

BASS METALS DELIVERS MAIDEN \$1.8M NET PROFIT UNDERPINNED BY STRONG PRODUCTION AT QUE RIVER

- **Net Profit After Tax for 2008 Financial Year of \$1.8 million, equating to earnings per share of 1.8 cents.**
- **Que River mining operation trend of consistently delivering higher-than-expected tonnes and grade expected to continue.**
- **Strong operating margins and hedging position, with total margin over costs after hedging gains of 52%.**

Emerging Perth-based base metals company, Bass Metals Ltd (ASX: **BSM**) has confirmed a positive financial and operational outlook for its Que River base metals project in northwest Tasmania, today announcing a maiden \$1.78 million net profit after tax for the 2008 financial year, underpinned by strong high-grade production from the Que River operation.

The result, which compared to an operating loss of \$1.3 million in the 2007 financial year, was based on mining of 43,827 tonnes of ore from Que River at a grade of 11.3% Zn, 6.1% Pb, 0.3% Cu, 162g/t Ag and 2.9g/t Au. Ore sales for the year comprised 37,965 tonnes at 11.9% Zn, 6.7% Pb, 0.4 % Cu, 161g/t Ag and 3.03g/t Au.

The Que River Mine generated a gross profit of \$2.2 million from ore sales revenue of \$9.4 million, excluding gains from derivatives. This translated into a Net Profit After Tax for Bass Metals of \$1.8 million, equating to basic earnings of 1.8 cents per share.

Managing Director of Bass Metals, Mr Mike Rosenstreich, said it was a strong result in a relatively difficult operating environment.

“This maiden profit result for Bass Metals is a terrific outcome, with our moderately scaled – but very high grade – Que River operation generating positive cashflow to fund ongoing exploration,” he said. “This was a strong performance by the Company in light of the recent cost increases and weakness in metals prices. It highlights the outstanding growth potential for Bass Metals once we crank-up the bigger scale Hellyer/Fossey project.”

Mr Rosenstreich said ore grades being recovered from Que River were significantly higher than expected.

“For the first three months of the 2009 financial year we have mined and delivered ore with grades in excess of 30% combined zinc and lead, with strong silver and gold credits. The Que River Mine - particularly the PQ pit - is currently generating twice as much ore as we predicted at significantly higher grades, and this trend is expected to continue,” he commented.

Ore sales for the year averaged \$247/t ore sold, at an operating cost of \$188/t, resulting in an operating margin of 31% over costs. The net gain from derivative financial instruments was \$1.4 million, equating to \$38 per tonne of ore sold giving a total margin over costs after hedging gains of 52%.

During the year, Bass Metals committed \$3.3 million to exploration. Highlights of the Company’s exploration programme included the discovery and drill out of the high-grade polymetallic ‘Fossey Zone’ where an initial resource estimate is expected in late September 2008. In addition, a maiden resource estimate was delivered

for the Hellyer Project (Indicated and Inferred) of 748,000 tonnes grading 7% zinc, 4% lead, 0.3% Cu, 87g/t silver and 1.3g/t gold; and a number of new exploration targets were generated, including the Heazlewood Nickel prospect.

At the end of the financial year, the Company had a working capital position of \$7.3 million, including cash and cash equivalents of \$4.4 million. Net assets totalled \$22.3 million, or 21.5 cents per share.

“Bass Metals is in a strong financial position, with high-grade production funding a very exciting exploration programme,” Mr Rosenstreich said. “While the Company’s share price currently represents a major discount to our net asset position, we hope that our move to becoming self-funding and the growth in our underlying asset base will soon bring value back to our share price.”

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Released by:
Nicholas Read / Kate Bell
Read Corporate
Telephone: (08) 9388-1474

On behalf of:
Mr Mike Rosenstreich
Managing Director
Bass Metals Ltd
Telephone: (+61-8) 9322 8044
Website: www.bassmetals.com