



5 July 2007

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

Dear Sir

THREE NICKEL IN SOIL ANOMALIES IDENTIFIED AT HEAZLEWOOD

Bass Metals Ltd (ASX:BSM) is pleased to provide the following exploration update on its Heazlewood Project in north-west Tasmania.

Highlights

- **Three nickel-cobalt-chrome in soil anomalies have been delineated over host ultramafic rocks prospective for sulphide nickel mineralisation**
- **Anomalies are defined at 3,000 ppm nickel contours with peak values ranging from 3,642 to 5,135 ppm (0.36 to 0.51%) nickel.**
- **The results confirm the highly prospective nature of this area for nickel sulphide mineralisation with follow-up soil sampling and geophysical work planned.**

Introduction

The Heazlewood Project is a joint venture between BSM (70%) and Pioneer Nickel Ltd (30%) [ASX:PIO], managed by BSM.

The exploration licence area covers a folded, layered sequence of ultramafic rock types considered prospective for nickel and platinum group metal (PGM) deposits. The prospectivity of the tenement is based:

- on numerous historic nickel and PGM occurrences and small workings;
- regional geological elements permissive for granite-related contact aureole style deposits such as the Avebury Nickel deposit being developed by Allegiance Mining NL.
- Recent modelling by BSM's exploration alliance partner, Geoinformatics Exploration Inc (TSX.V:GXL) indicating new mineralised targets based on favourable rock types and geological structures.

The Company has recently completed an extensive soil sampling programme covering interpreted and geochemical nickel-copper-PGM targets. The program represents the first systematic, tenement scale soil survey conducted in the area. The extent and density of the soil sampling is presented in Figure 1.

Results

Three areas of particular interest have been identified from the recent soil programme based on coincident nickel, cobalt and chrome anomalism and the structural-lithological setting. The anomalies named after three famous pioneering Tasmanian women; Eliza Wilson, Constance Stone and Salome Pitt comprise:

1. *Wilson* – Anomaly has an areal extent of 450m by 800m at a 3000ppm Ni contour (peak 5135ppm Ni) within an interpreted fold closure. The anomaly is considered open to the north-east.



2. *Stone* – Anomaly covers an area 350m by 400m (peak 4736ppm Ni) between historic workings (Fentons and 19 Mile Creek) over interpreted fold closure and adjacent to regional faults. The anomaly is considered open along strike both north and south.
3. *Pitt* – Anomaly has a narrow 50m by 400m extent (peak 3642ppm Ni) similar to local shear-hosted mineralisation. It is situated in a favourable structural position within an anticlinal fold closure in the area of the historic Lord Brassy Mine (Ni).

Generally, ultramafic rocks types are known to contain background levels of nickel in soil around 1200ppm to 2000ppm Ni. Anomalous levels of Co and Cr are coincident with the >1200ppm Ni in soil suggesting an ultramafic lithology dominated by an olivine cumulate regarded as a prospective host rock type.

Nickel anomalism at Heazlewood is defined by values above 2800ppm Ni within a zone of the layered ultramafic identified as olivine cumulate. This cut-off level is based on statistical analysis of the results for the soil dataset comprising 473 samples. Nickel values correspond well with anomalism of greater than 3000ppm adopted in other nickel provinces, such as Kambalda in Western Australia.

Also of interest are anomalous Pb and Zn results adjacent to the thrust fault contact in the Jones Creek area, and historic gold anomalism in rock chips in the area of Lord Brassy.

No significant PGM anomalism has been identified within the recent soil grid. This is in contrast with historic surface sampling, but may be explained by selective rock chip and soil sampling of chromitite zones and potential contamination from workings in the past.

Commentary

A review of historical exploration data and assay results from the recent Heazlewood soil geochemistry program has confirmed the presence of coincident nickel, chrome and cobalt anomalism in soils within a broader zone of prospective olivine cumulate lithologies. The high tenor of the nickel values, the position of the anomalies over favourable rock types, folded structures and related faults and the proximity to the Meredith granite provide significant encouragement on the prospectivity of these targets for nickel mineralisation.

The discovery target is a large scale zone of nickel mineralisation such as the Avebury Nickel deposit. It is located approximately 50km to the south of Heazlewood in similar ultramafic rocks associated with the Heemskirk granite intrusion. It comprises a published Mineral Resource of 12 million tonnes grading 1.1% nickel, with benign processing characteristics and is currently being developed by Allegiance Mining NL.

Follow-up work is underway to review all available regional geophysical data and to undertake further infill surface sampling. Subject to ongoing favourable results the Company would seek to test these prospects as soon as possible.

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: Summary geology plan showing outline of the coincident Ni-Co-Cr anomalies over prospective lithology and structures.

