



Bass Metals bolstered

Prospects of Hellyer deal drive up shares by 10pc

By PETER GOSNELL

BASS Metals shares jumped 10 per cent last week as investors bet a critical ore sales agreement with the owners of the Hellyer processing mill on Tasmania's west coast is about to be locked in.

Bass Metals managing director Michael Rosenstreich said negotiations between the parties over the ore sales agreement were close to being finalised and he is travelling from his base in Perth to Tasmania next week for more meetings.

Investor interest in Bass is coming from a share market flush with funds from the mineral resources boom and Tasmania is acknowledged as a world-class address for mineral exploration and mining.

Alongside juniors like Bass are mineral behemoths like Zinifex, which is spending \$19 million to extend the life of its Rosebery mine to 2018.

Some of that money is finding its way into the pockets of juniors like Bass through the Hellyer Exploration Alliance.

Zinifex also reached agreement with Trafford Resources in February to explore their Wilcherry Hill project for zinc, lead and silver.

Bass has about \$5 million in cash but also has aggressive plans involving running four diamond drill rigs simul-

taneously, a strategy which burns cash.

Selling ore to the Hellyer will take the pressure off Rosenstreich and chairman Don Boyer who have ambitious plans. Simply put, they are looking for another Hellyer, Roseberry or Mt Lyell.

To do this they know they have to drill and their rigs are boring into various targets along the Mt Read volcanics

belt in search of a company-transforming deposit.

The potential of the region is undoubted and Rosenstreich's exploration team has already had some encouraging results.

Journalists on site were shown a piece of drill core from the Bond Range prospect which was laced with visible lead metal. The sample of 0.7m graded 21 per cent lead.

There are also gold and copper targets but the exploration activities will place a heavy drain. That's why securing the ore sale agreement is vital for Bass and why Rosenstreich was tight-lipped when questioned.

A letter of intent was signed by the parties in January but there are several factors complicating the talks.

One is that the ore Bass is proposing to supply to the Hellyer mill is different to that being dredged out of the Hellyer tailings dam and run through the mill by operator Polymetals Group, in a joint

venture with Intec.

The results of processing trials using a mix of ore sourced from Bass's Cue River mine project with tailings dredged from the Hellyer tailings dam have the partners assessing whether it might be better served installing a small crusher and a lead flotation circuit.

This would enable lead from the Cue River ore to be removed before its blended with the Hellyer tailings.

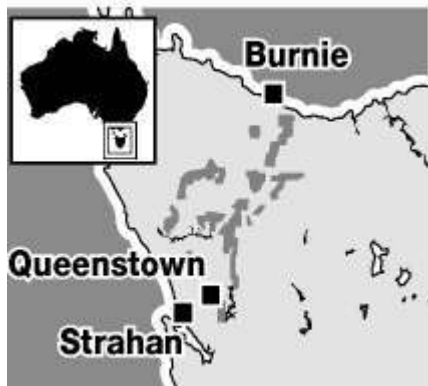
The subsequent mix would enhance the Hellyer tailings recovery curve.

Polymetals general manager Andrew Platts said the capital expenditure on such a mill upgrade would be around \$800,000. The other issue relates to the entwined interests of the parties.

As well as being 50 per cent owner of the mill, Intec owns approximately 23.5 per cent of Bass Metals shares.

The issue has the potential to strain relations between Polymetals and its partner but Polymetals founder and general manager David Sproule disagrees.

"From our point of view it's advantageous because it's in Intec's interest to maximise its return from the joint venture. And, if we can mill Bass material through the Hellyer mill that makes a lot of sense," he said.



Braving the elements . . . a map of Bass Metals' explorations in Tasmania, one of the most diverse mineral areas in the world



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Opportunity knocks . . .
(from top to bottom)
Strahan on the west coast of Tasmania, managing director Michael Rosenstreich and the rugged countryside