

12 September 2008

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

Dear Sir

### **Fossey Drill assay and Metallurgical update**

Bass Metals Ltd (ASX:BSM) is pleased to provide the following update on its recent drilling at the Fossey Zone, part of the Hellyer Mine Project.

#### **Highlights**

Diamond drill hole HLD982 intersected:

- **24.1 metres at 11.7 % zinc, 3.9 % lead, 0.7 % copper, 95 g/t silver and 3.1 g/t gold** from 252 metres downhole: and,
- **7.85 metres at 8.7 % zinc, 4.8 % lead, 0.3% copper 198 g/t silver and 3.6 g/t gold** from 233.4 metres downhole.

Fossey Mineral Resource on track for late September.

**Metallurgical testwork** results for 12 samples from Fossey Zone indicate **strong metal recoveries** for zinc, lead, copper, silver and gold **suitable to manufacture high quality single mineral Concentrates** (zinc, lead and copper) rather than any significant bulk concentrate.

#### ***Introduction***

Bass Metals Ltd is undertaking a mining evaluation study its Hellyer Mine Project which comprises the Fossey zone mineralisation and the Hellyer Mineral Resource. The study incorporates ongoing diamond drilling, mining studies, metallurgical testwork, environmental studies and evaluation of appropriate processing options.

The Fossey Zone is an unmined zone of high grade polymetallic mineralisation comprising base and precious metals, generally associated with a massive barite zone, commonly with significant gold and silver mineralisation. It occurs south of the historic Hellyer deposit and the Company's Hellyer Mineral Resource. Bass Metals owns 100% of Hellyer and Fossey which together comprise the Hellyer Mine Project.

#### ***Current Drill Results***

This report presents new assay results for diamond drill hole HLD982 (refer Table 1). HLD982 is part of the infill drilling phase to bring drill coverage to a 25m by 25m spacing.

These results demonstrate the continuity of high-grade, wide mineralisation 25 metres to the south of 10,150m drill line which hosts similar wide high-grade zones. Assays from the surrounding barite zone, which often carries significant gold and silver values are still outstanding.

A status report for all drill holes completed to date is provided in Table 2

**Table 1: HLD982 Assay Summary (at a 5% (Pb + Zn) cut-off)**

From (m)	To (m)	Drilled Interval (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
233.40	241.25	7.85	8.7	4.8	0.3	198	3.56
252.00	276.10	24.10	11.7	3.9	0.7	95	3.14

\*Significant reflects interval selection criteria where a significant intercept comprises at least:

- for polymetallic mineralisation – minimum of 3 metres downhole at a minimum assay cut-off of 5 % (Pb+Zn); or,
- For gold mineralisation - at least 3 metres downhole at a minimum assay cut-off of 1 g/t Au.

**Table 2: Recent Fossey drill hole details and update**

HOLE	COLLAR NORTH	COLLAR EAST	COLLAR RL	AZ (grid)	DIP	EOH	Comment
HLD979	10225	5616	674.3	270	-57	244.8m	Visible mineralisation –no assays
HLD980	10225	5615	674.3	270	-51	239.7m	Minor visible mineralisation – no assays
HLD981	10225	5617	674.3	270	-61	245.6m	Visible mineralisation – no assays
<b>HLD982</b>	<b>10125</b>	<b>5678</b>	<b>682.6</b>	<b>270</b>	<b>-63</b>	<b>305.7m</b>	<b>Reported</b>
HLD983	10225	5617	674.3	270	-68	263.8m	Visible mineralisation –no assays
HLD984	10225	5677	682.6	270	-58		In progress
HLD985	10175	5612	675.2	270	-67		In progress

## Metallurgical Testwork Results

Samples of Fossey Zone material have been sent to McArthur Ore Deposit Assessments Pty Ltd (MODA) for mineralogical evaluation.

Initial impressions of the samples studied to date indicate enhanced metallurgical properties compared with the “average” adjacent Hellyer deposit ore, mined and processed from 1987 to 2000:

- Galena (Pb sulphide) and sphalerite (Zn sulphide) are coarser
- chalcopyrite and tetrahedrite (Cu sulphides) are finer
- sphalerite/galena association is much finer with some fine sphalerite in galena
- sphalerite/pyrite association is much lower
- galena/pyrite association is much lower
- little arsenopyrite was observed.

Metallurgical test work on 12 samples of Fossey Zone material is being done at the Burnie Research Laboratory (BRL) where members of staff have particular competence in the mineral processing of polymetallic ore from volcanogenic massive sulphide deposits.

BRL personnel have had a long involvement with flow sheet development and operation of the Hellyer concentrator up to 2000. The work is being supervised for Bass Metals Ltd by Peter Munro, principal consulting engineer and a Director of Mineralurgy Pty Ltd.

The preferred treatment route for this material is sequential flotation of copper, lead and zinc with minimal production of bulk concentrate to maximise the realisable value.

Tests to date have given the following results:

- copper flotation gave 70-80% copper recovery with cleaning upgrading to a copper concentrate grade of 11.3% Cu at 60% recovery with high gold and silver values
- lead roughing produced 25-40% Pb grades at 80-90% recovery which is a good lead performance compared with the former Hellyer operation. Cleaner flotation made a high grade concentrate of 59% Pb at 65% lead recovery
- zinc roughing produced 35-40% Zn grades at 50-70% recovery with some zinc losses to the lead section due to the high lead:zinc head ratio. The best test made a 55% Zn concentrate at ~70% zinc recovery.

BRL's work has focussed on rougher flotation to determine appropriate metallurgical domains. These results are regarded as very encouraging because the testwork involved:

- 50µm primary grind for rougher flotation;
- no regrinding of any conrite products;
- one stage of copper cleaning, 2 stages of lead cleaning, 2 x stages of zinc cleaning.

***It must be pointed out that these results are preliminary only and are likely to understate what would be achievable in a production plant.*** The tests:

- do not include regrinding which can be expected to reduce the misplacement of values to other concentrates;
- are open circuit which usually lowers recovery;
- do not include producing a bulk zinc-lead concentrate which is an inferior product, but enables higher metal recoveries by collecting the finer grained Pb-Zn intergrowths; and
- confirmed MODA's mineralogical observations and the likely enhanced processing attributes of the ore.

The Fossey Zone includes significant barite-gold-silver mineralisation. Several rougher flotation tests have been done on this auriferous barite material showing significant upgrading at high gold recoveries. The potential to create a gold concentrate for further processing by conventional means is also being investigated.

## **Conclusion**

These latest drill assay results and the geological observations for holes completed to date are generally positive indicating that wide, high-grade polymetallic massive sulphide mineralisation extends south from the "discovery" drill section; 10,150mN. Mineralisation remains open, down plunge to the south and the drilling programme is ongoing.

An initial Mineral Resource estimate is planned to be completed in late September.

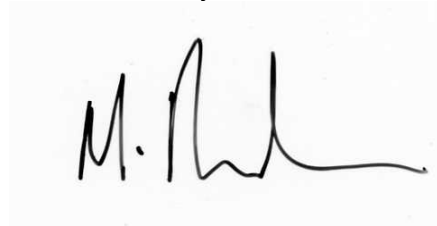
Metallurgical testwork results for 12 samples indicate strong metal recoveries for zinc, lead, copper, silver and gold suitable to manufacture high quality single mineral Concentrates (zinc, lead and copper) rather than any significant bulk concentrate.

Bulk concentrate has a limited market with discounted payment terms. These initial results are regarded as conservative because they do not include regrinding (a standard flotation circuit enhancement) and were “open-circuit” tests.

Metal recoveries to concentrates at this stage of the testwork are considerably better than analogous test results for the “standard” Hellyer deposit ore, which whilst a large, high grade deposit was problematical to process.

I look forward to providing further updates on these exciting and prospective activities.

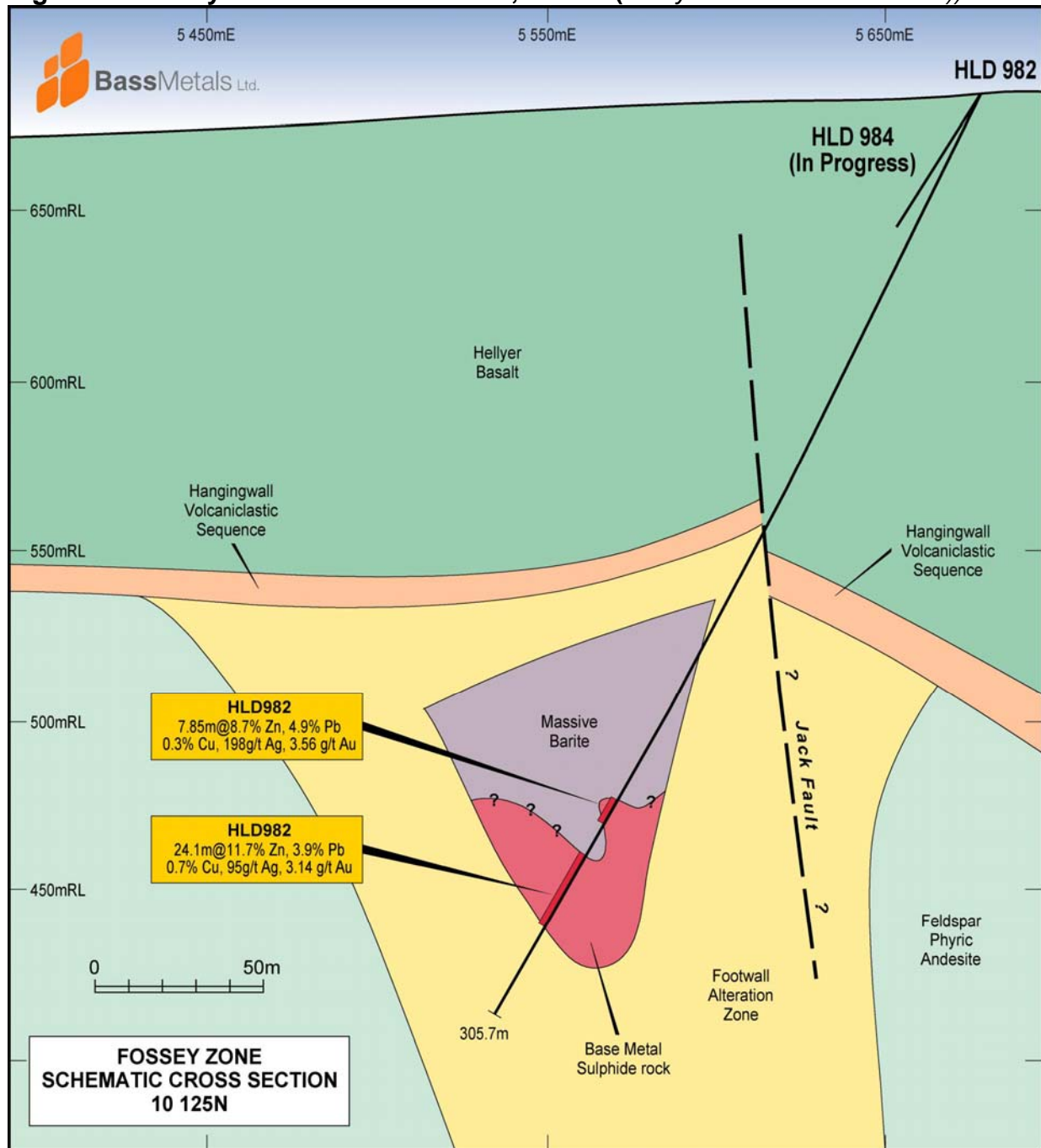
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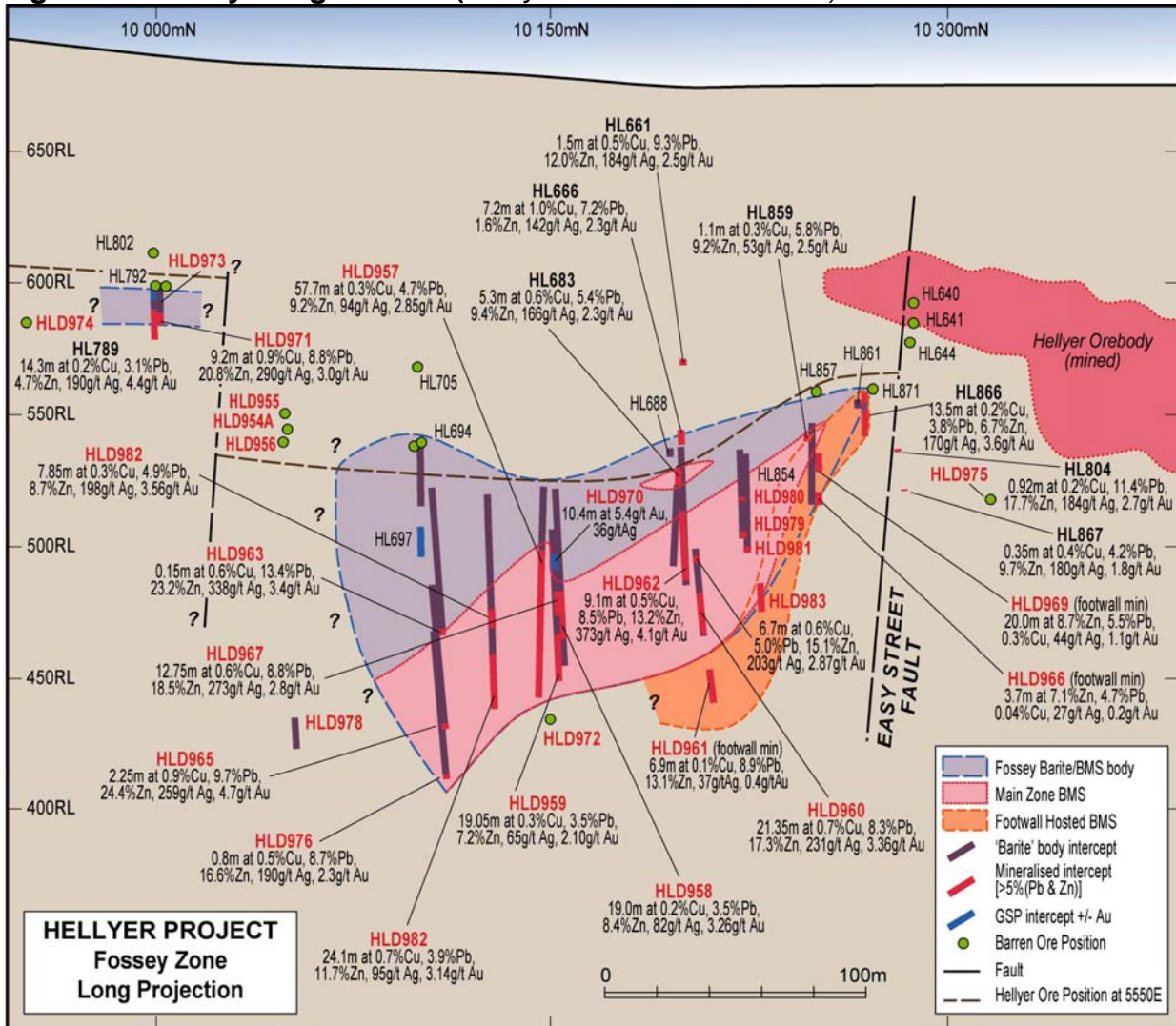
Mike Rosenstreich  
*Managing Director*

*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.*

**Figure 1: Fossey Zone –Drill Section 10,125mN (assays at >5% Pb+Zn Cut-off)**



**Figure 2: Fossey Long Section (assays at >5% Pb+Zn Cut-off)**



\*Main Zone BMS refers to the main base metal sulphide +Au/Ag zone