

7 May 2010

The Manager Companies
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

OPERATIONS UPDATE – ALL ACTIVITIES ON TRACK

Despite negative market sentiment arising from external international and domestic issues Bass Metals Ltd (ASX:BSM) remains in a strong position.

This operations update illustrates that the Company's operations in NW Tasmania remain on track consistent with previous reports.

Hellyer Mine Project (HMP)

The Fossey decline is at 188 metres with the advance rate toward the ore body improving as planned with good ground conditions now predominating. The refurbishment of the Hellyer Mill is progressing well consistent with the detailed Hellyer Operating Plan (HOP).

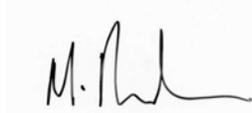
The project is on schedule to be in production and selling concentrates in the December Quarter of this year. It is important to note that on current metal prices the gross value per tonne of Fossey Ore Reserve is \$515/t which is 10% higher in AUD terms than prices assumed by Bass in the Definitive Feasibility Study and HOP. As at the end of March Bass had \$17.5 in cash and a credit approved offer of project finance for \$12 million providing sufficient funding for the \$21 million HMP development.

Que River Mine

Que River Mine ore sales in April were 4,200 tonnes, consistent with the amount requested by MMG for the period. The gross value of ore delivered was \$978/t based on current metal prices and the grades were above budget at 14.5% zinc, 8.2% lead, 0.2% copper, 344 g/t silver and 4.8 g/t gold. The mine did generate a \$1.8 million operating surplus in the March 2010 quarter despite several operational difficulties, which are now largely overcome and a further enhanced financial performance is expected in the June Quarter.

Bass currently owns 100% of two high grade low cost mining projects; one in production and the second coming on line in the September quarter 2010. These assets provide Bass shareholders exposure to significant robust, cash flow whilst our highly prospective land position, with two drill rigs testing targets provides exciting exposure to exploration upside. This is part of a planned long-term growth development.

Yours Sincerely



Mike Rosenstreich
Managing Director