



BASS METALS LTD

ABN 31 109 933 995

3 February 2006

Dear Shareholder

It is with great pleasure that I, on behalf of the Board of Bass Metals Ltd, present to you this first Quarterly Report describing our Company's activities during the December 2005 quarter.

The report provides those interested readers with a high level of detail regarding our recent exploration activities, and in this covering letter I would just like to summarise and discuss the impact of those results.

At Mt Charter we intersected wide, near surface intervals of gold and silver mineralisation in our recent 5 drillhole diamond drilling programme. One of the drillholes also hit significant zinc mineralisation. These results confirmed the Board's view that Mt Charter has the potential to develop into a large low to moderate grade gold-silver resource, possibly with zinc credits. Utilising our drilling and the historic drill results we will now work to complete an initial resource estimate for the central portion of the mineralisation. In this first step we are targeting a resource of 250,000 ounces of gold within a mineralised system considered to have potential to host a plus 1 million ounce deposit.

The Que River drilling programme has to date yielded positive results. Intercepts from within the Mineral Resource envelope have generally enhanced both the widths and grades of the mineralisation modelled at those points previously. The results from QRD1226 confirm the potential to extend the resource to the south.

The S-Lens mineral resource is just one prospect within the Que River project area. The Company has also identified the Nico lens as a shallow unmined zinc rich lens with historic drilling which requires further work. There is also potential to discover new mineralised lenses and extensions to existing previously mined lenses. The Company aims to commence a scoping study examining mining and treatment options for Que River resources at the earliest practical opportunity this year. The objective is to commence production from Que River before the end of this year to generate cash flow to accelerate exploration programmes.

Our alliances with Geoinformatics and Zinifex have started well and we anticipate generating several new targets for high grade base metal mineralisation on the Hellyer leases very soon.

On behalf of the Board, thank you for your interest and support and I look forward to keeping you informed of our Company's activities.

Yours sincerely

Mike Rosenstreich
Managing Director

