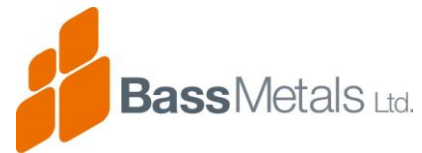


ASX Announcement



26 July 2011

HIGH-GRADE INTERSECTION CONFIRMS NEW McKAY DISCOVERY

HIGHLIGHTS:

- **New exploration model confirmed by a high-grade discovery at the McKay Prospect.**
- **First intersection comprises 7.0 metres at 22.3% zinc 9.9% lead, 3.4 g/t gold, 181g/t silver and 0.7% copper.**

Introduction

Bass Metals Ltd (ASX:BSM) is exploring for large scale, high grade polymetallic (copper-lead-zinc-silver-gold) volcanogenic massive sulphide (VMS) deposits in a highly mineralised VMS terrain, the Mt Read Volcanic belt, in NW Tasmania. This report provides an update on recent drilling results at the McKay Prospect, which is located in close proximity to the existing Fossey mine infrastructure.

Drill Results:

Diamond drill hole HLD1030 intersected 7.0 metres of high grade massive base metal sulphide mineralisation assaying 22.3 % zinc, 9.9 % lead, 3.4 g/t gold, 181 g/t silver and 0.7% copper and an additional 4.1 metres of combined barite and base metal mineralisation. The entire 11.1 metre zone assayed 14.9 % zinc, 6.5 % lead, 2.6 g/t gold, 130 g/t silver and 0.7% copper.

This intersection is similar to Fossey East both mineralogically and in its geological setting. The mineralisation appears from orientated core to be steep and striking grid north-south.

This drill hole targeted potential offsets of the Fossey deposit along the Jack Fault. The McKay prospect is a new discovery with potential for extensions both to the south and down dip (Figure 1 and 2). Previous drilling in the area intersected narrow high grade base metal intersections to the north (for example, 1.9 metres 0.6% copper, 8.4 % lead, 16.9 % zinc, 141 g/t silver and 3.0 g/t gold), and these intersections may be related to the same mineralised structure.

Bass' exploration geologists have observed that the mineralisation occurs much deeper in the geological sequence than previously thought prospective, which highlights new untested opportunities for the discovery of additional Fossey or Fossey East scale zones of mineralisation along the Hellyer-Fossey trend.

Commentary

This discovery validates the Company's new exploration model and supports the view that the overall Fossey Trend has excellent potential to host additional mineralisation. Indeed, the new exploration model can be applied throughout the Company's tenement holdings and opens up significant tracts of ground not previously considered prospective. Managing Director Mike Rosenstreich commented that "the very high grades are especially exciting and also consistent with some of our recent drill hits at Fossey East. This discovery intersection at the McKay prospect demonstrates the validity of the new models put forward by our exploration team and the credibility of the targets. This is not a geological horizon previously targeted in the Hellyer region, nor probably in the entire Mt Read sequence, so it has very exciting local and regional implications."

ASX Announcement



Table 1 - Drill hole intersections- Fossey East (June-July 2011).

From (m)	To (m)	Drilled Interval (m)	Est. True thickness (m)	Zinc (%)	Lead** (%)	Copper (%)	Silver (g/t)	Gold (g/t)
HLD1030 (at > 5 % (Pb+Zn) cut-off)								
276.7	283.7	7.0	4.9	22.3	9.9	0.7	181	3.4
Within a zone (defined by barite alteration)								
276.7	287.8	11.1	7.8	14.9	6.5	0.5	130	2.6

Table 2: Drill hole details:-

Hole ID	Grid* North	Grid East	Azimuth	Dip	Depth
HLD1030	10280.3	5861	264	-69	On going

*-Hellyer Mine grid is orientated at 22.1 degrees to AMG

** - Standards submitted with these samples returned low lead values, these are being investigated by the laboratory and may result in an increased lead grade.

Competent Persons Statement

Exploration Results

The information within this report that relates to exploration results is based on information compiled by Mr Kim Denwer who is a full time employee of the Company. Mr Denwer is a Member of the Australian Institute of Geoscientists has 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 as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" and he consents to the inclusion of this information in the form and context in which it appears in this report.

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Figure 1: McKay Prospect, location of HLD1030 intercept and target potential.

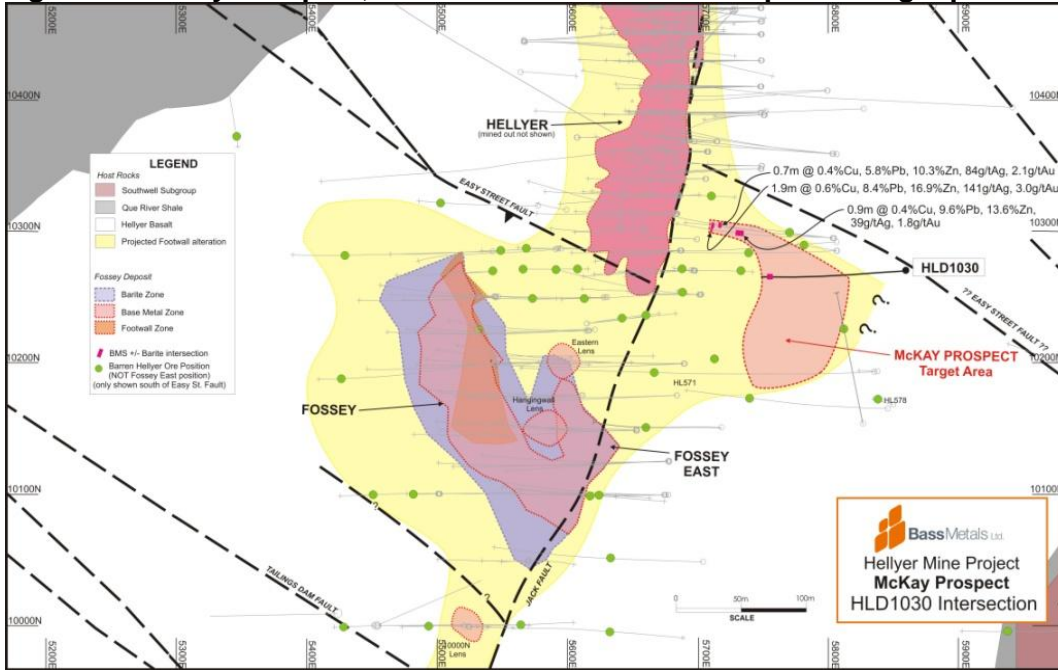


Figure 2: Section 10270mN showing new intersection HLD1030 and relationship to Fossey and Hellyer Deposits.

