

ASX Announcement



14th April 2011

Bass Metals Announces Institutional Placement to raise \$10 million to Progress Mine Life Growth Projects

HIGHLIGHTS:

- \$10 million placement closed significantly oversubscribed.
- Follows last week's announcement of \$7 million increase to RMB Resources' debt facilities.
- Funding to support important near-term mine life growth projects.
- Institutional presence demonstrates recognition of scale-up in production status and potential.

The Board of **Bass Metals Ltd (ASX:BSM)** ("**Bass**" or "**the Company**") is pleased to announce the raising of approximately \$10 million through the placement of 27,027,027 shares at \$0.37 each ("**the Placement**"). The Placement was made predominantly to new Asian based institutional investors. The Placement closed significantly oversubscribed with Helmsec Global Capital Limited ("**Helmsec**") as worldwide exclusive lead manager.

Funds raised from the issue are planned to be used for:

- Exploration (c. \$6.3 million)
- Gold & Tailings Study (c. \$1.5 million)
- Working Capital (c. \$2.2 million, less costs of the issue)

In conjunction with the \$7 million increase to the RMB Resources debt facilities announced on 4th April 2011, this Placement is planned to ensure that Bass has:

- adequate funds to advance its near-term growth plans through exploration and feasibility studies on existing resources;
- the financial capacity to manage the current mine development and process flow sheet as it completes the ramp-up of the Hellyer Mine project; and,
- a substantial institutional presence on its share register to support any further growth initiatives.

The Placement is structured in two tranches as follows:

- Tranche 1 – 10 million shares being placed under the Company's existing 15% limit; and,
- Tranche 2 – for the issue of a further 17 million shares which is subject to shareholder approval planned for late May 2011.

Settlement of Tranche 1 of the Placement is scheduled for Thursday 21 April 2011, with Tranche 1 Placement shares to commence trading on the ASX on Wednesday 27 April 2011. A Notice of Meeting seeking shareholder approval for Tranche 2 of the Placement will be sent to all shareholders as soon as possible.

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To effect the Placement, the Company has entered into a Placement Agreement with Helmsec on terms that are customary for a placement structured in this manner (including the requirement to obtain shareholder approval and material adverse change related conditions not being triggered prior to Tranche 2 completing). The issue price of \$0.37 was based upon a 10% discount to the 30 trading day volume weighted average of \$0.41 and represents a 14% discount to the last closing price of \$0.43.

Managing Director, Mike Rosenstreich commented:

“The successful completion of this Placement leaves the Company in a strong financial position, and provides us with the financial flexibility to pursue an aggressive regional exploration program while continuing the ramp-up phase at the Hellyer mine.

We are pleased with the overwhelming response from investors, which is testament to Bass’ strong track record and the significant potential upside of its asset portfolio.

On behalf of the Board I would like to welcome our new resource-focused institutional shareholders to the Company, as we continue to build shareholder value and work toward our goal of becoming a successful, mid-tier producer.”

Contact

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About Bass Metals Ltd (ASX: BSM)

Bass Metals Ltd is a growth focussed Australian base and precious metal producer with a portfolio of high quality zinc, lead, copper, silver and gold assets in the rich Mt Read Volcanic belt in northwest Tasmania.

Listing in 2005, Bass has delivered operating profits for the past three years since 2008 based on its profitable base metals production hub at Que River in Tasmania.

The Company's larger transformational Hellyer Mine Project has commenced production from the Fossey deposit, discovered by Bass in September 2007. The planned ore treatment rate is 500,000 tonnes per annum (tpa), through the Hellyer Mill to produce 55,000 tpa of zinc concentrate, 27,000 tpa of lead concentrates and 5,000 tpa of copper-silver-gold concentrates. In January 2010, Bass signed a committed off-take contract with global multi-metals business, Nyrstar, for all zinc and lead concentrates produced from the Fossey mine.

The Company also has an active and successful exploration programme which has yielded new discoveries such as Fossey and new exploration targets through the use of new exploration techniques not previously applied in the district. The Company's has significant gold and polymetallic resources and is currently undertaking a feasibility study following positive scoping study outcomes indicating the potential to become a long-term, significant scale gold producer.

Bass has differentiated itself through successfully finding high grade polymetallic resources, strategically and incrementally building up its assets and production profile to now become an emerging mid-tier diversified mining business.