

MEDIA RELEASE



28 September 2009

BASS POISED FOR STRONG GROWTH AFTER SHARP INCREASE IN PROFIT

- Polymetallic miner emerges from the GFC to post \$7.4m annual underlying operating profit from its Que River mine in Tasmania, up from \$2.2m the previous year.
- Profit after income tax soars to \$19.1m, up from \$1.8m previously, after booking a \$16.7m gain on the acquisition of the Hellyer operating infrastructure and mining lease.
- Strong result comes despite Bass investing \$4.2m in exploration and the feasibility study for the Fossey deposit and paying \$4m in cash towards the Hellyer acquisition.
- Feasibility study on Fossey deposit at Hellyer almost complete, with a decision to mine imminent.
- Working capital position of \$7.4m.
- Bass' robust financial position and strong growth outlook vindicates the strategy to generate cashflow at Que River to fund Hellyer acquisition and development.

Bass Metals Ltd (ASX: **BSM**) has defied the global financial crisis to post an outstanding annual underlying operating profit of \$7.4 million up from \$2.2 million previously, and set itself up to continue on its current growth trajectory towards becoming a diversified mid-tier mining company.

Sales of zinc, copper, lead, silver and gold from Que River generated sales revenue of \$23.8m, up from \$9.4m a year earlier, highlighting the benefit of Bass' ore sales agreement with MMG Australia's Rosebery operations.

Bass Managing Director Mike Rosenstreich said the results were consistent with the strategy outlined in Bass' 2005 IPO prospectus to use cashflow from Que River to fund its plan for substantial growth.

"This has enabled the Company to be self-funding, rather than accumulating debt or appealing to shareholders for fresh equity, and perform strongly amid the fallout from the GFC," Mr Rosenstreich said.

This self-funding strategy enabled Bass to pay \$4m in cash during the year towards the acquisition of the Hellyer project in Tasmania. It also invested \$4.2m in exploration including the feasibility study for the Fossey deposit at Hellyer.

Since June 30, Bass has agreed a new ore sales agreement with MMG Australia Limited that will see it supply up to 100,000t of ore. This will ensure the Company remains in production and continues to generate cashflow while it prepares to bring Hellyer into production.

Hellyer is expected to have a project life of at least four to five years, though recent exploration results suggest there is plenty of potential to extend this significantly.

The Hellyer mill is expected to treat about 400,000 tonnes of ore a year from the Fossey, Hellyer and Que river resources. The feasibility study on Fossey is nearing completion and financing discussions and appointment of key personnel is well advanced.

The Hellyer mill has an annual capacity of 1.5 million tonnes, providing substantial scope for increased production on the back of exploration success and possible future acquisitions.

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Competent Person

The information within this report that relates to exploration results is based on information compiled by Mr. Mike Rosenstreich who is a full time employee of the Company and is a Member of The Australasian Institute of Mining and Metallurgy. He 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 and consents to the inclusion of this information in the form and context in which it appears in this report.

Technical Detail

This Report aims to provide a high level summary of various technical aspects of the Company's projects. For more details on the underlying technical parameters the reader is referred to the ASX Reports on the Bass Metals' website, www.bassmetals.com.au.