ASX / Media Release

5 June 2012

May Operations & Corporate Update

Bass Metals Ltd (ASX: BSM) is pleased to provide the following operational and corporate update on its overall strategy to re-establish Bass Metals as a successful and prospective resource company.

Hellyer Operations – NW Tasmania
At 31 May 2012 the Company's Hellyer operation in NW Tasmania had maintained its excellent safety record with 654 days lost-time-injury free.

Mining of ore at the Fossey underground mine were completed on 4 May in line with the work-out mine plan. The total tonnage recovered from the mine stopes and hauled to the Hellyer run-of-mine (ROM) stockpile for processing has significantly exceeded original forecasts due to improved mining recoveries than initially planned. Final reconciliation of tonnes and grades will be carried out on the completion of the current ore processing campaign.

Work to install a concrete plug in the Fossey decline has started and is due to be completed in late June, 2012. The concrete plug is an effective means to significantly reduce costs and risks associated with managing water flow from the Fossey mine workings when in care and maintenance mode and does not preclude re-entering the mine in the future. Back filling of the final stope voids will also be completed by early July 2012.

Processing of Campaign 9 ore through the Hellyer Plant commenced on 26 March, 2012. Plant availability has been excellent with few stoppages, contributing to good operating performance in terms of throughput and metallurgical recoveries. Processing performance against the work-out plan is excellent with approximately 132,000 tonnes of ore processed as at 31 May at an estimated average head grade of 9.3% zinc and 4.5% lead (with silver, copper and gold credits) which in terms of tonnage is 30% ahead of the Campaign 9 budget of 101,151 tonnes of ore with grades currently at budget. Estimates of processing costs continue to track below the budget forecast of $30 per tonne of ore processed. A metallurgical reconciliation will be finalised on completion of the current ore processing campaign and trucking of all metal concentrates to Burnie Port, anticipated by late June, 2012.

The entire ROM stockpile had been crushed by the end of May and approximately 18,000 tonnes of ore remains on the crushed ore stockpile for processing. Processing of ore and reclaim material is planned to be completed in mid-June after which the Hellyer Plant will be shut down and placed on care and maintenance.

Financial Update
The Company is pleased to advise that its debt repayment plan is progressing to plan with further significant repayments made in late May. As a result current liabilities are estimated to be $10.9 million to RMB Australia Holdings Ltd and $4.7 million to other creditors (*previously $15.4 and $8.5 million respectively, 19 April 2012*). With the positive production trends reported above, the Company considers it is well positioned to meet and potentially exceed its previously stated plans to have reduced its overall debt position to approximately $10 million in mid-2012. This is before contributions from any planned asset realisations or additional financings.

Corporate Strategy Update
The Company's mining and processing operations are now almost complete and therefore the technical risk around the production of zinc, lead and copper-silver concentrates has reduced markedly. The remaining production is surplus to the original budget forecasts. The risk profile of the Company's cash flow forecasts is reducing as operational costs decline in line with activities and receipts are locked in with appropriate hedging as metal concentrates are delivered to the Port of Burnie.

Notwithstanding the improved outlook for operational cash flow, the Company is seeking additional funding through asset sales and/or new equity to erase the residual debt position and provide sufficient funds to re-start an aggressive exploration campaign. To this end the Company has had a significant level of inquiry from groups interested to acquire key assets such as the Hellyer Plant or discrete gold resources. Currently several groups are undertaking active due diligence including site visits. There is also keen interest in supporting the Company through refinancing and equity structures, which are also under consideration. At this stage these discussions are either highly conditional or are only preliminary negotiations and remain incomplete and therefore it is not appropriate to report further at this stage.

On the basis of the improved production performance, good interest in the Company's assets and the underlying exploration potential of the tenements the Board and management continue their efforts to successfully complete the restructuring of the business.

Competent Persons Statement

Mineral Resources & Exploration Results

The information within this report that relates to exploration results and Mineral Resource estimates is based on information compiled by Mr Michael Rosenstreich who is a full time employee of the Company and 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 (the JORC Code)" and he consents to the inclusion of this information in the form and context in which it appears in this report.

Ore Reserves

The information in this report that relates to the Fossey Ore Reserve estimates is based on information compiled by Mr Victor Rajasooriar who is a full time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Rajasooriar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves (the JORC Code)". Mr Rajasooriar consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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