BASS METALS LTD
ABN 31 109 933 995

22 August 2006

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

Dear Sir

Re: HIGH GRADE SURFACE SAMPLES CONFIRM NORTH ROSEBERY TARGET

Bass Metals Ltd is pleased to provide the following update on its regional exploration activities in western Tasmania, with the receipt of encouraging exploration results from the North Rosebery target, located 4km north of the world-class Rosebery Mine.

Key Points

- **North Rosebery is one of approximately 65 new targets identified after an eight month process of data compilation and interpretation.**
- **The North Rosebery target area has many similarities to the world class Rosebery base metal deposit:**
  - ✓ **located 4km north of Zinifex Ltd's Rosebery base metal mine;**
  - ✓ **associated with the same fault structures and host rock units;**
  - ✓ **coincident geophysical anomalism consistent with massive sulphide occurrences; and**
  - ✓ **anomalous Zn values in peripheral historic drill holes.**
- **Recent high grade surface sample results such as 4.2% Zn, 136g/t Ag and 1.3% Pb confirm potential for a northern repeat or extension of the Rosebery mineralised system.**
- **Target area not effectively tested by drilling**

North Rosebery

The North Rosebery prospect is located 4km north along strike from the Rosebery Mine. It is located on EL53/2005 which is 75% owned by Bass Metals and 25% by Geoinformatics Exploration Inc.

The target area shown in Figure 1 appears to be located in a structural flexure in close spatial association with the Rosebery and Mt Black faults, which are interpreted as important controls on the formation of the Rosebery deposit. Geological modeling and field inspections indicate that the target area occurs within the same suite of rocks, the Rosebery Shale, as the Rosebery deposit and with associated felsic tuff units which are also found at Rosebery.

As well as the very favourable geological setting several other features highlight the prospectivity of this area to host a significant new base metal deposit.

Geophysics
A geophysical survey (Induced Polarisation (IP)) completed in the mid 1990's generated several high order chargeability anomalies possibly indicative of mineralisation.

Anomalous geochemistry
Anomalous zinc values were intersected in two drill holes completed in the 1970's to the north of the geophysical anomalies and the target area. These results include elevated zinc values such as 39 metres at 0.08% Zn, 11 metres at 0.18% Zn and 37 metres at 0.16% Zn. One drill hole within the central target area intersected low level anomalous (up to 450 ppm) Zn as well as quartz-sericite-pyrite alteration with minor galena. This intercept was also highly anomalous in manganese (up to 17,000 ppm) which may be important as the Rosebery deposit apparently has distinctive manganese alteration.

High grade surface samples
Bass Metals took two surface rock chip samples which returned the following assays:

- NR01 – 1.3% Pb, 0.3% Zn, 136 g/t Ag and 0.14 g/t Au
- NR02 – 4.2% Zn and 10 g/t Ag.

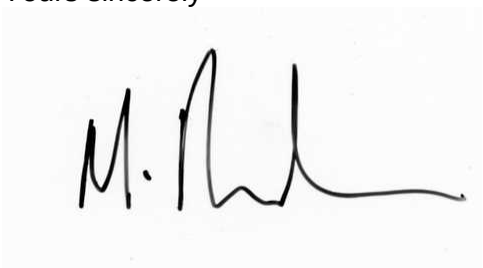
NR1 comprised altered volcanic and volcaniclastics with disseminated pyrite, whilst the second sample, NR2 consisted of quartz vein material within altered volcanics. The Company considers that these results are highly significant in supporting the potential for the discovery of a major high grade base metal deposit.

The prospect is well located with respect to road access, with one track crossing the target area and likely to provide reasonable access for a drilling rig.

Commentary
It is worth noting that volcanogenic massive sulphide (VMS) deposits typically occur in clusters. The Directors consider that exploration analogies with mined VMS deposits such as Golden Grove and Teutonic Bore located in Western Australia, where significant new discoveries have been made within 4-5km of the original mine 20 to 40 years after the initial discoveries, are valid for the North Rosebery Prospect. The North Rosebery target area has virtually no drill testing, with high grade surface assays and lies just 4km north of the large high grade Rosebery Mine which has been in production for the past 80 years. The convergence of geological features similar to the Rosebery deposit, with anomalous geophysical and geochemical responses provides strong encouragement to further test this area on a high priority basis.

North Rosebery is one of 65 targets generated in collaboration with Geoinformatics over all of Bass Metals tenement interests in western Tasmania. This is an exciting time for the Company as it commences the field assessment of each of these targets in this prodigiously mineralised geological terrain.

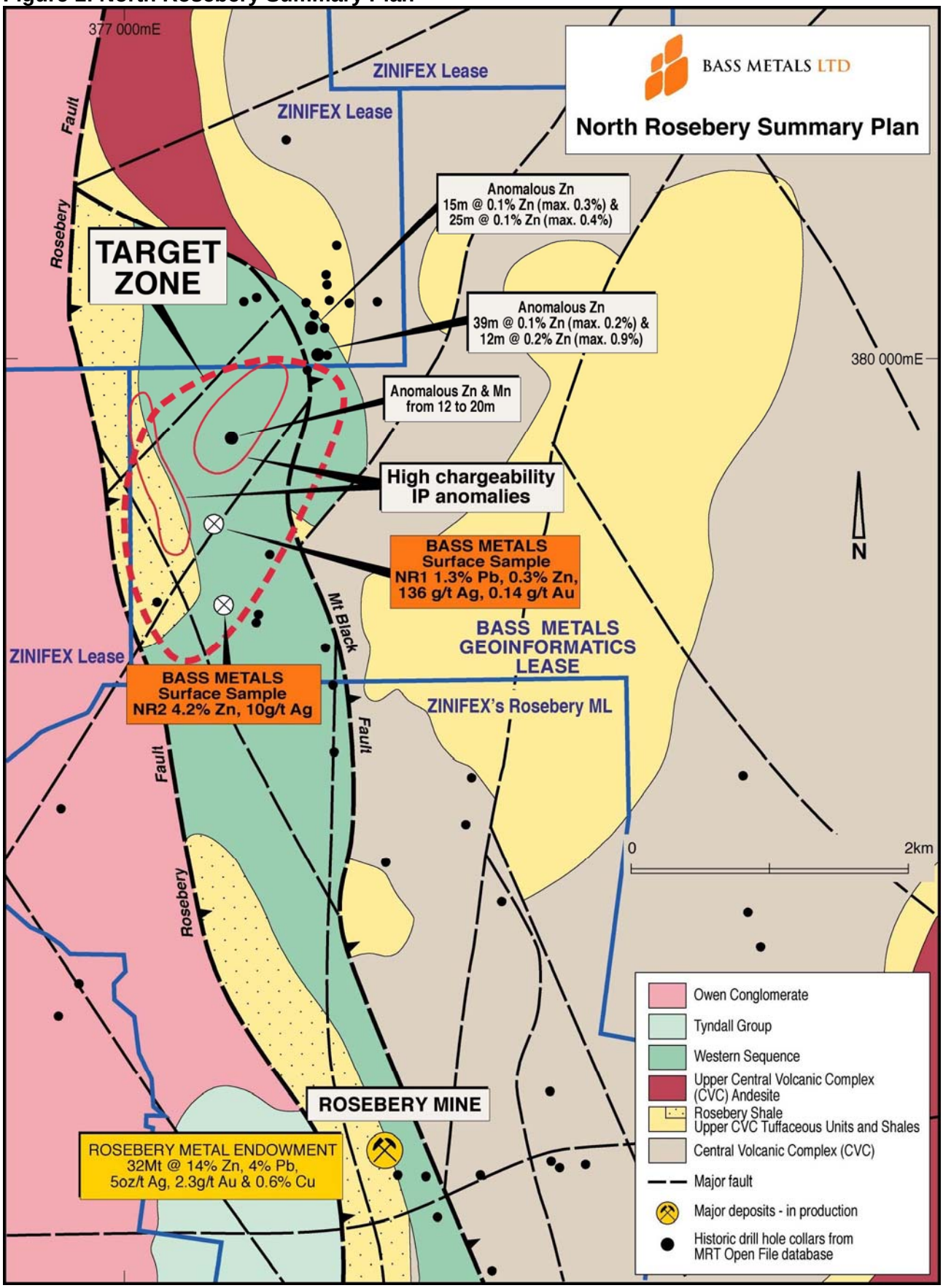
Yours sincerely



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.

Figure 1: North Rosebery Summary Plan



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