

14 September 2009

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

Dear Sir

BASS REACHES AGREEMENT TO EXTEND QUE RIVER ORE SALES

Highlights

- New improved Que River ore sales terms agreed with Rosebery operations, owned by MMG Australia Limited, for up to a further 100,000 tonnes of ore.
- The updated combined Mineral Resource (Measured, Indicated and Inferred) at Que River is **717,000 tonnes grading 5.4 % zinc, 2.8 % lead, 1.1 % Cu, 85 g/t silver and 0.8 g/t gold.**
- The updated combined Ore Reserve (Proven & Probable) at Que River is **107,000 tonnes grading 7.6 % zinc, 4.0 % lead, 0.6 % Cu, 113 g/t silver and 1.5 g/t gold.**
- The updated Mineral Resource, which includes the Ore Reserves is marginally greater than at 30 June 2008, after mine production of 67,000 tonnes over the past year. The Ore Reserve position has increased by 26% over the same period.
- Exploration Drilling at Que River is poised to commence with the testing for further extensions and new lens positions.
- Que River achieves key safety milestone of 2 years without a lost-time injury.

Introduction

A total of 104,077 tonnes of ore grading 16.1 % zinc, 8.8 % lead, 0.4 % copper, 227 g/t silver and 4.7 g/t gold have been sold by Bass Metals from the Que River Mine since mining commenced in September 2007 to the end of June 2009. These ore sales to MinMetals Group's (MMG) Rosebery concentrator have generated approximately \$35 million of gross revenue at margins of 52 % over all costs. The operating surplus has been utilised by the Company to fund exploration, development and corporate costs as well as the purchase of the Hellyer Mill and financed the appropriate environmental bonds.

The Board has decided to continue mine operations and ore sales to MMG from Que River to maintain a revenue stream and continuity of operations and staffing. This decision has been underpinned by the successful negotiation with MMG, which resulted in increased ore payment factors for lead and zinc compared to the 2009 factors, effective from the 1 October, 2009.

The new agreed ore sales terms, are for "up to" a further 100,000 tonnes of ore mined in the current 2010 financial year mine plan, which is based on mining and delivering approximately 5,000 tonnes of ore per month grading 11% zinc, 6% lead, 0.3% copper, 161 g/t silver and 2.3 g/t gold.

The Ore Sales Agreement is subject to final sign-off by MMG when the relevant executives return from overseas on the 21st September. In the meantime, mining activities related to the extended mine plan around the QR32 Pit will commence on the 14 September, 2009. The overall waste to ore ratio at Que River for this financial year is planned to be 24:1 and, with a planned reduction in grades to those achieved in the 2009 financial year, margins over costs are expected to be lower at around 30 to 50% at modelled and current metals prices and exchange rates respectively.

This may be countered by continuing highly positive ore reconciliation trends experienced to date at the project and generally higher metal prices currently available than those used in the new mine plan and budget.

Table 1 presents the new Mineral Resource, reported in accordance with the JORC Code. The Mineral Resource estimate incorporates the results of the recent diamond drilling at PQ North and geological data gathered from the current phase of open pit mining.

Table 1: Que River Mineral Resources as at 30 June 2009.

Class.	Tonnes (k)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)
PQ Lens						
Inferred	1	0.2	7.0	11.5	232	3.2
Indicated	23	0.3	7.9	13.7	222	2.9
Measured	26	0.3	8.2	14.3	227	4.2
Total	50	0.3	8.0	14.0	225	3.6
S Lens						
Inferred	58	2.5	0.2	0.6	33	0.2
Indicated	263	1.9	1.6	4.3	68	0.3
Measured	56	1.7	0.7	2.1	69	0.3
Total	377	2.0	1.3	3.4	63	0.3
QR32						
Inferred	54	0.1	2.7	4.6	72	1.0
Indicated	134	0.2	3.5	5.9	83	1.1
Measured	-	-	-	-	-	-
Total	188	0.2	3.3	5.5	80	1.1
Nico						
Inferred	69	0.4	4.6	8.3	102	0.9
Indicated	33	0.3	5.4	9.0	130	1.0
Measured	-	-	-	-	-	-
Total	102	0.4	4.9	8.5	111	0.9
Combined Resources						
Total Inferred	182	1.0	2.6	4.8	72	0.7
Total Indicated	453	1.2	2.8	5.6	85	0.7
Total Measured	82	1.3	3.1	6.0	119	1.6
Total Resources	717	1.1	2.8	5.4	85	0.8

Note results are rounded and small rounding errors may occur.

This summary includes the Ore Reserves presented in Table 2 below.

The revised Que River Ore Reserve reported in accordance with the JORC Code is presented in Table 2. This Ore reserve is a subset of the Mineral Resource in Table 1. It is based on the current mining practices and cost structures. Further details for the Mineral Resource and Ore Reserves are provided in Attachment 1.

Implementation of this mine plan is subject to approval from the EPA to undertake the PQ North cutback which is expected in the near term, as well as normal external factors such as metal prices and exchange rates staying at sufficiently high levels to maintain reasonable margins.

Table 2: Que River Ore Reserve as at 30 June 2009.

Class.	Tonnes (k)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)
ROM						
Proven	6	0.2	8.6	15.3	230	4.5
PQ Lens (Sth.)						
Probable	-	-	-	-	-	-
Proven	14	0.3	7.1	12.7	178	3.6
Total	14	0.3	7.1	12.7	178	3.6
S-Lens						
Probable	46	1.1	1.1	3.2	45	0.3
Proven	-	-	-	-	-	-
Total	46	1.1	1.1	3.2	45	0.3
PQ Lens (Nth.)						
Probable	20	0.3	7.2	12.7	201	2.7
Proven	-	-	-	-	-	-
Total	20	0.3	7.2	12.7	201.0	2.7
<i>Inferred Resource</i>	6	0.2	7.2	13.7	176	3.6
Total In-pit Inventory	26	0.3	7.2	12.9	195	2.8
QR32						
Probable	21	0.2	4.1	6.8	104	0.8
Proven	-	-	-	-	-	-
Total	21	0.2	4.1	6.8	104	0.8
Combined Reserves						
Total Probable	87	0.7	3.2	6.3	95	1.0
Total Proven	14	0.4	10.9	19.4	279	5.5
Total Reserves	101	0.7	4.3	8.0	120	1.6
<i>Inferred Resource</i>	6	0.2	7.2	13.7	176	3.6
Total In-pit Inventory	107	0.6	3.9	7.5	110	1.4

Note results are rounded and small rounding errors may occur

Commentary

The extension of the Que River ore sales agreement means that mining and ore deliveries are planned to continue until the end of the June 2010 Quarter, with sales receipts budgeted to continue until approximately February 2011 due to the delayed payment system. Because of the higher initial ore to waste ratio the major cash flow benefit of this mine plan will flow through after the 2010 financial year end.

The Board did consider suspending Que River mine operations until the Hellyer Mill was restarted in line with the Fossey Mine project development, planned in the second half of 2010. However there were significant cost savings and environmental benefits by completing these open pit operations as part of the current mining programme, with no cessation to activities. This was underpinned by the better payment terms achieved, and the stability to the work force and cash flow over the next 12 months. The Board also recognises that the higher gold content in this current mine plan contributes a strong gold credit to the revenue mix from Rosebery, where there is a dedicated gold recovery circuit.

The new plan extracts a relatively small, shallow portion of the Que River Mineral Resource. On the completion of the Fossey Mine feasibility study, the Company intends to evaluate the remainder of the resources at Que River as potential mill feed to its Hellyer plant commensurate with the potential start up in late 2010 treating Fossey ore. The initial mining focus could be on the copper rich zones at S-lens to “bulk-up” production of copper concentrates planned to be produced

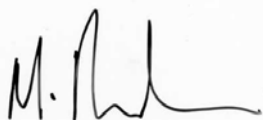
from the Fossey mill feed. However the economics and viability of all the Que River resources could be enhanced by utilising a Hellyer Mill treatment scenario with lower haulage and treatment costs and higher payability factors for the recovered metals.

The Que River mine area is regarded as highly prospective for both smaller scale, shallow extensions of known high-grade lens positions as well as for the discovery of new lenses. A drill programme to test both opportunities is planned to commence after completion of the Fossey extension drill programme, which is currently underway.

It is also important to acknowledge and celebrate that the Que River Mine work force has achieved 2 years without a lost time injury. This is a major milestone and the Board sincerely thanks Mancala, the project manager and the Que River team for their diligent and proactive safety culture.

I look forward to providing updates on these activities and the Company's other mining and exploration results as they come to hand.

Yours Sincerely



Mike Rosenstreich
Managing Director

Competent Persons Attribution:

S Lens, QR32 & Nico Mineral Resource Attribution

The resource estimates are based on geological models compiled by consulting geologist, Mr. Steven Richardson. Tonnage and grade estimation has been undertaken by Mr. Richardson using anisotropic 2D inverse distance interpolation (Nico and S Lens) or 3D ordinary kriging (QR32 Lens). The drillhole database used for these estimates comprises diamond core drillholes completed by BSM as well as historic diamond drillholes. In addition, original 1:500 scale mine geology cross-sections, long projections and underground development surveys were available. Mined out areas were not surveyed but details were sourced from end of mine life reports and discussions with ex-Que River Mine mining personnel involved in mining at Que River in the late 1980's.

Mr. Steven Richardson BSc(Hons) MAusIMM, a fulltime employee of McArthur Ore Deposit Assessments (MODA) has 30 years experience, including 10 years at Que River-Hellyer. He completed the bulk of the estimation work under the direction and supervision of Dr Gary McArthur PhD FAusIMM MICA MSEG, principal of MODA. Dr McArthur has over 38 years experience as a professional in the mining industry (including 10 years at Hellyer), with considerable involvement in the estimation of resources over a wide variety of commodities and mineralisation styles. As such, Dr McArthur meets the formal requirements as defined in the JORC Code (Joint Ore Reserves Committee, 2004) to be a Competent Person for the estimation of the Que River S Lens Mineral Resources and has consented to the inclusion of his name in this report.

PQ Mineral Resource & PQ, S Lens QR32 Ore Reserve Attribution

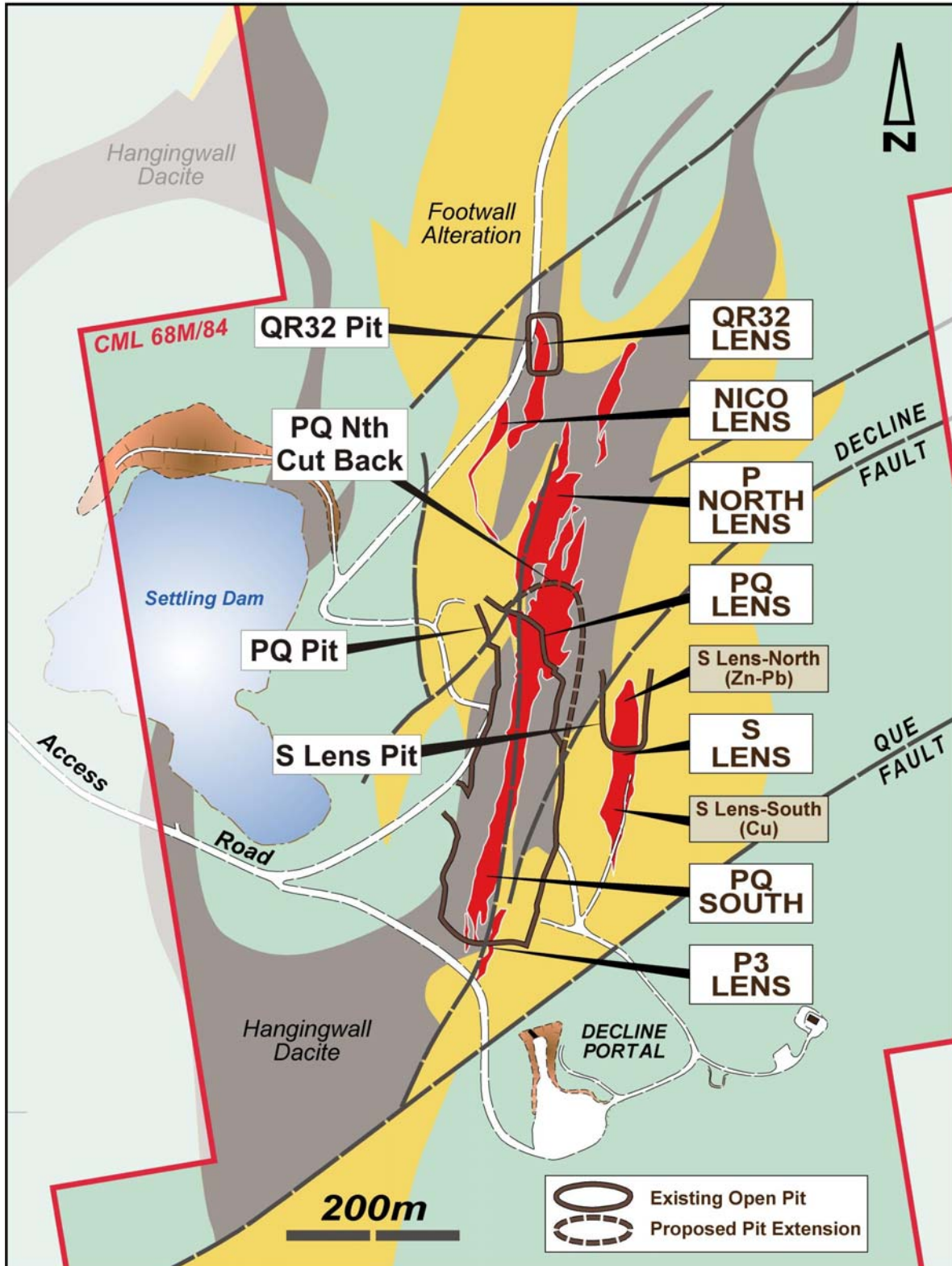
The resource estimate is based on a geological model compiled by the Que River Mining Alliance Business Development Manager, Mr. Tim Akerman. Tonnage and grade estimation has been undertaken by Mr. Akerman using a simple polygonal model using length weighted averages to estimate grades.

Mr. Akerman BSc (Hons) MAusIMM has 25 years industry experience including 4 years as a production geologist at Que River from 1986. Since then he has had direct involvement in the planning and development of 5 other similar deposits in the Que River region as well as extensive resource delineation and mine planning work on many deposits in Australia and overseas. Mr. Akerman meets the formal requirements as defined in the JORC Code to be a Competent Person for the estimation of the Que River Mineral Resources and Reserves and has consented to the inclusion of his name in this report.

The drillhole database used for this estimate comprises the diamond core drillholes completed by Bass Metals as well as 35 historic diamond drillholes used to delineate the original PQ Ore Reserve. In addition, original detailed mine geology cross-sections and a long projection were available. Details on mined out areas were sourced from an end of mine life report and discussions with ex-Que River Mine mining personnel involved in the mining of PQ Lens in the 1980's.

Forward-Looking Statements: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Bass Metals Ltd's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Bass Metals Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Figure 1: Que River Location Plan



Attachment 1: Summary Notes: Que River Resource/Reserve Estimate as at 30th June 2009

1.0 Mineral Resource Estimates

PQ Sth. Mineral Resource

The near surface (to 60m depth) PQ Sth. Mineral Resource has been depleted by mining activity since the previous resource estimate (December 2008). Resource depletion has occurred at a lower rate than actual production due to a positive (tonnage and grade) reconciliation. The former December 2008 mineral resource estimates underestimated the actual resource.

During the six months from December 2008, the PQ Sth. Mineral Resource was depleted by 27k tonnes at 29% (Pb+Zn) by open pit mining. A reduction of the December 2008 Mineral Resource by this amount indicates some 11k tonnes remains within the Stage 1 pit design. The updated, June 2009 mineral resource estimate indicates that some 17k tonnes of ore still remains in the pit design giving a positive reconciliation factor of 1.5 (i.e. 50% additional tonnage).

All resources in PQ were upgraded to the Measured category due to additional confidence generated by new geological pit floor mapping and additional diamond drilling.

PQ Nth. Resource

The PQ Nth Mineral Resource has resulted from the partial conversion of a previously reported Exploration Target beneath and to the north of the existing PQ pit. The Mineral Resource is spatially limited between the two and three levels of the former Que River underground mine workings (610-640RL) and between the mine grid northings of 7350N to 7500N; that being an area and to a depth in which conceptual mining studies indicate open cut mining may be viable.

The resource estimate has been conducted in a manner identical to the PQ Sth. estimates, that being:

- Identification of potential mineralised remnants from the underground operation by examination of an extensive series of historical mine plans and sections;
- Definition of an exploration target incorporating the remnants;
- Conducting some 1,000m of diamond drilling in 16 holes to definitively locate the anticipated remnants;
- Incorporation of recent and historical diamond drilling and underground mapping into a geological model;
- Critical examination of the model to identify and exclude any remnants which may have been impacted by underground mining or sterilisation;
- Estimation of volume and interpolation of grade by polygonal methods;
- Incorporation manual estimate (volume and grade) into Surpac software and reporting of tonnage and grade; and
- Classification of resource subjectively based on level of definition and underground mining depletion risk.

In total some 9 remnant blocks have been included in the resource, ranging in size from 1,000 to 4,500 tonnes.

Since December 2008, no additional geological activity or depletion due to mining has been undertaken in the S Lens, QR32 or Nico resource blocks. All resources for these ore bodies remain the same as at 31st December 2008.

2. Ore Reserves Estimates

All reserves are inclusive within the corresponding resources. Resources have been modified to obtain the reserves by:

- Inclusion of dilution at zero grade at a rate of 10% of the resource tonnage;
- Application of a 90% recovery factor to the diluted resource;
- Having been subject to mine design procedures;
- Having been subject to financial modeling scheduling and economic considerations;
- Their inclusion or likely inclusion within environmental statutory approvals; and
- Are covered by, or take reasonably into account, the current ore off take agreement or the potential for treatment at Bass Metals' Hellyer processing plant.

The prices assumed for economic evaluation are presented in Table 1 below:

Table 1: Commodity price Assumptions

	Base Case	
	US\$	A\$
Cu (\$/t)	4,500	5,806
Pb (\$/t)	1,550	2,000
Zn (\$/t)	1,450	1,871
Ag (\$/oz)	14	18.06
Au (\$/oz)	940	1,213
AUD:USD	0.775	1.0

PQ Sth. Reserves

In comparison to the December 2008 ore reserve estimate, the PQ Sth. Ore Reserve has decreased due to mining depletion. The rate of depletion is less than forecast due to the positive reconciliation, despite the December 2008 Ore Reserve including a 25% mine call factor.

The June 2009 Ore Reserve contains a mine call factor of 10%, a reduction from the previous estimate due to the relatively narrow resource blocks having less potential for increased tonnages and in line with the reduction in magnitude of the PQ reconciliation factors in recent time.

PQ Nth. Reserves

The PQ Nth. Ore Reserve results from a partial conversion of the PQ Nth Mineral Resource; that being the portion contained within the PQ cut back optimised pit shell. Financial parameters defining the pit shell include:

- Historical mining and site overhead costs;
- Potential revenue assumptions based upon the Stage 1 ore sales terms to MMG; and,
- Metal prices and exchange rates in line with Bass Metals long term forecasts.

There is a 75% conversion factor from mineral resources to ore reserves.

The PQ Nth. Ore Reserve contains a mine call factor of 10%, a reduction from the previous PQ Sth. Ore Reserve estimate due to the relatively narrow resource blocks having less potential for increased tonnages and in line with a reducing trend for PQ ore reconciliation factors in recent times.

S Lens Reserves

S Lens reserves remain unchanged from December 2008.

A revision of the mine plan incorporating the entire S Lens Resource with potential ore treatment at the Hellyer concentrator is underway.

QR32 Reserves

QR32 reserves remain unchanged from December 2008, despite extensive waste mining and some minor (2,000 tonnes) ore extraction. Ore extracted has been sourced vertically above and exclusive to the projected resource/reserve envelope, indicating the potential for future positive reconciliation during mining.