

21 December 2010

## ORE INTERSECTED IN HELLYER MINE DEVELOPMENT

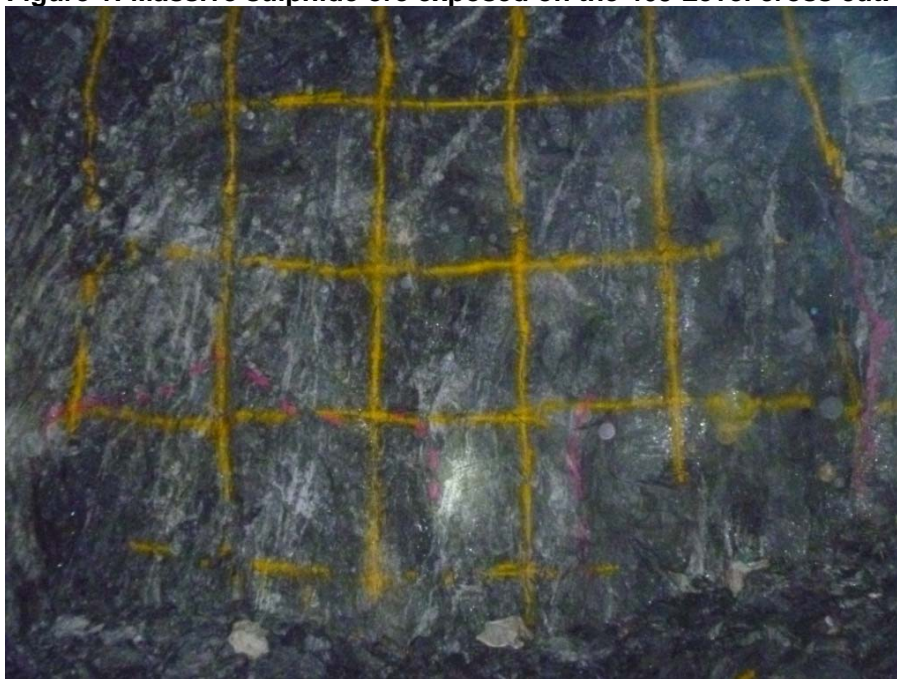
Diversified miner, Bass Metals Ltd (**ASX:BSM**) (“**Bass**” or “**the Company**”) is pleased to provide the following update on its Hellyer Mine Project development in northwest Tasmania comprising the Fossey underground mine and the Hellyer Mill refurbishment.

### *Underground Mine Development*

The Fossey underground mine development being undertaken by Bass’ alliance mining partner, Mancala Mining, is now within the Fossey high-grade polymetallic (Cu-Pb-Zn-Ag-Au) ore body (see Figure 1 below). Ore is currently being hauled to the Run-of-Mine (ROM) stockpile. Underground development work includes: advancing the decline to the lower portions of the ore body, incline development to access upper ore levels and completion of the second and final ventilation shaft.

The mine development program is on schedule to meet the ore production requirements for the Mill and costs are in line with budget forecasts.

**Figure 1: Massive sulphide ore exposed on the 465 Level cross cut.**



### *Hellyer Mill Refurbishment Completed*

All refurbishment work on the Hellyer Mill has now been completed to enable full production to commence. A significant quantity of waste rock has been crushed and fed into the Mill as part of the planned initial commissioning process. A stockpile of low-grade material from Que River and Fossey is being accumulated on the ROM pad. In early January 2011, the Mill will commence processing low-grade material, transitioning to typical high-grade Fossey ore as the circuit stabilises to achieve the key production milestone of first zinc, lead and copper-silver-gold concentrate production in January 2011

# ASX / Media Release



## *Comment*

"The mine development is progressing well and we are on track to become cash-flow positive in the first few months of 2011. We believe the outlook for base and precious metal prices in 2011 is very positive and this is a great time to be bringing this project on-stream" said Bass' Managing Director, Mr Mike Rosenstreich. "In terms of growth, particularly through exploration – we need to conserve cash at this stage in case of any delays, but once we have completed the current commissioning we plan to accelerate our exploration activities and look forward to keeping at least 2 to 3 drill rigs busy on our projects" he added.

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## **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 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 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 55,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 5,000 tpa of copper-silver-gold concentrates. In January 2010 the Bass signed a committed off-take contract with leading 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 100,000 ounce per year gold (eq) producer.

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