

30 August 2007

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

Dear Sir

**EXPLORATION UPDATE
BASE METAL MINERALISATION CONFIRMED IN HOLE TESTING SWITCHBACK TARGET**

Bass Metals Ltd (ASX:BSM) is pleased to provide the following update on its recent base metal exploration results for the Hellyer Exploration Alliance (HEA) activities and on its 100% owned Que River project.

Highlights

- Assay results from HED 12 confirm presence of base metal mineralisation in newly discovered highly ranked Switchback Target. This is the most prospective target tested to date in the HEA program.
- HED13, a follow-up drill hole is at 234 metres depth progressing toward target zone.
- At Que River, QRD1289 testing deep geophysical target intersects zone of weak copper mineralisation in veins. Follow-up down-hole geophysical survey required to determine if target zone was intersected.

HEA Exploration Update

BSM has an exploration alliance with Zinifex covering the Company's tenements in the Hellyer area. The objective of the alliance is to discover new, large scale high grade massive sulphide deposits such as are found in this immediate area at Que River and Hellyer and owned by BSM.

On the 16 August 2007 the Company reported that the geological features intersected in diamond drill hole HED12 supports the discovery of a "fertile" volcanic hosted massive sulphide (VHMS) alteration system (*refer Location Plan in Figure 1*). HED12 intersected intense footwall and hanging wall alteration as well as conspicuous base metal sulphide mineralisation referred to as the Switchback Target (*refer Schematic cross section – Figure 2*).

Assay results have confirmed the presence of zinc, lead and copper mineralisation supporting the visual estimates of base metal sulphides reported previously. These results are reported in Table 1 below, and whilst not at economic grades confirm the prospective nature of this target for high grade massive sulphide style mineralisation such as occurs at Hellyer 2km to the north and Que River 2km to the south.

Table 1: HED 12 Assay Results (at a 1% Pb+Zn+Cu cutoff)

From (m)	To (m)	Drilled Interval (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
283.75	288.60	4.85	1.60	1.15	0.20	17.5	0.9
<i>(Including at a 5% Pb + Zn + Cu cut-off)</i>							
286.00	287.00	1.00	3.47	1.62	0.04	16	1.0

HED12 intersected a 4.85m interval of intense footwall alteration before intersecting a fault which repeated the overlying Hanging Wall sequence. The assay results and the alteration style are consistent with that observed in close proximity to the footwall of the Hellyer and Que River deposits.

Drilling has highlighted geological complexity due to faulting but the Company's geologists are very encouraged by the highly anomalous base metal grades, which extend through the entire interval of footwall alteration intersected. The interpretation of the faulting has generated another target position at a deeper level that will be tested in a subsequent program.

A follow-up drill hole, HED13 is in progress to test the width of this width of the new VHMS alteration zone and help to resolve some of the geological and structural interpretations. The drill hole is currently at a depth of 234 metres and is approaching the target zone.

This is the most prospective target tested to date in the HEA program on the basis that it has all of the indicative geological elements for ore formation including anomalous base metal mineralisation in the feeder zone alteration. A down-hole geophysical survey is planned to start in early September to test for mineralised massive sulphide lenses proximal to the favourable geological elements intersected to date.

Que River Update

Diamond drill hole, QRD1289 tested a deep geophysical target interpreted to occur beneath the S-Lens at Que River. The magnitude and style of the down-hole electromagnetic (DHEM) anomaly was interpreted as representing a massive sulphide lens which might be mineralised (*refer Figure 3 – schematic cross section*).

QRD1289 did intersect the prospective feeder-style footwall alteration, and at the target position it intersected chalcopyrite (Cu-sulphide) bearing veins. This zone generated the assay results in Table 2, which are not considered economically significant but do highlight the anomalous and prospective nature of this feeder zone.

Table 2: QRD1289 Assay Results (at a 0.5% Cu cutoff)

From (m)	To (m)	Drilled Interval (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
534.7	539.2	4.50	0.01	0.02	0.9	8	0.1

It is not clear whether the DHEM anomaly can be attributed to the network of conductive copper mineralised veinlets or an as yet untested conductive body such as a massive sulphide lens in close proximity. A DHEM survey planned for early September should resolve whether the target has been adequately tested or if further drilling is warranted.

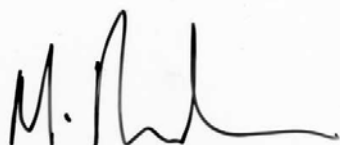
Commentary

The results for HED12 are highly encouraging and the Switchback target is considered the most prospective of those tested to date by the HEA. The geology intersected in HED12 supports the discovery of a “fertile” VHMS alteration system; that is, one which also has base metal mineralisation. Faults acting as fluid pathways together with intense alteration indicating that fluid flow was active and the association of minor base metal sulphides suggest that this is a fertile and hence highly prospective target.

While QRD1289 at Que River did not identify a new massive sulphide lens beneath S-Lens, potential remains subject to the DHEM survey results. Notwithstanding that, the Company has numerous other more shallow targets to follow-up which it hopes will ultimately add to its mining inventory for the recently started Que River mine.

The Company currently has three drill rigs operating on its tenements and I look forward to providing further updates as results become available.

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.

Bass Metals Profile

Bass Metals Ltd (ASX: BSM) is a “Discovery” company focused on the exploration and rapid development of a quality portfolio of mineral assets in north-west Tasmania. It is supported by key alliances with zinc producer Zinifex Limited and mining group, Mancala.

Bass Metals is set to become a new Australian zinc producer through the imminent commencement of production from the Que River project. Ongoing drilling has indicated substantial potential to define further high-grade reserves from the current resource of 740,000 tonnes grading 6% Zn, 3% Pb, 1% Cu, 84g/t Ag and 0.9g/t Au. The Company has commenced site preparation activities at Que River and is planning first ore delivery in late September 2007 following the recent signing of an Ore Sales Agreement with Zinifex’s Rosebery operations.

A vigorous exploration programme is being maintained with three drill rigs currently on its tenements to execute its twin strategy of testing advanced base metal and gold targets to increase resources and production, whilst also focused on the discovery of large new deposits such as already characterise the world class mineral terrain in which it operates.

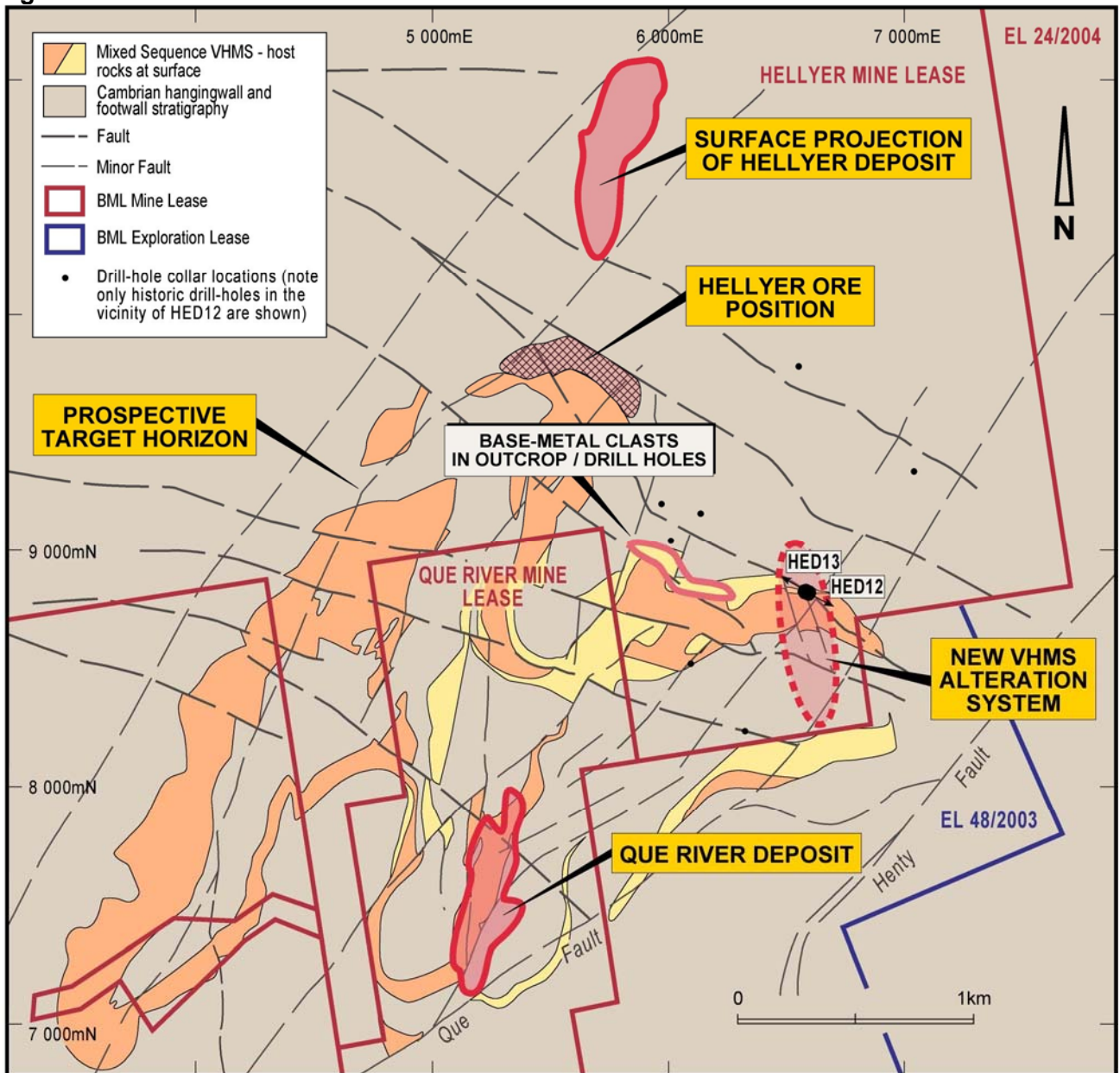
Figure 1: HED 12 Location Plan


Figure 2: HED12 schematic cross section

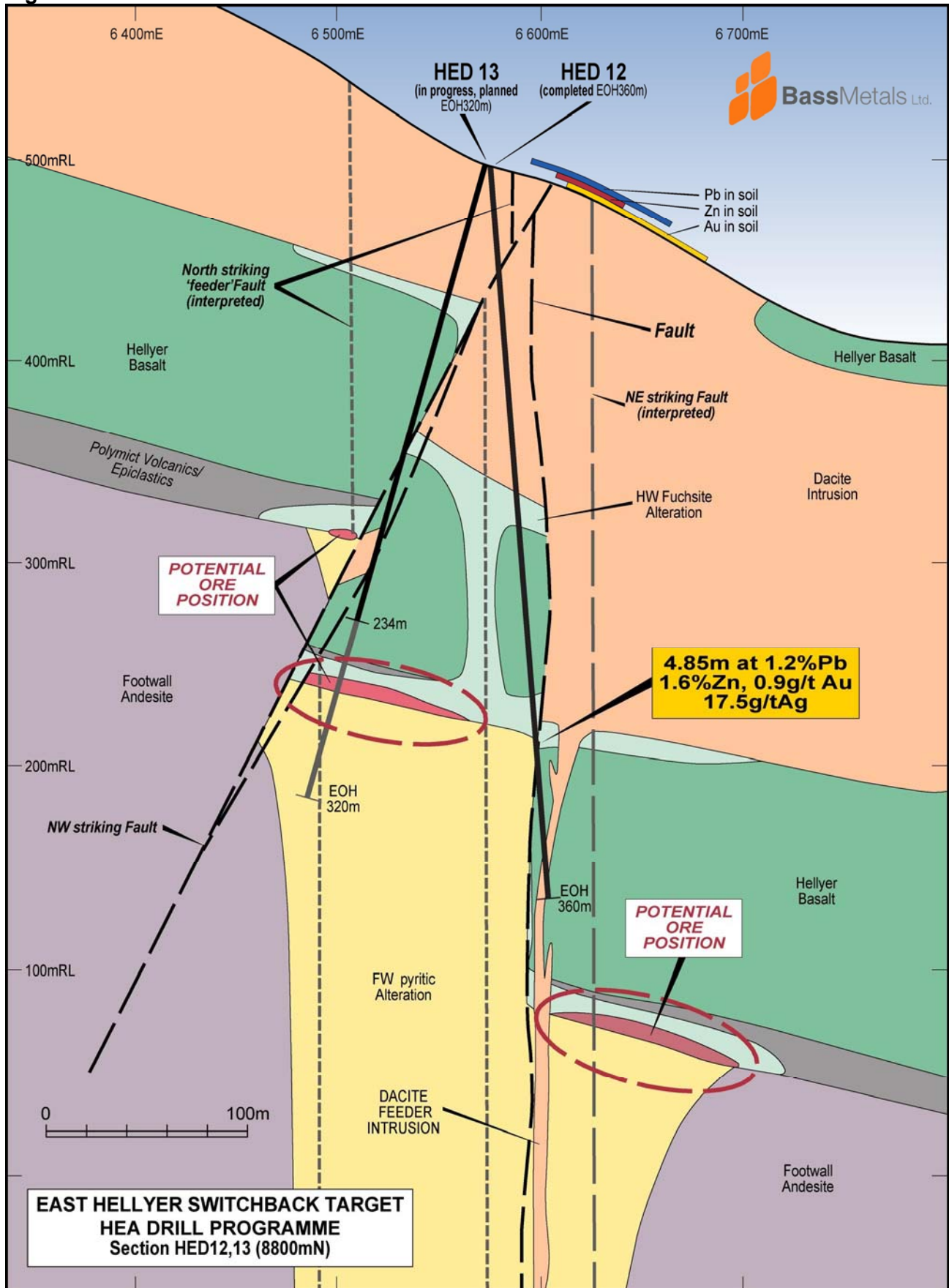


Figure 3: QRD1289 Schematic Cross section
