

4 April 2011

Approved Offer for up to \$7M Increase to Lending Facilities.

Bass Metals Ltd (ASX:BSM) is pleased to report that following the completion of commissioning and ramp-up activities at its Hellyer Mine Project (HMP) at the end of March, 2011 and a technical review by RMB Resources Ltd, Bass has accepted a credit approved offer to extend its debt facilities by up to \$7.0 million. The purpose of the increased facilities is to provide additional funding if required for exploration and feasibility projects and additional working capital support for the HMP.

The structure of the extended facilities comprises a \$5.0 million Working Capital Facility and a \$2.0 million extension to the existing \$12.0 million Project Loan facility. The facilities have been offered on terms and conditions which include ongoing technical review, fees and interest charges on similar terms to the original Project Facility and the issue of up to 7 million options over Bass shares subject to the level of drawings but do not include any requirement for additional hedging. The facilities are planned to be repaid from HMP cash flows, with the extended Project Facility repaid by 31 March 2012 and the Working Capital Facility by 31 December, 2012.

The Company has recently completed its second milling campaign and Managing Director, Mike Rosenstreich stated "the March quarter was all about commissioning and ramp-up, and given the operational results to date, the June quarter is poised to complete that ramp-up process and be largely a full-scale production quarter. It is an excellent performance from our operational team to get the HMP to this point, in some challenging conditions, and clearly RMB Resources, a very experienced mining finance house agree as it has increased its exposure to the project and Bass". The new facilities provide the Company with increased financial capacity to support unexpected technical issues in the HMP which might arise and the flexibility to increase the level of exploration and feasibility study activity. "This is now a fairly large operation with significant working capital requirements and an exciting array of larger scale growth projects; however, we need to be remain prudent and therefore properly capitalised to manage both growth and surprises" Mr Rosenstreich added.

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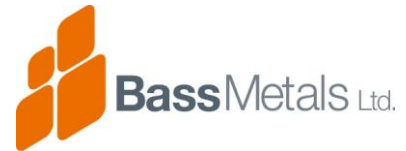
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ASX / Media Release



About Bass Metals Ltd (ASX: BSM)

Bass Metals Ltd is a growth focussed Australian base and precious metal producer with a portfolio of high quality zinc, lead, copper and gold assets in the rich Mt Read Volcanic 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 production from the Fossey deposit, discovered by Bass in September 2007. The planned ore treatment rate is 500,000 tonnes per annum (tpa), through the Hellyer Mill to 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, Bass signed a committed off-take contract with 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 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, significant scale gold 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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