



19 December 2006

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

Dear Sir

**Re: Que River Drilling Result Update**

Bass Metals Ltd is pleased to provide the following update on drill results from its Que River base metals project.

**EXECUTIVE SUMMARY**

Further positive drill results for remnant pillars in PQ South including:

- **17.8 metres at 19.7% zinc, 10.4% lead, 13 oz./t silver & 7.4 g/t gold from 45.5 metres downhole. (Pillar 2)**
- **9.6 metres at 12% zinc, 6.1% lead, 5 oz./t silver and 4.2 /t gold from 46.4 metres downhole (Pillar 3)**

Supporting a previously reported intercept from pillar 1 of 19.4 metres at 24.7% zinc, 9% lead, 11oz./t silver and 11 g/t gold.

A Memorandum of Understanding detailing terms for an ore sales contract to the operators of the Hellyer Concentrator is close to being finalised.

Environmental approvals for the Que River development and environmental plan are expected in mid January.

**Que River Drilling Results**

The Company has continued a diamond drilling programme at its Que River base metals project testing the remnant component of the PQ South Mineral Resource reported to ASX on 20 November 2006.

**PQ South**

Assay results have recently been received for a further 4 drill holes testing the remnant pillars and are presented in Table 1 below. A programme of 6 diamond drill holes has been completed to test that the remnant PQ South pillars are still intact and mineralised. All five pillars were intersected to some degree by Bass Metal's holes. However the stopes at Que River Mine were not surveyed after mining and there is uncertainty in the precise location of each pillar. Given the positional uncertainty, drill-hole deviation and a nominal thickness of only 4-5m, it is not surprising that two holes have only partially intersected their target pillar. Table 2 below summarises the geological description for each hole.

**Table 1: Que River drill assay results at a 5% Pb+Zn cutoff**

From (m)	To (m)	Drilled Interval (m)	True Width (m)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)
<b>PQ South – Remnant Pillar Zone</b>								
<b>*QRD1269 (5% Pb+Zn COG) targeting Pillar #1</b>								
50.6	70.0	19.4	-	0.3	9.0	24.7	356	11.0
<b>QRD1270 (5% Pb+Zn COG) targeting Pillar #2 (abandoned early)</b>								
39.00	42.00	3.0	-	0.5	3.4	4.2	81	1.3
<b>QRD1271 (5% Pb+Zn COG) targeting Pillar #3</b>								
46.40	56.00	9.60	4.0	0.3	6.1	12.0	165	4.2
<i>including</i>								
<i>52.90</i>	<i>56.00</i>	<i>3.10</i>	<i>1.3</i>	<i>0.4</i>	<i>12.9</i>	<i>27.4</i>	<i>336</i>	<i>8.9</i>
<b>QRD1272 (5% Pb+Zn COG) targeting Pillar #4</b>								
53.00	56.25	3.25	1.5	0.2	2.6	7.6	55	1.3
<b>QRD1273 (5% Pb+Zn COG) targeting Pillar #5</b>								
<i>Assays pending</i>								
<b>QRD1274 (5% Pb+Zn COG) targeting Pillar #2</b>								
45.50	63.30	17.8	-	0.3	10.4	19.7	411	7.4

*\*reported previously -20 November 2006.*

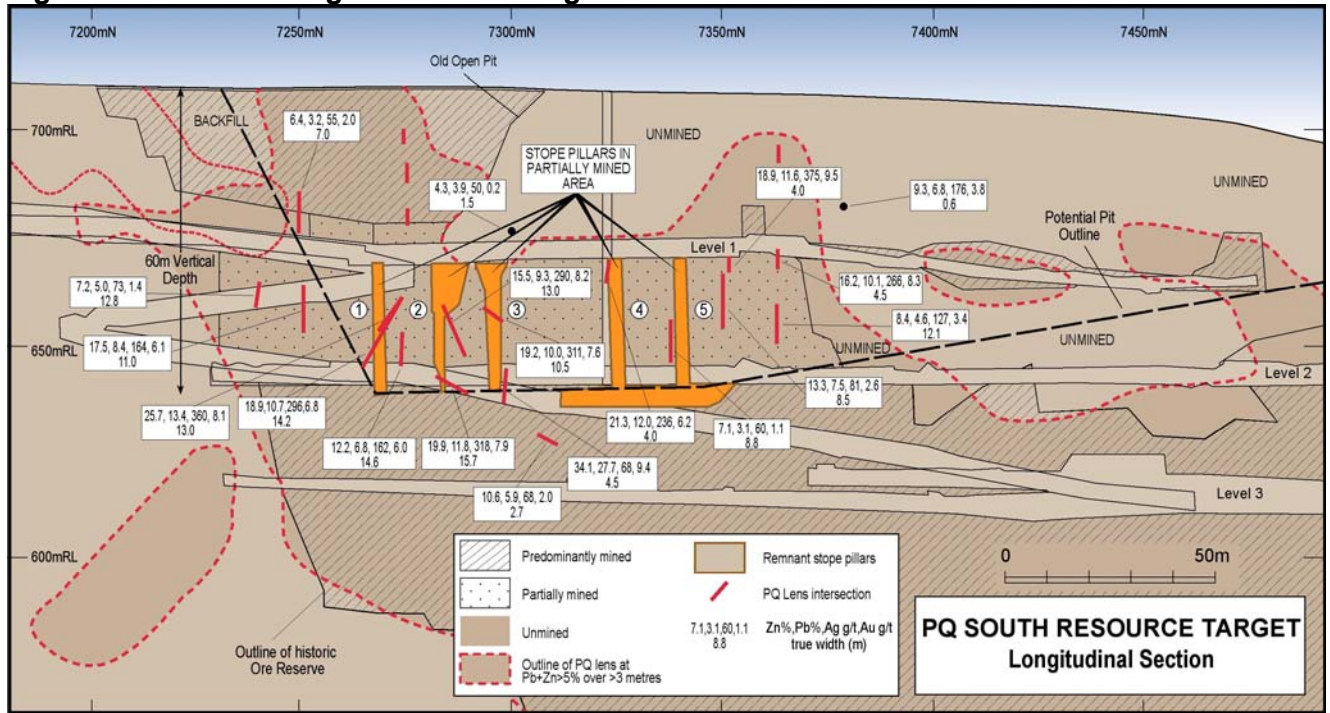
In summary the drill results indicate that the remnant pillars referred to as 1, 2 and 3 are present with significant widths of high grade mineralisation. Pillars 4 and 5 are more problematical with both test holes intersecting relatively narrow zones of mineralisation (*as expected*) but with some internal waste lithologies dominating. The impact of these results on the Mineral Resource is being assessed but given that pillars 4 and 5 comprised relatively low tonnages at lower grades the maximum impact on the remnant component of the PQ South Mineral Resource is considered to be 10% of the contained zinc.

Overall the pillar drill programme results are regarded as positive – confirming the presence of 3 of the 5 pillars over greater than expected widths and containing high grade mineralisation. Whilst the drill results for pillars 4 and 5 are likely to slightly reduce the estimated tonnage of the Inferred remnant resource the shortfall in planned tonnages may well be compensated by the potential upside from recovering ore from the abandoned stopes and extra insitu ore positions not included in the current Mineral Resource estimate. A diagram showing the location of the pillars and potential pit outline are presented in Figure 1 below.

**Table 2: Geological summaries for pillar drill holes**

HOLE	TARGET PILLAR	RESULT (refer Tables 5 & 6)
QRD1269	1	Drilled obliquely across pillar and abandoned in mineralisation. High grade massive sulphide mineralisation intercept suggests pillar extends north of interpreted location and is > 6m thick.
QRD1270	2	Abandoned in a stope north-west of the targeted pillar – inconclusive hole, mineralisation intercepted is from footwall area to the PQ lens position.
QRD1271	3	Drilled orthogonal to pillar. Intersected low to high grade mineralisation over 10m before drilling into a stope
QRD1272	4	Drilled oblique to pillar. Intersected 30cm of mineralisation before drilling 4m of post-mineralisation dacite dyke and then into a stope.
QRD1273	5	Drilled orthogonal to pillar. Drilled across entire pillar but with 1.2m of mineralisation before intersecting 6.4m of post-mineralisation dacite dyke.
QRD1274	2	Drilled orthogonal to pillar. Intersected approximately 18m of high grade massive sulphide mineralisation before entering a stope.

**Figure 1: PQ South long section showing remnant resource area.**




## MINING STUDY UPDATE

Bass Metals in association with its Que River mining alliance partner, Mancala Pty Ltd appears close to finalising a Memorandum of Understanding for the terms and conditions of an ore sales agreement with the Intec Ltd – Polymetals Group joint venture (IPJV). The IPJV is recommissioning the Hellyer concentrator, located just 4km north of the Que River project to re-treat the Hellyer tailings to produce a bulk lead-zinc concentrate. There are strong technical and commercial synergies driving the discussions and negotiations and the Board of Bass Metals hopes to report a positive outcome and the financial impact for the Company as soon as possible.

The public consultation process for the Que River Development Plan and Environmental Management Plan (DPEMP) closes tomorrow and the Dept of Tourism, Arts and Environment meeting to approve the DPEMP is scheduled for mid January.

Yours Sincerely



Mike Rosenstreich  
*Managing Director*