

November 2009

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BASS METALS LTD

JOHN MACDONALD
24th November 2009

Bass Metals is tipped to continue its run of success with Fossey's development and the start of a new exploration phase on the Hellyer-Que River belt in 2010.

Bass is well managed and undervalued in the market.

Comment: Bass has efficiently built a platform in one of the world's great mining provinces. The lure for shareholders is that Fossey cash flow could fund more discoveries in West Tasmania.

INVESTMENT DATA

Share price (last trade 24th Nov. 2009): A\$0.27
ASX Code: BSM

ISSUED CAPITAL*

FPO shares*: 168.8M
Listed and unlisted options: 10.3M
Market capitalisation (fully diluted): A\$49M

*After proposed \$A15 million in new equity raised at \$A0.23 per share.

MAJOR SHAREHOLDERS*

Metals Finance Corp.: 15.5%

*Post placement and rights issue.

DIRECTORS

Don Boyer	Non Executive Chairman
Michael Rosenstreich	Managing Director
Craig McGown	Non Executive Director
Tony Treasure	Non Executive Director

KEY POINTS

- Bass Metals is planning to develop the Fossey zinc-lead silver discovery at Hellyer, Western Tasmania.
- Fossey is an offset of Hellyer, which generated over \$A1 billion in net revenue in the 14 years to 2000.
- The Fossey feasibility study was completed in October 2009. Total net revenue of \$170 million is forecast for the two years from September 2010. Forecast average margin above total costs is 40%.
- Fossey is a discrete mass in good ground conditions. Mining and metallurgical plans are informed by experience with Hellyer.
- Bass bought the 1.5 Mtpa Hellyer concentrator in 2008 for \$A4 million. The capital cost of mine development and re-commissioning is estimated at \$A26 million.
- The Fossey discovery in 2007 showed previous exploration work was limited by the conventions and technology of the day.
- By applying a new set of advanced exploration tools Bass can see subtle signatures in the Hellyer host unit for the first time. Bass controls over 6km strike length of host unit and three known vent complexes. The first targets generated by this work will be drilled in late 2009.
- Bass has mined over 125,000 tonnes of zinc-lead-silver ore from Que River since mid 2007, generating \$A33 million in net revenue. Cash surpluses from Que River have effectively funded Bass Metals activities to date and are expected to continue through to early 2011.
- From mid 2010 Que River ore will be available for treatment through the Hellyer mill. Bass is assessing the potential contribution from Que River's 720,000 tonnes in resources.
- Bass is valued here at 48 cents per share.

-----End of Executive Summary-----

1. COMPANY BACKGROUND

Bass Metals Ltd was incorporated in July 2004 (as Resource Finance & Investments Ltd) for the purpose of acquiring certain mineral interests in Western Tasmania. In July 2005 the core Hellyer and Que River exploration projects were acquired ahead of an initial public offering that raised \$A3.5 million.

2. DIRECTORS & MANAGEMENT

Of Bass Metals' four Directors in November 2009, three are founding Directors. Non Executive Chairman Don Boyer is a geologist and minerals company manager. Managing Director Mike Rosenstreich is a geologist, ex Dominion Mining Homestake Mining and Consolidated Gold, and a former corporate financier/advisor. Non-executive Director Craig McGown is a sharebroker and corporate financier. Non Executive Director Tony Treasure was appointed in December 2008 as representative of Bass Metals' major shareholder, Metals Finance Limited.

Exploration Manager Kim Denwer, appointed in 2008, is a volcanogenic massive sulphide specialist and a Tasmanian specialist, with past experience at Mt Lyell, Rosebery, Henty, Hellyer and Que River projects.

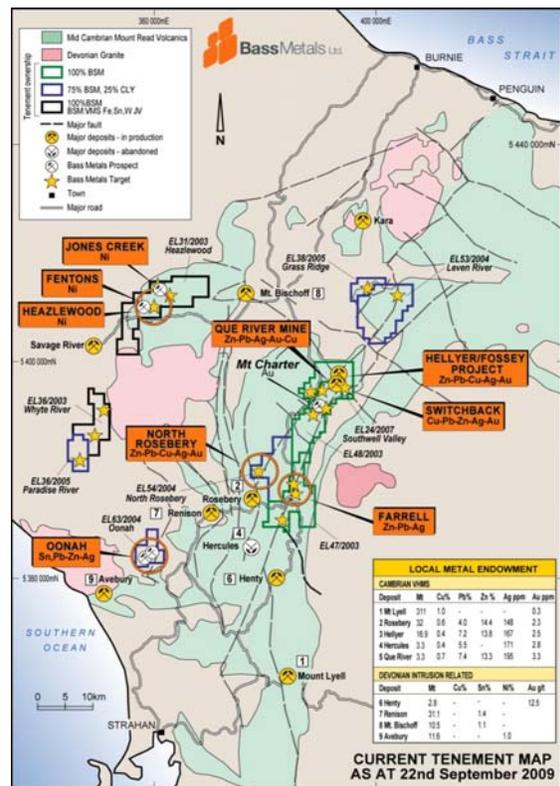
Brian Burdett was appointed General Manager Tasmanian Operations in October 2009. Brian is a process engineer and was previously General Manager Operations at the Savage River Magnetite Project, 50 km east of Hellyer.

Bass has formed a close working relationship with Mancala Mining, a contract mining firm established by the mining team from Hellyer when that mine closed in 2000. Mancala manages the Que River open pit operation and is responsible for preparations to recommence underground mining at Hellyer.

HELLYER & QUE RIVER - BACKGROUND

Western Tasmania has a track record of hosting 'base load' mines – long life projects that have proved profitable at all points of the price cycle. Cambrian volcanic hosted massive sulphide (VHMS) centres Rosebery, Mt Lyell, Henty, Hellyer and Que River lie within 100 kilometres of each other, interspersed by Devonian intrusive related deposits including Renison, Mt Bischoff and Aveybury.

Outcropping massive sulphide mineralisation was discovered at Que River in 1974 during surface geochemical and ground EM surveying. Five steep dipping lenses were subsequently outlined over 800m metres strike in a tightly folded sequence, to 300 metres depth.



Bass Metals' project locations, Western Tasmania.

Between 1981 and 1990 3.3 million tonnes at an average grade of 13.3% zinc, 7.4% lead, 195 g/t silver, 3.3 g/t gold and 0.7% copper, were mined, predominantly by underground methods, from four lenses at Que River. Most of the ore was processed under contract at the Rosebery concentrator, 35 kilometres to the south west. The underground workings were plugged and backfilled when mining ceased in late 1990 under the assumption that reserves were exhausted.

After the Que River discoveries geochemical and geophysical surveys were conducted along the interpreted extent of the host volcanic sequence. Step out drilling, conventional EM, IP and geochemical surveys failed to detect further massive sulphide bodies. In 1983 the new EM variant UTEM was successfully applied to find Hellyer, 3.5 kilometres north east of the Que River workings.

Hellyer is a single massive sulphide deposit lying between 50 metres and 300 metres below surface. About 800 metres long, 200 metres wide and averaging 40 metres in vertical height, the Hellyer deposit was extracted by sub-level open stoping and processed in a 1.5 Mtpa concentrator built on site. Between December 1986 and June 2000 15 Mt of ore averaging 12% Zn, 6% lead, 0.4% copper, 150 g/t Ag and 2.5 g/t Au were mined.

The Que River and Hellyer discoveries were the first massive sulphide finds in Tasmania since the late 19th century. Together they rank among the world's top dozen massive sulphide deposits in terms of metal content. Hellyer produced 2.7 million tonnes of zinc concentrate, 728,000 tonnes of lead concentrate and 601,000 tonnes of bulk concentrate; generating around \$1 billion in net revenue.

The Hellyer underground mine closed in June 2000 at the depletion of known reserves. The workings were allowed to flood and the access adit was concrete plugged.

Hellyer ore required fine grinding to separate the copper, lead and zinc sulphides into selective concentrates. About 90% of the contained gold passed through to tailings. Gradual practise refinements were required over the course of the operation to raise metal recoveries above initial targets, and reduce the amount of metal in the tailings stream. At the completion of the treatment campaign in 2000, minerals processing group Intec Ltd purchased the Hellyer/Que River project for the purpose of retreating the Hellyer tailings.

In 2005 Bass Metals bought the exploration rights to Que River and Hellyer from Intec. Bass acquired the Que River tenements outright and was given a sub-lease over the Hellyer tenement that excluded the tailings dam and the Hellyer processing plant. The consideration was 8 million Bass Metals shares and 2 million options.

In 2006 and the first half of 2007 Bass assessed the shallow Que River remnants and prepared for an open pit mining campaign. In June 2007 Bass and Zinifex agreed on terms of Que River ore treatment at Rosebery. Rosebery was preferred over the Hellyer plant (then back in operation under Intec and Polymetals) as Hellyer was producing a bulk concentrate from fine tailings and unlike Rosebery would not pay for Que River's significant gold and copper content. Bass delivered its first ore to Rosebery in September 2007.

Within a week of Que River's return to production, Bass reported the drill intersection of 57.5 metres at 9% Zn, 5% Pb, and 94 g/t Ag from 190 metres downhole at the southern end of Hellyer, in a position subsequently named the Fossey Zone. Fossey was effectively a new discovery, as the results from previous drilling (best intersection 13 metres at 7% Zn, 4% Pb, 170 g/t Ag and 4 g/t Au) had been misinterpreted. By September 2008 Bass had estimated a resource at Fossey of 830,000 tonnes at 9% Zn, 5% Pb, 0.3% Cu, 120 g/t Ag and 2.5 g/t Au.

In September 2008 Intec placed the Hellyer treatment plant on care and maintenance, citing the collapse in zinc and lead prices. Intec subsequently sold its stake in Bass Metals and put its Hellyer

interests up for sale by tender. In December 2008 Bass Metals announced its agreement to buy Intec's Hellyer assets for SA4 million plus a processing royalty of \$2.50 per tonne, capped at SA5 million. Bass was required to post an additional \$1 million environmental bond with Mineral Resources Tasmania.

At the end of 2009 Bass Metals is continuing to successfully mine Que River under the Rosebery ore sales agreement, while preparing to develop the Fossey underground mine and recommission the Hellyer plant. Bass has also reinvigorated exploration of the mine camps and surrounding leases. Fossey's discovery has opened up new possibilities, which are to be investigated with the help of updated EM and a 3D alteration mapping and geochemical program.

Bass Metals has taken just over four years, less than \$20 million in new equity (and no debt) to build a strong position in Tasmania's prolific VHMS belt.

FOSSEY

FOSSEY RESERVES

4% Zn +Pb block cut-off

Category	Kt	Zn%	Pb%	Ag g/t	Cu%	Au g/t
Probable	790	8.7	5.1	125	0.3	1.9
Inventory	62	6.2	3.8	84	0.2	2.4
TOTAL	851	8.6	5.0	120	0.3	2.4

MINING

Fossey is a discrete lens of massive sulphide, 40-70 metres high, 40-50 metres wide and 200 metres in strike length. Fossey's northern extent is 100 metres from the nearest Hellyer workings. Bass last estimated resources in August 2009 as part of a feasibility study completed in October 2009.

The feasibility study recommended the Fossey reserve be mined and processed at Hellyer, at a peak rate of 400-450,000 tpa. A new decline access, driven 980 metres at a shallow gradient from a portal next to the Hellyer haul road, will avoid the need to dewater the Hellyer workings.

Fossey will be mined by long hole open stoping; the method proven effective at Hellyer. Ground conditions are expected to be good to excellent requiring minimum support in most openings. Primary stopes will be filled with cemented aggregate, using crushed Que River waste rock, to allow 95% recovery of the resource.

As part of a continuing obligation inherited from its predecessors at Hellyer, Bass will manage underground and surface water flows at site to protect downstream environments, including a pristine forest to the east of the site. All mine and processing facilities are located on the western side of the watershed running along the Hellyer axis, and all contaminated site runoff, including the water pumped from underground, is diverted to settling ponds and the tailings dam.

Bass Metals' partner at Que River, Mancala Mining, compiled the mining component of the Fossey feasibility study and will equip and manage the underground mining operation under contract. Mancala will be paid costs plus a small margin with the focus on an incentive net profit interest.

The feasibility study estimate of capital costs comprises \$14.5 million for the decline, delineation drilling and preproduction development. A further \$7.6 million is allowed for mine development after the start of production. Mining production costs are forecast to average \$A42 per tonne of ore over the mine life.

PROCESSING

The Hellyer plant was on care and maintenance after closure in 2000 until Polymetals and Intec spent \$6 million refurbishing and recommissioning the wet sections of the plant in 2006. In late 2008 Bass bought the Hellyer plant intact and mostly operable, with power and water management systems recently upgraded. Bass also retained key process operators that managed the Hellyer plant in both Hellyer and tailings retreatment phases.

The Fossey feasibility study concluded the Hellyer plant, run at 70-100% of capacity on a 4 weeks, on 4 weeks off roster, was the optimum way to process the Fossey deposit. The cost of refurbishment and pre start costs were estimated at \$4.5 million. The average operating cost at 420,000 tonnes of ore per year is forecast at \$35 per tonne of ore.

The Hellyer processing plant is configured to produce split copper, lead and zinc concentrates from fine grained ore. By the end of the Hellyer campaign average recoveries of zinc to zinc concentrate and lead to lead concentrate were 80% and 60% respectively.

Relative to typical Hellyer ore, Fossey ore is high in barite at the expense of pyrite. At Hellyer in the past, elevated barite correlated with excellent metallurgical performance. Bass Metals' tests have confirmed that the Hellyer flowsheet and reagent regime apply to Fossey ore and that better recoveries to single mineral concentrates can be expected.



The Hellyer ball mill (foreground) and SAG mill.

Bass estimates 76% of the zinc will recover to a 52% zinc concentrate, and that 72% of the lead will be recovered to payable metal, mostly in a 59% lead concentrate. A copper concentrate with silver and gold credits will also be produced.

The Hellyer tailings storage facility has capacity for an estimated 2 million tonnes of new tailings placement.

HELLYER PRODUCTION FORECASTS (GREEN LEADER)

<i>Year Ending 30 June</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Hellyer				
Ore treated (000t)	0	355	440	356
Zinc grade %		9.1	8.4	8.4
Lead grade %		5.2	5.0	5.0
Silver grade g/t		120	120	120
Zn recov. to Zn concs		85%	85%	85%
Zinc concs prodn t		46,485	52,924	43,140
Zn concs grade %Zn		54	54	54
NSR		73%	73%	73%
Pb recov. to Pb concs		73%	73%	73%
Zinc concs prodn t		23,084	27,355	22,218
Pb concs grade %Pb		58	58	58
NSR		80%	80%	80%
Cu concs prodn t		3,643	4,516	3,654
Net revenue \$AM		76	89	72
Cash costs \$AM		42	52	46
Capital expenditure (\$AM)	11.2	9.8	15.1	4.7
Total costs \$AM		51	67	62
Margin		48%	32%	17%

CONCENTRATE SALES

About 50,000 and 25,000 tonnes per year respectively of zinc and lead concentrates will be trucked 80 km to the port of Burnie for shipment and sale to a smelter. Bass expects no difficulty selling the lead and zinc concentrates characterised as good quality with no deleterious elements above penalty thresholds. In the accompanying forecasts freight, loading and shipping are estimated at \$A92 per tonne of concentrate.

Smelters typically pay for 85% of the contained zinc in a zinc concentrate and charge a varying rate per tonne of concentrate depending on the zinc price. Lead concentrate payment terms are similarly structured, with a slightly different price participation mechanism. At current market settings Bass would receive 73% of the contained zinc value and 80% of the contained lead value of the respective concentrates loaded on the ship.

Silver is expected to report as payable metal to all of the Fossey concentrates. Silver is the main revenue component in the copper concentrate.

Copper and gold are expected to comprise about 6% of net revenues from Fossey concentrates. Less than 5,000 tonnes per year of copper concentrate will be sold to a specialist refinery. Penalties for elevated arsenic are anticipated.

	Net Revenue	NSR
	\$USM	propn
Zinc Concs	69.8	72.6%
Lead Concs	56.7	80.0%
Copper Concs	26.0	81.0%
Total net revenue	152.6	76.6%
Zinc	68.5	45%
Lead	47.9	31%
Gold	3.7	2%
Silver	26.5	17%
Copper	6.0	4%
Total net revenue	152.6	100%

Fossey forecast concentrate and metal sales breakdown

PERMITTING

Bass has approval to construct the Fossey decline and associated works. Application for approval of mining and processing plans was submitted in September 2009. Following a public review period the Tasmanian Department of Primary Industries will report to the Environmental Protection Authority Board, who will consider approval as early as December 2009.

The key undertakings submitted by Bass relate to water management, the stabilisation of the tailings dam and rehabilitation plans. Bass estimates that the

identified rehabilitation programs, including sealing the tailings dam with a limestone cover, would cost \$2 million.

On receipt of approval Bass anticipates a seven-eight month lead to plant commissioning, with first concentrate shipment nine months from approval.

QUE RIVER

Prior to recommencing mining at Que River Bass Metals' first task was to prioritise targets among the shallow remnants and extensions. A pit at PQ was planned to extract the decline pillars and some isolated pods, initially as a high grade supplement to more extensive resources at S- Lens and QR32.

The pre-mining resource at PQ was 46,000 tonnes at 18% Zn and 9% Pb. By the end of September 2009 a total of 125,000 tonnes at 16% Zn, 9% Pb, 5 g/t Au, 230 g/t Ag and 0.4% Cu had been delivered to Rosebery. The PQ remnants consistently provided twice the anticipated tonnes without diminished grade. The positive reconciliation reflects conservatism in the face of the difficulty of estimating remnant block volumes when the ore specific gravity is greater than 4.

Que River costs comprise open pit mining and ore haulage at the rate of 5,000 – 8,000 tonnes per month. The Rosebery concentrator deducts \$40 per tonne of ore and 60-65% of the contained metal value, subject to a quotation period after ore delivery. A new agreement was struck in September 2009, extending planned deliveries to Rosebery to June 2010.

Total Que River revenues received by Bass to September 2009 are \$33 million. The net surplus in the same period, after capital costs, royalties and the contractor net profit interest is about \$11 million (including receivables).

Bass Metals will continue delivering Que River ore from PQ and QR32 reserves to Rosebery as per its agreement almost until the commissioning of the Hellyer Mill. The approach maintains operational and cash flow continuity. At the completion of the Fossey feasibility study, Bass began to study the balance of the Que River resources that will be available for treatment through the Hellyer mill.

Total Que River resources as at June 2009 were 720,000 tonnes at 5% Zn, 3% Pb, 85 g/t Ag and 1.1% Cu, contained in four positions; PQ, S – Lens, QR32 and Nico. The copper rich component of S- Lens is being examined as a possible way to improve copper concentrate grades at Hellyer. Scope remains for continued exploitation of shallow, high grade extensions and new lenses.



Mining PQ pit at Que River, looking north

EXPLORATION

The discovery of Fossey awoke Bass to the untapped potential of the Hellyer trend and host volcanic sequence. A large slug of massive sulphides had lain undetected within 100 metres of a 15 million tonne deposit. Fossey was overlooked because it had no geophysical signature and because it was oriented east-west, not north east-south west like Hellyer and Que River. Previous exploration had been hamstrung by over reliance on EM detection and a too rigid structural interpretation.

Prior to Bass, the last exploration programs on the Hellyer - Que River trend had been wrapped up in 1999. Since then advances in low level detection and infra red spectral analysis have refined exploration of VHMS terrains by enabling recognition of subtle alteration patterns associated with the deposits. By mapping alteration trends Bass can recognise near misses and vectors to prospective targets.

The well maintained Hellyer- Que River 66 kilometre record of drill core (from outside the main ore zones) contains information about the alteration that had not been used. In 2009 Bass analysed each metre of core and recorded subtle alteration trends into a 3D database. The data was compiled by November 2009, allowing the first selection of new drill targets based on alteration signatures and vectors.

EM detection methods have also improved by an order of magnitude since 1999, and remain relevant for Fossey type finds and for deeper discoveries.

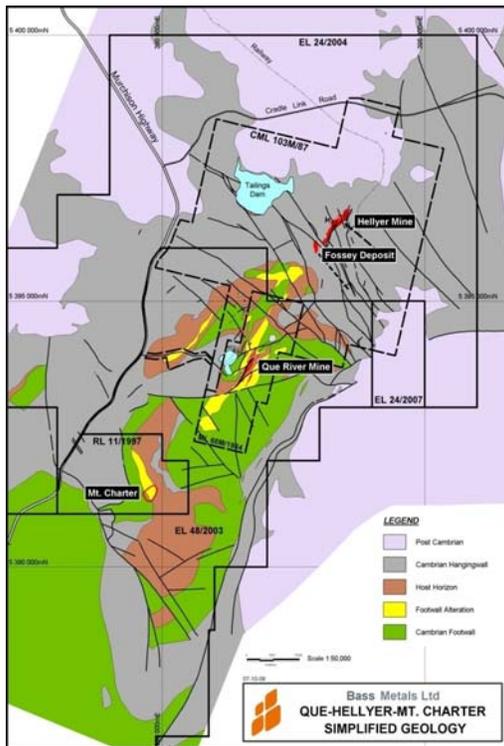
Bass is planning to spend \$3.4 million on exploration in FY2010, mostly on drilling in the second half. One of the key prospect areas is likely to be Switchback, a zone of altered host sequence and massive sulphide clast intercepts, 500 metres east of Hellyer.

Three kilometres south west of Que River, the Mt Charter prospect is the third known centre of hydrothermal deposition in the Hellyer host sequence. Drilling to date has outlined a resource of 6.1 million tonnes at 1.2 g/t Au, 36g/t Ag and 0.5% Zn in massive barite. Cyanidation and flotation

tests have so far not identified a commercial process route for Mt Charter material. Emphasis instead is on finding associated massive sulphide bodies. A large EM anomaly west of Mt Charter under andesite cover is yet to be drill tested.

The host sequence has a convoluted but mapped distribution in the six kilometres between Hellyer and Mt Charter, down to 500 metres depth. Bass is well positioned in the next 12 months to find more deposits that have slipped through the net of past exploration and development.

Regionally, Bass controls the prospective tenure between Hellyer and Rosebery, including the interpreted northern continuation of the Rosebery Mine sequence.



Geology interpretation, Hellyer-Mt Charter

While Bass has a clear preference to keep the Hellyer mill going with ore from new discoveries, other possible ways of using the spare capacity remain under consideration. Hellyer's remnant resources are estimated at 750,000 tonnes at 7% Zn and 4% Pb. The job of dewatering and the state of the fill pillars are the main obstacles to re-entering Hellyer. The tailings resource, estimated at 9.5 Mt at 2.6 g Au/t, 100 g/t Ag, 3% Pb and 2% Zn, is an enticing prospect due to its contained unit value of \$US260/t, milled and sitting at surface. Bass now owns the on site dredge through which the Intec/Polymetals JV reprocessed about two million tonnes of tailings to produce a bulk lead-zinc concentrate with silver credits. Improved metal prices since the operation stopped in late 2008 have given Bass cause to re-examine the tailings as potential feed for Hellyer. By the conclusion of Fossey, Bass will have over a million ounces of gold in near surface resources in the Hellyer tailings and Mt Charter combined. (Only about 10% of the gold will be recovered from Fossey). The gold is mostly bound up with pyrite, and Bass is investigating potential gold recovery methods for these resources.

Bass has also cast further afield for Hellyer mill feed. Letters of intent were exchanged in October 2009 with Nautilus Minerals Inc, with the aim of granting Nautilus an option to use 1Mtpa of Hellyer's capacity. Nautilus is seeking to recover minerals from the sea floor off the Papua New Guinea coast, and may

require flotation treatment capacity in two or three years' time.

FINANCE, FORECASTS, VALUATION

A cash surplus of \$10 million from the Que River operations internally financed Bass Metals' exploration and acquisition expenses in FY2009. The Que River contribution in FY2010 is forecast at \$5 million, as grades decline with lesser contribution from PQ pit. Up to \$5 million in additional receipts will carry over into FY2011 under the staggered payment arrangement.

In November 2009 Bass announced plans to raise \$15 million in new equity by January 2010. A further \$10 million debt facility would provide Bass with a buffer of about that amount at the point of maximum cash draw in September 2010. Bass expects capital outlays, including working capital to first revenue receipt, to be SA\$26 million.

The accompanying forecasts and valuation assume mining and treatment of the Fossey reserve as set out in the feasibility study. In addition 300,000 tonnes have been added to the schedule to reflect the likelihood of a contribution from Que River in FY2013. Capital costs of \$9 million and 15% higher mining costs than Fossey have been assumed for this extended Que River campaign. Rehabilitation costs of \$2 million are assumed. Exploitation of the remnant Hellyer resources has not been factored in at this stage as the costs of dewatering the workings, refurbishment and delineation are difficult to gauge. There are sufficient resource blocks to maintain Bass Metals keen interest in the Hellyer remnants.

At June 2009 Bass had about \$6 million in accumulated tax losses (a net benefit of \$2 million).

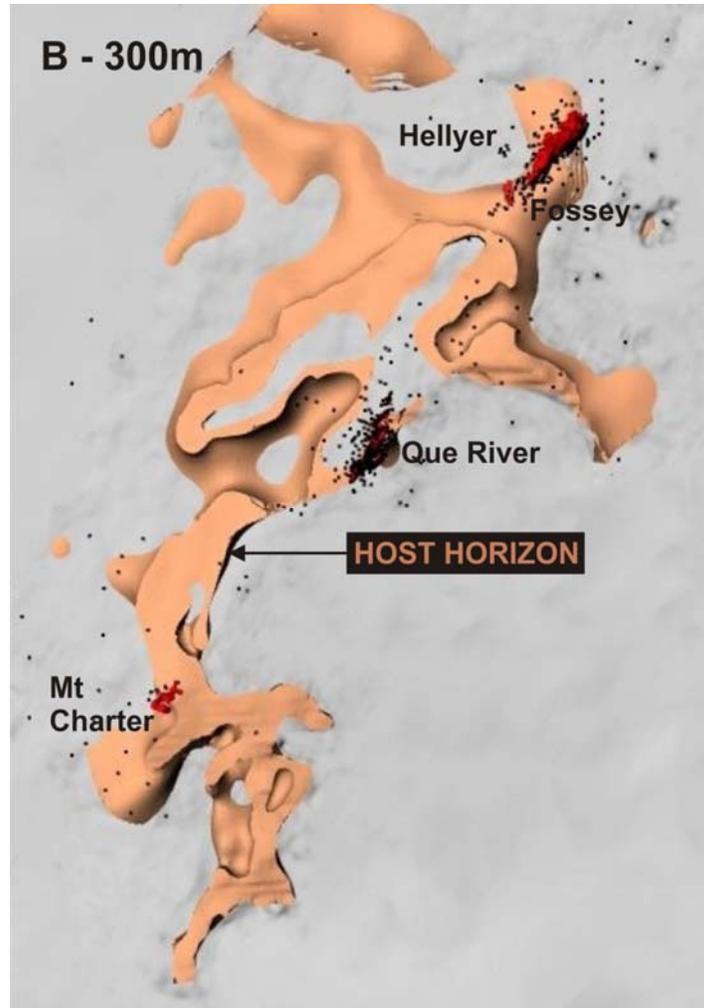
The valuation is based on net present values using a 7% real, after tax discount rate for the Que River toll treatment operation and 10% for the Fossey/Que River campaign.

In the first two years of Fossey cash flows, up to \$15 million, or 35% of the forecast net surplus, may be re-invested in exploration, principally in the Hellyer – Mt Charter belt but also regionally. The exploration prospects are a vital part of Bass Metals' plans to build a long term, financially rewarding presence in Western Tasmania, centred on the Hellyer mill. The potential value of new finds in the region, and the scope for new discoveries that Bass has highlighted since 2007, warrant such a heavy investment in exploration. Value of \$20 million is given to exploration in the Bass Metals valuation, covering all prospects outside Fossey and the Que River remnants.

Subject to studies of Que River's capacity to supply Hellyer after the completion of Fossey, Bass has two-three years in which to mature new sources for Hellyer. Continuity of operation beyond two years would be ideal, but not essential because of Hellyer's access to local skills and labour.

Bass also deserves credit for its achievements so far. Self funding a sizeable exploration program and

feasibility study with a relatively small toll milling operation requires competence, good judgement and financial discipline. Overall, Bass is well on the way to converting the perception of a run down, picked over mine camp into an income earner with exciting exploration prospects. Success at Fossey will provide Bass with a firm basis from which to take on other projects and build the company in the producer ranks.



Schematic representation of the Hellyer-Mt Charter host volcanic sequence, mapped at 300 metres depth. For scale the distance between Mt Charter and Hellyer is six kilometres. The black dots are drill hole pierce points.

PROFIT AND CASH FLOW FORECASTS. BASS METALS LTD.

BSM						
Share Price			\$0.27			
Market Capitalisation			\$49M			
Issued Capital (fully diluted incl. options)			180.7M			Post equity issue announced November 2009
Profit & Loss	06-08A	06-09A	06-10F	06-11F	06-12F	06-13F
Net Revenue	9.4	24.2	15.4	75.9	89.0	72.3
Total Costs	(6.9)	(12.9)	(12.8)	(44.9)	(54.9)	(49.0)
EBITDA	2.5	11.3	2.7	31.0	34.0	23.3
Depreciation/Amort	(2.1)	(6.8)	(0.7)	(9.5)	(15.3)	(16.0)
EBIT	0.3	4.5	1.9	21.5	18.7	7.3
Net Interest	0.3	0.3	0.0	(0.5)	(0.3)	0.0
Expl. written off	(0.6)	(2.3)				
Net gain on Hellyer acqn		16.7				
Derivatives gain/loss	1.4	1.1				
Pre-Tax Profit	1.4	20.3	1.9	21.0	18.4	7.3
Tax	0.3	(1.1)	(0.6)	(5.3)	(6.9)	(3.5)
NPAT	1.7	19.2	1.3	15.7	11.6	3.8
Balance Sheet	06-08A	06-09A	06-10F	06-11F	06-12F	06-13F
Cash	4.4	4.6	17.5	17.8	26.1	49.2
Receivables, inventories						
Hedging asset	2.1					
Total Current Assets	11.1	11.5	20.5	29.2	37.5	49.2
Property, Plant & Equip.	3.2	54.7	35.2	35.6	35.4	24.1
Exploration	10.4	12.3	15.8	19.8	19.8	19.8
Investments/other	1.4	5.9				
Tot Non-Curr. Assets	15.0	72.9	51.0	55.3	55.2	43.8
Total Assets	26.1	84.4	71.5	84.6	92.6	93.1
Current liabilities						
Provisions	0.8	1.9				
Trade payables	3.0	2.1	2.1	2.1	2.1	2.1
Total Curr. Liabilities	3.8	4.0	2.1	2.1	2.1	2.1
Long term borrowings		0.0	10.0	5.0	0.0	
Provisions	0.0	18.7				
Total Non-Curr. Liabil.	0.0	18.7	10.0	5.0	0.0	0.0
Total Liabilities	3.8	22.7	12.1	7.1	2.1	2.1
Net Assets	22.3	61.7	59.4	77.5	90.5	91.0
Cashflow	06-08A	06-09A	06-10F	06-11F	06-12F	06-13F
Operating Cashflow	2.5	13.3	2.7	19.6	34.0	34.7
Income Tax Paid	0.0	0.0	0.0	0.0	(5.3)	(6.9)
Interest & Other	(1.0)	0.4	0.0	(0.5)	(0.3)	0.0
Operating Activities	1.5	13.7	2.7	19.1	28.4	27.8
Property, Plant & Equip.	(5.3)	(8.3)	(11.2)	(9.8)	(15.1)	(4.7)
Exploration	(3.3)	(4.2)	(3.5)	(4.0)	0.0	0.0
Lease guarantee		(1.0)				
Investment Activities	(8.6)	(13.5)	(14.7)	(13.8)	(15.1)	(4.7)
Borrowings	0.0		10.0	(5.0)	(5.0)	0.0
Equity	6.7		15.0			
Financing Activities	6.7	0.0	25.0	(5.0)	(5.0)	0.0
Net cash change	(0.5)	0.2	12.9	0.3	8.3	23.1

Ratio analysis	06-08A	06-09A	06-10F	06-11F	06-12F	06-13F
GCFPS	1.4	7.4	1.5	10.9	18.8	19.2
CFR	19.9	3.7	18.3	2.5	1.4	1.4
EPS	0.9	10.6	0.7	8.7	6.4	2.1
PER	28.6	2.5	36.3	3.1	4.2	12.9
ROCE	2%	6%	4%	39%	34%	17%
ROE	6%	33%	3%	27%	20%	8%
Gearing	na	na	na	na	na	na

*All values fully diluted unless otherwise stated

Assumptions	06-08A	06-09A	06-10F	06-11F	06-12F	06-13F
Zinc \$US/t avg	2,507	1,405	1,956	1,950	1,950	1,950
Lead \$US/t avg	2,700	1,460	2,094	2,100	2,100	2,100
Silver \$US/oz avg	15	13	17	15	15	15
AUDUSD avg	0.90	0.75	0.90	0.87	0.87	0.87

VALUATION. BASS METALS LTD – POST EQUITY ISSUE.

Assets	A\$m	Cents /share
Hellyer/Que River	40.6	23.8
Exploration	20.0	11.7
Future tax benefit	2.0	1.2
Cash	19.5	11.4
Option dilution	(1.3)	0.0
Share valuation	81.0	47.6

SENSITIVITY

HELLYER PROJECT SENSITIVITY TO METAL PRICES.

	Zn \$US/t	Pb \$US/t	Ag \$US/oz	Cash margin	Total margin	NPV \$AM
-20%	1560	1680	12.0	44%	12%	14.5
Base assumption	1950	2100	15.0	70%	40%	40.6
+20%	2340	2520	18.0	92%	65%	66.7

DISCLOSURE

THIS DOCUMENT CONTAINS ONLY GENERAL ADVICE BASED SOLELY ON THE MERITS OF THE SECURITIES MENTIONED. NO CONSIDERATION IS GIVEN TO THE PARTICULAR OBJECTIVES OR FINANCIAL SITUATION OF INDIVIDUAL INVESTORS, FOR WHOM THE ADVICE MAY BE INAPPROPRIATE.

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JOHN MACDONALD DECLARES THAT AT THE DATE OF THIS DOCUMENT HE HAS NO RELEVANT INTEREST IN THE SECURITIES DESCRIBED HEREIN. GREEN LEADER EQUITIES RESEARCH WAS RETAINED BY BASS METALS LTD TO RESEARCH AND WRITE THIS REPORT.

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