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BASS METALS REPORTS SOLID OPERATING PROFIT RESULT WITH COMPANY TRANSFORMING HELLYER PROJECT ON TRACK FOR YEAR END PRODUCTION

- Company transforming flagship Hellyer project well advanced and on track for commissioning and production ramp-up commencing November 2010
- Hellyer Mine development marks transition toward mid-tier zinc, lead and copper producer status
- Solid operating profit of A\$4.4 million from Que River Mine continues to fund growth and expansion strategy.
- Sound financial position for growth - A\$9.5 million cash balance, working capital position of A\$8.3m and undrawn A\$12m debt facility
- Hellyer infrastructure provides potential for rapid commencement of low cost mining from potential new discoveries
- 2010/2011 to see increased focus on extracting significant potential value from well progressed organic growth opportunities as well as exploring non-organic growth opportunities.

Polymetallic miner, **Bass Metals Ltd** (ASX: **BSM**) has achieved key growth milestones during the year, laying the foundations for its transition towards mid-tier producer status, underpinned by a solid operating profit of **A\$4.4 million** from the Company's Que River mine in north-west Tasmania.

The Company's prime focus during the year was the development of the Hellyer Project, with the optimised Fossey deposit mine plan being completed in March and mine development and refurbishment of the Hellyer Mill progressing on schedule to commence commissioning and production ramp-up by Q4 CY2010.

Sales revenue from Que River was A\$18.2 million (2009: A\$23 million) a reduction of 23% on 2009, primarily resulting from an 18% reduction in ore sold under the Company's sales agreement with MMG Australia's Rosebery operations.

While the Company's initial growth and development has been largely funded from the profitable Que River mining operation, the Company completed a A\$15million capital raising during the year to help fund the development of the Hellyer project and maintain a sound cash liquidity position.

Bass Managing Director Mike Rosenstreich said the year was a transformational one in which key strategic growth milestones were achieved.

“Our strategy is to grow the Company into a diversified mid-tier mining house and we are excited that the critical stepping stone toward this is almost in place following the commencement of the A\$20 million Capex programme to develop the Fossey deposit and refurbish the Hellyer Plant in January this year,” Mr Rosenstreich said.

“The operating profit result from Que River was also pleasing given that the mine was in its third year of production, more than twice its original mine life.”

The new Hellyer mine is expected to have a five year mine life and the Company is confident of extending this based on continued exploration success.

The Hellyer mill will commence at a rate of approximately 400,000 tonnes of ore a year sourced from the Fossey, Hellyer and Que river deposits, however Mill capacity of 1.5 million tonnes provides substantial scope for increased production on the back of organic enhancements, exploration success and possible future acquisitions.

“A significant advantage for Bass is the prospect of quickly commencing low cost mining operations from potential new discoveries through utilisation of existing infrastructure, including the underutilised Hellyer Mill,” Mr Rosenstreich said.

The Company also reported significant progress toward developing a number of its key organic growth projects which will provide potentially profitable additions to the new Hellyer operations. This includes the Hellyer Tailings re-treatment and gold recovery study projects which have the potential to process 1 million tonnes per annum of tailings to produce 60,000 tonnes per annum of bulk lead-zinc concentrate as well as adding 50,000 to 100,000oz of gold production to the Company’s annual Hellyer output.

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About Bass Metals Ltd (ASX: BSM)

Bass Metals Ltd is a growth focussed and profitable Australian base and precious metal producer with a portfolio of high quality zinc, lead, copper and gold assets in the rich Mount Read Volcanic mineral belt in northwest Tasmania.

Listing in 2005, Bass delivered its maiden profit in 2008 from its profitable base metals production hub at Que River in Tasmania, which has generated \$25 million in cash flow over the last two years.

The Company’s larger transformational Hellyer Mine Project is on track to commence production toward the end of 2010. With an initial through-put rate of 400,000 tonnes per annum (tpa), the 1.5 million tpa capacity Hellyer Mill will produce 53,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 4,500 tpa of copper—silver-gold concentrates.

The Company also has an active and successful exploration programme and initiatives underway to generate cash by processing remnant ore from the Hellyer mine

Que River ore is currently sold to the nearby Rosebery Plant under an Ore Sales Agreement with the plant’s owner/operator, MMG Australia. In January 2010 the Bass signed a committed off-take contract with leading global multi-metals business, Nyrstar, for all zinc and lead concentrates produced from the Fossey mine.