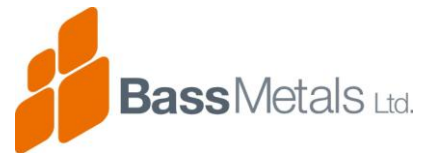


ASX Announcement



5 July 2011

BASS METALS REPORTS HIGH-GRADE START TO FOSSEY EAST DRILLING

HIGHLIGHTS:

- Drilling has recommenced at the Fossey East deposit to fast track mine development.
- First results comprise 5.6 metres at 14.7% zinc 5.4% lead, 2.1 g/t gold, 109 g/t silver and 0.7% copper.

Introduction

Bass Metals Ltd (ASX:BSM) is exploring for large scale, high grade polymetallic (copper-lead-zinc-silver-gold) volcanogenic massive sulphide (VMS) deposits in a highly mineralised VMS terrain, the Mt Read Volcanic belt, in NW Tasmania. This report provides an update on recent drilling results at the Fossey East Prospect, which is located immediately adjacent to the existing Fossey mine infrastructure.

The Company recently resumed drilling from underground of the Fossey East prospect, following a break as a result of mining operations limiting access to the planned drilling positions. The current drilling program is designed to infill to 25 metres spaced centres through the current Fossey East resource outline (Refer Attachment 1) to fast track mine planning and potential development and then test for extensions.

Drill Results:

Diamond drill hole FUD0066, drilled from underground, targeted the top of the Fossey East barite and base metal zone, within the outline of the geological resource reported previously. It intersected a 5.6 metre wide zone of high grade mineralisation assaying 14.7 % zinc, 5.4 % lead, 2.1 g/t gold, 109 g/t silver and 0.7% copper (Figures 1 and 2, Table 1). The entire 22.15 metre interval of barite and base metal mineralisation assayed 4.7% zinc, 1.8% lead, 1.0 g/t gold, 45 g/t silver and 0.2% copper.

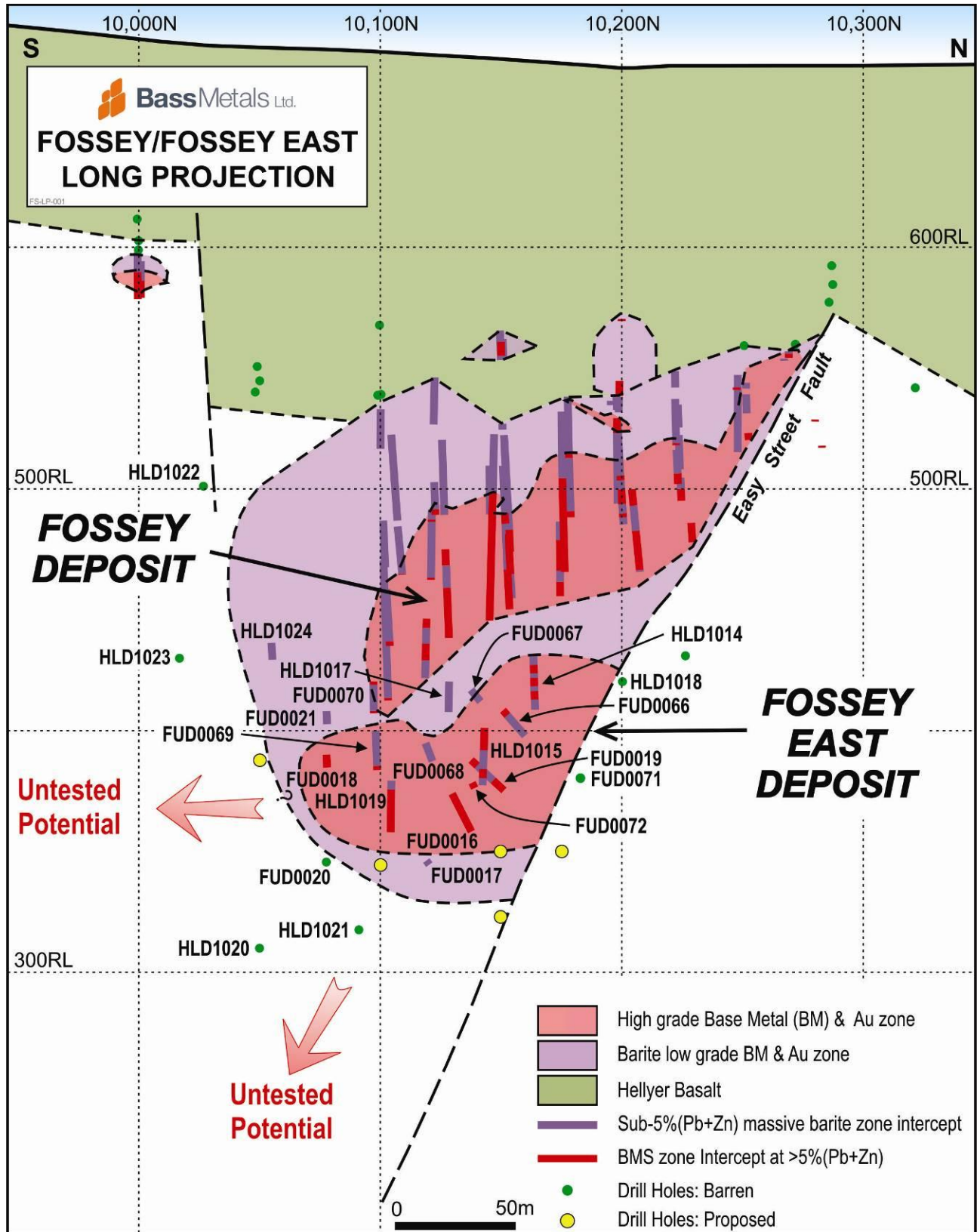
The drilling program is in progress with 7 drill holes completed to date (FUD0066 – FUD0072), but assays remain pending for the last 6 holes. This program is designed to infill drill within the outline of the geological resource to get a better understanding of the geometry before commencing the extensional Fossey East drilling in earnest. To date, geological observations of those drill holes where assays are still pending appear consistent with the earlier drill results on which the initial resource estimate was based in terms of widths of alteration and base metal mineralisation intersected. Interestingly, the most recent drill hole completed intersected 3.4 metres with conspicuous chalcopyrite mineralisation, visually estimated +2% Cu, within the base metal zone.

Commentary

The Company considers that the overall Fossey Trend has excellent potential to host additional mineralisation. Bass' Exploration Manager, Kim Denwer said that "Bass' geologists have observed that the mineralisation is occurring much deeper in the sequence than previously thought prospective, which highlights new untested opportunities for the discovery of additional Fossey or Fossey East scale zones of mineralisation in a "pinch and swell" pattern along the Hellyer-Fossey trend." The current drilling program is ongoing and the Company looks forward to providing further updates as results become available.

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Figure 1: Fossey East Long Section showing all drill intersections with intersections greater than 5% Pb + Zn identified. The FUD0072 intersection is located 15m East of FUD0019.



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Figure 2: Section 10162.5mN showing new intersection FUD0066.

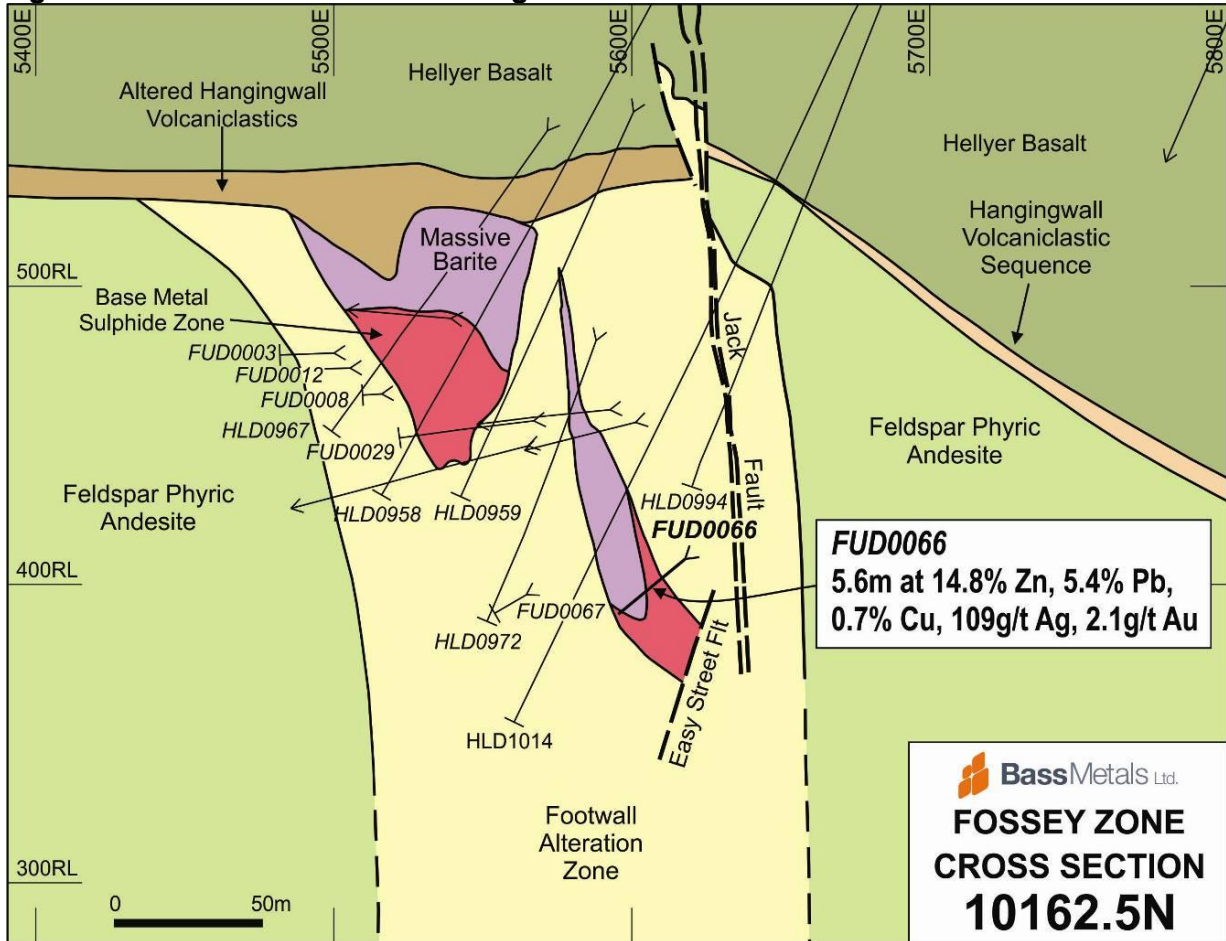


Table 1 - Drill hole intersections- Fossey East (June-July 2011).

From (m)	To (m)	Drilled Interval (m)	True thickness (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
FUD0066(at > 5 % (Pb+Zn) cut-off)								
113.4	119.0	5.6	4.9	14.8	5.5	0.7	109	2.1
Within a zone (defined by barite alteration)								
113.4	135.55	22.15	19.5	4.7	1.8	0.2	45	1.0

Table 2: Drill hole details:-

Hole ID	Grid** North	Grid East	Azimuth	Dip	Depth
FUD0066	10095	5694	264	-36	180
FUD0067*	10095	5694	294	-30	172
FUD0068*	10095	5694	287	-44	162
FUD0069*	10095	5694	273	-43	160
FUD0070*	10095	5694	273	-34	165
FUD0071*	10095	5694	310	-45	181
FUD0072*	10095	5694	307	-53	191

* denotes new drill hole.

** -Hellyer Mine grid is orientated at 22.1 degrees to AMG

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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.

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Attachment 1: Fossey East Resource Estimate

The resource summaries at varying “lead plus zinc” (Pb+Zn) minimum grade cut-offs are presented in Table 1, with a Competent Persons Statement below and details of the estimation technique provided in Table 2.

Table 1: Fossey East Mineral Resource Estimate Summaries

Geological outline								
ZONE	CATEGORY	kT	Zn%	Pb%	Ag g/t	Au g/t	Cu%	DENSITY
BMS / Barite	Indicated	170	9.4	4.4	75	1.7	0.4	4.15
BMS / Barite	Inferred	450	2.2	1.1	44	1.3	0.1	4.09
Stringer	Inferred	30	2.7	1.2	22	0.7	0.1	3.25
TOTAL		650	4.1	2.0	51	1.4	0.2	4.06
3%(Pb+Zn) Cutoff								
BMS / Barite	Indicated	160	10.3	4.8	79	1.8	0.5	4.17
BMS / Barite	Inferred	160	4.9	2.6	57	1.6	0.2	4.15
Stringer	Inferred	20	3.2	1.5	28	0.7	0.1	3.31
TOTAL		340	7.2	3.5	66	1.6	0.3	4.10
5%(Pb+Zn) Cutoff								
BMS / Barite	Indicated	140	11.0	5.2	83	1.9	0.5	4.18
BMS / Barite	Inferred	100	6.6	3.5	63	1.8	0.3	4.20
Stringer	Inferred	10	3.8	1.8	30	0.7	0.1	3.31
TOTAL		250	9.1	4.4	73	1.8	0.4	4.16

Note: Small rounding errors may occur

The Fossey East Mineral Resource is immediately adjacent to the Fossey deposit and in proximity to the Fossey Mine development as shown in Figure 1 above.

This initial Fossey East Resource estimate has been undertaken to get a feel for the potential scale of this lens to assist in mine access planning given its close proximity to existing and planned Fossey mine infrastructure. Drilling to date has identified limits to the Fossey East resource based on barite alteration or massive sulphide contacts, which currently define the limits of the resource to the south. To the north, Fossey East either terminates or is off-set by the Easy Street Fault structure; more mapping and drilling is required to determine which applies.

Utilising these geological boundaries a Combined Mineral Resource estimate of 650,000 tonnes has been reported. However the internal higher grade zones are defined by just 6 diamond drill holes and comparing the estimates at varying (Pb+Zn) cut-offs indicates several important features:

1. The resource areas classified as Indicated - i.e. based on better drill density - have significantly higher grade than the lower confidence, Inferred Resource areas. For example in the resource defined by the geological boundary – the Indicated material has a (Pb+Zn) grade of 13.8% compared to the Inferred material combined grade of 3.3% (Refer Table 1).
2. There is an important high-grade domain in the area of drill holes FUD016 and FUD019 which has potential to extend further with depth and potentially across the Easy Street Fault.

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- Further drilling is required to improve data density and enable an overall Resource classification upgrade on which to base detailed mine plan studies.

This resource estimate has been reported in accordance with the JORC (2004) Code by Bass employees. Grade was interpolated using 3D inverse distance interpolation (power 2) as the small dataset was not suitable for variography and kriging (refer Competent Persons Statements and Table 2).

Competent Persons Statement

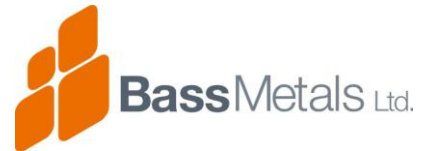
The information in this report that relates to the Fossey East Mineral Resource estimate is based on information compiled by Mr Steve Richardson who is a fulltime employee of the company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Richardson has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)". Mr Richardson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Table 2: Fossey East Mineral Resource Estimate Checklists

Criteria	Comments
Geological Setting	Fossey East is a Volcanic Hosted Massive Sulphide deposit comprising a zone of dominantly baritic mineralisation, associated with areas of high-grade Base Metal Sulphide (BMS) and underlain by minor stringer and disseminated mineralisation.
Tenement and land status	Fossey East occurs within Hellyer Mining Lease CML103M/87 and is wholly owned by Bass Metals Ltd.
Drilling	All Bass Metals Ltd holes were diamond-drilled and NQ or LTK60 - sized core recovered (47.6mm and 45.2mm diameter respectively). >90% core recovery, averaged over the entire hole, was achieved during drilling with close to 100% recovery in the ore zones. The Fossey East resource has been drilled on approximately 25m spaced centres from surface and underground drill sites.
Logging	All drill holes have been geologically logged using standard Que-Hellyer logging codes. Wet and dry digital photographs of all core were taken and RQD measurements were recorded at per drill-run intervals (average of 3.0m).
Sampling	Half-core samples were collected at nominal 1.0m intervals or at lithological boundaries. Sampling extended into barren host rocks or sub-grade mineralisation in both the hangingwall and footwall.
Assaying	Half core samples were submitted to ALS Minerals Laboratory in Burnie, Tasmania. Samples were analysed for Cu, Pb, Zn, Ag, As, Fe (triple acid digest and AAS), Au (fire assay) and Ba (pressed powder XRF). SG determination was conducted by the laboratory on each assay sample. QA-QC involved standards, blanks and duplicates (one of each every 25 samples). Check assay samples of most mineralised zone pulps were submitted to Amdel Laboratories in Adelaide, South Australia. At Amdel, modified aqua regia digest was followed by Cu, Pb, Zn, Ag, As, Fe assay by ICP and Au by fire assay.
Surveying	All drill-hole collar locations have been measured by a contract surveyor.
Database integrity	The drill-hole database used comprises Bass Metals drilling data recorded on Excel spreadsheet and historical data in ASCII format, both stored in an Access database and imported into Datamine software. New assay results together with standard and blank results were checked to ensure these were within acceptable limits.
Geological Interpretation	<p>Fossey East mineralisation occurs as a roughly tabular lens striking grid north and dipping steeply east. At the southern end massive barite joins and continues down-dip from the Fossey deposit but to the north it diverges and occurs east and below the main Fossey body. At its' northern end current modelling terminates the thickest and highest grades on the Easy St. Fault and to the south and at depth lenses out the mineralisation. As at Fossey the deposit comprises three main styles of mineralisation:</p> <ul style="list-style-type: none"> <i>Massive Barite</i> - The bulk of the deposit comprises massive barite, but barite also occurs as gangue associated with BMS mineralisation. <i>BMS</i> - Associated with massive barite is banded to massive BMS. Internal boundaries between BMS and barite dominant mineralisation are gradational to sharp. Where drill spacing is closest, correlation of high grade zones appears feasible and this is expected to improve as infill drilling is carried out.

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	<ul style="list-style-type: none">• <i>Stringer Mineralisation</i> - Commonly “underlying” the BMS is low to moderate grade base metal mineralisation as disseminations to stringer veins up to several centimetres thick, often hosted by intensely chloritic alteration.
Estimation and modelling techniques	Due to the relatively low number of samples in the Fossey East zone, grade was interpolated into the mineralised domains using 3D inverse distance interpolation (power 2).
Cut-off parameters.	The outer boundary of the Fossey East Barite \pm BMS zone is based on sharp geological contacts and was modelled as a single domain. Immediately underlying the Barite \pm BMS zone (west) most holes contain stringer vein and / or disseminated mineralisation. This domain was wireframed at a cutoff of 1%(Pb+Zn).
Previous Mining	No mining has yet taken place at Fossey East.
Mining factors / assumptions.	No assumptions were made about mining factors.
Metallurgical factors	No assumptions have been made about metallurgical treatment.
Bulk density	Where no bulk density measurement was available (14 of 337 assay samples in the mineralised zone) regression equations developed to estimate bulk density from assay values were used. Bulk density was interpolated for each block.
Classification	Classification of resources was undertaken by taking into account data integrity, grade continuity, geological confidence and drill hole spacing.
Audits or reviews	None to date

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