

1 July 2008

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

Dear Sir

High grade drill 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 HLD967 intersected **12.75 metres at 18.5% zinc, 8.8% lead, 0.6% copper, 273 g/t silver and 2.83 g/t gold** from 243.1 metres downhole.
- Other positive assay results include:
 - HLD963 – **0.15 metres at 23.2% zinc, 13.4% lead, 338 g/t silver and 3.4 g/t gold;**
 - HLD965 – **1.7 metres at 6.9% zinc, 3.3% lead, 64 g/t silver and 2.9 g/t gold and 2.25 metres at 24.4% zinc, 9.7% lead, 0.9% copper 259 g/t silver and 4.7 g/t gold.**
- These intersections suggest the Fossey polymetallic (*base & precious metals*) mineralisation has a strike length now exceeding 170 metres.

Introduction

The Fossey Zone is an unmined zone of high grade polymetallic mineralisation comprising base and precious metals, generally occurring 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

Since the arrival of a second diamond core drill rig at the Fossey Zone in early May 2008 drilling has progressed with two objectives;

- a. drill out in detail the central Fossey area with the aim of an early mining start; and,
- b. test for the northern and southern extents of the Fossey Zone mineralisation.

This report presents new assay results for three diamond drill holes and geological assessments of mineralisation for several others. This is summarised in Figures 1 and 2; a schematic Fossey Zone Plan Projection and Long Projection respectively.

The assays are summarised in Table 1 and a general drill hole status update is provided in Table 2 presented below.

Table 1: Recent Fossey Assay Results

From (m)	To (m)	Drilled Interval (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
HLD963 (at a 5% (Pb+Zn) cutoff)							
251.05	251.20	0.15	23.2	13.4	0.6	338	3.38
Which includes significant gold-silver intercepts (at a 1 g/t Au cutoff)							
190.50	194.50	4.00	0.3	0.1	0.01	25	1.19
229.00	245.00	16.00	0.5	0.1	0.01	28	1.78
HLD965 (at a 5% (Pb+Zn) cutoff)							
216.40	218.10	1.70	6.9	3.3	0.4	64	2.89
271.40	273.65	2.25	24.4	9.7	0.9	259	4.67
Lower interval within a significant gold-silver intercept (at a 1 g/t Au cutoff)							
247.10	273.65	26.55	2.7	1.0	.09	70	1.96
HLD967 (at a 5% (Pb+Zn) cutoff)							
236.05	248.80	12.75	18.5	8.8	0.6	273	2.83
Within an interval defined at a 1% (Pb+Zn) cutoff							
229.50	250.50	21.00	11.7	5.5	0.4	193	2.12

Table 2: Recent Fossey drill hole details and update

HOLE	NORTH	EAST	RL	Az	Dip	EOH	Status/Comment
HLD962	10,200	5,689	680.7	270	-49	293.80	Reported
HLD963	10,100	5,674	683.8	270	-62	272.50	Reported
HLD964	10,100	5,675	683.8	270	-66	89.00	abandoned
HLD965	10,100	5,676	683.7	270	-68	299.70	Reported
HLD966	10,250	5,631	675.4	270	-58	258.10	mineralised-assays pending
HLD967	10,150	5,653	679.7	270	-58	275.70	Reported
HLD968	10,250	5,629	675.5	270	-53	20.40	abandoned
HLD969	10,250	5,628	675.4	270	-52	281.70	mineralised-assays pending
HLD970	10,150	5,653	679.8	270	-52	269.50	unmineralised-assays pending
HLD971	10,000	5,455	676.6	90	-51	185.60	mineralised-assays pending
HLD972	10,150	5,654	679.2	270	-72	314.80	unmineralised-assays pending
HLD973	10,000	5,454	676.6	90	-61	152.00	unmineralised-assays pending
HLD974	9,950	5,447	679.1	90	-48	203.70	in progress

Fossey-central

In the central Fossey area further detailed drilling on section 10,150mN confirmed high grade polymetallic mineralisation in HLD967 extending “up-dip” from HLD958 as presented in **Figure 3** and summarised in **Table 1**. The main intercept comprises:

- **12.75 metres at 18.5% zinc, 8.8% lead, 0.6% copper, 273 g/t silver and 2.83 g/t gold from 243.1 metres downhole.**

Higher in the drill hole there are also several zones of gold and silver mineralisation within the massive barite, including:

- **24.5 metres at 1.82 g/t gold and 36 g/t silver from 192 metres downhole.**

Drill holes HLD970 and HLD972, also on drill line 10,150mN tested for further up and down dip extensions of the known high grade mineralisation. HLD970 intersected 20 metres of massive barite and glassy silica pyrite (GSP). No visible base metal sulphides were logged in this interval, but by analogy with other GSP intercepts it may contain significant gold mineralisation. Similarly, HLD972 appears to define the base of the massive sulphide hosted polymetallic mineralisation intersected in drill holes HLD957 and 959.

Fossey south

Fifty metres to the south of HLD967 on drill line 10,100mN, HLD963 and HLD965 successfully extended along strike massive sulphide hosted mineralisation – **refer Figure 4** and Table 1. Significant intercepts include narrow, very high grade polymetallic intercepts focused on the eastern and western margins of the massive barite zone. HLD 963 intersected nearly 70 metres of massive barite, which includes several “high” gold and silver intervals, before intersecting a narrow, but very high grade interval of polymetallic mineralisation:

- **0.15 metres at 23.2% zinc, 13.4% lead, 0.6% copper, 338 g/t silver and 3.38 g/t gold from 251.05 metres downhole.**

Approximately 25 metres down dip, drill hole HLD965 appears to intersect the same high grade zone with an assay intercept of:

- **2.25 metres at 24.4% zinc, 9.7% lead, 0.9% copper, 259 g/t silver and 4.7 g/t gold from 271.40 metres downhole.**

This occurs at the base of a 27 metre interval in massive barite which grades 1.96 g/t gold and 70 g/t silver. A drill hole is underway to test beneath HLD965.

A further 100 metres south on drill line 10,000mN, drill hole HLD971 intersected a 15 metre interval of massive barite including approximately 5 metres of massive high grade base metal sulphide mineralisation for which assays are pending. A follow-up drill hole, HLD973 testing to the west of the HLD971 intercept, did not intersect any obvious mineralisation. The Company's geologists consider there is still potential for the mineralisation intersected on 10,000mN to extend north, possibly to 10,100mN.

Fossey – north

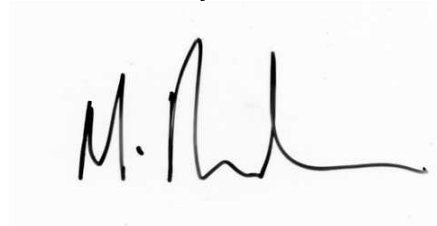
In the northern part of the Fossey Zone – three drill holes were completed on drill line 10,250mN to test for further northward extensions of high grade polymetallic mineralisation intersected on 10,200mN (*such as HLD960 with 21.4 metres at 17.3% zinc, 8.3% lead, 0.7% copper 231 g/t silver and 3.4 g/t gold*). Geological indications are encouraging with both drill holes intersecting visible massive and stringer style base metal sulphide mineralisation over approximately 10 metre downhole intervals. Assays are pending but the intercepts are considered to correlate with a historic intercept of 13.5 metres at 6.7% zinc, 3.8% lead, 0.2% copper, 170 g/t silver and 3.6 g/t gold which occurs 20 metres to the north and is included as part of the interpreted Fossey Zone.

Conclusion

Results received from BSM's drilling to date 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. The extensional drilling to the north and south has “boldly” stepped out and continued to intersect zones of potentially economic mineralisation. The mineralisation appears to plunge to the south and also be disrupted by easterly trending late faults. Continued drilling in these areas is planned to resolve the potential extensions and geometrical issues being highlighted by the current results before a Mineral Resource estimate is undertaken.

The Company, in a difficult market environment, is on track and performing well across all of its current activities; mining high grade polymetallic (Cu, Pb, Zn, Ag & Au) ore at its Que River Mine, feasibility study activities at its Hellyer Mine project and early stage exploration on its large regional ground position, which will shortly include a third drill rig on Bass Metals' tenements when OZ Minerals Ltd (formerly Zinifex) commence drilling on the special project joint venture areas. 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)

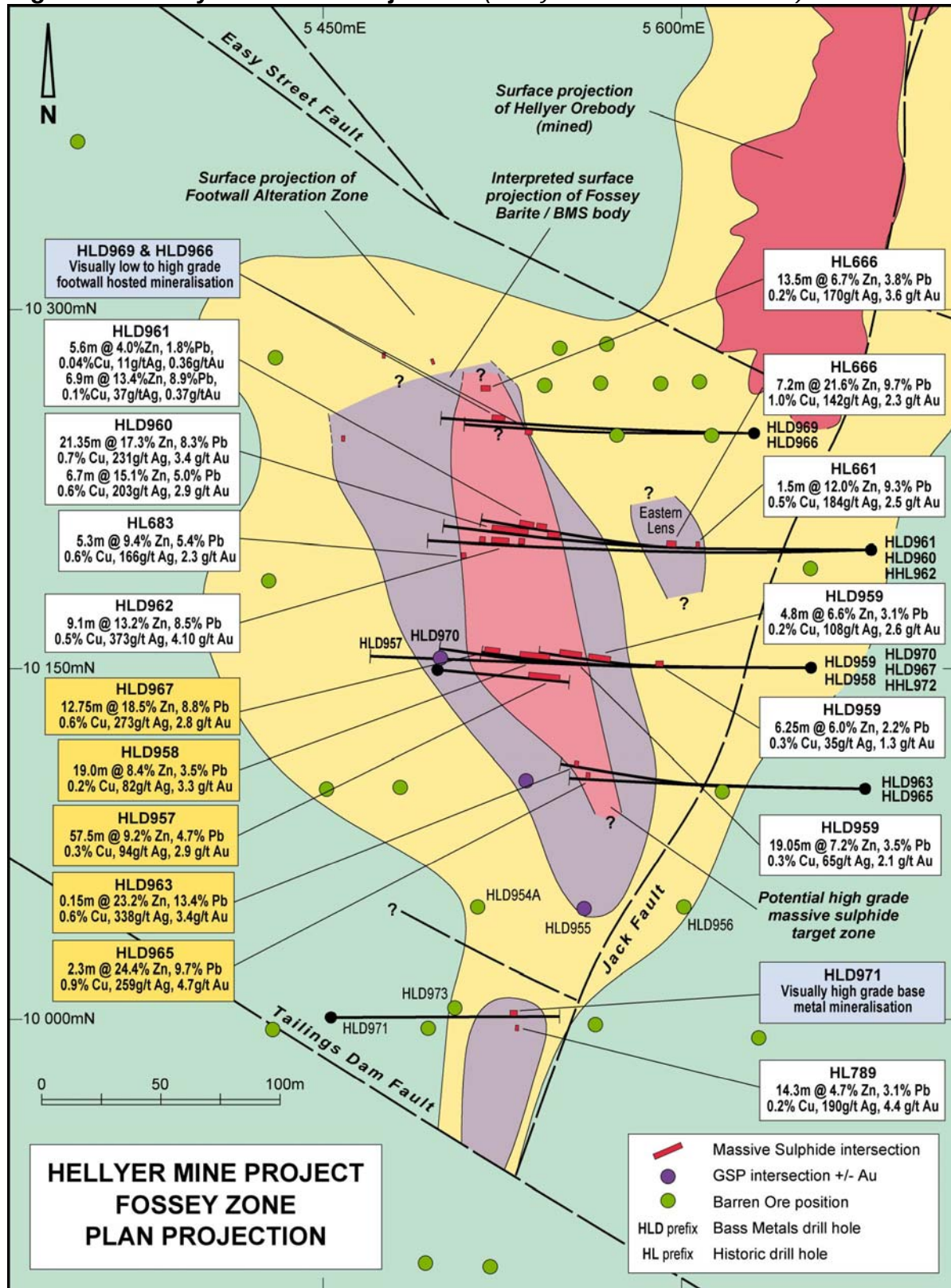
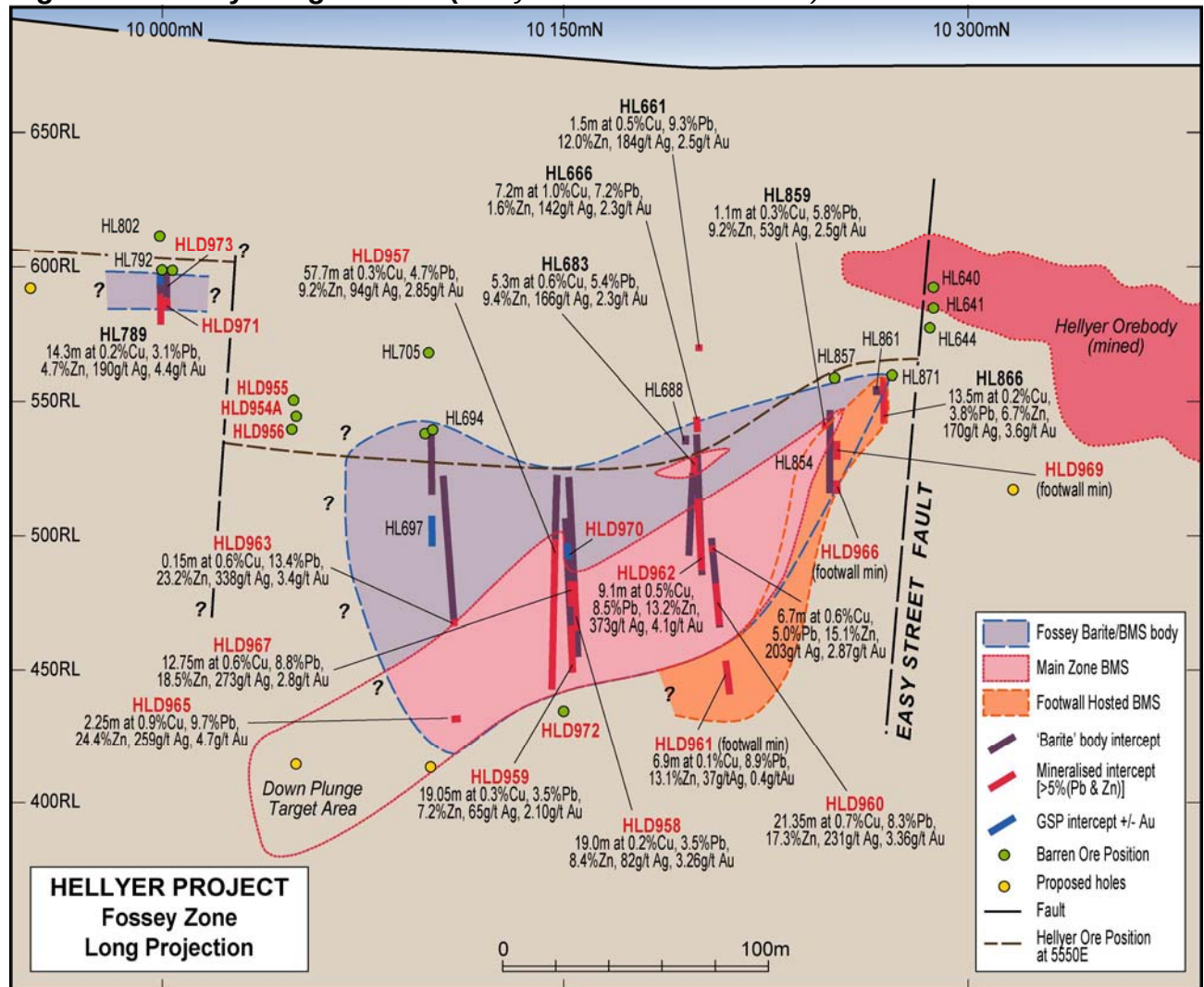


Figure 2: Fossey Long Section (assays at >5% Pb+Zn Cut-off)



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

Figure 3: Schematic Drill Section – 10,150mN

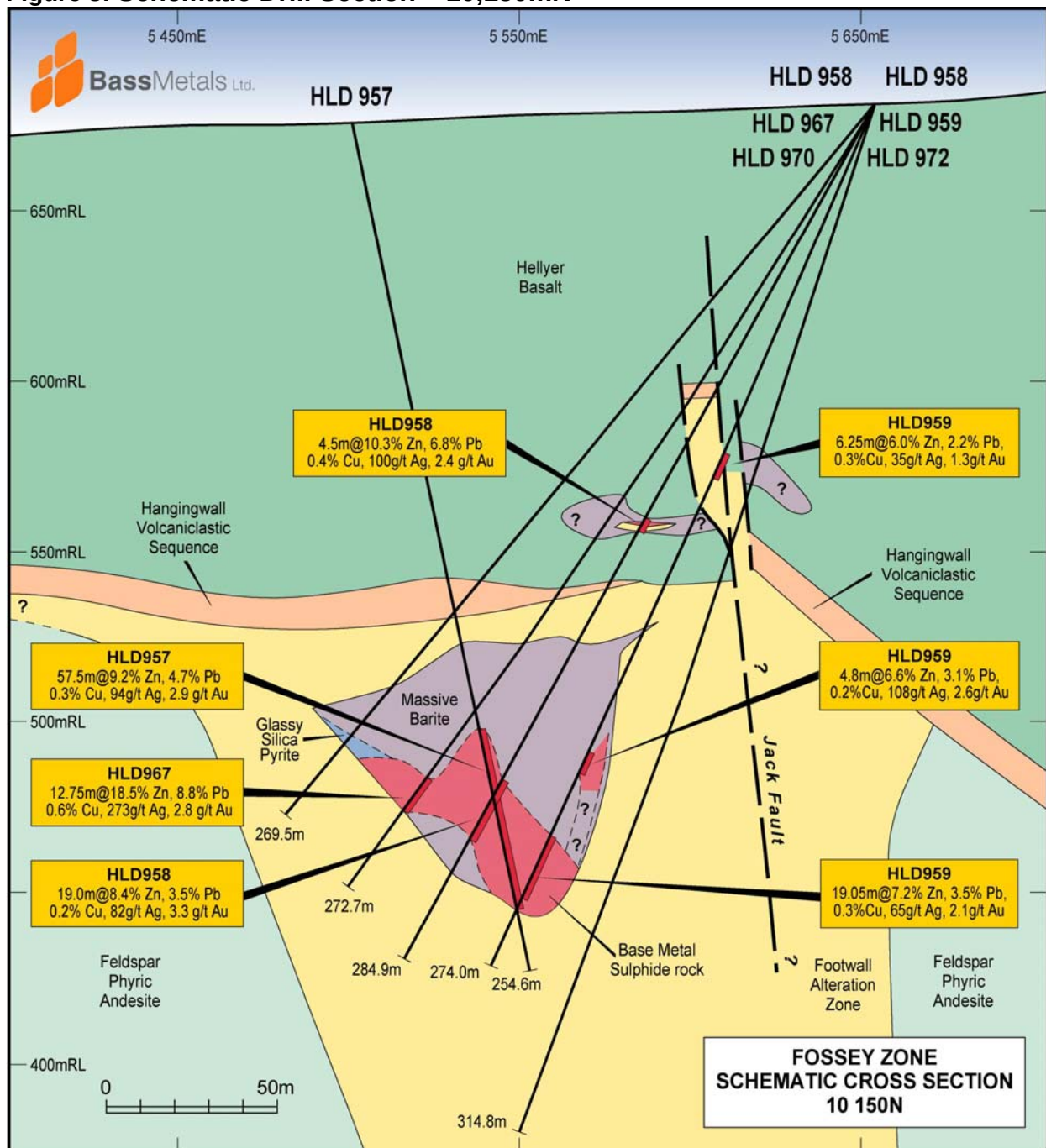


Figure 4: Schematic Drill Section – 10,100mN

