



4 January 2007

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

Dear Sir

ENCOURAGING RESULTS FROM QR32 DRILLING AT QUE RIVER

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

EXECUTIVE SUMMARY

- Bass Metals' first drill hole into the QR32 lens target has returned a downhole intercept of **7.5 metres at 11.5% zinc, 6.7% lead, 6 oz./t silver & 3.0 g/t gold from 50.5 metres.**
- Drill-testing of remnant pillar 5 at PQ South has returned a downhole intercept of **3.4 metres at 12.2% zinc, 8.2% lead, 5 oz./t silver & 2.5 g/t gold from 45.5 metres.**

Que River Drilling Results

Assay results have been received for three diamond core drill holes testing the PQ South remnant pillar resource, the QR32 Lens and a possible new zone near S-lens.

QR32-Lens

The purpose of the QR32 drilling programme is to test the potential for a shallow, open pitable resource centred on historic drill holes QR253 (5.4m at 6.7% Zn, 4.6% Pb) and QR254 (2.7m at 4.4% Zn 3.3% Pb).

Assay results for the first Bass Metals' drill hole were received recently and comprise **7.5m at 6.7% Pb, 11.5% Zn. 190 g/t Ag and 3.0 g/t Au** as summarised in Table 1. Drill hole locations, and results summary for Bass Metal's and historic drill holes (*over horizontal widths*) is presented in Figure 1 (attached). Figure 2 provides a location summary of QR32 and the other key Mineral Resources and targets at Que River. A total of five diamond drill holes have been completed at QR32 with assays pending for the remaining four.

PQ South

A programme of 6 diamond drill holes to test the PQ South remnant pillars has been completed. Geological and assay results for all holes, except assays for QRD1273, have been reported previously (*Refer report to ASX 19 December 2006*). Assay results for QRD1273, drilled to test Pillar 5, are presented in Table 1 below.

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)
PQ South – Remnant Pillar Zone								
QRD1273 targeting Pillar #5								
45.5	48.9	3.4	-	0.3	8.2	12.2	150	2.46
S-Lens								
QRD1275 targeting possible new mineralised zone								
<i>No significant intercepts</i>								
QR32 Lens								
QRD1276 targeting shallow resource potential								
50.55	58.00	7.45	3.5	0.3	6.7	11.5	190	3.0

Drill holes testing Pillars 4 and 5 intersected relatively narrow zones of mineralisation due to the dominance of internal waste. However, given the better than expected assays for QRD1273 and the fact that Pillars 4 and 5 comprise a relatively small proportion of the Mineral Resource tonnage, the impact on the remnant component of the PQ South Mineral Resource is considered to be minimal.

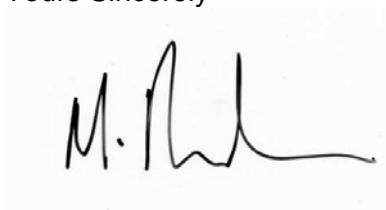
Greater than expected widths and contained high grade mineralisation were intersected by the drill holes testing Pillars 1 to 3, and overall the remnant pillar drilling programme results are regarded as very positive. Further potential upside is possible once mining starts by recovering ore from the abandoned stopes and extra *in situ* ore positions not included in the current Mineral Resource estimate.

S-Lens

QRD1275 was drilled to test 25m below a gold-rich gossan defined by two drill intercepts of 2.6m at 7.1 g/t Au and 3.6m at 5.5 g/t Au intersected by QRD1241 and QRD1242 respectively. The concept that the gossan may represent a new mineralised lens was not supported by results from QRD1275.

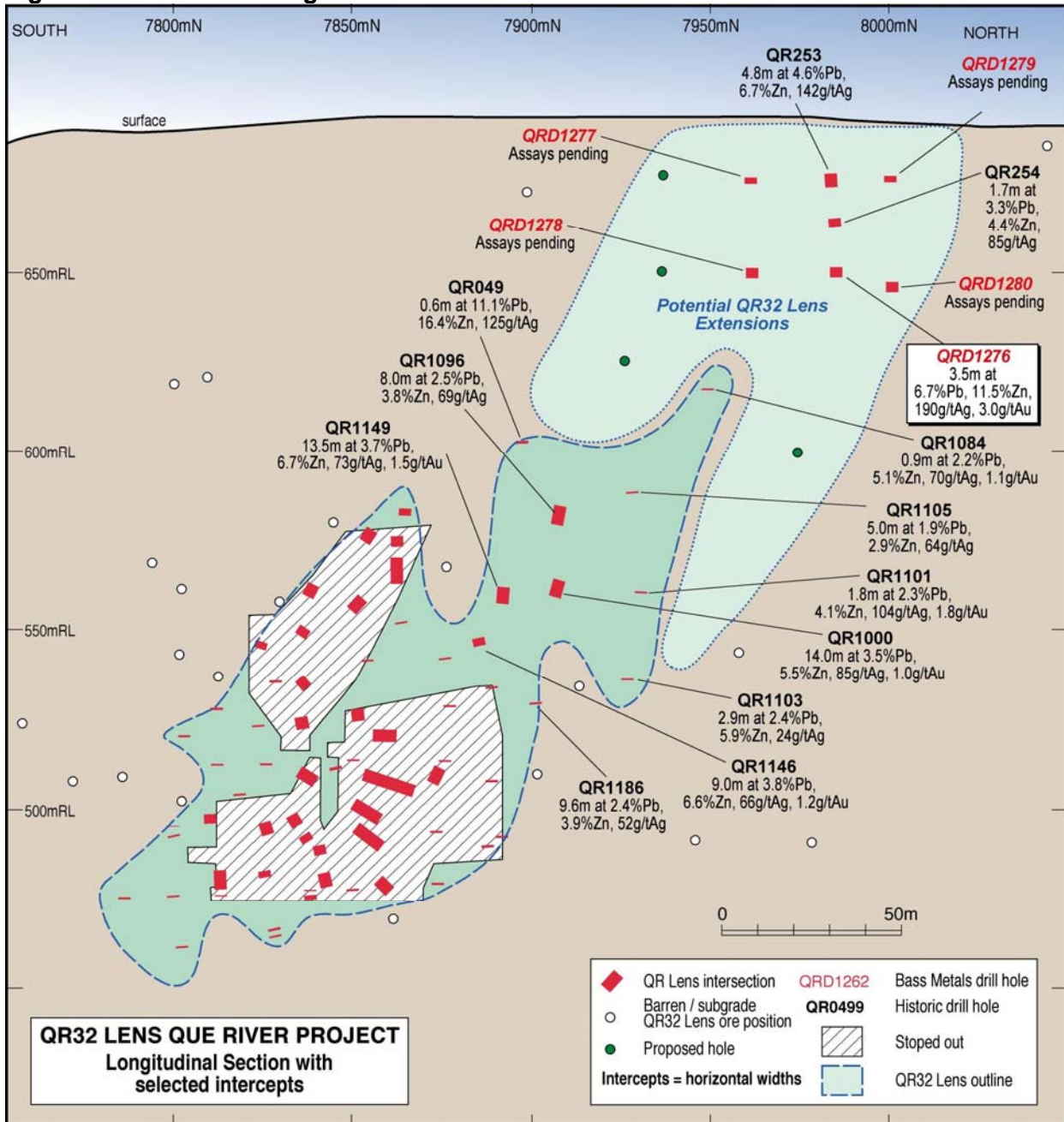
Further updates on the Company's Que River development activities and regional exploration results will be provided in due course.

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.

Figure 1: QR32 Lens Long Section

TABLE 2: Que River Drill Hole Details

HOLE	Lens	Collar North	Collar East	Collar RL	Azimuth	Dip	EOH (m)	Status
QRD1269	PQ Pillar #1	7293	5177	706.3	225	-48	70	Complete
QRD1270	PQ Pillar #2	7310	5118	703.5	144	-53	56	Complete
QRD1271	PQ Pillar #3	7294	5177	706.3	270	-63	58.4	Complete
QRD1272	PQ Pillar #4	7738	5190	708.3	245	-55	62.2	Complete
QRD1273	PQ Pillar #5	7739	5190	708.3	270	-60	74.5	Complete
QRD1274	PQ Pillar #2	7280.5	5176.4	707	270	-61	68	Complete
QRD1275	S-Gossan	7525	5260	696	90	-50	95.4	Complete
QRD1276	QR32	7984.8	5185	692.5	90	-59	68.4	Complete
QRD1277	QR32	7962	5185	692.5	90	-30	52.1	Assays pending
QRD1278	QR32	7962	5185	692.5	90	-56	71.7	Assays pending
QRD1279	QR32	8000	5189	693.2	90	-30	50.1	Assays pending
QRD1280	QR32	8000	5189	693.2	90	-59	80.7	Assays pending

Figure 2: General location plan and simplified geology – Que River Project
