

28 September 2012

RMB Facility Extension & Secured Creditor Standstill

Summary

- RMB Australia Holdings Limited (**RMBAH**) agrees to extend the date for repayment of its loan facility.
- Bass Metals Ltd (**Bass** or the **Company**) signs standstill agreement with its secured creditors.
- Marketing of the Hellyer plant and tailings project has recommenced.

The Directors greatly appreciate the support of the secured creditors in providing this extra time to advance alternative asset sale transactions in the wake of LionGold's repudiation and breach of the Share Sale Agreement.

RMB Facility Extension

On 28 June 2012, the Company executed an agreement with RMBAH to arrange a facility of up to \$6 million as a short term refinancing of then existing facilities (**Facility**). As announced on 9 July 2012, the Facility is repayable on 30 September 2012 (**Initial Repayment Date**), but is subject to an extension to 21 December 2012 at the request of the Company (subject to certain conditions precedent, including the issue of options to RMBAH). Bass drew down \$5 million of the Facility, which is the current outstanding amount.

RMBAH has agreed to extend the Initial Repayment Date from the 30 September 2012 to 30 November 2012. The extension is conditional on Bass completing a voluntary prepayment of \$0.7 million (to reduce the outstanding Facility amount to \$4.3 million) and the execution of a Standstill Agreement (outlined below) as well as various other conditions. There are no fees, payable in cash or equity, to RMBAH as part of this extension.

Standstill Agreement

Bass has reached agreement with its two secured creditors, RMBAH and Mancala Mining Pty Ltd, to forbear on taking any winding-up action or other enforcement action until the 30 November 2012. The Standstill Agreement is subject to Bass making a payment to Mancala of \$0.35 million to reduce its outstanding position to \$2.2 million and to a review of progress on the asset realisation process to the satisfaction of each secured creditor.

Creditor payments

The Company had originally anticipated being able to meet all of its creditor obligations and have substantial surplus funds on the settlement of the \$14.1 million LionGold transaction (which was due to settle in September 2012) and the receipt of current outstanding concentrate debtors over the period to 31 December 2012. Unfortunately due to LionGold's failure to settle, Bass is currently not in a position to complete its original creditor management plan. Having now stabilised the secured creditor position the Company will be writing to all of the 75 unsecured creditors who are owed a total of approximately \$3.6 million seeking their continued forbearance and support whilst Bass completes a new asset divestment transaction as their best means of repaying the balance of funds owed.

ASX / Media Release



Commentary

The Company has made significant cost cutting measures including reducing staff to a current total of 4 across its Perth and Hellyer sites, salary and office overhead reductions. It has reduced its overall debt position from approximately \$35 million in March 2012 to approximately \$10 million. Mr Mike Rosenstreich, Bass' Managing Director said "there has been a good level of renewed interest in the Bass assets and the Company is very grateful for the ongoing support of all its creditors and in particular its secured creditors who are clearly giving us every opportunity to get a positive outcome for all creditors and shareholders and are supportive of the continued litigation against LionGold."

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