

BASS METALS LAUNCHES HELLYER MINE PROJECT INITIATIVE FOLLOWING QUE RIVER

- **Major new exploration initiative targeting new high-grade copper and zinc targets surrounding the historic Hellyer Mine.**
- **Targeting rapid build-up in Bass Metals resource inventory in light of recent commencement of trial mining at nearby Que River Project.**
- **Full-scale open pit mining scheduled to commence at Que River as soon as practical subject to completion of the trial mining program.**

Gold and base metals company Bass Metals Ltd (ASX: **BSM**) today announced a major new exploration initiative targeting newly identified high-grade copper and zinc targets surrounding the world-class Hellyer Mine in north-west Tasmania designed to rapidly build its resource inventory following the recent commencement of trial mining at its 100%-owned Que River Project.

The program – to be called the **Hellyer Mine Project** (HMP) initiative – will see Bass Metals allocate significant resources to follow up on a number of exciting targets remaining from the former Hellyer mining operation (Western Metals/Aberfoyle). Hellyer is a world-class scale deposit with a published pre-mining Mineral Resource of 16.9 million tonnes grading 13.8% zinc, 7.2% lead, 0.4% copper, 167g/t silver and 2.5g/t gold. It was mined between 1986 and 2000 as a major underground mine.

Bass Metals' Managing Director, Mr Mike Rosenstreich, said the HMP initiative represented a strategic exploration commitment designed to achieve a rapid build-up in the Company's broader inventory of base metal and copper-gold resources in light of its forthcoming move into production at the nearby Que River Project.

Earlier this week, the Company announced that, in association with its mining alliance partner, Mancala Mining Pty Ltd, it had commenced trial mining at Que River, another former high-grade base metals operation in the region. The alliance will initially excavate, crush and haul a bulk sample of approximately 2,500 tonnes grading 16.5% zinc, 7% lead and 2oz/tonne of silver 4km to the Hellyer Mill for a test processing trial.

Bass Metals has signed an Ore Sales Letter of Intent with the joint venture operating the Hellyer Mill; Intec Ltd (the Company's major shareholder) and Polymetals Group. Full-scale open pit mining at Que River is scheduled to commence as soon as possible subject to successful completion of the trial mining program and receipt of Tasmanian Government approvals expected in late February.

Mr Rosenstreich said the forthcoming establishment of a mining and production operation at Que River and the commencement of early cash flow would enable the Company to significantly step up its near-mine exploration efforts in the region.

"The HMP represents a substantial undertaking in terms of people and funding, which we have, to date, largely deferred in favour of the higher priority development of the more accessible Que River mining operation," Mr Rosenstreich commented. "We have already identified several exciting new targets and potential resources within the HMP which could significantly boost the Company's base metal resource inventory and ultimately its production profile."

Targets identified to date in the immediate vicinity of the deposit and underground workings at Hellyer include the "Southern Feeder Zone" high-grade copper target, the "Central Feeder Zone" copper-lead-zinc-silver target and the "Southern Barite Lens" zinc-gold-barite target. In addition, there is significant remnant

resource potential at Hellyer estimated at approximately 0.6-0.7 million tonnes at 8% zinc, 5% lead, 108g/t silver and 2g/t gold.

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Profile – Bass Metals Ltd

Bass Metals Ltd (ASX: BSM) is a diversified Australian base metals and gold company focused on the world-class Mount Read Volcanic (MRV) mineral belt of Tasmania, and backed by alliances with zinc producer Zinifex Limited and TSX-V listed Geoinformatics Exploration Ltd. Bass Metals' business model is premised on the development of a 'pipeline' of production, near-production and exploration assets in this prolific mineral belt, with strong leverage to a substantial new discovery through its regional exploration alliance with Zinifex.

The Company's immediate focus is the commencement of production during the first half of 2007 from the 100%-owned Que River base metals project in north-west Tasmania. Bass Metals has already commenced a trial mining program at this project with mining alliance partner Mancala Pty Ltd. Ongoing drilling at this comparatively small but very high-grade project has indicated substantial potential to define further high-grade reserves, from the current resource which comprises over 500,000 tonnes with grades of up to 25% zinc, 10% lead, 13oz/t silver and 11g/t gold.

The project is underpinned by an off-take agreement with the Intec Ltd - Polymetals JV, which is operating the Hellyer Zinc Concentrate Project located 4km north of Que River. Preliminary financial modelling indicates production from the current Que River resource will return a cash surplus of between approximately 12 to \$17 million subject to zinc price.

The niche Que River development will underpin Bass Metals' imminent transition to producer status and provide the financial capability to accelerate exploration and development activities elsewhere within its high-quality portfolio.

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