



7 March 2006

The Manager Companies
Company Announcements
Australian Stock Exchange
20 Bridge St
Sydney NSW 2000

Dear Sir

Re: Exploration Update

I am writing to provide an exploration update of Bass Metals Ltd's recent activities on its Tasmanian projects.

Key Points:

- Technical team appointed to undertake a study of mining and treatment options for the Company's base metal deposits at Que River.
- Thirteen target areas prospective for Hellyer style high grade base metal mineralisation have been identified on the Hellyer leases.
- 2006 drilling programme to finally start with a new drilling contractor expected on site on the 13th March following ongoing mechanical problems with the former contractor's drill rig. Drillhole QRD1227 at S-lens remains at 158 metres depth approximately 15 metres off the interpreted target position.
- New Supervising Geologist, Dr Travis Murphy to commence on 13 March based in Tasmania.

Que River Mining Study

The Que River project comprises the historic high grade zinc-lead-silver-gold lenses mined by Aberfoyle Resources in the 1980's. Several significant zones of mineralisation remain including the S-Lens copper-zinc-silver Mineral Resource and the Nico zinc mineralisation.

Bass Metals has commenced a resource estimate for the Nico lens which, with S-Lens will form the core of a study into the viability of mining these deposits and the treatment options which include restarting the Hellyer Plant or toll treatment at Rosebery.

The Company is very pleased to have assembled a highly experienced and respected team of consultants to work with it on this study. The team includes:

- McArthur Ore Deposit Assessments to complete the resource estimates.
- Snowden Mining Consultants who will complete the mining study.
- Ammtec Ltd to work on the metallurgical testwork and process route flowsheet.
- BeMex Corporation, experts in processing plant construction, optimisation and operation.
- Stephen Kent, environmental consultant with a deep understanding of the Tasmanian permitting process and requirements.

Bass Metals will coordinate the work programmes which are expected to be completed in the September Quarter of this year.

Hellyer Corridor Target Generation

Thirteen target areas have been identified on the Hellyer leases as prospective for new high grade Hellyer or Que River style base metals deposits. The targets are the results of a 6 month collaborative effort between Zinifex Limited, Bass Metals and led by Geoinformatics. All available historic data was compiled and modelled into a 3-dimensional geological model/database and then processed and analysed utilising Geoinformatics proprietary methods.

All the parties are excited by the results and work will now focus on finalising an exploration work programme with the aim to commence drill testing the better defined targets as soon as practicable.

Drilling Programme

The Company has been extremely frustrated and disappointed with the lack of any drilling production due to a series of ongoing drill rig breakdowns. After 5 weeks of waiting to recommence drilling on QRD1227 a new drilling contractor has been engaged and will be on site on the 13 March. This is the same drilling company which efficiently completed the initial Mt Charter drilling programme for Bass Metals in November last year.

QRD1227 is designed to test an interpreted copper rich southerly plunge to the S-lens Mineral Resource. Drilling ceased for Christmas with the drillhole at a depth of 158 metres, approximately 15 metres above the target position.

Supervising Geologist

Dr Travis Murphy has been employed to lead the Company's exploration activities based in Tasmania. He will commence on the 13 March and is in the process of relocating to Tasmania. The Company's former exploration manager was unexpectedly unable to relocate to Tasmania and left the Company in early December.

Travis is an exciting addition to the team with a structural PhD on the Mt Isa George Fisher Zn-Pb-Ag orebody and solid industry experience with Delta Gold/North Limited at Kanowna Belle, WMC Resources and BHP Billiton. There is a dynamic mix of local knowledge and new exploration technology in the Company's exploration team which includes former Aberfoyle and Zinifex geologists and Nick Archibald's Geoinformatics group all focused on finding new deposits in this highly prospective terrain.

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.
