

BASS METALS LTD

ABN 31 109 933 995

5 October 2006

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

Dear Sir

Re: SHALLOW HIGH GRADE DRILL RESULTS – QUE RIVER

Bass Metals Ltd is pleased to provide the following update on its drilling programme at Que River.

Key Points

- **Further test drilling of shallow mineralisation at S-Lens, PQ Central and P North returned positive results including:**
 - ✓ 11.6 metres at 1.2% copper, 5% zinc 1.6% lead and 38g/t silver from 22.6 metres downhole;
 - ✓ 4.9 metres at 2.1% copper 68 g/t silver and 1.1 g/t gold from 45.6 metres downhole;
 - ✓ 3.6 metres at 3.6% copper, 4.4% zinc, 3.6% lead and 66 g/t silver from 18.5 metres down hole; and,
 - ✓ 0.6 metres at 35% zinc, 14.1% lead, 100g/t silver and 4.2 g/t gold from 13 metres downhole as well as 1.4 metres 21.6% zinc, 7.4% lead 115g/t silver and 4.0 g/t gold from 16 metres.
 - ✓ 3.5 metres at 7.2% zinc, 4% lead and 35g/t silver from 29.6 metres downhole.
 - ✓ 5.7 metres at 13.9% zinc, 8% lead, 146g/t silver and 4.3 g/t Au from 10.3 metres downhole.
 - ✓ 5.0 metres at 8.3 g/t gold 264 g/t silver from 6.6 metres downhole.
- **These drill results:**
 - ✓ indicate likely shallow extensions to the current Mineral Resource at S-lens both to the north and south; and,
 - ✓ confirm interpreted pods of shallow mineralisation at PQ Central and P North with high lead-zinc-silver grades and unexpectedly high gold values.
- **The detailed stage 1 mine plan is progressing well despite delays due to inclusion of the very high grade PQ South mineralisation into the mine plan scope. Subject to the final outcome of the detailed mine plan, which includes finalising an ore-offtake contract and receipt of environmental approvals the Company is on track to commence mining operations late this year – early 2007.**

Que River Drill Results

Bass Metals Ltd in collaboration with mining group, Mancala Pty Ltd is in the final stages of an extensive programme of shallow diamond core drilling and trenching to test potential ore positions at S-Lens, PQ Lens and Nico, which may be included in the Que River Mine Plan.



Since diamond drilling re-commenced at S Lens at the beginning of July a total of 1,832 metres comprising 35 drill holes has been completed. Drilling initially focused on S Lens and then moved to testing interpreted remnants of PQ and P North lenses. The results reported below are for the last of the S-Lens drill holes and the first of the PQ holes testing shallow mineralisation to the north of the high grade PQ South remnant mineralised zones.

The assay results are summarised in Table 1 below and the drill hole co-ordinates are presented in Table 2 with hole positions depicted in Figures 1 and 2.

Table 1 Que River Drilling Results.

From (m)	To (m)	Drilled Interval (m)	True Width (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	Pb (%)
S-Lens South-central (Copper-Zinc Zone)								
QRD1243 (1% Cu / 5% Pb+Zn COG)								
22.60	34.20	11.60	8.0	1.2	5.0	38	0.4	1.6
<i>As well as the following intercepts to the west of the S-lens position</i>								
6.30	8.70	2.40	1.7	0.9	8.5	90	0.1	4.4
16.30	18.30	2.00	1.4	1.0	-	33	0.3	-
QRD1244 (1% Cu / 5% Pb+Zn COG)								
27.80	29.40	1.40	0.7	3.9	0.2	164	0.4	0.3
37.40	39.30	1.90	1.0	0.2	9.3	10	0.2	-
45.60	50.50	4.90	2.5	2.1	0.2	65	1.1	-
QRD1245 (1% Cu / 5% Pb+Zn COG)								
18.50	22.05	3.55	3.0	3.6	4.4	66	0.2	3.6
QRD1246 (1% Cu COG)								
12.00	13.00	1.00	0.7	2.1	-	33	0.5	-
S-Lens North (Zinc-Lead Zone)								
QRD1240 (Zn+Pb>5% COG)								
53.0	55.8	2.8	1.4	0.5	10.0	38	0.4	2.5
<i>As well as the following intercepts to the west of the S-lens position</i>								
36.80	37.80	1.00	0.6	0.2	5.4	26	0.4	1.5
43.80	44.80	1.00	0.6	-	5.3	12	0.3	1.6
47.70	48.95	1.25	0.7	-	4.0	16	0.2	1.0
QRD1242 (Zn+Pb>5% COG)								
42.80	47.00	4.20	2.30	0.3	5.5	40	0.4	5.0
QRD1251 (Zn+Pb>5% COG)								
29.60	33.10	3.50	3.0	0.6	7.2	35	n/a	4.0
<i>As well as the following intercepts to the west of the S-lens position</i>								
1.80	2.80	1.00	0.8	-	3.5	33	1.5	1.8
4.20	5.40	1.20	1.0	-	3.6	27	1.0	1.5
23.30	24.10	0.80	0.6	-	4.8	52	2.0	2.4
PQ Central								
QRD1247 (Zn+Pb>5% COG)								
13.00	13.60	0.60	0.5	1.0	35.0	100	4.2	14.1
16.00	17.40	1.40	1.1	1.5	21.6	115	4.0	7.4
QRD1248 (Zn+Pb>5% COG)								
16.00	16.20	0.2	0.10	0.3	20.0	200	3.9	7.3
QRD1249 & QRD1250 – No significant intercepts at Zn+Pb>5% COG								
P North								
QRD1252 (Zn+Pb>5% COG)								
10.30	16.00	5.70	4.3	0.4	13.9	146	4.3	8.0
QRD1254 (Zn+Pb>5% COG / 1.0 g/t Au)								
6.60	11.60	5.00	3.8	0.4	2.7	264	8.3	1.3

S-Lens South-central (copper-zinc zone)

S-Lens South typically has strong copper mineralisation and lead and zinc dominate at S-Lens North, whilst the central area has elements of both.



QRD1243 intersecting the upper portion of the Indicated Mineral Resource confirmed a wide zone of copper-zinc mineralisation in the S-Lens position with **11.6 metres grading 1.2% Cu, 5% Zn, 1.4% Pb and 38 g/t Ag** from 22.6 metres downhole. Several new mineralised zones were intersected to the west of the main S-Lens position which contained significant copper, zinc and silver mineralisation.

QRD1244 is a metallurgical sample hole drilled beneath QRD1243 and intersected **4.9 metres grading 2.1% Cu, 65g/t Ag and 1.1 g/t Au**, and confirmed the vertical continuity of the new western lenses.

QRD1245 drilled at the southern, uppermost limit of the current resource outline had a strong copper-zinc hit of **3.6 metres grading 3.6% Cu, 4.4% Zn, 3.6% Pb and 66 g/t Ag**. A narrow, 2.1% Cu intercept in QRD1246 drilled 50 metres south of QRD1245 provides geological support that the Mineral Resource is likely to extend south at these shallow potentially open pitable depths.

S-Lens North (zinc-lead zone)

Two holes were completed to test beyond the northern limit of the current S-Lens Mineral Resource, QRD1242 and 1240. These drill holes also indicate the potential for shallow resource extensions with hits of **2.8 metres at 10% Zn, 2.5% Pb and 38 g/t Ag** from 53 metres downhole and **4.2 metres at 5.5% Zn, 5% Pb and 40 g/t Ag** from 42.8 metres downhole. These results are consistent with results from nearby drill holes; QRD1239 and QRD1242 reported previously which also occur outside of the current Mineral Resource.

PQ Central

The PQ Lens is a major mineralised massive sulphide body which was the major ore source for the former Que River mining operation active in the 1980's. Bass Metals has identified and reported previously a very high grade (Zn-Pb-Ag-Au) remnant target at PQ South potentially accessible with a 65 metre deep open pit. The two PQ Central drill holes reported in Table 1, QRD1247 and 1248 were designed to test two historic high grade drill intercepts which may outline a new potentially economic mineralised pod within the conceptual PQ South open pit outline.

The historic intercepts were:

- **3.3 metres at 1.1% Cu, 24.6% Zn, 9.3% Pb 80 g/t Ag and 3.3 g/t Au** from 4.8 metres downhole (QR0066); and,
- **0.5 metre at 1.0% Cu, 26.4% Zn, 16.3% Pb 86 g/t Ag and 3.3 g/t Au** (QR0064) from 4.5 metres downhole. *Note the top of this zone is missing – core recovery only started at 4.5 metres depth.*

The Bass Metals' intercepts highlight the potential for 2 shallow high grade zones extending north from the historic intercepts as indicated by the new results below;

- **0.6 metres at 1.0% Cu, 35% Zn, 14.1% Pb 100 g/t Ag and 4.2 g/t Au** from 13 metres downhole and **1.4 metres at 1.5% Cu, 21.6% Zn, 7.4% Pb 115 g/t Ag and 4.0 g/t Au** from 16 metres downhole in QRD1247; and
- **0.2 metres at 20% Zn, 7.3% Pb, 200 g/t Ag and 3.9 g/t Au** from 16.0 metres downhole in QRD1248.

Drill holes QRD1249 and 1250, drilled south of QR0066 and QR0064 indicate that the structure pinches out to the south, though QRD1250 did intersect **0.2 metres at 12.4% Zn, 9.7% Pb and 120g/t Ag** which may warrant further follow-up for wider zones further south again.

P North

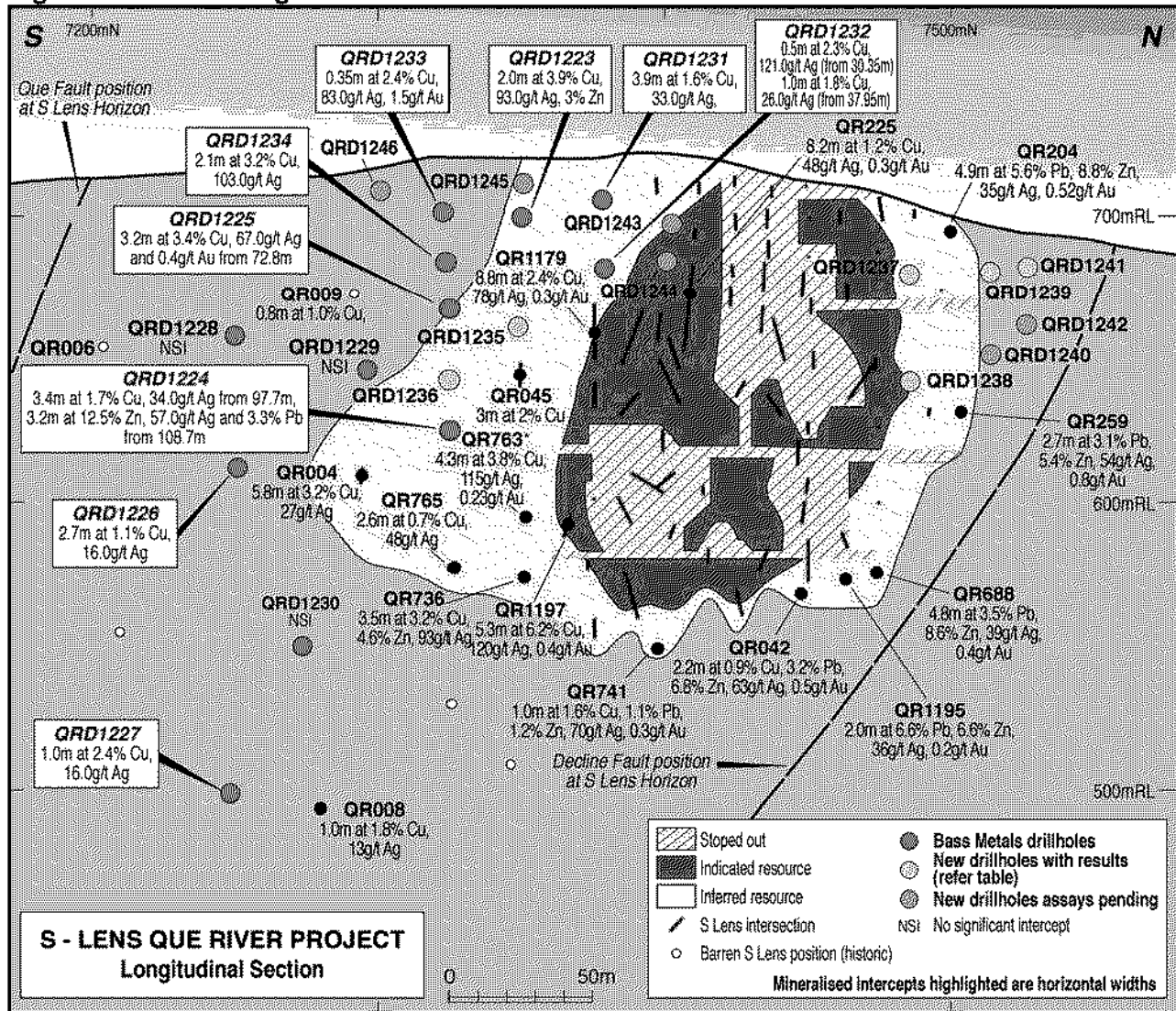
P North is a subsidiary lens immediately to the east of the northern end of the PQ Lens. Surface trenching highlighted the potential for a shallow pod of high grade mineralisation which has been confirmed by drill holes QRD1252 and 1254 with intercepts of:

- **5.7 metres at 13.9% Zn, 8.0 % Pb, 146 g/t Ag and 4.3 g/t Au**
- **5.0 metres at 8.3 g/t Au and 265 g/t Ag**



The very high gold values intersected through PQ Central and P North has been an unexpected positive surprise.

Figure 1: S-Lens Long Section



Que River Mine Plan

The Que River mine plan is close to being finalised and will be reported fully on completion. In the interim as a progress update;

- an updated Mineral Resource estimate and modified mine plan incorporating PQ South and S-Lens as a stage 1 mine plan is being finalised;
- metallurgical testwork on a variety of Que River ore types has been ongoing with encouraging results, this work is almost complete, though extra work has been initiated to examine separate recovery options for the high grade gold zones;
- the Development and Proposed Environmental Management Plan (DPEMP) is on track to be submitted to the local council on the 20 October for review and approval;
- ore off-take discussions are continuing with both Zinifex Limited and Intec Ltd operators of the Rosebery and Hellyer concentrator facilities respectively.

The incorporation of the PQ South and P North mineralisation into the mining plan has caused some minor delays, but given the potential very high grades at PQ south and ancillary mineralisation at PQ Central and P North it is important to include this zone into the mining plan scope. The mine plan envisages a minimum mining width of 0.5 metres horizontal which means that some of the narrower very high grade mineralised structures identified may well be included within the final mining plan. Key personnel involved in the project have significant experience with



selective mining in both open pit and underground mining operations and specifically with ore dilution control.

Overall the Company remains on track to commence mining activities late this year – early next year subject to approval of the DPEMP and finalisation of an ore off take agreement.

Commentary

These recent drill results are regarded as positive and supportive of the proposed initial shallow open pit mining operation. An encouraging aspect is the potential resource extensions at shallow levels indicated both north and south of S-Lens. The new parallel structures being identified by successive drill holes to the west of the main S-Lens position could also yield extra resource tonnes. Confirmation of interpreted pods of mineralisation at PQ central and P North, with attractive gold grades at very shallow levels is likely to contribute major enhancements to the mining plan. The development plan under detailed evaluation is for a modest scale high grade mining operation generating high operating margins for a period of 3 to 5 years.

The Que River Mine Alliance (QRMA) between Bass Metals Ltd (80%) and Mancala Pty Ltd (20%) is making excellent progress to complete the detailed mine plan for the Stage 1 mine development. The Stage 1 mine proposal incorporates shallow open pit mining of S-Lens North and an approximately 65 metre deep pit at PQ south. The Stage 2 mine proposal will source ore from the copper rich S-Lens South area, as well as from Nico Lens and other shallow target areas. The staged mine plan assists with building up the technical experience involved in establishing the mine operation as well as enabling the QRMA to achieve the best financial outcomes for the different (copper rich, zinc rich (high gold) zinc rich (low gold)) mineralisation styles identified.

Bass Metals is a highly active with 4 main initiatives currently underway:

- The continuing Que River drilling and production plans for late this year or early 2007;
- Hellyer alliance drilling on the Hellyer Mine Lease testing new targets for large scale high grade base metal deposits such as Hellyer
- Mt Charter Mineral Resource and metallurgical programme; and,
- On going regional work such as definition of drill targets at the North Rosebery project, 4km north of Zinifex's world class Rosebery base metal mine.

On behalf of the Directors and exploration team I look forward to reporting on the progress of these exciting initiatives.

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 a member of The Australasian Institute of Mining and Metallurgy. Mr Rosenstreich has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 2: Que River summary location plan highlighting current drilling areas

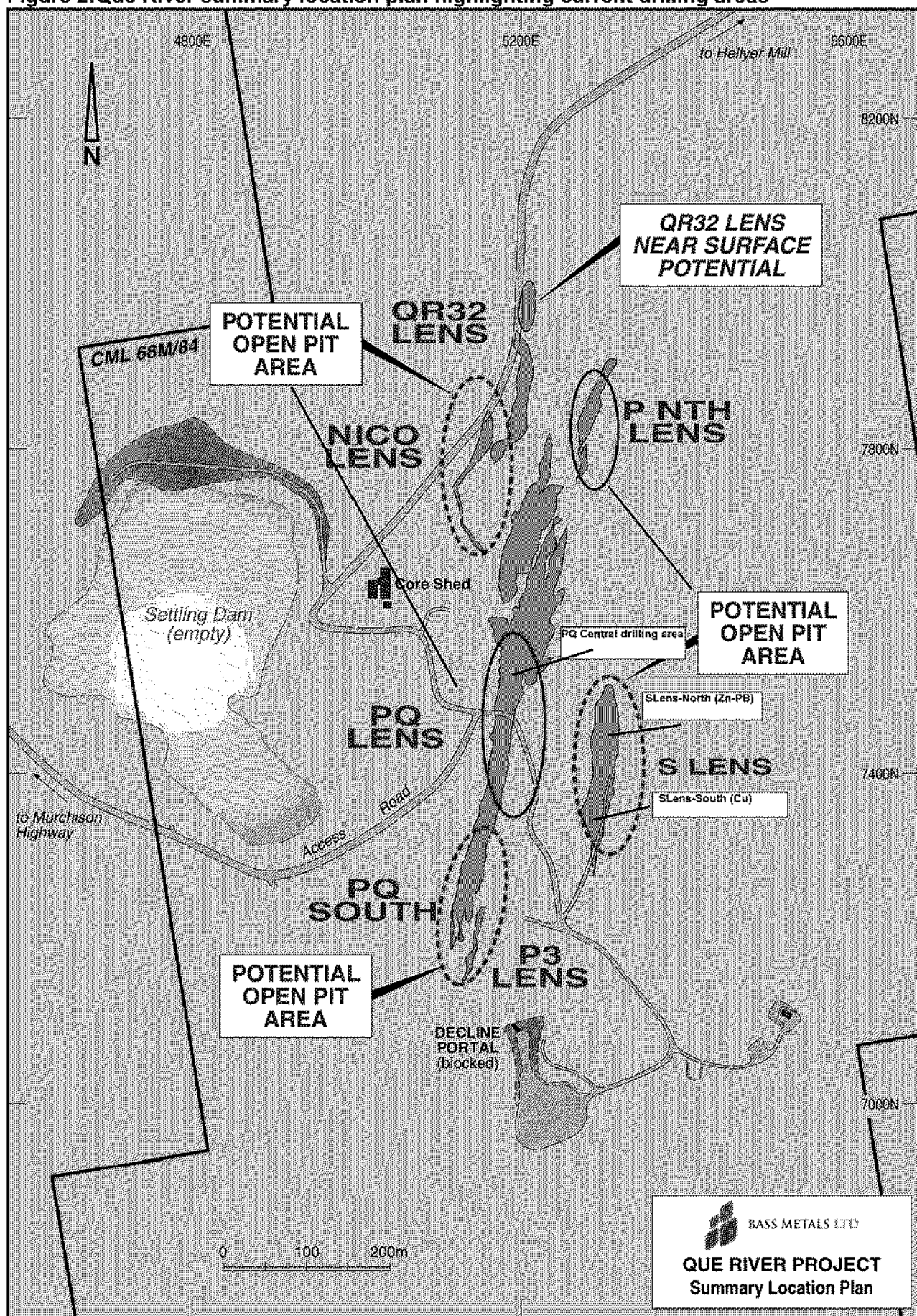




Table 2: Que River Drilling Details

HOLE	Lens	Drill Hole Co-ordinates and Trace					Status
		Grid North	Grid East	Azimuth	Dip	EOH(m)	
QRD1235	S-South	7349	5257	90	-59	98.8	Complete/Results In
QRD1236	S-South	7322	5241	90	-53	110.0	Complete/Results In
QRD1237	S-North	7485	5277	90	-39	50.6	Complete/Results In
QRD1238	S-North	7485	5276	90	-58	97.5	Complete/Results In
QRD1239	S-North	7512	5284	90	-30	45.0	Complete/Results In
QRD1240	S-North	7513	5283	90	-56	74.5	Complete/Results In
QRD1241	S-North	7525	5288	90	-30	44.6	Complete/Results In
QRD1242	S-North	7525	5286	90	-57	86.0	Complete/Results In
QRD1243	S-South	7402	5274	90	-44	56.6	Complete/Results In
QRD1244	S-South	7402	5274	90	-57	71.8	Complete/Results In
QRD1245	S-South	7350	5299	270	-30	29.7	Complete/Results In
QRD1246	S-South	7300	5274	90	-45	50.7	Complete/Results In
QRD1247	PQ 7500 pod	7513	5182	270	-34	22.9	Complete/Results In
QRD1248	PQ 7500 pod	7513	5183	270	-56	29.8	Complete/Results In
QRD1249	PQ 7500 pod	7488	5182	270	-40	20.7	Complete/Results In
QRD1250	PQ 7500 pod	7525	5182	270	-35	38.5	Complete/Results In
QRD1251	S-North	7507	5281	90	-30	44.7	Complete/Results In
QRD1252	PNth	7650	5168	90	-41	22	Complete/Results In
QRD1253	PNth	7650	5167	90	-70	29.9	Complete/Results Pending
QRD1254	PNth	7650	5203	270	-39	18.4	Complete/Results In
QRD1255	PNth	7662	5205	270	-44	18.7	Complete/Results Pending
QRD1256	PNth	7637	5202	270	-50	17.7	Complete/Results Pending
QRD1257	PQ Sth	7363	5150	270	-38	35.8	Complete/Results Pending
QRD1258	PQ Sth	7313	5125	90	-37	26.5	Complete/Results Pending
QRD1259	PQ Sth	7325	5130	90	-36	20.6	Complete/Results Pending
QRD1260	Nico	7738	5159	270	-30	67.1	Complete/Results Pending
QRD1261	Nico	7725	5156	270	-45	65.05	Complete/Results Pending
QRD1262	Nico	7751	5154	270	-51	64.6	Complete/Results Pending
QRD1263	Nico	7775	5172	270	-30	74.9	Complete/Results Pending
QRD1264	Nico	7775	5173	270	-49	89.7	Complete/Results Pending
QRD1265	Nico	7775	5173	270	-63	95.9	Complete/Results Pending
QRD1266	Nico	7750	5134	270	-30	50.1	Complete/Results Pending
QRD1267	Nico	7700	5152	270	-39	80.7	Complete/Results Pending
QRD1268	Nico	7700	5152	270	-54	101.8	Complete/Results Pending
QRD1269	PQ Sth	7293	5177	225	-48		In progress