director – (appointed 24 December 2014)
Mr Jeffrey Marvin - Executive Director – (appointed 12 June 2015)

COMPANY SECRETARY

David Round (appointed 12 June 2015)

REGISTERED OFFICE

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LEGAL ADVISORS

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth
Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 557 010

AUDITORS

Grant Thornton Audit Pty Ltd
King George Central
Level 18, 145 Ann Street
Brisbane
QLD 4000

STOCK EXCHANGE LISTINGS

ASX Ltd (Code: BSM)

DIRECTORS REPORT

Your Directors submit the interim financial report of Bass Metals Ltd ("the Company" or "Bass") for the half-year ended 31 December 2015.

Directors

The following were Directors of the Company during the reporting period and until the date of this report:

Mr Richard Stacy Anthon - Non-Executive Chairman
Mr David Premaj - Non-Executive Director
Mr Jeffrey Marvin - Executive Director

Directors were in office for the entire period unless otherwise stated.

Consolidated Entities

For the half-year ended 31 December 2015 and also the comparative half year ended 31 December 2014, Bass Metals Limited had no subsidiaries.

REVIEW OF OPERATIONS**Activities**

Bass Metals' activities during the period under review, have focussed on:

- Reviewing the viability and completion of the first part of its investment in the operating Graphite Mine in Madagascar
- Care and maintenance and closure activities ongoing at the Que River mine site.
- Settlement of the Company's dispute with Lion Gold
- Implementation of the Company's plans for capital raising and plans for growth

The Company first announced to the market in September 2015 that it proposed to make an investment in a subsidiary of AIM listed company, Statmin Global Resources Plc. The subsidiary company (Graphmada Mauritius – "Graphmada") has recently commenced graphite operations at its site in Madagascar and following a technical review of this operation, the Board decided to make a strategic investment in Graphmada.

Following a series of technical and other updates to the market, the Company advised the market that it had completed tranche one of its proposed investment in Graphmada with the payment of GBP 500,000 to Statmin Global Resources Plc. Completion of the tranche one investment entitled the Company to a 6.25% stake in Graphmada. On the 24 December 2015, the Company also informed the market that it could invest a further GBP 1,500,000 to increase its investment in Graphmada to 25% and also held a right to increase its investment in Graphmada to 40%.

During November and December 2015, the Company completed a series of capital raisings that permitted it to make its initial investment in Graphmada and provide working capital. The Company's Board is in ongoing discussions with Statmin and its Corporate Advisors about further investments in Graphmada and is progressing a series of indicative plans.

During the reporting period, the Company has continued ongoing discussions with a number of parties about the sale of all or some of its Tasmanian assets. These discussions and negotiations are continuing and the Company is hopeful of a positive outcome in the short term.

During November 2015, the Company was pleased to announce that it had reached a settlement with LionGold Corporation ("LionGold") in relation to its legal dispute.

Under the terms of the settlement, LionGold is to pay the Company \$300,000 in cash (tranche one) and a further \$850,000 cash (tranche two) with all cash from tranche one and two to be made by June 2016. As at the end of 31 December 2015, LionGold had completed the payment of the tranche one cash payments. Additionally, LionGold is to also pay the company, in the form of cash or shares in the Company, a further sum to the value of \$1,350,000 (tranche three) with the value of tranche three payments to be completed by 30 April 2016.

Whilst the company is confident it can successfully complete the terms of the settlement with LionGold, there does exist some risk that the shares that the Company may receive as part of the tranche three settlement may not be realisable to full value. The realisable value of these shares shall be determined by the market price and liquidity of the shares following the Company being allotted these shares.

During the half year under review the company successfully completed a series of placements and received strong shareholder support for its investment in Graphmada. The details of the placements are outlined with the report below.

Operational Result

The total profits for the period after tax was \$2,028,145 (2014: \$205,676 (loss)) with the main components comprising revenue received and receivable from settlement proceeds of \$2,500,000 and expenses for other administration charges of \$254,364; care and maintenance expenses of \$72,693 and employee benefit costs of \$100,862.

The operating result includes the full settlement value of shares and cash received and to be received from LionGold as part of the company's settlement. Should the company receive shares, in lieu of cash, as part of the settlement, there is some risk that the value of the shares may be lower from the date of the shares being allotted to the company and the time at which the company may dispose of the shares.

Net cash outflows during the period were \$30,283 (2014 inflow: \$22,909) and at reporting date current assets exceeded current liabilities by \$4,592,011 (2014: \$512,927).

Financial Position

Cash on hand at the end of December 2015	:	\$87,162.
Debt at the end of December 2015	:	\$Nil.

Capital Structure

During the period the Company:

- Issued 29,923,077 shares at an issue price of \$0.013 to sophisticated and other investors as part of placement
- Cancelled 15,000,000 unquoted options that have expired during the reporting period.
- During December 2015, the company received \$525,000 from sophisticated and other investors as part of placement of equity at an issue price of \$0.01. The details of this placement was announced to the market on 24 December 2015. Following the receipt of all funds and subscription details, the company's registry was instructed to issue 52,500,000 shares and 33,330,000 unlisted options (options due to expire on 31 December 2018 and having an exercise price of \$0.015) to all relevant subscribers. Due to the holiday period between 24 December 2015 and 4 January 2016, the shares and options were subsequently issued on 4 January 2016. In addition to the shares issued as part of the placement, 1,500,000 shares were issued to Bizzell Capital Partners as part of their corporate advisory fee. The issue of shares and options have been recognised in the company's financial report as at 31 December 2015.

As at 31 December, 2015, the Company had 460,028,181 fully paid ordinary shares and 33,330,000 unquoted options on issue. The total shares and options includes the placement completed in December 2015 as announced to the market on 24 December 2015.

During November 2015, the company received and were entitled to receive funds of \$184,236 from sophisticated investors. Part of this amount forms part of the company's payments to Stratmin Global Resources Plc in order to complete its tranche 1 investment in Graphmada Mauritius. The value of \$184,236 is currently recorded by the company within its accounts as a payable with the amount to be converted to equity (subject to shareholder approval) in the near future and share issued to the investors to the value of the funds received.

Subsequent Events

As announced above, during December 2015 the company received \$525,000 from sophisticated and other investors as part of placement of equity at an issue price of \$0.01. The details of this placement was announced to the market on 24 December 2015. Following the receipt of all funds and subscription details, the company's registry was instructed to issue 52,500,000 shares and 33,330,000 unlisted options (options due to expire on 31 December 2015 and having an exercise price of \$0.015c) to all relevant subscribers. Due to the holiday period between 24 December 2015 and 4 January 2016, the

shares and options were subsequently issued on 4 January 2016. In addition to the shares issued as part of the placement, 1,500,000 shares were issued to Bizzell Capital Partners as part of their corporate advisory fee.

Subsequent to the period end, the company informed the market that the company had, following the announcement of its settlement with Lion Gold, received a claim from a litigation funder purporting to be entitled to part of the company's settlement proceeds. The company intends to refute and defend this claim.

Subsequent to the reporting period, the company has received a further \$300,000 from Lion Gold as part of their settlement.

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 16.

Signed in accordance with a resolution of the Directors:



R. Anthon
Non-Executive Chairman

15 March 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Half-year ended	
		31 Dec 2015 \$	31 Dec 2014 \$
Other income	2	2,512,123	75,528
Other expenses	3	(483,978)	(426,063)
Finance costs	3	-	(3,196)
Profit / (Loss) before income tax		2,028,145	(350,535)
Income tax benefit	9	-	148,054
Profit / (Loss) after income tax from continuing operations		2,028,145	(205,676)
Profit / (Loss) for the period		2,028,145	(205,676)
Other comprehensive loss, net of income tax		-	-
Total comprehensive profit / (loss) for the period		2,028,145	(205,676)
Profit / (Loss) attributed to:			
Members of the parent entity		2,028,145	(205,676)
Total comprehensive profit/ (loss) attributed to:			
Members of the parent entity		2,028,145	(205,676)
Earnings per share			
Basic and diluted earnings per share from continuing operations	16	0.0053	(0.0006)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 Dec 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash & cash equivalents	5	87,162	117,445
Trade & other receivables	7	2,344,612	168,294
Non-Current exploration and evaluation asset held for sale	6	3,217,506	3,217,406
Total Current Assets		5,649,280	3,503,145
NON-CURRENT ASSETS			
Trade & other receivables		680,980	680,500
Plant & equipment		27,389	34,193
Financial Assets	8	1,060,825	-
Total Non-Current Assets		1,769,194	714,693
TOTAL ASSETS		7,418,474	4,217,838
CURRENT LIABILITIES			
Trade & other payables	10	278,084	85,803
Liabilities included in disposal group held for sale	11	757,673	-
Provisions		21,511	18,731
Total Current Liabilities		1,057,268	104,534
NON-CURRENT LIABILITIES			
Provisions		-	694,242
Total Non-Current Liabilities		1,057,268	694,242
TOTAL LIABILITIES		1,057,268	798,776
NET ASSETS		6,361,206	3,419,062
EQUITY			
Issued capital	4	62,946,247	62,032,248
Reserves		-	78,750
Accumulated losses		(56,585,041)	(58,691,936)
TOTAL EQUITY		6,361,206	3,419,062

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes:	Issued Capital \$	(Accumulated Losses) \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2014		61,782,248	(59,378,497)	1,302,817	3,706,568
Comprehensive loss for the period		-	(205,676)	-	(205,676)
Transactions with owners, recorded directly in equity					
Shares issued during the period		250,000	-	-	250,000
Transfer on expiry and cancellation of options		-	1,224,067	(1,224,067)	-
Balance at 31 December 2014		62,032,248	(58,360,106)	78,750	3,750,892
Balance at 1 July 2015		62,032,247	(58,691,936)	78,750	3,419,061
Comprehensive profit for the period		-	2,028,145	-	2,028,145
Transactions with owners, recorded directly in equity					
Shares issued during the period	4	929,000	-	-	929,000
Transfer on expiry and cancellation of options		-	78,750	(78,750)	-
Cost of shares issued for placement	4	(15,000)			(15,000)
Balance at 31 December 2015		62,946,247	(56,585,041)	-	6,361,206

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

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-year ended 31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		10,500	75,118
Cash payments in the course of operations		(379,816)	(299,423)
Income tax refunds (R&D Refund)		-	148,054
Settlement Proceeds Received		300,000	
Interest received		1,623	2,961
Interest paid		-	(3,196)
Net cash used in operating activities		(67,694)	(76,486)
Cash flows from investing activities			
Payments for exploration & evaluation expenditure		-	(150,605)
Payments for Investment		(1,060,825)	-
Net cash used in investing activities		(1,060,825)	(150,605)
Cash flows from financing activities			
Proceeds from issue of shares		914,000	250,000
Proceeds from shares yet to be issued		184,236	-
Net cash provided by financing activities		1,098,236	250,000
Net increase/(decrease) in cash and cash equivalents		(30,283)	22,909
Cash and cash equivalents at the beginning of the period		117,445	507,843
Cash and cash equivalents at the end of the period	5	87,162	530,752

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

NOTES TO THE FINANCIAL STATEMENTS**1. Summary of Accounting Policies****a) Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Bass Metals Ltd, "the Company". As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2015, together with any public announcements made during the half-year.

Significant Events and Transactions

During November 2015, the Company was pleased to announce that it had reached a settlement with LionGold Corporation ("LionGold") in relation to its legal dispute.

Under the terms of the settlement, LionGold is to pay the Company \$300,000 in cash (tranche one) and a further \$850,000 cash (tranche two) with all cash from tranche one and two to be made by June 2016. As at the end of 31 December 2015, LionGold had completed the payment of the tranche one cash payments. Additionally, LionGold is to also pay the company, in the form of cash or shares, a further sum to the value of \$1,350,000 (tranche three) with the value of tranche three payments to be completed by 30 April 2016.

During the reporting period the company has continued to assess options to realise the value of capitalised exploration and expense through the sale of these assets and the value of these assets are now recognised as capitalised exploration and evaluation assets held for sale.

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the company has also recognised liabilities relevant to the potential sale of the capitalised exploration assets.

b) Critical Accounting Estimates and Judgements

When preparing this half-year report, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The judgements, estimates and assumptions applied in the half-year report, including key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2015, other than estimates of the recoverability of the LionGold settlement.

c) Going Concern

The interim financial report for the half year ended 31 December 2015 has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the period, the entity achieved a profit after tax of \$2,028,145 (2014 loss: \$205,676). Net cash outflows during the period were \$30,283 (2014 inflow: \$22,909) and at reporting date current assets exceeded current liabilities by \$4,592,012 (2014: \$3,398,611). This result includes the recognition of the settlement proceeds from a successful litigation (Note 2 and Note 7).

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

- the ability of the company to raise sufficient additional capital in the future;
- the successful sale of the tenements in Tasmania; and
- its ability to achieve a financial return from its investment in Graphmada Mauritius
- recoverability of its settlement agreement with LionGold

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

The Directors will continue to monitor the capital requirements of the Company on a go forward basis and will include additional capital raisings in future periods as required.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Revenue

	31 Dec 2015 \$	31 Dec 2014 \$
a) Other income		
Interest received	1,623	2,961
Gain - Settlement Proceeds	2,500,000	-
Foreign currency gain/(loss)	-	24,462
Sundry Income	-	48,105
Rent and Access Fees received	10,500	-
Total other income	2,512,123	75,528

3. Expenses

	31 Dec 2015 \$	31 Dec 2014 \$
(a) Other expenses		
Employee benefits expense	100,862	-
Contracting & consulting expense	49,254	124,108
Operating lease expense	-	14,577
Other administration expense	254,364	128,246
Depreciation – plant & equipment	6,804	11,658
Hellyer operating infrastructure – care & maintenance	72,694	147,474
Total other expenses	483,978	426,063
 (b) Finance costs		
Finance costs	-	3,196
Total finance costs	-	3,196
 Total expenses	483,978	429,259

NOTES TO THE FINANCIAL STATEMENTS

4. Movements in Issued Capital

	31 Dec 2015		30 June 2015	
	Number of Shares	\$	Number of Shares	\$
At the beginning of the financial period	376,105,104	62,032,247	326,105,104	61,782,248
Issued during the financial period				
• Ordinary shares issued at \$0.005 as part of placement on 27 November 2014	-	-	50,000,000	250,000
• Ordinary shares issued at \$0.013 as part of placement in November 2015	29,923,077	389,000		
• Ordinary shares issued at \$0.01 as part of placement in December 2015	52,500,000	525,000		
• Ordinary shares issued in lieu of corporate advisory costs as part of December 2015 placement (1)	1,500,000	15,000		
• Reduction in Corporate Advisory cost (1)		(15,000)		
Balance at the end of the financial period	460,028,081	62,946,247	376,105,104	62,032,248

Cash Financing Activities

On 24 December 2015, the Company announced that it proposed to issue 54,000,000 shares to subscribers and advisors as part of the placement completed.

- (1) Of the total share issued, 1,500,000 shares were issued to Corporate Advisors in lieu of cash and these shares are recorded at the issue value of \$15,000 with the corresponding cost forming part of the Company's capital raising costs.

5. Cash and Cash Equivalents

	31 Dec 2015	30 Jun 2015
	\$	\$
Cash at bank and in hand	87,162	117,444
	87,162	117,444

6. Non-Current exploration and evaluation asset held for sale

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the total value is now recognised as capitalised exploration and evaluation assets held for sale.

	31 Dec 2015	30 June 2015
	\$	\$
Capitalised exploration and evaluation asset transferred from Capitalised exploration and evaluation expense	3,217,506	3,217,406
	3,217,506	3,217,406

As at the date of signing this report, there exists material uncertainty regarding the full recovery of the capitalised value of exploration and evaluation assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS

7. Trade and Other Receivables

	31 Dec 2015 \$	30 June 2015 \$
Current		
Gain - Settlement Proceeds	2,200,000	-
Trade receivables	144,612	144,612
Other receivables	-	23,682
	2,344,612	168,294

As at the end of the reporting period, the sum of \$144,612 was owed to the company by Ivy Resources Pty Ltd as part of the company's lease arrangement for tenement CML 103M/87. This amount is recorded as a trade receivable. Ivy Resources Pty Ltd currently dispute the accuracy of this value owed to the company and discussions are ongoing in relation to its recoverability. Whilst the board are confident of recovering this receivable and have chosen not to provide for a provision or loss against this value, there is some doubt that the amount may be recovered in the future.

As part of the company's settlement with LionGold, the company has chosen to recognise the full value of the remainder of the settlement and the amount of \$2,200,000 is due within 12 months from the reporting date. Whilst the company is confident of recovery of all or a substantial value of the funds owed by LionGold, there exists some risk that the full value may not be realised. As previously outlined, LionGold may offer to the company shares in a company associated with LionGold in lieu of cash as part of the settlement and realising the full value of these shares will be contingent upon the share price and liquidity of these shares following the allotment of these shares.

No trade receivables are impaired at balance date (2014: nil).

8. Financial Assets

	31 Dec 2015 \$	30 Jun 2015 \$
Investment in Graphmada Mauritius	1,060,825	-
	1,060,825	-

9. Income Tax Benefit

As at the period ended, the company had substantial going carried forward tax losses and these losses shall be applied to any taxable income achieved this year which should result in the company incurring no tax liability.

10. Trade and Other Payables

	31 Dec 2015 \$	30 June 2015 \$
Current		
<i>Unsecured liabilities:</i>		
Trade Payables	-	52,940
Funds received in advance for shares	184,236	-
Directors Fees payable	63,750	-
GST Payable/(Receivable)	(18,562)	-
Audit Fee Accrual	13,500	13,500
PAYG Payable	12,277	4,093
Superannuation payable	17,225	8,612
Accrued wages	6,658	6,658
	278,084	85,803

During November 2015, the company received and were entitled to receive funds of \$184,236 from sophisticated investors. The value of \$184,236 is currently recorded by the company within its accounts as a payable (Funds received in advance for shares) with the amount to be converted to equity (subject to shareholder approval) in the near future.

11. Liabilities included in disposal group held for sale

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the company has also recognised liabilities relevant to the potential sale of the capitalised exploration assets. The value of mine closure rehabilitation provision was, in the previous reporting period, recorded as a Non-Current Liability provision.

	31 Dec 2015	30 June 2015
	\$	\$
Mine closure rehabilitation provision	694,242	-
Trade Creditors associated with mine closure rehabilitation	63,431	-
	757,673	-

12. Operating Segment

Segment information

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

The Company has identified for the half year ending 31 December 2015 that it has no operating segments disaggregated within the Company. This has been determined based on the fact that the Board of Directors (chief operating decision makers) assesses performance of the Company with no further review at a disaggregated level.

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

13. Contingencies

Contingent Liabilities

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the company has also recognised liabilities relevant to the potential sale of the capitalised exploration assets.

The value of mine closure rehabilitation provision is an assessment of the potential rehabilitation costs the company may incur in the future. There does exist some risk that the actual costs, when and if incurred, will be higher than the provision recognised.

On the 11th of February 2016 the Company was issued a *Notification of court action relating to winding up* raised by Milton Graham Lawyers on behalf of Intelligent IP Communications Ltd for an outstanding debt. The Company has raised an accrual amount within its financials and is confident of settling the dispute in the near term.

Contingent Assets

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the total value is now recognised as capitalised exploration and evaluation assets held for sale. As at the date of signing this report, there exists material uncertainty regarding the full recovery of the capitalised value of exploration and evaluation assets held for sale.

As outlined in this report, there exists some uncertainty that the full value of the remaining settlement proceeds owed to the company by LionGold shall be fully recovered.

14. Subsequent Events

As announced above, during December 2015 the company received \$525,000 from sophisticated and other investors as part of placement of equity at an issue price of \$0.01. The details of this placement was announced to the market on 24 December 2015. Following the receipt of all funds and subscription details, the company's registry was instructed, prior to 31 December 2015, to issue 52,500,000 shares and 33,330,000 unlisted options (options due to expire on 31 December 2015 and having an exercise price of \$0.015c) to all relevant subscribers. The shares and options were subsequently issued on 4 January 2016. In addition to the shares issued as part of the placement, 1,500,000 shares were issued to Bizzell Capital Partners as part of their corporate advisory fee.

Subsequent to the period end, the company informed the market that the company had, following the announcement of its settlement with Lion Gold, received a claim from a litigation funder purporting to be entitled to part of the company's settlement proceeds. The company intends to refute and defend this claim. No value or contingent liability has been reflected within the Financial Report in relation to this claim.

As stated above on the 11th of February 2016 the Company was issued a *Notification of court action relating to winding up* raised by Milton Graham Lawyers on behalf of Intelligent IP Communications Ltd for an outstanding debt. The Company has raised an accrual amount within its financials and is confident of settling the dispute in the near term.

15. Share Based Payments

	Number of Options (unquoted)
Outstanding as at 30 June 2015	15,000,000
Granted during the period	33,330,000
Forfeited and cancelled	(15,000,00)
Exercised	-
Outstanding at 31 December 2015	33,330,000

Options were issued to subscribers for shares in the December 2015 placement as outlined in the Activities Report for the quarter ended 31 December 2015.

16. Earnings Per Share

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2015	2014
weighted average number of shares used in basic earnings per share	385,467,284	342,793,333
shares deemed to be issued for no consideration in respect of share based payments	-	-
Weighted average number of shares used in diluted earnings per share	385,467,284	342,793,333

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane, Queensland this 15th day of March 2016.

Signed in accordance with a resolution of the directors:



Richard Anthon

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**Auditor's Independence Declaration
To The Directors of Bass Metals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as auditor for the review of Bass Metals Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A F Newman
Partner - Audit & Assurance

Brisbane, 15 March 2016

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Independent Auditor's Review Report To the Members of Bass Metals Limited

We have reviewed the accompanying half-year financial report of Bass Metals Limited ("Company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Bass Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Bass Metals Limited financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bass Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

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

Conclusion

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 the Corporations Act 2001, including:


- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter

Without qualification to our conclusion, we draw attention to the Going Concern paragraph of Note 1 in the financial report which indicates that the Company made a net profit of \$2,028,145 and that current assets exceed liabilities by \$4,592,012. These results are underpinned by the recognition at face value of settlement proceeds from a successful litigation, and as disclosed in Note 7 the third tranche of this settlement may be settled by either cash or shares of Liongold Corp Ltd, the method being at the election of the payor and not having been made at the date of the interim financial statements. The value is subject to realisation risk due to potential illiquidity in the underlying shares.

In addition, we draw attention to Note 6 which outlines that the Company is pursuing a sale of the exploration and evaluation assets that have a carrying value of \$3,217,406. At the date of this report it is not possible to reliably measure the recoverable value, and there exists material uncertainty as to whether the company will be able to realise the assets at face value.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A F Newman
Partner - Audit & Assurance

Brisbane, 15 March 2016