

22 February 2012

Activities Update

Further to the ASX announcement made on 7 February, 2012 Bass Metals Ltd (ASX: BSM) wishes to provide the following update on its operational activities and discussions with key stakeholders regarding its financial position.

Operations

Mining

The mine plan has been split into two stages with Stage 1, focusing on mining approximately a further 113,000 tonnes of ore between 1 February to 30 April, 2012. The Fossey underground mine continues to operate and approximately 23,500 tonnes of ore has been hauled to the ROM stockpile month to date. The ore on the Run-of-Mine (ROM) stockpile on 30 January was 65,000 tonnes.

Ore Processing

Ore processing (Campaign 8) commenced on the 30 January, 2012 and is expected to be completed in early March for a total of 88,500 tonnes. To 19 February, 41,786 tonnes grading 7.2% zinc, 4.2% lead, 0.3% copper, 92 g/t silver and 1.7 g/t gold have been processed. In terms of predicting processing performance, while it is important to await final reconciled metallurgical recoveries copper and zinc recoveries are presently in accordance with planned rates whilst lead recovery is behind planned recovery rates but improving with further circuit modifications completed recently. The stage 1 plan includes a second milling campaign (Campaign 9) of approximately 89,500 tonnes to commence in early April concluding in mid May 2012.

Continuation to Stage 2 mining will be dependent on further technical assessment, metal prices and funding a 3 to 4 month period following Stage 1 to extend the decline and backfill stopes mined during stage 1.

Financial Position & Suspension of Shares

The Company considers that the Stage 1 mine and processing plan provides an opportunity to accelerate its secured and unsecured creditor obligations and trade its way through this situation with possible contributions from core asset sales and additional financial support. However, as mentioned in the ASX release of 7 February, 2012 this will be dependent on the approval and co-operation of a range of key stakeholders, including the secured lender's agent, RMB Resources Ltd, mining alliance partner, Mancala Mining Pty Ltd and Mineral Resources Tasmania. These negotiations and approvals centre around approval of continuing the Stage 1 Mine Plan and rescheduling of both secured and unsecured debt repayment obligations. Accordingly the Board of Bass Metals is of the view that the Company's securities should remain in suspension until the outcome of those negotiations and approvals is concluded. Reinstatement of trading in the Company's securities prior to this may materially prejudice the Company's ability to conclude the work out strategy with the key stakeholders, and until the work out strategy is concluded, the Company's financial position remains uncertain. As such the Board is of the view that the Company's securities should remain suspended.

It is anticipated the decision of the secured lender and agreement of key stakeholders will be known by 9 March, 2012. The Company will, however, provide the market with regular updates and subject to a positive conclusion to the above negotiations by 9 March, 2012 the Company's intention is to seek re-quotations of the Company's securities on that date.

Contact

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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.

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 appears.

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