

ASX / Media Release



20 October 2010

Bass locks in record high silver prices

Bass Metals Ltd (**ASX:BSM**) is pleased to report that it has completed a silver price hedging program, which includes a \$5 million cash prepayment, with RMB Resources Ltd.

The Company took advantage of 10 year highs in the silver price to sell forward 558,000 ounces at an effective price of A\$26.04 per ounce. This represents a 33% price improvement to the \$19.54 per ounce silver price assumed in the Definitive Feasibility Study for the Fossey mine development. The quantity of silver sold forward equates to 27% of the payable silver planned to be recovered to concentrates and sold from the Fossey deposit.

The transaction structure included a A\$5 million prepayment on the silver revenue. These funds will be utilised to support the Hellyer Mine Project, in particular some near term growth initiatives reported previously to the ASX (13 October 2010).

Bass is a polymetallic producer with revenues generated by both base and precious metals. Gold and silver is estimated to represent 32% of the overall sales revenue from the Fossey deposit.

Contact

Mike Rosenstreich
Managing Director – Bass Metals Ltd
Tel: (+61-8) 6315 1300

Media

David Brook
Professional Public Relations
Mob: (+61) (0) 415 096 804

About Bass Metals Ltd (ASX: BSM)

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

Listing in 2005, Bass delivered its maiden profit in 2008 from its profitable base metals production hub at Que River in Tasmania, which has generated \$25 million in cash flow over the last two years.

The Company's larger transformational Hellyer Mine Project is on track to commence production toward the end of 2010. With an initial through-put rate of 400,000 tonnes per annum (tpa), the 1.5 million tpa capacity Hellyer Mill will produce 53,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 4,500 tpa of copper—silver-gold concentrates.

The Company also has an active and successful exploration programme and is currently following up on recent discoveries at Switchback and Fossey East which are high-grade and located in close proximity to existing mine and milling infrastructure.

Bass has an experienced Board and operating team who have a strong track record of delivering profitable production underpinned by exploration success and are highly motivated to improve on that record.