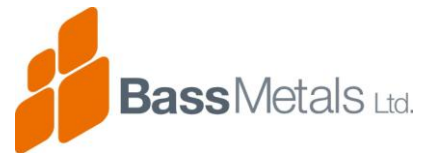


ASX Announcement



20 June 2011

BASS METALS REPORTS SIGNIFICANT IMPROVEMENT IN OPERATIONAL PERFORMANCE

HIGHLIGHTS:

- Fossey Underground Mine on target to achieve forecast 44,000 tonnes of ore production for June.
- Mining of high-grade stope lifts overall head-grade.
- Mill operating well with zinc head-grade now averaging 5.6% for the campaign; up 14% on previously reported levels
- Concentrate production strong and within saleable specifications
- Planning underway aimed at providing a higher grade, more robust and flexible mine plan

Bass Metals Ltd (ASX:**BSM**) ("Bass" or "the Company"), is pleased to report on the improved performance of the Hellyer mining operations, since its last update on 7 June, 2011.

1. Fossey Underground Mine

Mining at the Fossey underground operation has continued strongly with a total of 35,000 tonnes of ore mined since the start of June, which is consistent with achieving the monthly forecast of 44,000 tonnes. Ore haulage from the mine for this campaign to date is approximately 61,400 tonnes.

Ore is currently being sourced from three stopes on the 465 level; two of which (one high-grade one lower-grade) are performing as planned with respect to tonnes and grades, with the third traversing an unpredicted lower grade zone resulting in the overall mined grades falling unexpectedly in early June as previously reported. Since then the Company's focus has been on mining the other high-grade stope, and this has resulted in a higher and more consistent feed grade to the mill, trending close to the original planned head grade of 6% zinc for the current campaign.

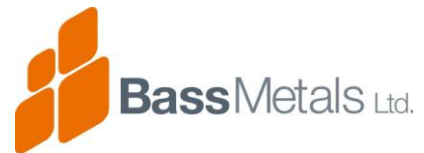
There are only 70 metres of decline development remaining to complete access to the base of the planned mine, which will enable establishment of the main 445 ore extraction level and a final permanent water pumping station. Decline development and 445 level access development has been delayed by several weeks due to the water-inrush event reported on 7 June. The water flow, whilst still at high (100 litres/sec) levels, is being well managed and the current dewatering rate for the mine is estimated to be 160 litres/second, well below the overall expanded dewatering capacity of 300 litres/second. Pleasingly, level development on the 445 level and in the decline resumed over the weekend of 18-19 June.

2. Mill Production

The fourth milling campaign has been underway since the 23rd of May 2011 and has treated approximately 55,000 tonnes to Sunday evening (19 June), with the campaign due to be completed on Thursday 23rd of June. (Note that whilst mining is continuous, milling operates on a 4 weeks on 4 weeks off campaign basis through-out the year). The Mill is operating normally and the average zinc head grade has improved significantly. On a campaign-to-date basis it has averaged 5.4% zinc, a 13% improvement to the average grade of 4.9% zinc reported to the ASX on 7 June. More high-grade ore is planned to be treated to complete the campaign, providing an encouraging outlook.

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Major improvements are evident in the performance of the circuit overall and the lead circuit, in particular, has clearly benefited from the modifications completed in mid-May 2011.

Concentrate production has been very solid, with all material of a saleable quality - even after allowing for a persistent period of lower head grades in early June. The following quantities of concentrates are estimated to have been produced in the current milling campaign to date (19/06/11):

- 3,484 tonnes of zinc concentrate grading 51% zinc and 107 g/t silver, 1.0 g/t gold.
- 1,797 tonnes of lead concentrate grading 54% lead and 757 g/t silver, 2.5 g/t gold.
- 185 tonnes of copper concentrate grading 17% copper, 5,959 g/t silver, 8.9 g/t gold and 9.7% lead.

This suggests that overall actual concentrate production for the June quarter is expected to be close to the June quarter production forecasts reported by Bass on the 12th of May, 2011, subject to positive completion of this campaign.

Commentary

The Hellyer Mine Project has continued to operate soundly since 7th June, when the Company took a prudent approach in reporting several unexpected operational matters relating to dewatering and head-grade performance. Significant progress has been made since that time to ensure the Project continues to operate soundly and to understand and mitigate the technical issues that arose at the start of June.

The Directors of Bass Metals are confident that the Hellyer Mine project has a positive outlook and work is ongoing to make the project more robust. A great advantage is the inherently high-grade nature of the mineralisation, which provides the flexibility to consider modifications to the underlying mine plan should the need arise; for example a focus on the high-grade base metal sulphide zones and to only mine incremental or marginal material on a case by case basis-subject to metal prices, operating costs and expected mill performance at the time.

Particular focus is now on; the infill diamond drilling program currently being modelled, which is planned to provide the detailed basis to generate a higher grade more robust and flexible mine plan; scheduling of ore production and milling, given the 2 week delay to the development, and a review of all operating costs.

Mike Rosenstreich, Bass' Managing Director said "The Company has a high-grade polymetallic project with excellent potential to grow through exploration success. Recent technical challenges are clearly manageable, as indicated by the improved ongoing operational performance, and we are working hard to make the project even more robust."

"The overall financial and longer term operational plan is still being reviewed and assessed, but fundamentally the Board considers it to be sound and looks forward to reporting further updates as the work is completed," he added.

Contact

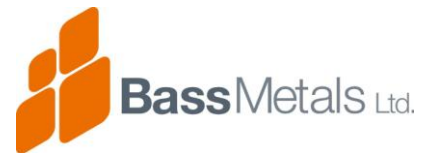
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About Bass Metals Ltd (ASX: BSM)

Bass Metals Ltd is a growth focussed Australian base and precious metal producer with a portfolio of high quality zinc, lead, copper, silver 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 previously applied in the district. The Company's has significant gold and polymetallic resources and is currently undertaking a feasibility study following 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.

Competent Persons Statement

Mineral Resources & Exploration Results

The information within this report that relates to exploration results and Mineral Resource estimates is based on information compiled by Mr Kim Denwer and Mr Michael 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 (the JORC Code)" and they consent to the inclusion of this information in the form and context in which it appears in this report.

Ore Reserves

The information in this report that relates to the Fossey Ore Reserve estimates is based on information compiled by Mr Victor Rajasooriar who is a full time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Rajasooriar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves (the JORC Code)". Mr Rajasooriar consents to the inclusion in this report of the matters based on this information in the form and context in which it appear

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