

25 October 2011

## **Bass Metals Operational Turn-Around Confirmed with Strong September Quarter Performance**

### **HIGHLIGHTS:**

- **Record development metres achieved in the Fossey mine, with close to budgeted levels of ore production.**
- **Revised Fossey Ore Reserve and mine plan reconciling closely with the mill feed grades during the quarter.**
- **Successful mill campaign in August, with concentrate tonnage and quality significantly improved on June quarter.**
- **Operating costs for mine at budget and mill below budget at \$90/t and \$48/t respectively.**
- **Continued exploration drilling success.**
- **Company in final stages of capital raising strategy.**
- **Application expected for re-quotations of shares on 4 November 2011**

**Bass Metals Ltd (ASX: BSM) (“Bass” or “the Company”)** has today reported strong progress with the turnaround in the performance of its 100% owned Fossey mine in Tasmania.

The Company today lodged its September 2011 quarterly report which indicated a strong recovery from recent mine issues and an excellent outlook for further exploration success underpinned by robust production.

Bass Metals’ Managing Director, Mike Rosenstreich, said that while quarter has been one of the most difficult and challenging in the Company’s history, management and the Board have made excellent progress in re-establishing safe and financially sound mining operations, progressing exploration success and advancing a major \$25 million fundraising process, which is now in its final stages.

Production from the Fossey underground mine progressed well with 97,879 tonnes of ore produced during the quarter, though 11% less than the previous quarter’s production, but at higher grades. The mine development and production continues make strong progress subsequent to the end of the quarter.

Operating costs for mine met budgeted forecasts at \$90 per tonne during the quarter, while the mill operating costs were below budget at \$48/t.

Operations are forecast to provide positive cash flows from the next quarter.

# ASX / Media Release



Several outstanding exploration results were achieved during the quarter including a high-grade intercept at Mackay of seven metres at 22.3 % zinc, 9.9 % lead, 0.7 % copper, 181 g/t silver and 3.4 g/t gold where the Company may have identified a new mineralised zone.

“Importantly this validates a new exploration model and opens up large tracts of ground not previously interpreted as prospective,” Mr Rosenstreich said.

“At Fossey East, further high-grade intercepts were made as part of the 25 metre spaced infill drilling program and the outlook for a high-grade extension to the Fossey mine is promising.

The Company is particularly pleased to have received the support of its banker, RMB Australia Holdings, through a \$13 million extension to its existing facilities.

Bass is in the final stages of its overall fund raising strategy comprising a 1 for 3 non-renounceable entitlements offer to raise up to \$10.7 million. The Offer closes at 5:00pm (Perth time) on 26 October 2011, with a minimum subscription requirement of \$8 million.

“The Board and management of Bass Metals consider that the Company has strong, realistic production plans in place to support a number of very exciting growth opportunities,” Mike Rosenstreich said.

“The recent McKay discovery, following within 12 months of the Fossey East discovery, is a clear validation of the Company’s new exploration models and strategy and emphasises the under explored nature of the Hellyer-Que River area and significant exploration upside.”

“Preliminary gold recovery test-work results support further strenuous efforts to thoroughly assess the viability of a new large scale gold production profile alongside its existing polymetallic (copper-lead-zinc-silver-gold) production activities at Hellyer.”

“Despite a temporary production setback the Company is now poised to deliver sustained profitable growth from its highly prospective exploration acreage and from its significant gold resources, both underpinned by steady mine production and emerging cash flow,” Mr Rosenstreich said.

## Quotation of Shares

Based on the current timetable for the entitlements issue (released to ASX on 10 October 2011), the Company expects to apply for re-quotation of the Company’s ordinary shares on 4 November 2011.

## 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 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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## **About Bass Metals Ltd (ASX: BSM)**

Bass Metals Ltd is a growth-focused Australian base and precious metal producer with a portfolio of high quality zinc, lead, copper and gold assets in the rich Mt Read Volcanic belt in northwest Tasmania.

Listing in 2005, Bass has delivered operating profits for the past three years since 2008 based on its profitable base metals production hub at Que River in Tasmania.

The Company's larger transformational Hellyer Mine Project has commenced production from the Fossey deposit, discovered by Bass in September 2007. The planned ore treatment rate is 500,000 tonnes per annum (tpa), through the Hellyer Mill to produce 55,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 5,000 tpa of copper-silver-gold concentrates. In January 2010, Bass signed a committed off-take contract with global multi-metals business, Nyrstar, for all zinc and lead concentrates produced from the Fossey mine.

The Company also has an active and successful exploration programme which has yielded new discoveries such as Fossey and new exploration targets through the use of new exploration techniques not applied in the district before. The Company's has significant gold and polymetallic resources and is currently undertaking a feasibility study following on from positive scoping study outcomes indicating the potential to become a long-term, significant scale gold producer.

Bass has differentiated itself through successfully finding high grade polymetallic resources, strategically and incrementally building up its assets and production profile to now become an emerging mid-tier diversified mining business.

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