ASX / Media Release

30 January 2013

Asset Sale to Relaunch Bass Metals

Bass Metals Ltd (ASX:BSM) is pleased to announce an asset sale transaction that, on completion, will enable the Company to clear its debts, relaunch exploration and undertake new acquisition assessments - as well as allowing it to continue to pursue its litigation for damages against LionGold Corporation.

Bass Metals has entered into a binding Heads of Agreement to sell its wholly owned subsidiary, Hellyer Mill Operations Pty Ltd (HMO), to Ivy Resources Pty Ltd (Ivy or Ivy Resources), a private resource development company. The acquisition price is $11,000,000, with a $600,000 first installment payment having already been paid to Bass Metals and the balance to be paid on completion, which is expected to occur on or about 20 February, 2013.

Completion of the transaction is subject to satisfaction of customary conditions, including:

- Finalisation of the definitive Share Sale Agreement;
- Receipt of FIRB approval by Ivy; and
- Completion of supporting documents such as releases of security and arrangements to discharge creditors.

All of the steps to satisfy these conditions are well advanced and it is important to note that due diligence is not a condition precedent to settlement, with Ivy having notified Bass that it has completed its detailed technical and commercial due diligence process and paid the first installment of the purchase price. Based on advice obtained from ASX Limited in respect of ASX Listing Rules 11.1 and 11.2, completion of the transaction is not expected to be subject to shareholder approval.

HMO owns the Hellyer Tails Gold Resource, processing plant, Hellyer Mine Lease and has a Sublicence Agreement with Bass over the Mt Charter Gold Resource (refer Annexure A for Mineral Resource details). Bass Metals will retain exploration and development rights in respect of base metals over the Hellyer Mine Lease through a Sublease Agreement. Ivy has confirmed to Bass Metals that it intends for the Hellyer Plant to remain on site. The Hellyer Plant could, therefore, be available for Bass Metals to utilise subject to Ivy's development plans.

Ivy Resources is a private investment vehicle owned and managed by experienced mining professionals who are actively involved in a number of other mining and development operations in Australia and internationally. On settlement, Ivy has indicated to Bass Metals that it plans to fast track a feasibility study to assess the treatment of the Hellyer Tails to recover gold and silver. It is proposed that Bass Metals will continue to be involved in the site maintenance and environmental management activities under a technical services agreement to share and optimise personnel and services, but importantly for Bass Metals, these costs will also now be shared.

On completion of this transaction Bass Metals will be debt free with sufficient working capital to restart exploration programs on its Tasmanian projects and pursue new project opportunities, subject to any regulatory approvals which may be required. As previously announced to ASX, it will also actively pursue a significant damages claim against LionGold Corporation for breaching a binding share sale agreement in early September 2012.

Bass' Managing Director, Mike Rosenstreich said "this is the culmination of a very difficult process for our creditors and shareholders who have remained supportive despite a false-start in September 2012 with the breach by LionGold. The targeted time frame to completion with Ivy Resources is short – only 3 weeks to 20 February, 2013. The Board and I plan for that to mark a major relaunch of activities to build shareholder value, namely exploration and assessment of new projects".

END

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ANNEXURE A

HELLYER TAILS & MT CHARTER MINERAL RESOURCE SUMMARIES

1. Hellyer Tailings Resource Estimate

The Hellyer Tailings Mineral Resource is summarised in Table 1, in accordance with the JORC Code.

Table 1: Hellyer Tails Combined Mineral Resource Estimate

JORC Classification	Tonnes Mt	Gold (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Copper (%)
Measured	4.9	2.7	105	2.8	3.1	0.2
Indicated	2.5	2.6	104	2.6	3.0	0.2
Inferred	2.1	2.4	103	1.7	2.9	0.2
Total	**9.5**	**2.6**	**104**	**2.5**	**3.0**	**0.2**

Note: Small rounding errors may occur. Refer Competent Person statement and Technical Checklist below.

2. Mt Charter Gold-Silver Resource

At Mt Charter a large tonnage low grade gold-silver Mineral Resource has been delineated. The resource is reported above a 0.7 g/t cut-off within the mineralised envelope boundary and is classified as Indicated and Inferred in accordance with the JORC code (December 2004), as listed in Table 2 below.

Table 2: Summary of Classified Mt Charter Mineral Resource at a 0.7g/t Au cut-off

JORC Classification	Tonnes Mt	Gold (g/t)	Silver (g/t)	Zinc (%)	Gold koz	Silver koz
Indicated	1.9	1.2	36	0.7	75	2,200
Inferred	4.2	1.2	35	0.4	165	4,800
Total	**6.1**	**1.2**	**36**	**0.5**	**240**	**7,000**

Note: Small rounding errors may occur. Refer Competent Person statement and Technical Checklist below.

3. Competent Persons Statement

The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Michael Rosenstreich who is a fulltime employee of Bass Metals and a Member of the Australasian Institute of Mining and Metallurgy. Mr Rosenstreich 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 Rosenstreich consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

4. Mineral Resource Estimate Checklists

Table 3: Checklist of Assessment and Reporting Criteria - Hellyer Tails Mineral Resource.

Geological Setting	Hellyer is a VMS style deposit occurring as polymetallic massive sulphide mineralisation within a mafic–felsic volcano-sedimentary sequence. The deposit was mined from 1985 to 2000 with production of 16.9 Mt @ 0.4% Cu, 7.2% Pb, 13.8 % Zn, 167 g/t Ag and 2.5 g/t Au. The Hellyer Tails Mineral Resource estimate relates to the tailings from this production.
Estimation Source:	AMC estimated the Mineral Resource of the Hellyer tailings in 2005. In June 2009 AMC was requested by Bass Metals Ltd to restate the Hellyer Tailings Mineral Resource estimate allowing for depletion of tailing for reprocessing since 2006.
Tenement and land status	Hellyer occurs within CML 103M/87 and is 100% owned by Hellyer Mill Operations, a wholly owned subsidiary of Bass Metals Ltd.
Drilling	Total hole drill samples were collected in June 1998 (61 holes) and July 2000 (53 holes) programmes. Vibracore drilling techniques were used.
Logging	No geological logging of the drill cuttings was undertaken. This is understandable given the type of material in the deposit.
Sampling	Samples were collected at 2 metre intervals in the 1998 programme and 6.5 metre intervals in the 2000 programme. Drillholes were composited to one sample downhole for length weighting during grade estimation.
Assaying	Samples were analysed by AMMTEC Burnie Research Laboratory (BRL), Au was determined by fire assay and Cu, Pb, Zn and Ag were determined using XRF. Only minor QA-QC was completed/
Database integrity	Routine validation was carried out by AMC.
Estimation and modelling techniques	A block model of the tailings was developed using predeposition (of tailings) topography and tailings surfaces determined in 1998, 2000 and 2009. Grades were estimated into the model using ordinary kriging. Grade in the Shale Pit and Western Arm areas (retreated tailings) were calculated by metallurgical balance.
Cut-off parameters.	The Hellyer Tails Mineral Resource statement and classification refers to tonnes and grade above cut-offs of 1.65% Pb, 2.04% Zn, 0.10% Cu, 76.83 g/t Ag and 2.28 g/t Au.
Mining / Metal assumptions.	No assumptions were made about mining or metallurgical factors
Bulk density	A bulk density of 1.93 tm^{-3} was assigned to insitu tailings. Tailings that had been retreated were assigned a bulk density of 1.64 tm^{-3}.
Classification	A numeric code, RESCODE, was set in the model, with values of one, two or three, corresponding to Measured Resource, Indicated Resource and Inferred Resource respectively. The model has been classified in a global sense and the classification is only intended to be valid if the tailings are mined in their entirety. The model has been classified as Measured Resource in all areas where the drilling density was sufficient to allow an estimate of grade in the first pass. This equates to most of the tailings dam that was drilled in 2000. Kriging efficiency testing helped to confirm the classification in this area. The model has been classified as Indicated Resource at the peripheries of the drilling, as there was greater uncertainty in the continuity of grade. Four areas of the model have been classified as Inferred Resource, as there was uncertainty in grade continuity as well as uncertainty in the volume represented by the wireframes in these areas. The areas in question are the western edge of the model in the areas marked as 'shale borrow pits', the north eastern corner of the model where the tailings have inundated a shallow creek and tailings in the Western Arm dam and Shale Pit.

Table 4: Checklist of Assessment and Reporting Criteria - Mt Charter Mineral Resource estimate.

Criteria	Comments
Geological Setting	The Mt Charter deposit is a variety of VHMS deposit. Mineralisation is massive to stockwork auriferous and argentiferous barite veins.
Estimation Source:	The Mt Charter Mineral Resources estimation was undertaken by Snowden Mining Industry Consultants based on geological interpretations provided by Bass Metals Ltd, in 2006.
Drilling	All Bass Metals Ltd holes have been diamond-drilled and NTW-sized core recovered (diameter of 56mm). Historic drilling was also diamond-drilled and of NQ core size (47.6mm diameter). An average of 92% core recovery was achieved. The Mt Charter resource has been drilled on 50m spaced sections oriented WNW/ESE. Drill-hole spacing is approximately 50m along these section lines.
Logging	All drill holes were geologically logged using the same nomenclature as pre- Bass Metals Ltd drilling (Aberfoyle log codes). Wet and dry digital photographs of all cores were systematically taken and RQD measurements were recorded at per drill-run intervals (average of 3.0m).
Sampling	Half-core samples were collected at 1.0m interval unless there were major lithological boundaries which warranted more detailed sampling.
Assaying	Half core samples were submitted to Ammtec-Burnie Research Laboratories located in Wivenhoe, Tasmania. Samples were routinely analysed for Au (fire assay); Ag, Pb, Zn, Cu, As, Fe (triple acid digest and AAS); Ba (pressed powder XRF). SG determination was conducted by the laboratory on the 1m composite samples. QA-QC involved standards (every 25 samples) and blanks (every 25 samples) and a selection of samples were analysed by Genalysis (Perth) for comparison.
Surveying	All drill-hole collar locations have been measured by a contract surveyor.
Database integrity	The responsible project geologist reviewed and checked new results and plots standard and blank results to ensure these are within acceptable limits. This is required before the laboratory job is accepted. The drill-hole data is stored in an excel spreadsheet.
Geological Interpretation	The Mt Charter mineralisation comprises a barite-rich vein package which has a NNE trending enveloping surface and sub-vertical/steep westerly dip. The mineralized veins have a NNW strike and are sub-vertical.
Estimation and modelling techniques	Multiple elements were estimated using ordinary kriging. Ordinary kriging restricted to mineralisation and homogeneous domain boundaries. The change of support process is based on multi-element conditional simulation. Variography of all elements studied and grade trends modelled.
Cut-off parameters.	A cut-off grade of 0.7 g/t Au was applied.
Previous Mine Production	No previous mining has taken place on the Mt Charter deposit.
Mining factors or assumptions.	The tonnage and grade estimation is based on a 'change of support' geostatistical technique that is targeted at modelling the deposit behaviour using anticipated open pit mining on five metre high benches and a mining selectivity of 5 m by 10 m by 5 m.
Metallurgical factors	No assumptions have been made about metallurgical treatment.
Bulk density	Average bulk density values for stratigraphic domains calculated and applied to estimated blocks.
Classification	Snowden and Bass Metals have completed classification by taking into account data integrity, grade continuity, geological confidence and drill hole spacing.
Audits or reviews	No audits or reviews have been completed.