BassMetals Ltd.
ABN 31 109 933 995

16 April 2010

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

Dear Sir

MARCH 2010 QUARTERLY REPORT OF ACTIVITIES & CASHFLOW

- **Strong closing cash position of $17.6 million.**
- **Operating revenue for the quarter estimated to be $3.3 million.**
- **Optimisation of the Hellyer Mine Project DFS results in improved project EBIT of $54 million (up 13%) and lower benchmark C1 production cost of US$0.17/lb zinc (48% lower), after credits.**
- **Hellyer Mine Project approvals completed and work commenced; mill refurbishment progressing well and the Fossey decline has progressed 38 metres from the portal.**
- **Specialist metallurgical consulting group retained to undertake major gold recovery study based on Hellyer Tailings and hard-rock gold resources.**
- **Exciting new outcropping Fossey style VMS mineralisation discovered south of Fossey over 100 metre strike extent, within a large 600 metre long soil anomaly not previously drill-tested.**
- **Diamond drilling testing of new target zones continuing, with second rig arriving at site in late March. Currently drilling at Nth Hellyer and Mt Charter West.**

Figure 1: The Fossey Decline portal as at 23 March 2010

I am pleased to attach the March 2010 Quarterly operating and cash flow report for Bass Metals Ltd (ASX:BSM). Every quarterly period appears to mark at least one new milestone achieved or met by Bass Metals, and the March 2010 quarter is no exception.

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In this period Bass received all the statutory and internal approvals for the development of its second and larger scale mine, the Hellyer Mine Project, and commenced development activities. During the quarter the Company immersed itself in the activities associated with the launch of the Hellyer Mine Project with the consequence of significantly advancing its transformation towards becoming a mid-tier diversified mining business.

However, whilst the day to day activities of the Company are centred around the management and governance of our producing assets and development projects, it is important that we also stay very focussed on the broader objective of the business, which as stated in Bass' Business Plan is; "*to develop profitable mining operations from mineral discoveries or acquisitions to achieve the prime objective of increasing shareholder's wealth".* This objective is predicated on the application of our sustainability policies; including Safety, Environment and Governance; which underpins the business processes that support the interests of all other stakeholder groups.

Whilst it is a great achievement to be expanding the business through the development of a new mine, the Board is aware of the "*prime objective*" and the necessity to again widen the scope of activities beyond the HMP in pursuit of that goal. Therefore, the priority to increase the scale of production and mine life to improve the stability of underlying profits and cash flow is again the Company's core focus. At present Bass is developing an Ore Reserve at Fossey with a 2.5 year production life, with plans to extend that to 5 years based on existing neighbouring resources at Hellyer and Que River. This is clearly a major boost to the scale of production (c.400,000tpa of ore processed) to the levels of several well known Australian mid-tier producers, but Bass needs to build in "life" and potentially further expand scale to achieve increased profits and higher valuations to meet the *Prime Objective*.

This quarterly report clearly demonstrates the near-term increase of production growth but also the refocus towards building up its longer term assets. There are significant opportunities within the Company's existing resource assets to increase production life and scale. The 10 million tonne Hellyer Tailings resource represents an opportunity for a long-term re-treatment project running in tandem with the "hard-rock" processing operation. A prefeasibility study examining the key aspects to develop an integrated, long-term project is well advanced. Bass also has a significant gold inventory contained both within its hard rock resources and the Hellyer tailings; the latter alone contains approximately 800,000oz of gold. In recent years Bass has undertaken several rounds of testwork and studies examining the potential to recover this gold; but always as a lower priority to other, more imminent production opportunities. However, this quarter BatteryLimits, a metallurgical consulting group with specialist expertise in refractory gold, has been appointed to generate a recovery solution for this gold. There is likely in excess of $10 million worth of testwork and studies largely from the 1980-90's; with new technologies, a larger resource base and a higher gold price it is exciting to consider what may now be possible.

Those are growth opportunities based on existing assets. This quarterly report also highlights further exciting developments toward the discovery of major new ore bodies. The new targeting process has clearly been successful in identifying prospective targets which the Company is systematically testing. This quarter a particularly exciting aspect is the discovery of outcropping Fossey style mineralisation 500 metres south of the Fossey deposit. The extent of the outcrop and the scale of the associated soil anomaly and its occurrence at the Hellyer ore position again demonstrates the increasing momentum building towards another major new find. There are currently two rigs at work on new targets; Mt Charter West and Nth Hellyer.

Turning from the higher level strategic issues related to the *Prime Objective* – of shareholder wealth, back to the current financial position of the business; the Company is currently in a strong cash position with $17.6 million. The cash contribution from the Que River Mine was

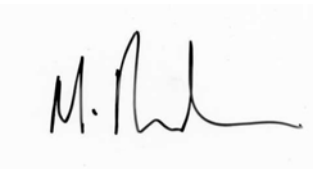
lower than forecast at $1.8 million due to lower ore sales and mine production, which was partially offset by higher grades and metal prices and maintaining the project's positive cash flow track record. The Que River Mine operation is in its last few months under the existing ore sales arrangement with MMG Rosebery operations. A substantial increase in ore production is planned for the next quarter as the PQ Nth pit is largely completed and waste mining requirements reduce.

The main cash outflows during the period comprised the HMP development ($0.5 million) and exploration ($1.3 million). The expenditure rate for the HMP is planned to increase in the next two quarters and, to ensure that Bass has sufficient funding to continue its exploration and other growth strategies it is seeking a $12 million debt facility from RMB Resources Limited. A financing mandate was signed in January 2010 covering separate debt and hedging facilities and Bass and RMB Resources have been working on completing the Conditions Precedent, such as technical due diligence, to gain access to that facility sometime in June 2010. Bass expects a final commitment from RMB Resources by late April and is not aware of any reasons why that will not be forthcoming.

In summary, the quarter was another significant transformation period for the Company as it establishes its new production profile and incrementally builds up its exploration results to "home-in" on its next discovery. Management has re-set its development focus to address the weak link in its business case – namely mine-life. Financially, the Company is in a sound position and finalisation of the RMB Resources debt facility will demonstrate its capacity to complete the HMP development. Shareholder value in the past few months has been disappointing given all of the above and the Company is stepping up its efforts to get the Bass story across to investors. This appears to have been resonating well in Europe, particularly over the March quarter, with our estimates indicating that approximately 11% of Bass' shares are now held there, mainly by German and Swiss investors.

On behalf of the Board and employees I look forward to personally presenting the Company's achievements and plans as well as reporting further news on our ongoing production and exploration activities.

Yours sincerely



Mike Rosenstreich
Managing Director

Competent Person
The information within this report that relates to exploration results is based on information compiled by Mr Kim Denwer and Mr Mike Rosenstreich who are both full time employees of the Company. Mr Rosenstreich is a Member of The Australasian Institute of Mining and Metallurgy and Mr Denwer is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

Technical Detail
This Report aims to provide a high level summary of various technical aspects of the Company's projects. For more details on the underlying technical parameters the reader is referred to the ASX Reports on the Bass Metals' website, www.bassmetals.com.au .

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MARCH 2010 QUARTERLY ACTIVITIES REPORT

1.0 SUSTAINABILTY

1.1 SAFETY

There were no lost time injuries (LTI) at either of the mining operations during the quarter, maintaining the Que River mine's record of no LTI's since the start of the project. There was one LTI, a minor wrist sprain sustained by an exploration drilling contractor.

Comprehensive work place risk assessments and reviews of the Company's Safety and Loss Control Management Plan are well advanced to incorporate the increased scope of activities now taking place at site.

1.2 ENVIRONMENT

There were no significant or reportable incidents during the quarter on any Bass managed tenements. The Company has appointed a full-time Environmental Officer to cater for the expanded operational activities and the ongoing remediation of legacy environmental issues on all of its sites.

Key achievements for the quarter include EPA approval of the HMP Development Proposal and Environmental Management Plan and Waratah-Wynyard Council approval of the HMP Development Application.

Site works to rehabilitate legacy issues, including removal of remnant tailings spills, dredging of beached tailings in the Hellyer tails dam and active management of the water level and chemistry at both Hellyer and Que River have continued to improve water quality on both leases.

1.3 HUMAN RESOURCES

The Company currently has approximately 85 employees and contractors on site. It is recruiting for an experienced Plant Metallurgist and Commercial Manager based in Tasmania.

2. OPERATIONS

2.0 HELLYER MINE PROJECT

All approvals to commence the Hellyer Mine project development were received during the quarter and site works commenced in January, 2010.

2.1.1 Hellyer Operating Plan

The Hellyer Operating Plan (HOP) is the detailed, optimised implementation plan to develop the new Fossey underground mine, refurbish the Hellyer Mill and commence mining and processing Fossey ore at the rate of c.400ktpa to produce 53ktpa of zinc concentrate, 27ktpa of lead concentrates and 4ktpa of copper-silver concentrates. The HOP is based on the Definitive Feasibility Study (DFS) completed late last year.

The HOP incorporates the new concentrate off take terms for the lead and zinc concentrates agreed with Nyrstar and various refinements and optimisations identified and undertaken during

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the period. This included incorporation of additional contingency (either time or cash) to allow for specific events identified through a risk assessment process. The key component is an additional $3 million capital expenditure assumption due to providing for an extra 6 weeks in the mine development schedule. There will also be further refinements to the processing circuit, namely in the grinding circuit due to the ore softness and to simplify the reagent regime.

The main revisions to key technical and financial outcomes are presented in Table 2.1, utilising the same commodity and exchange rate assumptions in the DFS, which are presented in Table 2.2, with a comparison to current AUD commodity prices.

Table 2.1: HOP Technical & Financial Summary

Technical Parameters					
Ore Reserve/Mining Inventory	886kt at 8.4% Zn, 5.0% Pb, 0.3% Cu, 119 g/t Ag & 2.3 g/t Au. *[Minor 34kt increase in tonnage]*				
Mine Life	c. 3 years (*from start-up, i.e. decline commencement, to completion*)				
Concentrate Production	Zinc Concentrate: 106kt at 53% Zn 150 g/t Ag & 2.3 g/t Au Lead Concentrate: 54kt at 58% Pb, 10% Zn, 478 g/t Ag & 2.3 g/t Au Copper-Silver Concentrate: 9kt at 18% Cu, 4,374 g/t Ag & 9.1 g/t Au *[minor increase in concentrate tonnages]*				
Estimates of Financial Outcomes					
		HOP (March 2010)		**DFS (Oct. 2009)**	
	Units	**Total**	**A$/t ore**	**Total**	**A$/t ore**
Gross Revenue	A$M	238	268	229	269
Net Smelter Return	A$M	172	194	174	205
Site Operating Costs	A$M	74	84	86	101
Royalties*	A$M	15	17	14	17
EBITDA	**A$M**	**83**	**94**	**74**	**87**
Start-up Capital Costs	A$M	21	24	18	21
Ongoing Capital Costs	A$M	8	9	8	9
EBIT	A$M	54	61	48	57
EBIT Margin	%	c.31%		c.28%	
C1 Costs (per lb payable Zn after credits)	**US$/lb**	**US$0.17**		**US$0.33**	
**includes State and production/incentive royalties.*					

Table 2.2: Commodity price & FX assumptions

		HOP/DFS Prices*		**Current Prices****
	Units	**USD Price**	**AUD Price**	**AUD Price**
Zinc	$/t	1,950	2,241	2,569
Lead	$/t	2,100	2,414	2,538
Copper	$/t	6,000	6,897	8,503
Silver	$/oz	17	20	20
Gold	$/oz	1,000	1,149	1,239
		**as in the DFS with AUD:USD 0.8700* ***3 Month prices as at 13 April 2010 with AUD:USD 0.9291*		

The revised outcomes in the HOP ultimately comprise an A$6 million (13%) improvement in the planned earnings before interest and tax (EBIT). The industry wide benchmark C1 cost estimate has also reduced from US$0.33/lb (payable Zn in the zinc concentrate after all credits) to US$0.17/lb, placing it in the lower quartile of the world production cost curve. The improvement in the project's C1 cost reflects refinements to the mining capital schedule as well as a reallocation of logistics charges pursuant to the final sales agreements. In addition, real improvements to the project's production, mining efficiency and sales outcomes have also acted to positively influence this benchmark metric.

The Company considers that the HOP, with the extra allowances has a lower risk profile and presents a more robust project. Whilst the estimated time to first ore has been pushed back by 6 weeks into the December 2010 quarter, the Company still expects to be producing its first concentrates in that period. In terms of revenue assumptions; the overall commodity price environment remains strong with current prices well above Bass' assumed prices in both USD and AUD terms i.e. after exchange rate movements.

2.1.2 Mine Development

Excavation of the Fossey decline commenced on March 11 and as at the end of March was at 38 metres, in line with the HOP targets. Geotechnical analysis of drilling for the DFS predicted difficult ground conditions for the first 80 metres through the broken Que River Shale unit and this has proven correct and will be a subsisting challenging issue through April, after which ground conditions are expected to improve. The Fossey Decline portal as at the 22 March is shown in Figure 1.

2.1.3 Hellyer Mill Refurbishment

Mill refurbishment activities commenced in January and are progressing in accordance with the HOP targets. The soft nature of the Fossey ore as shown by additional testwork completed in January 2010 led to further circuit refinements, which include by-passing the ball mill and utilising only the SAG and Tower Re-grind mills to achieve the target grind sizes and metal recoveries. This may generate further operating cost savings not currently factored in.

2.1.4 Concentrate Sales & Marketing

In January the Company signed a committed off-take contract with leading global multi-metals business, Nyrstar, for all zinc and lead concentrates produced from the Fossey Mine. Nyrstar is the world's largest zinc metal producer and one of the world's largest primary lead smelting and refining companies. Nyrstar owns the Risdon Zinc Smelter in Tasmania and the Port Pirie Lead Smelter in South Australia, hence contracting with Nyrstar generates many logistical advantages in concentrate freight and payment terms.

2.2. QUE RIVER MINE

2.2.1 Mining Activities

This has been a difficult quarter for the mine operations due to disruption from forest fires, mechanical breakdowns and some minor pit wall failures resulting in lower than planned ore production from the pits. However this ultimately had minimal impact on Bass ore sales because of MMG's limited capacity to accept ore tonnages much above the minimum threshold under the contract due to surplus ore from its own operations. Mining of the QR32 pit was completed in February and all remaining ore under the current mine plan will now be sourced from the higher grade, PQ North cut-back.

Production and deliveries are summarised in Table 2.3. Ore tonnes delivered is approximately 15% below budget but delivered grades are generally greater than budget consistent with ongoing positive ore reconciliation trends.

Table 2.3: Mining Summary – March 2010 Quarter

	Tonnes (wmt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Cu (%)
Opening Stocks at QR	4,035	9.9	5.6	133	1.7	0.2
Ore mined*	9,414	14.8	7.8	208	3.1	0.4
Ore Delivered to MMG	12,691	13.0	7.4	187	3.0	0.3
Remaining Stocks at QR	758	9.6	4.9	132	2.1	0.3

** "Remaining Stocks" and "Mined" are estimates from grade control and therefore average grades may not balance.*

2.2.2 Operating Performance

Revenues
Ore sales for the March quarter were $3.3 million. Actual cash receipts after payment of treatment charges to MMG for the quarter were $5.8 million.

Costs
Unit costs for ore mined and sold increased because less tonnes were mined and sold than in the previous period.

Table 2.4: Unit Operating Costs

Unit Cost basis	Unit	March 10 Qtr	Dec 09 Qtr	Sept 09 Qtr	June 09 Qtr
Ore Sold	$/dmt	225	208	240	205
Ore Mined	$/wmt	300	180	313	227

The cost calculation is based on all operating costs, including mining, treatment, haulage, royalties, depreciation and amortisation of mine properties but excludes capitalised mine development for the quarter consistent with the Company's accounting policies as detailed in the 30 June 2009 Annual Report. The difference between "sold" and "mined" unit cost reflects the closing inventory position and minor moisture content.

Total capital costs at Que River for the quarter were nil, maintaining the project to date capital expenditure at $0.7 million.

Operating Margin
To monitor and manage the financial performance of the project; i.e. the margin between cash costs and revenues, the Company also prepares management reports to determine the net realisable value (NRV) and operating margin of the ore mined.

The operating profit margin of the project has declined during the quarter due to lower ore value and higher unit costs, as presented in Table 2.5 below. This is due to the lower grades being mined from the QR32 pit and the lower tonnes of ore mined. The total cost includes expenditure on the increased waste movement associated with the cut-back.

Table 2.5: Estimate of Operating Performance

		Actual			
Unit Cost basis	**Unit**	**March 10 Qtr**	**Dec 09 Qtr**	**Sept 09 Qtr**	**June 09 Qtr**
Value of ore mined	$/wmt	299	337	325	325
Total cost of ore mined	$/wmt	257	208	204	158
Operating profit	$/wmt	43	129	121	167
Operating profit margin	%	14	38	37	51

2.2.4 Mining outlook
The Que River Mine is currently selling ore to MMG Limited's Rosebery Concentrator located 42 km away. The current Ore Sales Agreement applies to the current mine plan for the PQ and QR32 pits, which is planned to be completed in July, 2010. There is a significant resource base remaining at Que River which the Company is evaluating for inclusion in its Hellyer Mill schedule with the benefit of lower transport and logistics costs and higher payability due to the additional downstream processing compared to selling whole ore.

3. SPECIAL PROJECTS

The Company's focus is clearly on the refurbishment and start-up of the Hellyer Mill for the Fossey ore and the Hellyer tailings resource presents an opportunity to fully utilise the mill and potentially contribute processing cost benefits for both feed stocks while boosting Bass' underlying concentrate production and revenue streams. Indeed, whilst a longer term proposition, the gold evaluation study could identify a large scale, long-term gold project centred on this existing processing infrastructure and operational footprint. The Company continues to explore opportunities for toll treatment of third party ores; however the evaluation process with Nautilus Minerals is not proceeding.

3.1. HELLYER TAILINGS RE-TREATMENT PROJECT

A pre-feasibility study to re-start the tailings re-treatment project is in progress and expected to be completed in May 2010. This will provide a financial evaluation of the potential viability of re-starting this project.

3.2. GOLD RECOVERY STUDY

As an adjunct to the tailings re-treatment study BatteryLimits, a highly regarded consulting group with specific expertise in refractory gold recovery, headed up by Dr Phil Hearse has been appointed to undertake the gold recovery evaluation. This initial phase is in progress and comprises a compilation and detailed review of all historic gold extraction testwork and studies completed over the past 20 years on the Hellyer tailings, which grade 2.6 g/t gold, as well as the recent flotation recovery testwork and mineralogical studies undertaken by Bass.

Whilst the highly refractory nature of the gold in the Hellyer tailings is well known, there appear to have been technologies identified and tested that achieved high gold recoveries, but were not economic, at the time. The Company considers that several factors have changed since the last major testwork and feasibility programmes were under in the 1990's, including:

1. technological advances in gold extraction technology;
2. Bass has a significantly larger resource base i.e. not just the tailings resource with components that have a less refractory gold endowment than the tailings;
3. a higher gold price environment; and,
4. potentially a base metals mining and milling operation running in parallel to share costs.

BatteryLimits will identify potential process options which will hopefully lead into a detailed feasibility study examining both the processing aspects and also additional zones of mineralisation known to have significant gold values but currently not in resources, particularly in the alteration zones surrounding known base metal resources such as at Que River.

3.3 NAUTILUS ORE TOLL TREATMENT

The possibility of treating Nautilus Minerals' ore (from its planned sub-sea mining activities) at Bass' Hellyer treatment facility has diminished because Bass has chosen not to continue with the Discovery Process following the passing of a second extended and stretched deadline on the 31 March, 2010, in which to complete the Option and Toll Treatment agreement process. The process became protracted well beyond the original scope of the Letter of Intent signed on the 2nd October 2009, with little confidence by Bass that a timely completion is likely. This expiry does not preclude some new commercial toll treatment arrangement being agreed in the future.

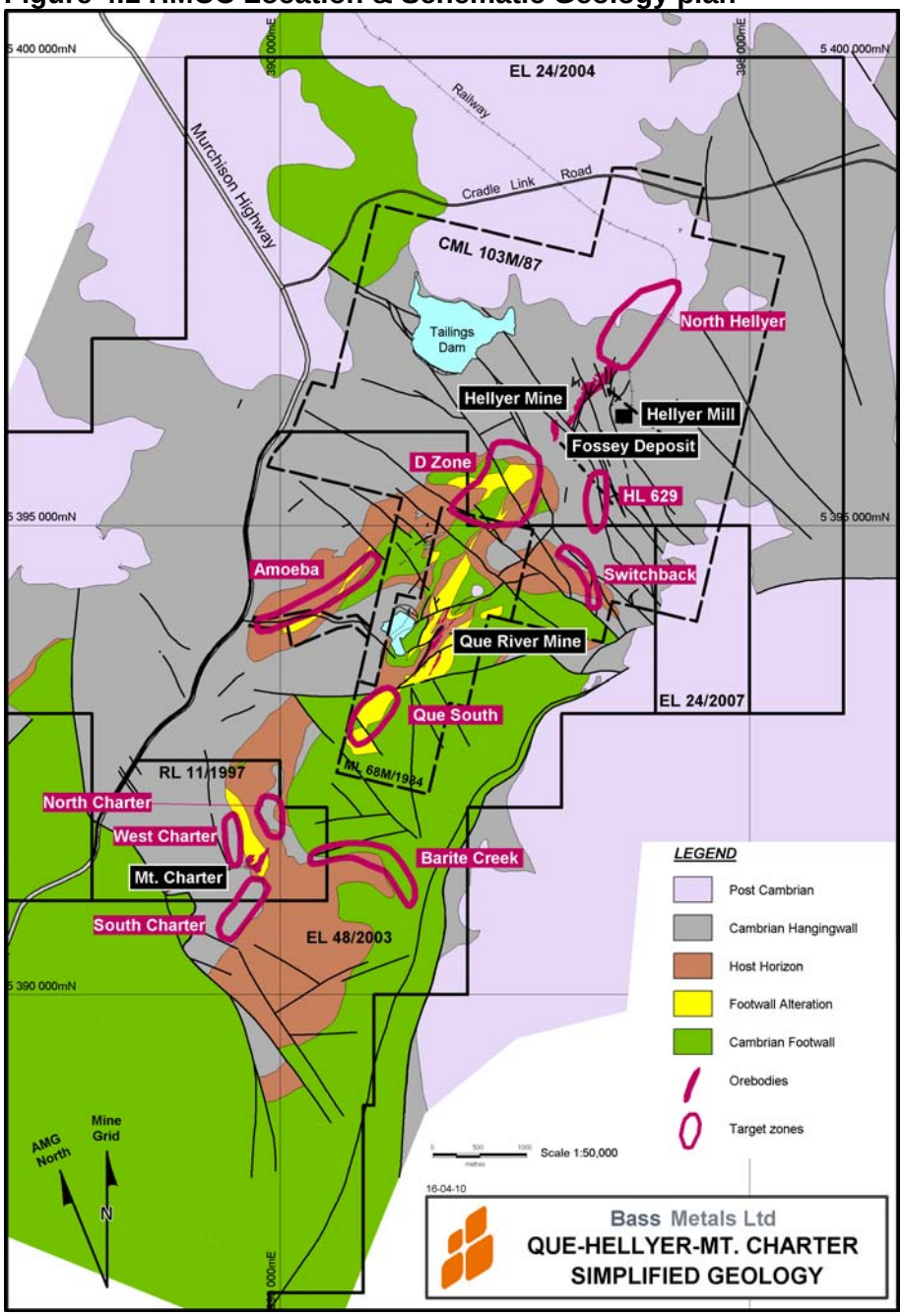
4. EXPLORATION

During the quarter exploration activities focused on development and testing of new targets prospective for major new base and precious metal discoveries.

4.1 NEW TARGET GENERATION

In the March quarter drill testing of the new targets generated in late 2009 commenced within the Hellyer to Mt Charter Corridor (HMCC); an area regarded by Bass as highly prospective for future ore discoveries as shown in Figure 4.1.

Figure 4.1 HMCC Location & Schematic Geology plan

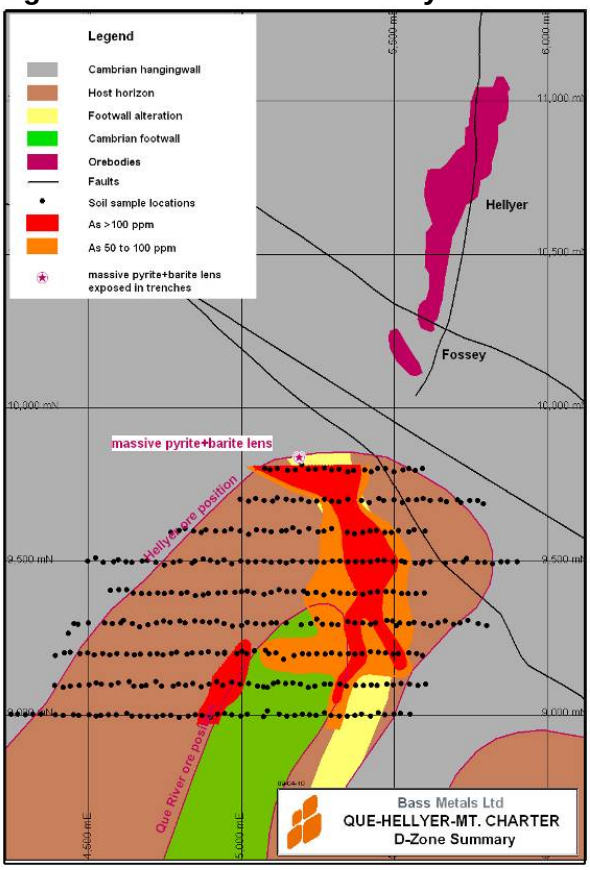


The HMCC was flown with a new generation high power airborne EM survey. The 600km flight line helicopter borne VTEM survey covered approximately 50km^2. The survey was flown in late March and the results are currently being interpreted. Extensive diamond drilling, surface sampling and mapping was also undertaken on several new target areas as detailed below.

4.1.2 D-Zone

Bass geologists discovered a 1.5 to 2.5 metre thick massive pyrite and barite lens in two trenches approximately 100 metres apart whilst following up an areally extensive soil anomaly at the D-Zone target, in an area not previously drill-tested. This is an exciting development as the mineralisation style is identical to that found associated with the Fossey lens. The D-Zone lens lies at the Hellyer ore position and is located at the northern end of a plus-600 metre long pathfinder element soil geochemical anomaly approximately 500 metres southwest of the Fossey orebody as shown in Figure 4.2.

Figure 4.2: D Zone soil anomaly and schematic geology

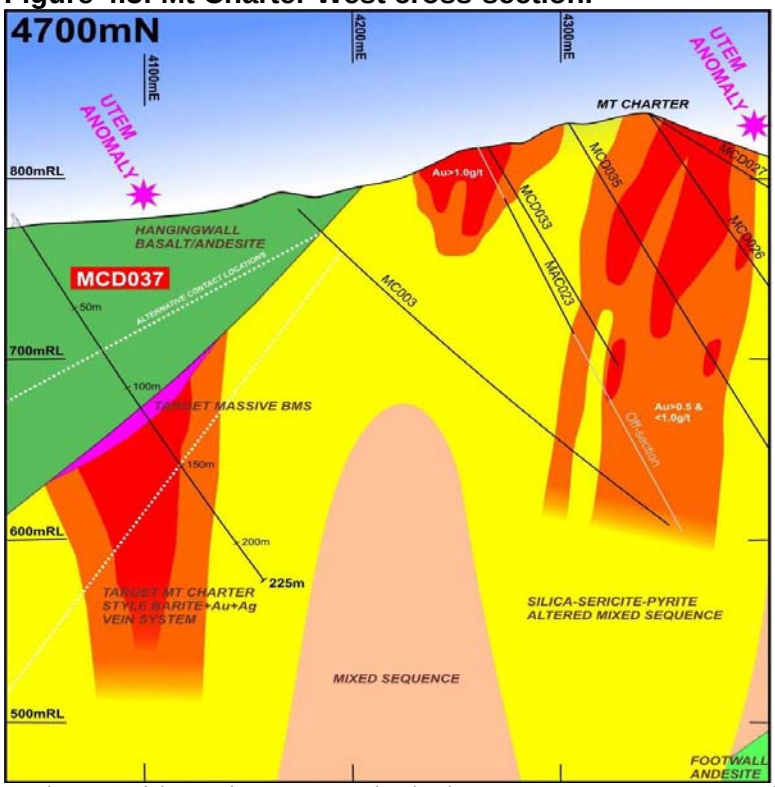


4.1.3 Mt Charter Area

A major review of the Mt Charter area has generated two new target areas (West and South targets). Drilling preparations (MCD037) commenced late in March at Mt Charter West to test a subtle geophysical (UTEM) anomaly interpreted to occur within the silica-sericite-pyrite altered rocks of the Mt Charter alteration corridor immediately beneath a thin sequence of Hellyer basalt, as shown in Figure 4.3. The target is high-grade massive sulphide Hellyer/Que River style deposits in close proximity to Bass' Mt Charter gold-silver deposit.

The Mt Charter South target is prospective for faulted extensions to the Mt Charter gold-silver Mineral Resource (380k oz Au(Eq)) based on re-interpretation of geophysical (IP) data collected in 1978, which has a similar, but previously unrecognised signature to the IP anomaly over the resource area. A drilling programme has been designed to test this target.

Figure 4.3: Mt Charter West cross-section.



On the RHS of the section, orange and red polygons represent Au >0.5 & <1.0g/t and Au >1.0g/t derived from the Mt Charter gold mineral resource.

4.1.4 Switch Back Target

Diamond drill HED16 completed in the previous quarter intersected 2.35 metres of high grade massive base metal sulphide mineralisation (2.35 metres at 25.0% Zn, 8.7 % Pb, 192 g/t Ag and 4.9 g/t Au) within an overall 9.25 metre zone (9.25 metres at 8.5 % Zn, 3.3 % Pb, 69 g/t Ag and 1.6 g/t Au). Whilst follow-up Down-hole EM conducted during the period did not detect any proximal conductors, follow-up drilling on this and three other nearby target is planned in the next period.

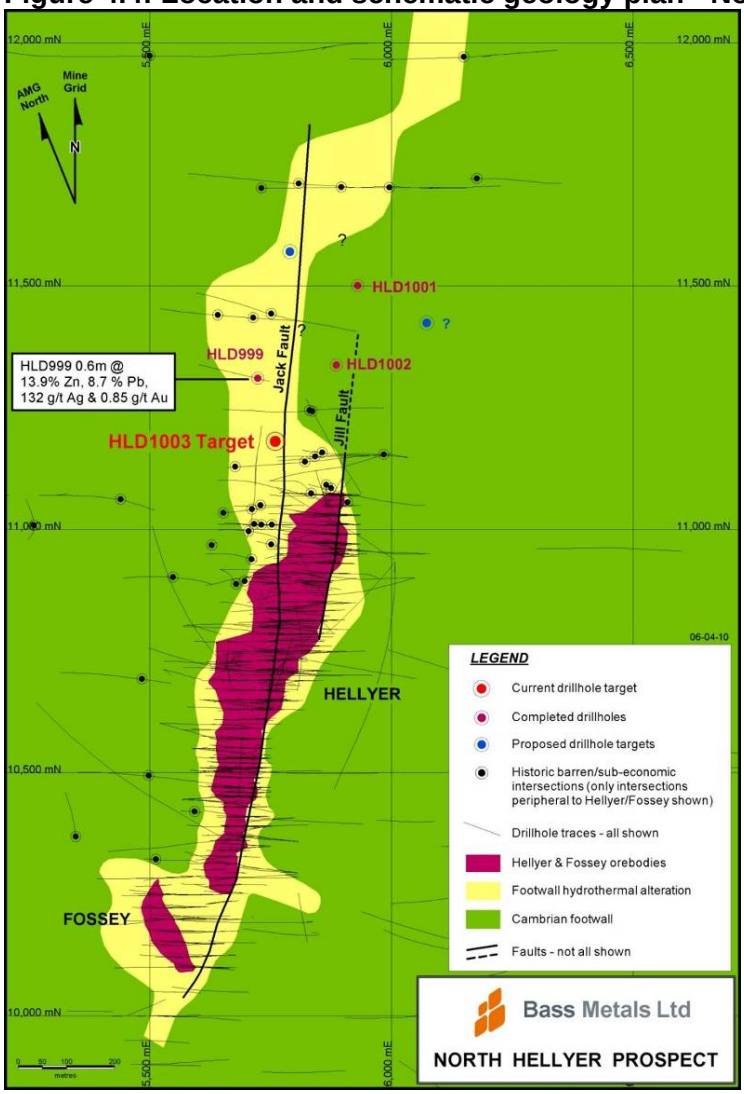
4.1.5 North Hellyer Target

A total of 2021 metres of diamond drilling in 4 drill holes was completed during the period, with the fourth hole in progress at 62 metres as at the end of the quarter. The drill holes test two target areas within a 750 metre long “window” of prospective stratigraphy; these two areas are separated by the Jack Fault and were not tested by previous explorers, despite being directly along strike from the Hellyer deposit, as shown in Figure 4.4, below.

Diamond drill hole HLD999, testing the target area to the west of the Jack fault was completed at a depth of 656.1 metres. At the Hellyer ore position target it intersected 0.6 metres at 13.9% Zn, 8.68% Pb, 0.067% Cu, 132g/t Ag and 0.85g/t Au before passing into intense proximal style footwall alteration with pyrite stringer veins. The intensity of the pyrite sericite alteration and the presence of distinct stringer style pyrite veins, which almost immediately underlies the base metal clast is of great significance because it indicates proximity to the original sulphide source. However, DHEM survey failed to detect a conductor indicating that any the source of the clast is at least 50 metres away. HLD1003 is in progress to test the northern extent of the western target area.

Two drill holes to the east of the Jack Fault (HLD1001-1002) failed to intersect any mineralisation and no further drilling is planned.

Figure 4.4: Location and schematic geology plan - North Hellyer prospect.



4.2 NEAR MINE EXPLORATION

4.2.1 Que River

QRD1311 was designed to test the late time Que River deep DHEM conductor considered indicative of a new copper rich massive sulphide lens at Que River. Drilling difficulties were reported last period and the hole was abandoned. It is proposed to re-drill the downhole EM target from a new drill site later in the year.

4.3 REGIONAL EXPLORATION

4.3.1 Whyte River (EL36/2003)

Venture Minerals is farming in to earn a 70% interest in the tin, tungsten and iron rights. During the quarter they completed prospecting and rock chip sampling for direct shipping ore (DSO) grade massive magnetite-hematite bodies returning Fe assays up to 68.1%. MRT environmental approval for helicopter supported drilling of the Paradise River - Doctors Creek area was obtained towards the end of the period and drill pad preparation was initiated.

During the period the company relinquished its interest in the North Rosebery, Grasstree Ridge, Leven River, Paradise River and Oonah tenements.

5. CORPORATE ACTIVITIES

5.1 FINANCIAL POSITION

The Company's closing cash position at the end of the March 2010 quarter was $17.6 million; a $0.9 million increase from the end of the December 2009 quarter balance of $16.7 million.

The main components of the cash flow comprised:

	$ millions
Ore sales (provisional payments)	$5.8
Hedge settlements	($0.1)
Exploration	($1.3)
Que River Mine development & operating costs	($2.96)
Hellyer Mine Project	($0.5)
Corporate administration & other costs	($0.7)
Share placement receipts(net)	$1.3

5.2 Hedging

There were no significant changes to the Company's ongoing QP forward sales strategy during the quarter.

5.3 Financing

The Company estimates that the financing requirement of the HMP will be A$21 million. In January this year following Shareholder approval the Company placed 32,299,982 shares to complete the equity leg of the financing, having raised a total of $15.3 million before costs. Approximately A$10 million of this has been allocated to fund the HMP development.

To complete the financing and hedging requirements considered necessary and prudent by the Board to support the HMP development, RMB Resources Limited has been mandated to arrange project debt and hedging facilities. The facility being contemplated has a $12 million limit. RMB Resources has completed its due diligence and facility assessment processes and a final committed offer is expected before the end of April.

5.4 Capital Structure

The equity capital raising process initiated in the December quarter and completed in early January 2010 has resulted in an increase of Bass Metals shares on issue from 104 million to 171 million.

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bass Metals Ltd

ABN

31 109 933 995

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	5,772	15,408
1.2	Payments for (a) exploration and evaluation	(1,279)	(3,220)
	(b) development – Que River	(1,122)	(2,825)
	(c) development – Fossey	(290)	(290)
	(d) production	(1,835)	(4,756)
	(e) Hellyer Mill refurbishment	(210)	(210)
	(f) administration	(710)	(2,056)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	200	328
1.5	Interest and other costs of finance paid	(8)	(33)
1.6	Income taxes paid	-	-
1.7	Other – Mining contractor net profit incentive	(250)	(1,192)
	Other – GST payment to ATO	(80)	(409)
	Other – Hellyer Mill maintenance and environmental management	(385)	(1,223)
	Net Operating Cash Flows	(197)	(478)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(64)	(201)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Options purchased/settlements	(126)	(697)
	Net investing cash flows	(190)	(898)
1.13	Total operating and investing cash flows (carried forward)	(387)	(1,376)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(387)	(1,376)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,578	15,282
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(22)	(150)
1.18	Dividends paid	-	-
1.19	Costs of share issues	(272)	(712)
	Net financing cash flows	1,284	14,420
	Net increase (decrease) in cash held	897	13,044
1.20	Cash at beginning of quarter/year to date	16,689	4,542
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	17,586	17,586

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	66
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

All transactions with directors and their related parties are on normal commercial terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	925
4.2	Development	7,638
	Total	8,563

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	66	159
5.2	Deposits at call	16,510	9,393
5.3	Bank overdraft		
5.4	Other (provide details)		
	- deposit as credit support for short dated forward sales	1,010	1,310
	- deposit in subscription account awaiting shareholder approval of issue of shares on 11 January 2010	-	5,827
	Total: cash at end of quarter (item 1.22)	17,586	16,689

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	170,505,386	170,505,386		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Other – End of escrow period	32,299,982	32,299,982	23.0 cents	
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-

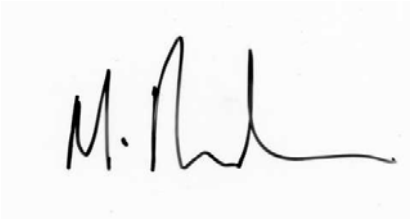
+ See chapter 19 for defined terms.

7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		4,176,939	4,176,939	40.0 cents	30.04.10
		1,375,000	-	27.5 cents	22.12.11
		350,000	-	37.5 cents	31.12.11
		250,000	-	37.5 cents	02.11.11
		1,455,000	-	42.5 cents	16.10.12
		525,000	-	51.0 cents	31.12.12
		300,000	-	26.0 cents	31.12.12
		300,000	-	28.5 cents	31.12.12
		300,000	-	30.5 cents	31.12.12
		950,000	-	30.0 cents	31.12.12
		100,000	-	25.0 cents	01.09.13
		100,000	-	35.0 cents	01.09.13
7.8	Issued during quarter			*Exercise price*	*Expiry date*
7.9	Exercised during quarter				
7.10	Expired during quarter – (Lapsed pursuant to terms and conditions of the options)			*Exercise price*	*Expiry date*
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here: Managing Director..... Date: 16 April 2010

Print name: Michael Rosenstreich

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.

+ See chapter 19 for defined terms.

An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.