

19 August 2008

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

Dear Sir

### **High grade gold & base metal intercepts at Fossey Zone**

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 HLD971 intersected **9.2 metres at 20.8 % zinc, 8.8 % lead, 0.9 % copper, 290 g/t silver and 3.01 g/t gold** from 115.2 metres downhole.
- Other positive assay results include:
  - HLD970 – **13.4 metres at 4.62 g/t gold and 33 g/t silver;**
  - HLD972 – **8.15 metres at 2.03 g/t gold and 36 g/t silver;**
  - HLD976– **0.8 metres at 16.6 % zinc, 8.7 % lead, 0.5% copper 190 g/t silver and 2.3 g/t gold.**
- Feasibility study work progressing well with an initial Mineral Resource estimate on track to be completed in late September and positive early metallurgical results.
- Other aspects of the business performing well with July ore sales at Que River exceeding **6000 tonnes grading 12.4 % zinc, 7.4 % lead, 0.3% copper 198 g/t silver and 5.4 g/t gold.**

#### ***Introduction***

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 seven diamond drill holes; HLD970 to HLD976 and preliminary geological assessments for several more recent drill holes where assay results are still pending. Recent assay results are presented in Table 1 and drill hole details in Table 2.

**Table 1: Recent significant\* Fossey assay results**

From (m)	To (m)	Drilled Interval (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
<b>HLD970 (at a 1 g/t Au cutoff)</b>							
232.60	246.00	13.40	-	-	-	33	4.62
<b>HLD971 (at a 5% (Pb+Zn) cutoff)</b>							
115.20	124.40	9.20	20.8	8.8	0.9	290	3.01
<i>More shallow interval with a significant gold-silver intercept (at a 1 g/t Au cutoff)</i>							
102.80	107.80	5.00	0.8	-	-	35	2.69
<b>HLD972 (at a 1 g/t Au cutoff)</b>							
107.30	115.45	8.15	1.4	0.6	-	36	2.03
<b>HLD973-975 – No significant intercepts</b>							
<b>HLD976 – No significant intercepts – but worth noting at a 5% (Pb+Zn) cutoff, is:</b>							
288.80	289.60	0.80	16.6	8.7	0.5	190	2.31

\*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.

To provide a technical context a brief technical description is presented below for the drill holes for which assays are being reported on herein. The drill hole location plan (Figure 1) and the schematic long projection (Figure 2) should also be referred to.

#### **HLD970 on drill line 10,150mN**

HLD970 intersected **13.4 metres 4.6 g/t Au and 33 g/t Ag**.

It targeted the high grade polymetallic mineralisation intersected in HLD967 25-30m below on drill line 10,150mN. (HLD967 12.75 metres at 18.5 % Zn, 8.8 % Pb, 82 g/t Ag & 3.3 g/t Au).

A 13.4 metre interval of gold mineralisation within glassy-silica-pyrite alteration was intersected at the western base of the massive barite zone. This mineralisation occurs at the same stratigraphic position as the high grade HLD967 intercept and indicates mineralisation grades up-dip on 10,150N into gold-silver silica rich pyritic material.

#### **HLD971 on drill line 10,000mN**

HLD971 intersected **9.2 metres at 20.8 % Zn, 8.8 % Pb, 0.9 % Cu, 290 g/t Ag and 3.01 g/t Au**.

It was designed to follow up the historic HL789 intercept comprising 6.7 metres at 7.7 % Zn, 5.2 % Pb, 324 g/t Ag and 4.7g/t Au. This intercept is at the same stratigraphic position as the Hellyer Orebody and Fossey zone mineralisation but appears to represent a separate body from Fossey, as the Hellyer Ore Position and mineralisation have been up-faulted to lie at least 50 metres shallower than at Fossey, some 100 metres to the north.

### ***HLD972 on drill line 10,150mN***

HLD972 intersected **8.15 metres grading 2.03 g/t Au, 36 g/t Ag and 1.4 % Zn.**

It was designed to test 25-30 metre down-dip from the HLD959 intercept on 10150N, in an area thought to represent the keel of the Fossey body.

HLD972 did not intersect the Fossey barite/massive sulphide body but a 12 metre zone of alteration and disseminated base metal mineralisation from about 223.5 metres may represent a low grade halo in the footwall of the Fossey body.

The gold zone intersected appears associated with a shallower, high grade polymetallic zone intersected by holes HLD958 (4.5 metres at 10.3 % Zn, 6.8 % Zn, 100 g/t Ag & 2.4 g/t Au) and HLD959 (6.25 metres at 6 % Zn, 2.2 % Pb, 35 g/t Ag & 1.3 g/t Au) at approximately 100 metres below the surface.

### ***HLD973 on drill line 10,000mN***

HLD973 did not intersect any significant mineralisation or alteration.

It was designed to test the down dip extent of the high grade intercept in HLD971 (9.2 metres at 20.8 % Zn, 8.8 % Pb, 0.9 % Cu, 290 g/t Ag & 3.0 g/t Au) but only intersected a barren Hellyer Ore Position underlain by unaltered footwall rocks.

### ***HLD974 on drill line 9,950mN***

HLD974 did not intersect any significant mineralisation or alteration.

HLD974 targeted the high-grade mineralisation intersected in HLD971 (see above) 50 metres to the south on drill line 9,950N. The intersected a barren Hellyer Ore Position with no sign of any footwall style alteration. The massive base metal sulphide mineralisation and alteration appears to thin rapidly or be faulted off, to the south of drill line 10,000mN. A downhole electromagnetic survey is planned to give some indication to the continuity and size of the mineralised body in this area.

### ***HLD975 on drill line 10,320mN***

HLD975 did not intersect any significant mineralisation or alteration.

It was targeted at extensions of the Fossey Zone, adjacent to the Easy Street fault down-dip from the southern extent of the Hellyer ore body. Narrow, high grade zones have been intersected here in historic drill holes such as HL804 (0.92 metres at 17.7 % Zn, 11.4 % Pb, 184 g/t Ag & 2.7 g/t Au). This area warrants further drill testing given the variable thicknesses to high grade mineralisation possible over short distances.

### ***HLD976 on drill line 10,100mN***

HLD976 did not intersect any significant mineralisation or alteration, however it did intersect: **0.8 metres grading 16.6 % Zn, 8.7 % Pb, 0.5 % Cu, 190 g/t Ag and 2.31 g/t Au.**

This is important because it shows the narrow high grade polymetallic mineralisation intersected on the western side of the Fossey body in drill holes HLD963, 965 and 976 persisting over a vertical extent of 100 metres. This confirms a southerly plunge to the

high grade massive sulphide mineralisation and further drilling will be required to test if the zone widens out again further down.

## **Conclusion**

### *Drill Results*

Drilling and assay results achieved to date at Fossey indicate that the target high grade base metal, gold and silver mineralisation has now been defined over a strike extent of at least 170 metres. The detailed drilling in the central Fossey area is confirming the continuity of high grade polymetallic mineralisation which requires continued detailed drilling. The extensional drilling to the north and south is generating mixed results as expected on the peripheral margins of a mineralised body. Several zones of mineralisation have been confirmed which will require further drilling.

### *HMP Study*

In regard to other aspects of the Hellyer Mine Project mining study:

- A Mineral Resource for Fossey is on target for completion in late September.
- Mancala Mining is assisting BSM with a mining study for the Fossey Zone and Hellyer Mineral Resources as the parties discuss extending the Que River mining alliance to include the HMP.
- Metallurgical testwork is progressing well with the preliminary phase involving 14 samples due to be completed by the end of August. Preliminary results indicate that the Fossey mineralisation is not as fine grained and hence metallurgically complex as the typical Hellyer ore type from the historic operation.

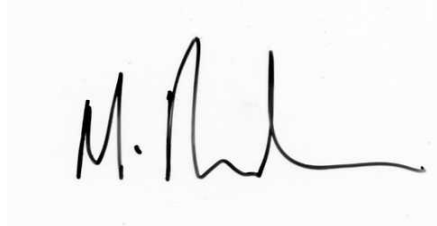
### *Our Company - overall*

The Company is on track and performing well across all of its current activities;

- July was another positive month at the high grade polymetallic Que River Mine, with over 6,000 tonnes of ore sold grading 12.41 % Zn, 7.4 % Pb, 0.3 % Cu, 198 g/t Ag and 5.44 g/t Au.
- Exploration focus is on advanced high grade polymetallic projects: RC drilling programme planned for the Oonah project in October.
- Drill testing of the Heazlewood nickel target planned for Spring.

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

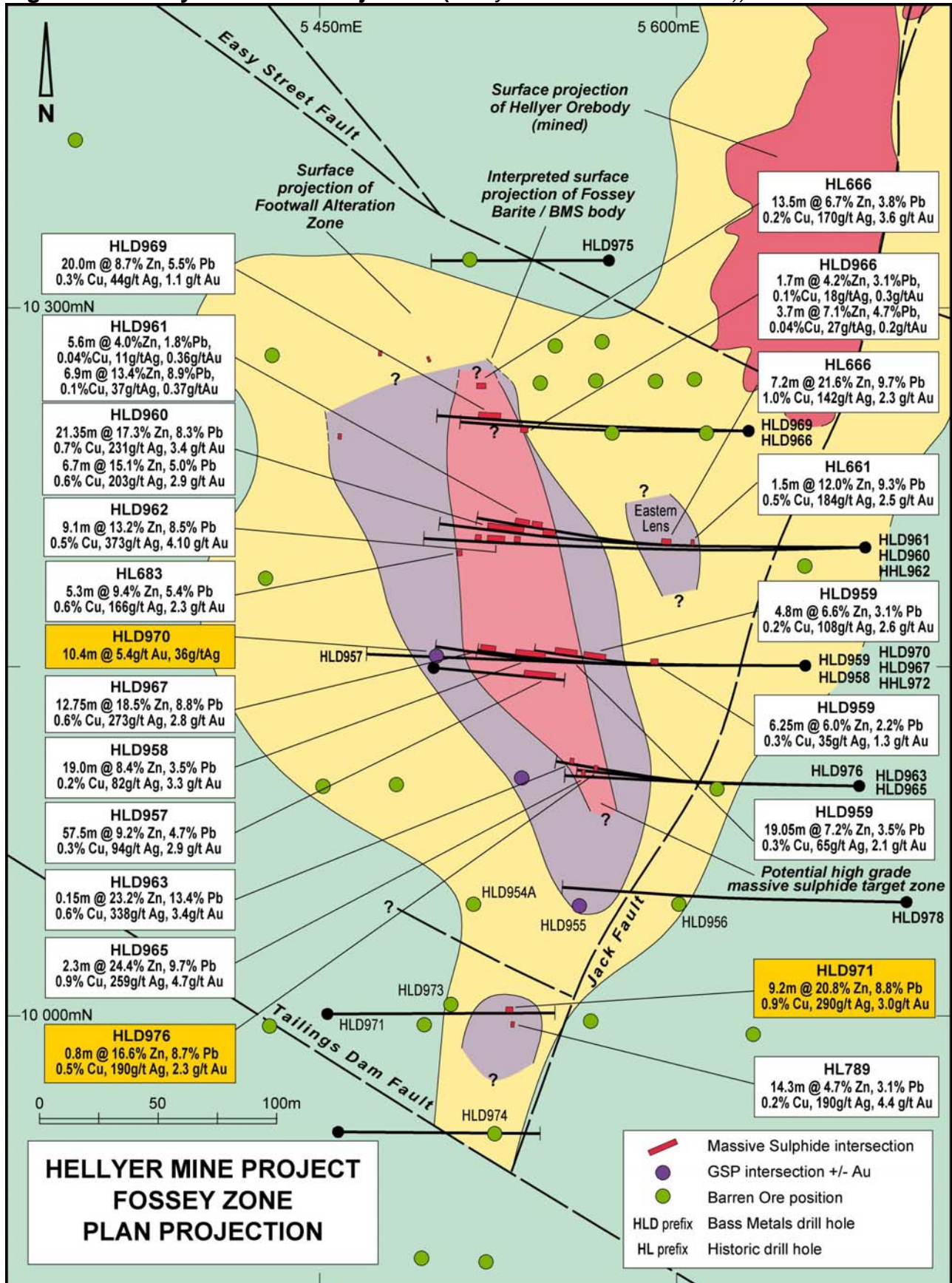
Yours Sincerely



Mike Rosenstreich  
*Managing Director*

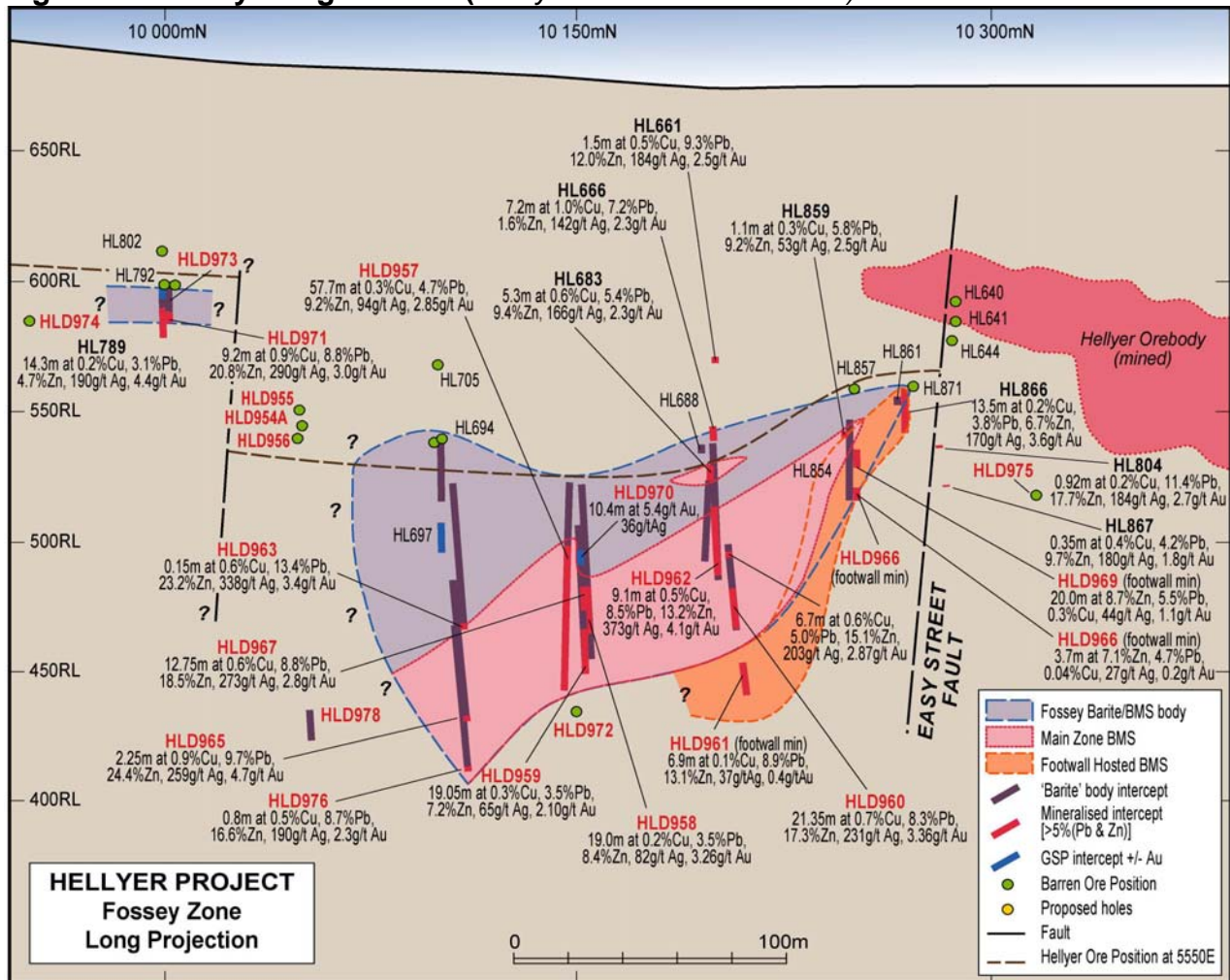
*The information within this report that relates to exploration results is based on information compiled by Mr Mike Rosenstreich who is a full time employee of the Company and is a Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience relevant to the styles of mineralisation 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 Plan Projection (assays at >5% Pb+Zn Cut-off)**



Note HLD970 gold intercept as at a 2 g/t Au assay 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

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

HOLE	COLLAR NORTH	COLLAR EAST	COLLAR RL	AZ (grid)	DIP	EOH	Comment
HLD970	10148	5653	679.80	270	-52	269.5	Reported
HLD971	10000	5455	676.62	90	-51	185.6	Reported
HLD972	10149	5654	679.24	270	-72	314.8	Reported
HLD973	10000	5454	676.60	90	-61	152.9	Reported
HLD974	9950	5447	679.06	90	-48	203.7	Reported
HLD975	10320	5578	672.5	90	-65	200.7	Reported
HLD976	10100	5678	683.7	270	-70	323.8	Reported
HLD977*	10250	5545	674.3	270	-65	185.8	No sig. mineralisation
HLD978*	10050	5704	688.7	270	-66	359.7m	No sig. mineralisation
HLD979*	10225	5616	674.3	270	-57	244.8m	Visible mineralisation
HLD980*	10225	5615	674.3	270	-51	239.7m	Minor visible mineralisation
HLD981*	10225	5617	674.3	270	-61	In prog	Visible mineralisation
HLD982*	10125	56778	682.6	270	-63	In prog	Not at target depth