

2 April 2012

Financial Position & Strategy Update

Bass Metals Ltd (ASX: BSM) wishes to advise that, further to its announcement dated 26 March 2012, it has now completed a further step in its work-out strategy with the execution of the amended facility agreements with its bank, RMB Australia Holdings Ltd (RMBAH).

This agreement formalises changes to the terms of Bass Metals' secured loan facilities necessary to effect the Stage 1 workout plan. All conditions precedent to the document have been satisfied or waived. RMBAH has waived or amended various events of default that existed under the previous RMBAH facilities as a result of the current financial difficulties, therefore the Company considers it is no longer in default under its facilities with RMBAH.

As a follow-up to the Company's announcement on 28 March 2012 (Positive Operational Update - Campaign 8 Results) the Company is pleased to advise that it has now made further debt repayments to RMBAH of \$3 million and also paid down its unsecured creditor position by \$1 million. Therefore the current liabilities are estimated to be \$16.4 million to RMBAH and \$8.9 million to unsecured creditors which is in line with the Company's work out strategy.

The processing of Campaign 9 ore commenced on 26 March, 2012; this comprises approximately 100,000 tonnes of ore and will be the final processing campaign before the Hellyer operations are placed on care and maintenance in late May, 2012.

Overall Strategy

The current plan to restructure and pay down a major portion of the existing debts through internal cash generation from the Stage 1 Mine Plan is progressing well. The Company is also seeking additional funding through either asset sales and/or new equity to erase the residual debt position and provide sufficient funds to re-start an aggressive exploration campaign and complete the pre-feasibility study of the Hellyer Gold Project.

The objective is for a "slimmed down", debt free company to emerge with a highly prospective ground position, advanced targets, resources and potentially a large scale gold development opportunity in pre-feasibility study mode. To this end the Company is discussing a wide range of corporate, joint venture and divestment transactions with a number of parties; at this stage these discussions are only preliminary negotiations and remain incomplete.

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 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 on this information in the form and context in which it appears.

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