

20 August 2008

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

Dear Sir

### **Iron, Tin & Tungsten - new Joint Venture**

Bass Metals Ltd (ASX:BSM) is pleased to report a new Joint Venture covering its iron, tin and tungsten prospects with Venture Minerals Limited (ASX:VMS), with Pioneer Nickel Ltd (ASX:PIO) retaining a 2% Net Smelter Royalty.

#### **Highlights**

- Venture Minerals to expand its Mt Lindsay Magnetite-Tin project over BSM's Heazlewood and Whyte River tenements through a farm-out Joint Venture.
- The farm-out covers only the iron (Fe), tin (Sn) and tungsten (W) rights with VMS required to pay BSM \$50,000 and spend \$650,000 within 3 years to earn 70% in any Fe-Sn-W projects.
- Rights to all commodities other than Fe, Sn and W are retained by BSM; BSM regards these tenements as prospective for nickel and gold.
- PIO retains its 2% Net Smelter Royalty on all commodities; part of the original joint venture with BSM.
- BSM is focussed on high grade polymetallic deposits such as it currently mines at Que River (copper- lead- zinc-gold silver) and is pleased to share the early stage exploration risk for Fe-Sn-W with a local aggressive explorer such as VMS.

#### **Introduction**

BSM and VMS have executed a binding Heads of Agreement that sets out the terms under which VMS has the right to earn up to 70% of any Fe, Sn or W projects that VMS generates on BSM's Heazlewood and Whyte River tenements (refer Figure 1).

VMS considers the Heazlewood (EL31/2003) and Whyte River (EL36/2003) exploration licences are prospective for magnetite skarn type mineralisation. At Heazlewood the same geological sequence that hosts significant magnetite-tin-tungsten mineralisation at VMS's Mt Lindsay Project occurs in the south of the tenement, with a strong magnetic signature. The Whyte River licence contains the Rocky River group which also hosts the Savage River Magnetite Mine located approximately 10km to the north.

BSM's work on these licences, particularly the Heazlewood licence has focussed on nickel and gold, consistent with its strategy of exploring and developing high grade base and precious metals deposits. The Heazlewood licence hosts several promising nickel targets which BSM plans to drill test this spring which are not part of the joint venture.

Indeed, the Company is very pleased to farm-out the Fe, Sn and W rights on these tenements to a group clearly focussed on these commodities in this region.

### ***New Joint Venture***

VMS has the right to earn 70% of the Fe, Sn and W rights only for EL31/2003 and EL36/2003 from BSM under the following terms;

- VMS to pay \$50,000 cash to BSM upon signing the Heads of Agreement;
- VMS to spend \$650,000 on exploration within 3 years to earn 70% of the Fe, Sn and W;
- a minimum exploration spend of \$155,000 before VMS is entitled to withdraw from the Joint Venture;
- VMS is solely responsible for maintaining the licences in good standing with the State Government;
- upon VMS earning 70% of the Fe-Sn-W rights, BSM may elect to either contribute or dilute further to 10% free carried interest up to the commencement of mining operations; and,
- Pioneer Nickel Limited through a previous joint venture agreement with BSM has consented to this transaction and retains a 2% Net Smelter Royalty interest in both tenements.

### ***Conclusion***

This transaction enables BSM to focus on its advanced base and precious metals projects whilst enabling an aggressive exploration Company, VMS, to develop the Fe-Sn-W potential of these tenements. The Board of BSM considers that during these times of scarce resources including capital, sharing earlier stage exploration risk is a sensible, pragmatic strategy and is pleased to have attracted a partner with a strong demonstrable commitment to the region and commodity group. BSM shareholders now have exposure to these commodities within a much larger scale project therefore increasing the potential for success.

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: Tenement Location Map showing tenements in the VMS Joint Venture**

