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ASX Announcement 13 July 2021

## BASS METALS REACHES AGREEMENT TO ACQUIRE THE SAN JORGE LITHIUM BRINE PROJECT IN ARGENTINA

### HIGHLIGHTS

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- Bass has reached agreement to proceed with the acquisition of Andes Litio SA (previously Blackearth SA) which holds an option agreement over the San Jorge Lithium Brine Project.
- San Jorge project consists of 15 granted exploration licenses covering 36,600 hectares in the Catamarca province, and located in Argentina's prolific Lithium triangle.
- Bass will shortly commence an exploration programme at San Jorge.
- The San Jorge Project is a key part of Bass' strategy of providing a comprehensive and integrated exposure to Lithium, Graphite and Advanced Graphite Materials.
- Bass will continue to develop its graphite resources at Graphmada and pursue Advanced Materials applications for its high quality graphite.

### OVERVIEW

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Further to the ASX announcements of 26 March 2021 and 1 June 2021, Bass Metals Ltd (**Bass** or the **Company**) is pleased to announce that its due diligence enquiries at San Jorge have been completed, and that it is now proceeding to execute formal documentation to acquire Andes Litio SA (formerly Blackearth SA) which holds an option to acquire the San Jorge Lithium Brine Project located in Catamarca province, Argentina.

Bass will shortly commence exploration activities at San Jorge with a focus on the San Francisco Salar (salt lake).

Along with its considerable Graphite and Lithium assets in Madagascar, Bass considers the San Jorge Project, located in the prolific lithium triangle, to be a logical addition to its asset base and to its strategy to become an integrated supplier of both anode and cathode materials to the burgeoning world demand.

## THE SAN JORGE LITHIUM BRINE PROJECT

The San Jorge Lithium Brine Project is located in Catamarca province, Argentina, in the Lithium Triangle, a prolific location accounting for over half of the world's annual lithium production (Figure 1).

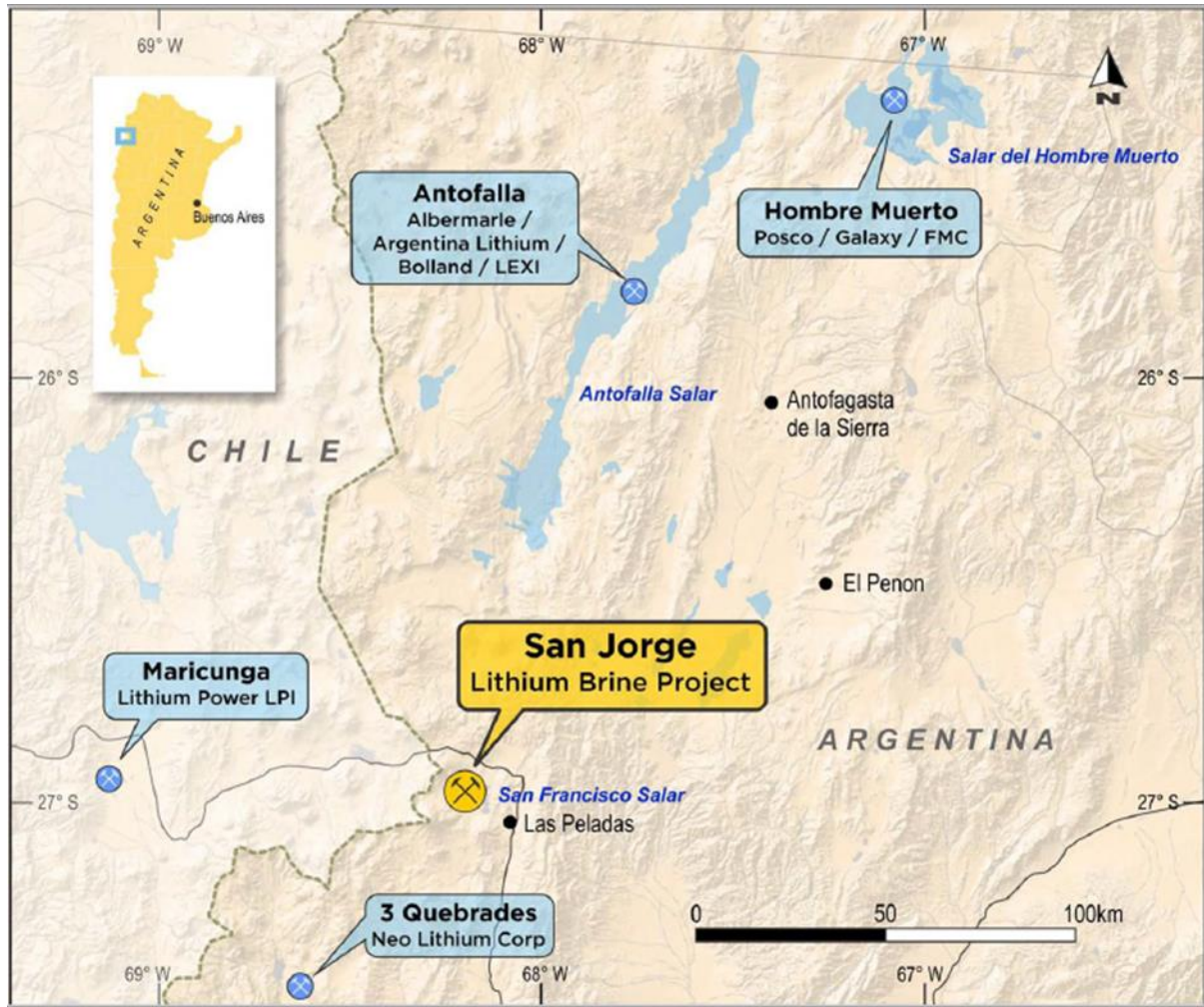


Figure 1 - Location of the San Jorge Project

The San Jorge Project consists of 15 granted Exploration Licenses (EL's) covering some 36,000 hectares inclusive of the San Francisco Salar which covers some 2,800 hectares (Figure 2).

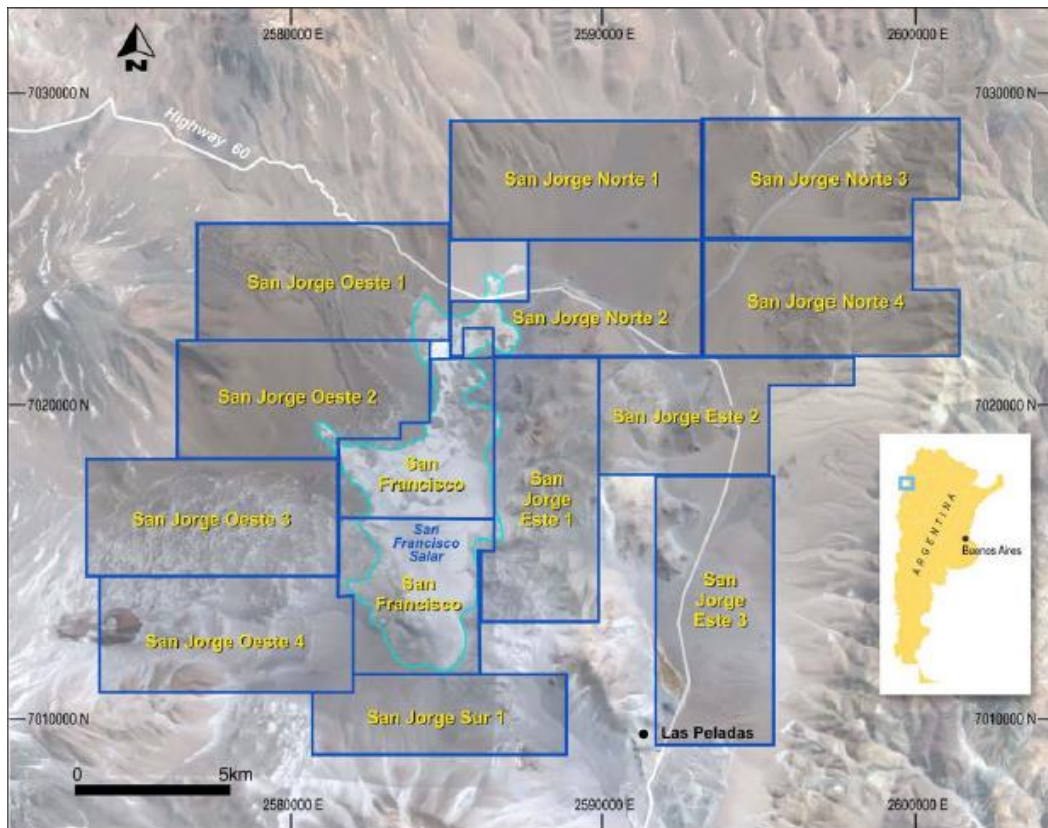


Figure 2 - Map of exploration licenses covering the San Francisco Salar and surrounding basin.

Bass considers the addition of the San Jorge Project as key to the Company’s broadened strategy of providing a comprehensive and integrated exposure to the critical markets of Lithium, Graphite and advanced material concentrates as the global economy shifts to a lower carbon footprint, and markets which it sees as having outstanding long-term fundamentals and entering long term deficits.

For further information regarding the San Jorge Lithium Brine Project, please refer to the Company’s announcement dated 26 March 2021.

## TRANSACTION TERMS

The Company has agreed to proceed with the acquisition of Andes Lito SA (formerly Blackearth SA) which has an option agreement to acquire a 100% interest in the San Jorge Project.

The acquisition is now subject only to the execution of the formal transaction documentation, the terms of which have been agreed, which is expected to be completed by 15 August 2021.

The maximum consideration which may be payable has not changed. The timing of payment of the Initial Consideration has been amended, and the total potential consideration is outlined in the following table:

<b>Timing</b>	<b>Consideration</b>
Initial consideration:	
By 22 July 2021 <sup>1</sup>	75,000,000 shares <sup>2</sup>
On execution of formal transaction documents (expected by 15 August 2021) <sup>1</sup>	75,000,000 shares <sup>2</sup>
Milestone payments:	
9 months after the grant of necessary permits to allow the Company to undertake exploration activities consisting of a geophysical survey, trenching, auguring, brine sampling and shallow drilling	100,000,000 shares <sup>2</sup>
Upon achieving an Inferred Mineral Resource (in accordance with the 2012 Edition of the JORC Code or equivalent) of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 250,000 tonnes at an Li grade of 200mg/L	AUD\$1,000,000 <sup>3</sup>
Upon Bass achieving a Measured and Indicated Mineral Resource JORC Report of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 200,000 tonnes at an Li grade of 200mg/L	AUD\$1,000,000 <sup>2</sup>

In addition, it has been agreed that Bass can commence low impact exploration following the issue of the initial 75m shares.

### **NEXT STEPS – IMMEDIATE EXPLORATION ACTIVITIES**

Bass views the San Jorge Project as highly prospective and accordingly will now proceed with an exploration program for the balance of 2021 with a view to establishing a resource over the San Jorge Project as soon as practicable.

The proposed program over the initial six months of exploration will consist of:

- A passive seismic geophysical survey across the salar to define the thickness of the salar sediments and to target drilling and assist future resource estimation;

<sup>1</sup> 60% of the initial consideration will be subject to voluntary escrow for a period of 12 months from the date of issue

<sup>2</sup> The Company proposes to conduct a 1:50 share consolidation, and if approved by shareholder at the shareholder meeting convened on 15 July 2021, the number of shares to be issued will be reduced accordingly.

<sup>3</sup> to be satisfied by the issue of Bass shares calculated at a 10% discount to 30 Day moving average share price, subject to a floor price of \$0.005 per share (pre-share consolidation referred to in note 2 above), subject to compliance with ASX Listing Rules chapter 7 and Guidance Note 19.

- Electrical geophysics to map the extent of the brine body extending under gravel units around the salar;
- Shallow auger drilling and pit sampling to collect brine samples for assaying, to determine the shallow concentrations of lithium and other elements; and
- Possible targeted deeper drilling to obtain brine samples for evaluation of brine chemistry and to confirm the porosity and permeability characteristics to evaluate possible future production conditions.

## LITHIUM AND GRAPHITE MARKET FUNDAMENTALS

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Bass considers that there is a looming supply deficit in both the Lithium and Graphite markets and is pursuing a strategy to emerge as a supplier of Lithium, Graphite and Advanced materials.

Leading Global investment house UBS has recently updated its forecast for both Lithium and Graphite demand and pricing.

The Battery Raw Materials report published UBS on 4 March 2021 forecasts the global requirement for Lithium to grow from the current 435,000 tonnes per annum (tpa) to a global requirement of 4.4 million TPA by 2030.

UBS have lifted their price forecasts for Lithium Carbonate to US\$12500 and for Spodumene to \$US700/t. UBS is forecasting a substantial deficit at 2030 for Lithium.

The UBS report forecasts the global demand for graphite to increase from its current market size of 849ktpa to an overall requirement of 5.9mt by 2030; an over seven fold increase. UBS also note a long term price forecast of US\$700 for -100 mesh concentrates @94-95%, which in more than double the price received by Bass for concentrates of this specification in the last 6 months of production at Graphmada in 2019.

Several other leading global institutions have increased estimates for Lithium and Graphite moving forward with supply falling behind demand and delivering deficits in both Lithium and Graphite markets. Leading Graphite supplier Imerys recently announced broad price increases in all of its graphite concentrate prices of up to 24%<sup>4</sup>.

In Graphite, Bass has significantly de-risked its capacity to deliver into the Graphite market via its 100% owned Graphmada Mining Complex project which produced commercial concentrates over 20 months without penalty or rejection and established its product in all major markets.

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<sup>4</sup> <https://batteryindustry.tech/imerys-graphite-carbon-announces-price-increase-effective-june-1st-2021/>

In Advanced Materials, Bass has signed an agreement to develop specialty carbon composite technology with Swinburne University. Bass' graphite concentrates possess the characteristics required (clean, large flake) required for Advanced Materials.

In Lithium, in addition to the San Jorge Project, Bass retains the highly prospective Millie's Reward spodumene project in Madagascar. Bass has considerable Lithium experience at board level with Chairman Rick Anthon having a critical involvement since inception with Orocobre Limited and James Brown having extensive experience with Altura Mining Limited.

#### PETER WRIGHT - EXECUTIVE DIRECTOR

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*We are pleased to be in a position to begin work at San Jorge. The San Jorge Project is an important part of our broader strategy moving forward of providing an integrated exposure to Graphite, Advanced Graphite Materials and Lithium, markets we see as critically undersupplied as the take up of battery related technology accelerates.*

*Anchoring this strategy is the Company's progress to date at Graphmada where we successfully sold concentrates across all classes. Bass is well placed to progress on all three fronts of its strategy over the balance of CY21 with significant work planned across all three areas of strategy.*

#### For more information, please contact:

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This announcement has been approved by the Company's Disclosure Committee for release.

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## Competent Person Statement

The information in this document that relates to Exploration Results, Exploration Targets, and Mineral Resources is based on information compiled by Tim McManus, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company.

Tim McManus has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves.

Tim McManus consents to the inclusion of the information in this document in the form and context in which it appears.