

2 February 2011

## Hellyer Operations Update

Diversified miner, Bass Metals Ltd (ASX:BSM) is pleased to provide the following update on its new Hellyer Mine Project which commenced ore and milling production in January 2011.



Senior Metallurgist, Ben Reimers and Production Manager Don Crowe monitor first concentrate reporting through flotation cells.

### **Fossey Mine**

December and January were the most productive periods for the new Fossey Mine since development commenced with 452 metres of development completed, 25,000 tonnes of ore mined and major ventilation, dewatering and electrical infrastructure installed.

Approximately 25,000 tonnes of high-grade development ore was extracted and hauled to the Run of Mine (ROM) stockpile at the Hellyer Mill, ready for processing. Grade and tonnage estimates at this early stage of the mine development are on track.

The Fossey Mine Team attained a major positive milestone on 23 January, recording one full year in operation with no Lost Time Injuries (LTI's).

### **Hellyer Mill**

The Hellyer Mill has recently commenced the first production processing run of Fossey ore, with concentrates being recovered and accumulating in the respective storage tanks.

When sufficient lead, zinc and copper-silver-gold concentrates have been produced, they will be dewatered, filtered and trucked to the Port of Burnie for shipment. Subject to mill performance the haulage of first concentrates is planned for February, a slight delay to the original late January forecast. As is normal, mill commissioning will involve adjustments to the ore processing circuit over a period of time to achieve optimisation.

### **Commentary**

The Fossey mine development is now well advanced with most final services and infrastructure installed and preparations underway to commence stope production. Bass Metal's Managing Director, Mike Rosenstreich said that "a particularly pleasing aspect of reaching this milestone was the LTI free record of one year attained by Mancala's mine team in January; a terrific achievement". There is a stockpile of approximately 25,000 tonnes of

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high-grade Fossey ore which will comprise the first milling campaign, which has just got underway.

“The Mill team is methodically working through a number of issues associated with the mill re-commissioning; that is what commissioning is all about” Rosenstreich commented.

Bass Metals is at an exciting pivotal phase commencing production of zinc, lead and copper-silver-gold concentrates from its Hellyer Mine Project after a 12 month development process. Management looks forward to providing further operational updates as this milling campaign progresses.

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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 has delivered operating profits for the past three years since 2008 based on its profitable base metals production hub at Que River in Tasmania.

The Company's larger transformational Hellyer Mine Project has commenced ore production in late 2010 from its high grade polymetallic Fossey mine. With an initial through-put rate of 450,000 tonnes per annum (tpa), the 1.5 million tpa capacity Hellyer Mill will produce 55,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 5,000 tpa of copper-silver-gold concentrates. 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.

The Company also has an active and successful exploration programme which has yielded new discoveries such as Fossey, Fossey East and new exploration targets through the use of new exploration techniques not applied in the district before. The Company's has significant gold and polymetallic resources and is currently undertaking a feasibility study following on from positive scoping study outcomes indicating the potential to become a long-term 100,000 ounce per year gold (eq) producer.

Bass has differentiated itself through successfully finding high grade polymetallic resources, strategically and incrementally building up its assets and production profile to now become an emerging mid-tier diversified mining business.

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