

9 March 2012

Activities Update

Further to the ASX announcement made on 22 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

Since the implementation of the Stage 1 Mine Plan on 1 February 2012, the mine extracted 41,006 tonnes at estimated grades of 6.7% zinc, 3.3 % lead, 0.3% copper, 89 g/t silver and 1.9 g/t gold in February. The forecast of ore remaining to be mined in March and April comprises 75,800 tonnes grading 10% zinc, 4.6% lead, 0.4% copper, 81 g/t silver and 1.9 g/t gold to be mined by the end of April 2012. The ore on the Run-of-Mine (ROM) stockpile as at the 29 February was 54,000 tonnes.

Ore Processing

Ore processing (Campaign 8) commenced on 30 January, 2012 and is expected to be completed on 16 March 2012 for a total of 94,000 tonnes. To 6 March 2012, 76,800 tonnes grading 7.0% zinc, 3.9% lead, 0.3% copper, 95 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 production, based on the current feed grades plant performance is meeting expectations for copper and zinc recoveries with lead continuing to improve following recent circuit modifications. The stage 1 plan includes a second milling campaign (Campaign 9) of approximately 95,000 tonnes to commence on 26 March 2012 concluding in mid May 2012.

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 contributions from core asset sales and additional financial support. However, as mentioned in the ASX release of 22 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 for continuing the Stage 1 Mine Plan and rescheduling of both secured and unsecured debt repayment obligations. These discussions are progressing positively but are not yet concluded. 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 agreement of key stakeholders will be known by 16 March 2012. The Company will, however, provide the market with regular updates and subject to a positive conclusion to the above negotiations by 16 March 2012 the Company's intention is to seek re-quotations of the Company's securities by that date.

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COMPETENT PERSONS STATEMENTS

MINERAL RESOURCES

The information in this report that relates to the Fossey 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.

ORE RESERVES

The information in this report that relates to the Fossey Ore Reserve estimate is based on information compiled by Mr Victor Rajasooriar who is a full time employee of the Company and a Member of the Australian 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 undertaken 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 in the form and context in which it appears.

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