

Bass Metals Limited

ACN: 109 933 995

Retail Offer Booklet

For an accelerated non-renounceable rights issue of 1 New Share for every 6 Existing Shares held on the Record Date at an offer price of \$0.011 per New Share.

For every 4 New Shares subscribed for under this Retail Entitlement Offer, 1 attaching free New Listed Option to acquire one ordinary share in Bass Metals at \$0.025 exercisable on or before 31 December 2018 will be issued.

The Offer is fully underwritten by Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited.

The Retail Entitlement Offer opens on 27 September 2017 and closes at 5:00pm (Brisbane time) on 11 October 2017 (unless extended). Valid acceptances must be received before that time.

Applications for New Securities by Eligible Retail Shareholders can only be made by following the instructions on the Entitlement and Acceptance Form accompanying this Retail Offer Booklet. The Entitlement and Acceptance Form sets out the Eligible Retail Shareholder's Entitlement to participate in the Retail Entitlement Offer.

Please read the instructions in this Retail Offer Booklet and on the accompanying Entitlement Acceptance Form.

BIZZELL CAPITAL PARTNERS

Morgans IN ALLIANCE WITH **CIMB**

Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited
Joint Lead Managers and Underwriters

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Important Dates

Record Date 22 September 2017 at 7:00pm (Brisbane time)
Closing Date 11 October 2017 at 5:00pm (Brisbane time)
Shares issued 18 October 2017

The Company, in conjunction with the Underwriter, reserves the right to extend the Closing Date, subject to the Listing Rules and Corporations Act.

Enquiries

Any questions concerning the Offer should be directed to David Round, Company Secretary on 07 3221 0783 or consult your professional adviser.

1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any representation not so contained may not be relied on as having been authorised by the Company in connection with the Retail Entitlement Offer.

No party other than Bass Metals Limited (**Bass**) has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Booklet.

1.1. This document is not a prospectus

This Retail Offer Booklet is dated 22 September 2017, has been prepared by Bass and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Retail Offer Booklet is not a prospectus and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Securities offered by this document.

This Retail Offer Booklet, including each of the documents attached to it and which form part of this Retail Offer booklet are important and should be read in their entirety before deciding whether to apply for the New Securities. In particular, Eligible Retail Shareholders should refer to the risk factors set out in section 6 of this document. If you do not fully understand this Retail Offer Booklet, or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2. Section 708AA of the Corporations Act

The Offer is made in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) (Instrument 2016/84). In broad terms, section 708AA of the Corporations Act relates to rights issues by certain entities and allows offers of securities for issue to be made without a prospectus or other disclosure under the Corporations Act. Neither this Retail Offer booklet nor the Entitlement and Acceptance Form are required to be lodged with ASIC and a prospectus will not be prepared. Accordingly, this Retail Offer Booklet does not contain either all of the information which a prospective investor may require to make an investment decision, or all of the information which would otherwise be required under Australian law or any other law to be disclosed in a prospectus.

1.3. Eligible Retail Shareholder

This Retail Offer Booklet contains an offer of New Securities to Eligible Retail Shareholders in Australia, New Zealand or Singapore and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) (Instrument 2016/84).

Eligible Retail Shareholder means a Shareholder on the Record Date who:

- (a) has a registered address in Australia, New Zealand or Singapore, or is a Shareholder to whom the Company has determined it can extend the Retail Entitlement Offer;
- (b) is not an Eligible Institutional Shareholders or an Ineligible Institutional Shareholder; and
- (c) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Company and the Joint Lead Managers may agree to extend the Retail Entitlement Offer to certain institutional Shareholders who did not participate in the

Institutional Entitlement Offer or to other retail Shareholders (subject to compliance with applicable laws).

1.4. Overseas Shareholders

This Retail Offer Booklet and accompanying Entitlement and Acceptance Form do not, and are not intended to constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Securities or the Offer, or otherwise to permit a public offering of the New Securities in any jurisdiction outside Australia, New Zealand and Singapore.

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand and Singapore because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand and Singapore. The Retail Offer Booklet is sent to those Shareholders for information only.

United States Shareholders

This Retail Entitlement Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Securities have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account of or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These New Securities may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Securities in the United States of America.

New Zealand Shareholders

The Offer contained in this Retail Offer Booklet to Eligible Retail Shareholders with registered addresses in New Zealand is made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Securities. Recipients may not send or otherwise distribute this Retail Offer Booklet or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Retail Shareholders).

Singapore

This document and any other materials relating to the rights and the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a Shareholder, please

return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

1.5. Notice to nominees and custodians

Nominees and custodians should note that the Offer is available only to Eligible Retail Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.6. Forward Looking Statements

This Retail Offer Booklet contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or intends and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Retail Offer Booklet, are expected to take place.

Bass cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Retail Offer Booklet will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Bass have no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Retail Offer Booklet, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Investors should specifically refer to the key risks in section 6 of this Retail Offer Booklet. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Retail Offer Booklet.

1.7. Privacy Act

The Company and its share registry have already collected certain personal information from Shareholders. If a Shareholder completes an Entitlement and Acceptance Form, they will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess applications, service the needs of Shareholder, facilitate distribution payments and corporate communications to Shareholders and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

Shareholders can access, correct and update the personal information that Bass holds about Shareholders. Shareholders should contact the Company or its registry

if they wish to do so at the relevant contact numbers set out in this Retail Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Shareholders should note that if they do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process their Application.

1.8. Competent person statement

The information in this document that relates to Exploration Results 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 mineralisation 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.

2. CHAIRMAN'S LETTER

Dear Shareholders

I write to you as Shareholders of this Company to seek your participation in this non-renounceable rights issue. This has been an exciting year for Bass with a number of highlights including:

- The Company confirmed in August 2016 that it had taken control of operations of the Graphite Producing Mine ("Graphmada") in Madagascar. Subsequent to this announcement, the Company confirmed the final acquisition of Graphmada.
- Since the acquisition of Graphmada, the Company has initiated significant positive changes to operations on site, including the substantial upgrade to operating plant which is designed to increase production capacity to 6,000 tonnes of concentrate pa. The Company anticipates completing this program in late 2017.
- In April 2017, the Company entered an agreement to acquire a potentially high grade Lithium Project in Madagascar. Further announcements were made outlining preliminary results taken from this tenement and the Company's plan to explore this.
- In June 2017, the Company announced the Maiden Resource for its Mahefedok deposit following an extensive drill program. The Mahefedok deposit is adjacent to the Lohrano Deposit and adds significant volume to the Company's access to mineable Graphite.
- The Company also announced in June 2017 the signing of a Sales and Purchase MOU for 50% of its forecast Stage 1 premium graphite concentrate production for 2018.

On 20 September 2017 the Company announced that it intended to conduct a \$6.0 million Capital Raising comprising a Placement, a \$2.5 million 1 for 6 Accelerated Non-Renounceable Entitlement Offer (**ANREO**) and a Deferred Placement at an issue price of \$0.011 per New Share.

Additionally, for every 4 New Shares subscribed, Shareholders will receive 1 free attaching listed option with an exercise price of \$0.025 exercisable on or before 31 December 2018, tradable on the ASX under the code BSMOB.

On 22 September 2017 the Company announced that it had successfully completed a \$3 million Placement and the Institutional Entitlement Offer raising \$0.8 million.

The issue price is offered at a 25.44% discount to TERP¹, 31.25% discount to the last traded price of \$0.016 and a 24.80% discount to the 5 day volume weighted average price of \$0.0146.

The Offer is fully underwritten by Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited.

The directors and executives of the Company intend to subscribe for their entitlements in full with a combined commitment of \$0.10 million.

A personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions contained therein, accompanies this Information Booklet.

The Entitlement Offer closes at 5:00pm (Brisbane time) on 11 October 2017.

¹ The Theoretical ExRights Price (**TERP**) of \$0.0148 is the theoretical price at which Bass Shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer and completion of the Placement. TERP is a theoretical calculation only and the actual price at which Bass' Shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call (08) 9323 2000 between 8:30am and 5:00pm (Brisbane time) Monday to Friday during the offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Bass Metals, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Rick Anthon
Chairman

3. CORPORATE DIRECTORY

Directors

Rick Anthon (Non-Executive Chairman)
Jeffrey Marvin (Non-Executive Director)
Peter Wright (Non-Executive Director)

Chief Executive Officer

Tim McManus

Chief Financial Officer & Company Secretary

David Round

Registered Office

Ground Floor, 31 Ventnor Ave
West Perth WA 6005

Telephone: (07) 3221 0783
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Website

www.bassmetals.com.au

Joint Lead Managers and Underwriters*

Bizzell Capital Partners Pty Ltd
Level 9, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Morgans Corporate Limited
Level 29
123 Eagle Street
Brisbane QLD 4000

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: (08) 9323 2000

Solicitors to the Offer

Mills Oakley
Level 2, 225 St Georges Terrace
Perth WA 6000

Auditor*

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

ASX code

BSM

*These parties have been included for information purposes only. They have not been involved in the preparation of this Retail Offer Booklet.

4. DETAILS OF THE OFFER

4.1. Overview of the Entitlement Offer

The Capital Raising comprises a Placement to professional and sophisticated investors, the Entitlement Offer and a Deferred Placement.

The Entitlement Offer is a fully underwritten accelerated non-renounceable entitlement issue, comprising an Institutional Entitlement Offer and Retail Entitlement Offer to raise \$2.5 million (before costs) by offering 1 New Share for every 6 Existing Shares held as at the Record Date at an issue price of \$0.011 per New Share, with 1 free attaching New Listed Option (exercisable at \$0.025 on or before 31 December 2018) for every 4 New Shares issued.

Based on the capital structure of the Company as at the date of this Retail Offer Booklet, a maximum of 228,024,455 Shares will be issued pursuant to this Offer to raise up to approximately \$2.5 million (before costs).

The Offer is fully underwritten by Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited.

The Offer comprises four parts:

- (a) Institutional Entitlement Offer – Eligible Institutional Shareholders were invited to take up all or part of their Entitlement, with the offer closing on 21 September 2017;
- (b) Institutional Bookbuild – Entitlements not taken up by Eligible Institutional Shareholders, together with the Entitlements that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors.
- (c) Retail Entitlement Offer – Eligible Retail Shareholders are being sent this Retail Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement, along with the opportunity to subscribe for Additional New Securities under the Retail Entitlement Shortfall Offer (**Top Up Facility**).
- (d) Retail Entitlement Shortfall Offer – Entitlements not taken up by Eligible Retail Shareholders, together with the Entitlements that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer, will be offered under the Retail Entitlement Shortfall Offer.

4.2. Placement

On 22 September 2017 the Company announced that it had received binding commitments to subscribe for \$3.0 million via a Placement to new and existing Shareholders who are sophisticated and professional investors on identical terms to the Entitlement Offer.

4.3. Institutional Entitlement Offer

The Company intends to complete the Institutional Entitlement Offer by 28 September 2017.

The Institutional Entitlement Offer provided Eligible Institutional Shareholders with the opportunity to subscribe for 1 New Share for every 6 Existing Shares held on the Record Date at an offer price of \$0.011 per New Share together with 1 free attaching New Listed Option exercisable at \$0.025 expiring on or before 31 December 2018 for every 4 New Shares subscribed for under the Institutional Entitlement Offer.

On 22 September 2017 the Company announced that it had received binding commitments to subscribe for \$0.8 million from the Institutional Entitlement Offer.

New Securities are expected to be issued under the Institutional Entitlement Offer on 29 September 2017.

4.4. Retail Entitlement Offer

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) (Instrument 2016/84)) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on the Company and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the Investor Presentation in Annexure A of this Retail Offer Booklet, the Company's interim report and other announcements made available at www.bassmetals.com.au or asx.com.au.

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Eligible Retail Shareholders who are on the Company's share register on the Record Date are entitled to acquire 1 New Share for every 6 Existing Shares held on the Record Date at an offer price of \$0.011 per New Share together with 1 free attaching New Listed Option exercisable at \$0.025 expiring on or before 31 December 2018 for every 4 New Shares subscribed for under the Retail Entitlement Offer.

The issue price of \$0.011 per New Share represents a discount of 25.44% TERP, a 31.25% discount to the last traded price and an 24.80% discount to the 5 day VWAP. Fractional entitlements will be rounded up to the nearest whole number.

The Directors may at any time decide to withdraw this Retail Offer Booklet and the offer of New Securities made under this Retail Offer Booklet in which case the Company will return all Application Money (without interest) within 28 days of giving such notice of withdrawal.

Each Eligible Shareholder may apply for New Securities, in addition to their Entitlement, at an issue price of \$0.011 per New Share.

Any New Shares not taken up under the Entitlement Offer by the Closing Date (Retail Entitlement Shortfall) may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for Additional New Securities under the Top Up Facility. There is no guarantee that such Eligible Retail Shareholders will receive the number of Additional New Securities applied for, or indeed any Additional New Securities at all. There is no cap on the number of Additional New Securities that Eligible Shareholders may apply for under the Top Up Facility, although the number of New Shares issued under the Retail Entitlement Shortfall Offer will not exceed the Retail Entitlement Shortfall following the Retail Entitlement Offer.

4.5. Deferred Placement

Subject to Shareholder approval (if required), the Company intends to raise \$0.5 million via a Placement to new and existing institutional and sophisticated investors on identical terms to the Entitlement Offer after the close of the Retail Entitlement Offer.

4.6. Use of Funds

Completion of the Entitlement Offer will result in an increase of cash on hand of up to approximately \$2.5 million (before the payment of costs associated with the Offer). Together with the Company's cash and receivables as at 31 August 2017

and Placement and Deferred Placement Proceeds, the total cash on hand will be \$7.1 million as set out below:

Source of funds	\$ million
Cash and Receivables as at 31 August 2017	1.1
Placement Proceeds	3.0
Entitlement Issue Proceeds	2.5
Deferred Placement Proceeds	0.5*
Total Cash and Receivables	7.1

*note: there is no guarantee that the Deferred Placement will take place.

The funds raised from the Capital Raising when combined with cash on hand and receivables are planned to be used as follows:

Use of funds (approximately) ¹	Full Subscription \$ million
Final payment to Stratmin	0.5
Remaining Graphmada Capex	1.4
Graphmada Opex (5 months at \$180,000)	0.9
Exploration Andapa/Millie's Reward	0.5
Corporate expenses Australia	0.7
General working capital ²	2.6
Costs of the Offer ³	\$0.5
Total use of funds	7.1

¹This table is a statement of the proposed application of the funds raised as at the date of this Retail Offer Booklet. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.

² General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. If the proceeds of the Capital Raising are less than as stated, the amount of working capital will be reduced accordingly. In addition, to the extent there is any liability which crystallises in respect of the Company's Tasmanian metal assets, the Company may redirect available funds (including working capital) to satisfy the liability if required.

4.7. Indicative Timetable

Event	Date
Announcement of Capital Raising	Pre-open
Announce appendix 3B	Wednesday, 20
Release Cleansing Notice to ASX	September 2017

Institutional Entitlement Offer opens	Wednesday, 20 September 2017
Institutional Entitlement Offer closes	Thursday, 21 September 2017
Announce results of Institutional Entitlement Offer Release section 708AA(2)(f) notice to ASX Trading halt lifted and trading resumes on ex-basis	Pre-open Friday, 22 September 2017
Record date to determine Entitlements of Eligible Retail Shareholders to participate in the Retail Entitlement Offer	7pm (Brisbane time) Friday, 22 September 2017
Retail Entitlement Offer Opening Date Despatch of Retail Offer Booklet and Entitlement and Acceptance Forms	Wednesday, 27 September 2017
Settlement of Placement and Institutional Entitlement Offer	Thursday, 28 September 2017
Allotment and quotation of Placement and Institutional Entitlement Offer Shares	Friday, 29 September 2017
Retail Entitlement Offer Closing Date	Wednesday, 11 October 2017
Announce results of Retail Entitlement Offer	Monday, 16 October 2017
Settlement of New Shares under the Retail Offer	Tuesday, 17 October 2017
Allotment of New Securities under the Retail Offer	Wednesday, 18 October 2017
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Thursday, 19 October 2017
Despatch of holding statements for New Shares issued under the Entitlement Offer	Friday, 20 October 2017

Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Retail Entitlement Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for New Securities.

4.8. Entitlements and Acceptance

Details of how to apply under the Retail Entitlement Offer are set out in section 5 of this Retail Offer Booklet.

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying the Retail Offer Booklet.

You can also apply for Additional New Securities in addition to your Entitlement by following the instructions set out in section 5.

4.9. Applying for Additional New Securities

Eligible Retail Shareholders will be entitled to apply for Additional New Securities in excess of their Entitlement regardless of the size of their present holding.

Eligible Retail Shareholders wishing to subscribe for Additional New Securities must apply for Additional New Securities at the same time as they apply for New Securities under their Entitlement by completing the relevant section of their Entitlement and Acceptance Form. There is no limit on the number of Additional New securities that Eligible Retail Shareholders may apply for, however, such Applications will only be satisfied to the extent that there is a Retail Entitlement Shortfall under the Retail Entitlement Offer.

In addition, no Additional New Securities will be issued to any Eligible Retail Shareholders if, in the view of the Directors, to do so would increase that Shareholders voting power to above 19.9%.

The issue of Additional New Securities is at the discretion of the Directors. Should such Applications exceed the new securities available, a scale-back will be applied in a manner determined by the Directors.

4.10. Retail Entitlement Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up, and which is not subscribed for under the Retail Entitlement Offer will be available to other Eligible Shareholders under the Top Up Facility, and if not subscribed for will form part of the Retail Entitlement Shortfall which will be dealt with in accordance with the Underwriting Agreement.

4.11. No rights trading

The Retail Entitlement Offer is non-renounceable. This means that there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Securities under the Retail Entitlement Offer to any other party. If you do not take up your Entitlement to New Securities under the Retail Entitlement Offer by the Closing Date, the Retail Entitlement Offer to you will lapse. You will receive no benefit and your shareholding in the Company will be diluted as a result.

4.12. Rights and Liabilities attaching to New Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

All of the New Shares offered under this Retail Offer Booklet will rank equally with the Shares on issue at the date of this Retail Offer Booklet.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All of the Company's Existing Shares and New Shares offered under the Retail Offer Booklet are fully paid ordinary shares.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 but not exceeding 9 Directors. At every annual general meeting one third of the Directors (rounded up to the nearest whole number not exceeding one third) must retire from office. The director or directors to retire at an annual general meeting are those who have been longest in office since their election. The Company may fill the vacated office by re-electing the retiring director or electing some other qualified person. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- (iii) vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability.

(i) Shareholder liability

As the New Shares are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.13. Rights and Liabilities attaching to New Listed Options

The free attaching Options to be issued pursuant to the Offer entitles the holder to subscribe for Shares on the followings terms and conditions:

- (a) Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price before the Expiry Date (**Option**);
- (b) The exercise price of each Option is \$0.025 (**Exercise Price**);
- (c) An Option is exercisable at any time after the date of grant and on or before 5:00pm (Brisbane time) on 31 December 2018 (**Expiry Date**). Options not exercised by the Expiry Date lapse and will be cancelled;
- (d) The Company will at least 10 Business Days before the Expiry Date send notices to the Option holder stating the name of the Option holder, the number of Options held and the number of securities to be issued of the option, the exercise price, the due date for payment and the consequences of non-payment;
- (e) Each Option may be exercised in writing to the Company at its registered office accompanied by the Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable;
- (f) After an Option is validity exercised, the Company must:
 - (i) issue and allot the shares within 10 Business Days of the exercise of the Option; and
 - (ii) subject to the securities of the Company being listed on ASX and to any restrictions imposed on the Options or shares issued upon exercise of the Options under the Listing Rules of ASX, do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 3 Business Days after the date of issue and allotment of the shares;

- (g) Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in all respects;
- (h) Upon the issue of the Options, the Company is to apply to the ASX for the Options to be listed as a tradeable security on the ASX. At all times (pending the listing and upon listing), the Options may be transferred in the same manner as shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate;
- (i) An Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
 - (i) an Option has been exercised; and
 - (ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue;
- (j) If the Company makes a bonus issue of shares of other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (i) the number of shares which must be issued on the exercise of an Option will be increased by the number of shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price;
- (k) If the Company makes an issue of shares pro-rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$O_n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

O_n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (l) If there is a reorganisation of the issue capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of an Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

4.14. Capital structure

The effect of the offer on the capital structure of the Company, assuming all Entitlements are accepted is set out below:

Shares	Full Subscription	
	Number	%
Existing Shares	1,368,146,729	84.62
New Shares to be issued pursuant to the Entitlement Offer	228,024,455	15.38
Total Shares	1,596,171,184	100.0

These tables do not take into account the issue of Shares under the Placement or Deferred Placement.

Options	Full Subscription
Listed Options (exercise price \$0.025, expiry 31 December 2018)	344,847,424
Unlisted Options (exercise price \$0.015, expiry 31 December 2018)	44,384,220
Unlisted Options (exercise price \$0.025, expiry 2 years from issue)	6,000,000
Unlisted Options (exercise price \$0.035, expiry 3 years from issue)	6,000,000
Unlisted Options (exercise price \$0.025, expiry 31 December 2020)	17,500,000
Unlisted Options (exercise price \$0.05, expiry 31 December 2020)	17,500,000
Unlisted Options (exercise price \$0.075, expiry 31 December 2020)	17,500,000
Unlisted Options (exercise price \$0.01, expiry 31 December 2020)	17,500,000
Unlisted Director Options (exercise price \$0.025, expiry 31 December 2020)	13,500,000
Unlisted Director Options (exercise price \$0.05, expiry 31 December 2020)	13,500,000
Unlisted Director Options (exercise price \$0.075, expiry 31 December 2020)	13,500,000
Unlisted Director Options (exercise price \$0.01, expiry 31 December 2020)	13,500,000
Total existing Options	525,231,644
New Listed Options offered pursuant to this Retail Offer Booklet (exercise price \$0.025 on or before 31 December 2018)	57,006,114
Total Options following the Offer	582,237,758

Performance Rights	Full Subscription
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Director Performance Rights	27,000,000
Executive Management Performance Rights	35,000,000
Total Performance Rights granted at Record Date	62,000,000
Total Performance Rights granted post Entitlement Offer	62,000,000

Convertible Notes	Full Subscription
Convertible Notes issued prior to Record Date	2,073,500
Convertible Notes on issue post Entitlement Offer	2,073,500

The Convertible Notes shall automatically convert to Shares at 30 November 2017 if the Company has completed a capital raising and obtained the necessary Shareholder approvals by 30 November 2017. The Convertible Notes will convert at the lower of 1.5 cents per share or the price at which the Company concludes a capital raising. Additionally, each note holder shall receive 1 listed option (with an exercise price of 2.5 cents and expiry date of 31 December 2018) for each 2 shares that they will receive on 30 November 2017.

Interest is payable at 12% per annum on the Convertible Notes and interest will accrue and also be converted to securities on the conversion date. In the event the Notes do not convert to equity, they shall be redeemable on 1 December 2017.

4.15. Historical Share price on ASX

The highest and lowest closing sale price of Shares on ASX during the 3 months immediately preceding the date of this Retail Offer Booklet and the practical last closing sale price are as follows:

	3 month high	3 month low	Last market sale price
Price (cents)	\$0.017	\$0.007	\$0.016
Date	18 September 2017	28 June 2017	19 September 2017

The issue price is offered at a 25.44% discount to TERP, 31.25% discount to the last traded price of \$0.016 and a 24.80% discount to the 5 day volume weighted average price of \$0.0146.

Investors should note that the past Share price performance provides no guidance as to future Share price performance.

4.16. Joint Lead Managers

The Company has appointed Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited as the Joint Lead Managers to the Capital Raising.

The Company has agreed to pay the Joint Lead Managers:

- (a) a management fee of 2.0% plus GST of the funds raised under the Capital Raising; and

- (b) a placement fee of 4.0% plus GST of the amount raised under the Placement and Deferred Placement.

The Joint Lead Managers are also acting as the Underwriters to the Entitlement Offer and will be paid an underwriting fee of 4.0% plus GST on the amount underwritten in respect of the Entitlement Offer.

The Joint Lead Managers are responsible for any selling fees, stamping fees or sub-underwriting fees.

In addition, the Company will issue listed options (exercisable at \$0.025 on or before 31 December 2018) to Bizzell Capital Partners Pty Ltd or its nominee(s) representing 2 options for every dollar raised under the Capital Raising.

4.17. Underwriting

The Entitlement Offer is fully underwritten by Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited (**Underwriters**) pursuant to the Underwriting Agreement summarised in Annexure B of this Retail Offer Booklet (**Underwriting Agreement**).

The underwriting agreement is a standard form for transactions of this size and type and contains customary conditions, covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the underwriter of their underwriting obligations.

The Underwriters have entered into sub-underwriting arrangements and firm commitment agreements with several parties.

4.18. Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. The following table sets out the dilutionary effect assuming the Full Subscription is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	200,000,000	14.62	33,333,334	200,000,000	12.53
2	100,000,000	7.31	16,666,667	100,000,000	6.26
3	50,000,000	3.65	8,333,334	50,000,000	3.13
4	25,000,000	1.83	4,166,667	25,000,000	1.56

This dilution table does not include dilution in respect of the Deferred Placement Shares, which are subject to Shareholder approval (if required), and the Placement.

4.19. Directors Interests and Participation

Each director's interest in the securities of the Company at the date of this Retail Offer Booklet and their Entitlement are set out in the following table:

Director	Current holding		Entitlement	
	Shares	Options	New Shares	New Options
Rick Anthon ¹	27,699,967	39,790,056	4,616,662	1,154,166

Jeffrey Marvin ²	4,935,895	18,083,332	822,650	173,611
Peter Wright ³	22,200,000	22,390,229	3,700,000	925,000

¹ Mr Anthon holds 15,000,000 Performance Rights.

² Mr Marvin holds 6,000,000 Performance Rights

³ Mr Wright holds 6,000,000 Performance Rights.

4.20. Potential effect of Entitlement Offer on control and voting power in the Company

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

Eligible Retail Shareholders should note that if they do not participate in the Retail Entitlement Offer, their holdings will be diluted (compared to their holdings and number of Shares on issue as at the date of this Retail Offer Booklet).

The Underwriters have agreed to fully underwrite the Entitlement Offer.

Bizzell Capital has a relevant interest in 5,019,178 Shares and is the registered holder of 1,650,000 Options (exercisable at 1.5 cents expiring on or before 31 December 2018) and 12,260,861 Options (exercisable at 2.5 cents expiring on or before 31 December 2018). Bizzell Capital also holds 56,500 convertible notes which will convert on 30 November 2017 into 5,317,051 Shares and 3,987,788 Options (exercisable at 2.5 cents expiring on or before 31 December 2018).

Morgans does not have a relevant interest in any Shares of the Company.

The Underwriters are not a related party of the Company for the purposes of the Corporations Act.

Neither Bizzell Capital nor Morgans subscribed for securities in the Institutional Entitlement Offer or the Institutional Bookbuild. In the event that no Eligible Shareholders took up their rights under the Retail Entitlement Offer, including Directors and executives of the Company, at the completion of the Entitlement Offer, Bizzell Capital may have a relevant interest of 6.37% in the Company (assuming Bizzell Capital takes up its Entitlement under the Retail Entitlement Offer but does not convert its convertible notes or exercise its options) and Morgans may have a relevant interest of 6.10%.

If Morgans terminates its underwriting obligation and Bizzell elects to perform and take up its underwritten amount, and exercises its options (and no other holder did so) and converts its convertible notes (and no other holder does so), then Bizzell's relevant interest will increase to a maximum of 13.29% (assuming no shortfall is placed to sub-underwriters).

If Bizzell terminates its underwriting obligation and Morgans elects to perform and take up its underwritten amount, then Morgans' relevant interest will increase to a maximum of 12.20% (assuming no shortfall is placed to sub-underwriters).

4.21. Opening and Closing Dates

The Retail Entitlement Offer opens on the Opening Date, being 27 September 2017 and closes on the Closing Date, being 11 October 2017 at 5:00pm (Brisbane time) (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

4.22. Issue and dispatch

New Securities issued pursuant to the Retail Entitlement Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in section 4.7 of this Retail Offer Booklet. New Securities issued pursuant to the Retail Entitlement Shortfall Offer will be issued progressively.

Pending the issue of the New Securities or payment of refunds pursuant to this Retail Offer Booklet, all Application Money will be held by the Company's share registry in trust for the Applicant's in a separate bank account as required by the Corporations Act. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

The expected dates for issue of New Securities offered by this Retail Offer Booklet and dispatch of holding statements is expected to occur on the dates specified in the indicative timetable set out in section 4.7 of this Retail Offer Booklet.

4.23. ASX Listing

Application for official quotation by ASX of the New Securities offered pursuant to this Retail Offer Booklet will be made.

The fact that ASX may grant official quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities offered for subscription.

4.24. CHES

The Company participates in the Clearing House Electronic Subregister System (CHES). CHES is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHES, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Securities issued under this Retail Offer Booklet. If an investor is broker sponsored, ASPL will send a CHES statement.

The CHES statement will set out the number of New Shares issued under this Retail Offer Booklet, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be despatched by the Company's share registrar and will contain the number of New Shares issued to you under this Retail Offer Booklet and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

4.25. Taxation implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Entitlement Offer or Shareholders applying for New Securities under this Retail Offer Booklet, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Retail Entitlement Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Retail Offer Booklet.

4.26. Enquiries concerning Retail Offer Booklet

Any queries regarding the Offer should be directed to Mr David Round, Chief Financial Officer and Company Secretary on 07 3221 0783.

You can also contact your stockbroker or professional adviser with any queries in relation to the Retail Entitlement Offer.

5. ACTION REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

5.1. What you may do

The number of New Securities to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

As an Eligible Retail Shareholder, you may:

- (a) take up all or part of your Entitlement;
- (b) take up all of your Entitlement and apply for Additional New Securities; or
- (c) allow all of your Entitlement to lapse.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after 5:00pm (Brisbane time) on the Closing Date.

The Company will treat you as applying for as many New Securities as your payment will pay for in full.

An application for Additional New Securities accompanied by payment of the Application Money does not guarantee any allotment of any Additional New Securities. Any Application Money received for more than your final allocation of New Securities will be refunded. No interest will be paid on returned Application Money.

5.2. To take up all or part of your Entitlement

If you decide to take up all or part of your Entitlement, please follow the instructions on the Entitlement and Acceptance Form.

5.3. To take up all of your Entitlement and apply for Additional New Securities

Eligible Retail Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding by following the instructions on the Entitlement and Acceptance Form (**Top Up Facility**).

5.4. To allow your Entitlement to lapse

If you do not wish to take up any part of your Entitlement you are not required to take any action. If you allow all or part of your Entitlement to lapse you will receive no benefit to the extent of Entitlements not taken up and your shareholding in the Company will be diluted as a result.

The Company and the Underwriter will deal with any New Securities not accepted in accordance with the Underwriting Agreement.

5.5. Payment

Acceptance of New Shares must be accompanied by payment in full of the price of \$0.011 per New Share. Payments will only be accepted in Australian currency and as follows:

- (a) cheque, bank draft or money order drawn on and payable at any Australian financial institution; or
- (b) BPAY® as per the Entitlement and Acceptance Form.

For payment by cheque, bank draft or money order:

To participate in the Offer, your completed Entitlement and Acceptance Form, together with your Application Money, must be received by the Company at the following address by no later than 5:00pm (Brisbane time) on the Closing Date:

Bass Metals Limited C/- Computershare Investor Services GPO Box 505 Melbourne VIC 3001

Please follow the instructions on the Entitlement and Acceptance Form.

Cheques or bank cheques should be made payable to 'Bass Metals Limited' and crossed 'Not Negotiable'. Cash will not be accepted and no receipts will be issued. A single cheque should be used for the Application Money for your Entitlement you wish to apply for as stated on the Entitlement and Acceptance Form.

The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

For payment by BPAY®

If you are paying by BPAY® payment, you do not need to mail the Entitlement and Acceptance Form. However, please follow the instructions on the Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Company's share registry by no later than 5:00pm (Brisbane time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration.

A single payment should be made for the Application Money for your Entitlement you wish to apply for as stated on the Entitlement and Acceptance Form.

5.6. Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Money, you will be deemed to have represented that you are an Eligible Retail Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Retail Offer Booklet, does not prohibit you from being given the Retail Offer Booklet and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;

- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian, New Zealand or Singapore resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Retail Offer Booklet is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, New Zealand and Singapore and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

6. KEY RISK FACTORS

6.1. Introduction

The New Securities offered under this Retail Offer Booklet should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Retail Offer Booklet.

The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on the advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this document.

Bass is subject to a number of risk factors both specific to its business and of a general nature. Bass's business, financial condition and the results of its operations could be materially and adversely affected by the occurrence of any of the risks associated with the business. As a result, the traded price of Bass's Shares could decline and shareholders could lose all or part of their investment. The risks outlined should not be considered exhaustive of the risks faced by Bass and its investors but these and other risks could have a material impact on the financial performance of Bass and the value of Bass Shares.

6.2. Key Investment Risks

(a) Operating and Development Risks

There are significant risks associated with the operating and expansion of a mine. The ability of Bass to meet operating and capital expenditure estimates or achieve production targets as planned cannot be assured. For example, development and expansion projects may require approvals, permits or licenses (including environmental licenses) that may not be received on a timely basis, on acceptable terms or at all. There is no guarantee that Bass will be able to comply with all conditions imposed on those approvals and licenses in a cost effective manner. Decisions regarding development and expansion projects may be subject to the successful outcome of operational reviews, test work, studies and trial mining.

There is a risk that the Company will not be able to economically mine current or future mineral reserves discovered in order to produce a satisfactory commercial return.

The assets of Bass (as with others in the sector) are subject to uncertainty inherent with resource estimation, development and production, grade, recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters. If faced by Bass, these circumstances could result in Bass not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Bass's financial and operational performance.

(b) Resource Estimation and Exploration Risks

The Mineral Resources for Bass's assets are estimates only and no assurance can be given that any particular recovery level of graphite will in fact be realised. Bass's estimates comply with the JORC Code, however Mineral Resources and Ore Reserves are expressions of judgment based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates by nature are imprecise and involve assumptions. Additionally, even estimates that are valid when made may change significantly when new information or new techniques become available.

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if the exploration activities undertaken by Bass do not result in additional reserves, this may have an adverse effect on the Company's financial performance.

(c) Tenure

Interests in a project's tenements are governed by laws and regulations and are granted for a certain period of time. The grant and ongoing validity of each license, lease and permit is subject to the holder complying with expenditure, reporting and other conditions. In this regard, Bass has permits granted and pending. While Bass believes pending permits will be granted once it fulfils the final conditions (which it intends to), there is no guarantee this will occur in a timely fashion or at all.

(d) Land Access and Native Title Rights

The tenements in which Bass has an interest may be subject to landowner and/or native title claims or other access restrictions. Bass may need to resolve such access arrangements, prior to entering on land to carry out activities, through the provision of monetary compensation, compensation for damage to land and commitments to restore the land. In particular, the permits for Bass's Graphmada mine are subject to negotiated access arrangements with landowners. While Bass expects the agreements to be upheld, there is no guarantee that all necessary parties will maintain these arrangements, that Bass has these.

(e) Risks to achieving production (including increased production)

Whilst Bass considers there to be a reasonable basis for the production forecasts at its projects, the forecasts are subject to a number of factors, many of which cannot be foreseen and are beyond the control of Bass. These factors may cause the production forecasts not to be achieved or to be achieved later than expected.

(f) Environmental Risk

The operations of Bass are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, Bass's activities are expected to have an impact on the environment, particularly in relation to mining and production. It is Bass's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(g) Funding Risks

In the ordinary course of operations and development, Bass is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Bass's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Subject to successful completion of the Capital Raising, it is expected that Bass will have sufficient funding to support its operations. However, Bass will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that Bass will be able to access future funding on favourable terms or at all. Additionally, to the extent there is any liability which crystallises in respect of the Company's Tasmanian metal assets, the Company may apply the proceeds of the exercise of options on issue and the Offer proceeds (including by reallocating working capital) to satisfy the liability if required.

(h) Sovereign and Political Risks

Possible sovereign risks associated with operating in Madagascar include, without limitation, changes in the terms of mining legislation, changes in the foreign ownership requirements in Madagascar, changes to royalty arrangements, changes

to taxation rates and concessions, expropriation by the government or private entities and changes in the ability to enforce legal rights. Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of and may affect industry profitability as well as Bass's capacity to explore and mine. At present, Bass is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation, competition policy, environment and lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Bass's plans or its rights and obligations in respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Bass. Any of these factors may, in the future, adversely affect the financial performance of Bass and the market price of its Shares. No assurance can be given regarding future stability in Madagascar or any other country in which Bass may, in the future, have an interest.

(i) Completion Risk

The Company entered into a 'deed of amendment' to the share purchase agreement, previously finalised on 20 August 2016, to acquire the remaining issued share capital of Graphmada from Stratmin. The successful completion of the amended agreement is subject to receiving the necessary funding. There can be no guarantee that any proposed transaction will be completed or successful. If the propose transaction is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. Further, the Company's expenses associated with the transaction, including legal fees, may increase as the Company assesses its legal position and whether to attempt to enforce such legal rights, should the need arise. Further, it is anticipated that financial completion of the transaction will occur on 30 September 2017. However, there is a risk that the Company will not be able to complete the transaction within the identified timeframe. Any delay in completion may have a material adverse effect on the Company.

(j) Millie's Reward

As announced on 19 April 2017, Bass has entered into a binding agreement to purchase a lithium project in Madagascar. The Company has since completed technical due diligence which confirmed significant spodumene mineralisation with grades up to 7.08% Li₂O. The agreement is expected to complete in October 2017. There is a risk that the transaction may not complete due to the commercial due diligence not yet complete, however the Company is confident it will do so in the timeframe published above.

(k) Risks Specific to Madagascar

The Company's key projects are located in Madagascar, which is a less developed country than Australia, and as such has associated political, economic, legal and social risks. These various risks and uncertainties may include, but are not limited to, exchange rate fluctuations, potential for higher inflation, labour unrest, the risks of expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and restrictions on imports of equipment and consumables and on the use of foreign contractors.

Changes, if any, in mining or investment policies or shifts in political attitude in Madagascar may impact the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment,

maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Madagascar may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company in Madagascar.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could impact on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Madagascar, the Directors may reassess investment decisions and commitments to assets in Madagascar.

(l) Tasmanian Asset Divestment

As announced on 1 May 2017, the Company executed a conditional term sheet for the disposal of its tenements and mining related interests in Tasmania to NQ Minerals Plc (**NQM**), a company listed on the London AIM Exchange (**NQM Conditional Term Sheet**). Completion of the agreement is subject to various conditions including a period of due diligence of 6 months from the signing of the NQM Conditional Term Sheet (30 April 2017) and NQM shareholder approval. The terms provide that Bass shall receive the following benefits as part of this sale to NQM:

- 1% Net Smelter Return for a period of 20 years;
- relief from all future liabilities;
- receipt of all bonds and other refunds in relation to the tenements for approximately \$650,000; and
- reimbursement by NQM for all costs incurred and associated with the Tasmanian assets from the date of signing the NQM Conditional Term Sheet and completion.

There is a risk that the Tasmanian Asset Divestment may not proceed under the NQM Conditional Term Sheet. Accordingly, the Company will need to re-enter discussions in relation to the potential divestment of its Tasmanian assets with other parties.

The Company continues to comply with its care and maintenance plan for its Tasmanian assets, allocating the cost of such activities to NQM as per the NQM Conditional Term Sheet. In the event that the Tasmanian Asset Divestment does not proceed under the NQM Conditional Term Sheet, there is a risk that the costs associated with these activities may fall back to the Company. There is also a risk that these costs may exceed budget.

(m) Share market, commodity price volatility and foreign exchange rate risk

Bass has significant commodity and energy requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (such as rising oil prices, macro-economic factors such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar), as well as general global economic conditions and political trends) may lead to an increase in commodity and energy costs which may materially adversely affect the earnings of Bass. Similarly, substantially all of Bass's revenues and cash flows are related to commodity markets. Therefore, the financial performance of Bass is exposed to fluctuations in commodity markets. Bass's

commodity end market prices may be influenced by numerous factors and events which are beyond the control of Bass. Bass is an Australian business that reports in Australian dollars. Revenue is derived from the sale of products in US dollars, therefore movements in the US\$/A\$ exchange rate or the Malagasy Ariary/A\$ may adversely or beneficially affect Bass's cash flows. Share market conditions may adversely affect listed securities regardless of the operating performance of a particular company. The trading price of Bass's securities may rise or fall depending on numerous factors impacting on market conditions and investor attitudes including the general economic outlook nationally and globally.

6.3. General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

7. CONSENTS AND DISCLAIMERS

Written consents to the issue of this Retail Offer Booklet have been given and at the time of this Retail Offer Booklet have not been withdrawn by the following parties:

Bizzell Capital Partners Pty Limited has given and has not withdrawn its consent to be named in this Retail Offer Booklet as the Underwriter in the form and context in which it is named. It takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

Morgans Corporate Limited has given and has not withdrawn its consent to be named in this Retail Offer Booklet as the Underwriter in the form and context in which it is named. It takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

Tim McManus has given and has not withdrawn its consent to be named in this Retail Offer Booklet as the Competent Person in the form and context in which it is named. He takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

Computershare Investor Services Pty Ltd has given and has not withdrawn its consent to be named in this Retail Offer Booklet as the Share Registry in the form and context in which it is named. It takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

Grant Thornton Audit Pty Ltd has given and has not withdrawn its consent to be named in this Retail Offer Booklet as the Auditor in the form and context in which it is named. It takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

Mills Oakley has given and has not withdrawn its consent to be named in this Retail Offer Booklet as Solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Retail Offer Booklet other than references to its name.

8. GLOSSARY

\$, A\$ or dollars means Australian dollars, unless otherwise stated.

Additional New Securities means New Securities in addition to an Eligible Retail Shareholder's Entitlement for which an Application makes an Application.

Applicant refers to a person who submits a valid Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Retail Entitlement Offer.

Application means a valid application for New Shares made pursuant to this Retail Offer Booklet and an Entitlement and Acceptance Form.

Application Money means money received from an Eligible Retail Shareholder in respect of their Application.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691), or where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Announcement means the announcement made by the Company regarding the launch of the Entitlement Offer

ASX Materials means the:

- (a) ASX Announcement;
- (b) Cleansing Notice; and
- (c) Investor Presentation.

Board means the board of Directors.

Capital Raising means the Placement, Entitlement Offer and Deferred Placement.

Cleansing Notice means the notice lodged by the Company with ASX under section 708AA(2)(f) in respect of the Entitlement Offer.

Closing Date means the date set out in section 4.7 or such other date as may be determined by the Directors.

Commitment Letters means the confirmation letters sent by the Underwriters to institutional investors who subscribe for New Shares under the Institutional Entitlement Offer.

Company or **Bass** means Bass Metals Limited (ACN 109 933 995).

Corporations Act means the *Corporations Act 2001* (Cth).

Deferred Placement means the Shares issued to professional and sophisticated investors as set out in section 4.5.

Directors means the directors of the Company.

Eligible Institutional Shareholder means an Institutional Investor who was successfully invited to participate in the Institutional Entitlement Offer.

Eligible Retail Shareholder as defined in section 1.3 of this Retail Offer Booklet.

Entitlement or **Right** means the entitlement to subscribe for New Securities under the Entitlement Offer.

Entitlement and Acceptance Form means the application form accompanying this Retail Offer Booklet.

Entitlement Offer or **Offer** means the Institutional Entitlement Offer and the Retail Entitlement Offer.

Existing Share means a Share issued on or before the Record Date.

Full Subscription means \$2,508,269 before costs.

Group means the Company and each Related Corporation.

Ineligible Institutional Shareholder means a Shareholder who is an institutional or sophisticated Shareholder on the Record Date with a registered address outside Australia, New Zealand and Singapore and that the Joint Lead Managers determine will be an Ineligible Institutional Shareholder for the purposes of the Institutional Entitlement Offer.

Ineligible Retail Shareholder means a Shareholder on the Record Date with a registered address outside Australia, New Zealand and Singapore.

Institutional Entitlement Offer means the offer of New Securities to Eligible Institutional Shareholders under the Entitlement Offer.

Investor Presentation means the investor presentation prepared by the Company included in this Offer Booklet.

Joint Lead Managers means Bizzell Capital Partners Pty Ltd (ACN 108 330 650) and Morgans Corporate Limited (ACN 010 669 725).

Listing Rules or **ASX Listing Rules** means the listing rules of ASX.

New Listed Option means an Option proposed to be issued pursuant to the Retail Entitlement Offer, the terms of which are set out in section 4.13.

New Securities means New Shares and/or New Listed Options (as applicable).

New Share means a new Share to be issued pursuant to the Entitlement Offer.

Offer Documents means the:

- (d) ASX Materials;
- (e) Offer Booklet and any supplementary offer booklet;
- (f) Entitlement and Acceptance Form; and
- (g) Confirmation Letters.

Official List means the official list of the ASX.

Opening Date means the date set out in section 4.7.

Option means an option to subscribe for a Share.

Placement means the Shares issued to professional and sophisticated investors as set out in section 4.2.

Record Date means the date set out in section 4.7.

Related Corporation means a related body corporate as that expression is defined in the Corporations Act and includes a body corporate which is at any time after the date of the Underwriting Agreement a related body corporate but ceases to be a related body corporate because of an amendment, consolidation or replacement of the Corporations Act.

Retail Offer Booklet or Offer Booklet means this Retail Offer Booklet.

Retail Entitlement Offer means the offer of New Securities to Eligible Retail Shareholders under the Entitlement Offer.

Retail Entitlement Shortfall means a shortfall between the number of New Securities applied for under the Retail Entitlement Offer and the number of New Securities offered to Eligible Retail Shareholders under the Retail Entitlement Offer.

Retail Entitlement Shortfall Offer is as defined in section 4.1

Retail Offer Booklet means this booklet.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

TERP means the theoretical ex rights price.

Top Up Facility means a facility for Eligible Shareholders to apply for Additional New Securities under the Retail Entitlement Shortfall Offer.

Underwriters means Bizzell Capital Partners Pty Ltd (ACN 108 330 650) and Morgans Corporate Limited (ACN 010 669 725).

Underwriting Agreement means the underwriting agreement dated 22 September 2017 between the Underwriters and the Company.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

ANNEXURE A - INVESTOR PRESENTATION

To download the investor presentation, please go to the Company's website at www.bassmetals.com.au or the Company's announcement section on the ASX website at www.asx.com.au



BassMetals Ltd.

Building an international industrial minerals business.

CAPITAL RAISING PRESENTATION

SEPTEMBER 2017

Disclaimer & Cautionary Statements



DISCLAIMER

This document has been prepared by Bass Metals Limited (the “Company”). It should not be considered as an invitation or offer to subscribe for or purchase any securities in the Company or as an inducement to make an invitation or offer with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this document. This document is provided on the basis that neither the Company nor its officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the document and nothing contained in the document is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law.

The document may contain forward-looking information and prospective financial material, which is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved. All references to future production, production targets and resource targets and infrastructure access are subject to the completion of all necessary feasibility studies, permitting, construction, financing arrangements and infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Exploration Results, as well as the Competent Persons' statements. All persons should consider seeking appropriate professional advice in reviewing the document and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the document nor any information contained in the document or subsequently communicated to any person in connection with the document is, or should be taken as, constituting the giving of investment advice to any person.

The Company has appointed Bizzell Capital Partners Pty Ltd (BCP) and Morgans Corporate Limited (Morgans) as Joint Lead Managers to the capital raising and Underwriters to the Entitlement Offer. Neither BCP or Morgans have authorised, permitted or caused the issue of this presentation. Neither of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by them. To the maximum extent permitted by law, BCP and Morgans and their respective directors and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this presentation. Further, none of BCP, Morgans or their respective officers, advisers, agents or employees accept, to the extent permitted by law, any liability for any loss, claim, damages, costs or expenses arising from the use of this presentation or its contents or otherwise arising out of, or in connection with it.

FORWARD LOOKING STATEMENTS

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward looking statements will be or are likely to be fulfilled. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this document constitutes investment, legal, tax or other advice.

COMPETENT PERSON STATEMENT

The information in this report that relates to 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 mineralisation 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 report in the form and context in which it appears.

SUBSEQUENT PUBLIC REPORTING

The information for the JORC Mineral Resource Summary is extracted from the ASX Announcement “Strategic investment in producing graphite asset” released 2 September 2015, which is available to view on www.asx.com.au. Bass Metals Ltd. confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Highlights



Bass Metals Ltd. (ASX:BSM) is an emerging producer of industrial mineral concentrates, approaching the key strategic milestone of profitable production at its flagship asset; the operating Graphmada Large Flake Graphite Mine in eastern Madagascar.

Optimising Graphmada production from 1,500 tonnes per annum (tpa) to 6,000 tpa (Stage 1) of large flake graphite concentrates, an investment of circa A\$16m to date inclusive of 100% ownership, to provide a platform for expansion via the lowest capital intensity pathway.

Graphmada Stage 2 expansion to >20,000 tpa in 2019 will establish the Company as a mid-tier supplier of industrial mineral concentrates, and one of the largest producers of premium large flake graphite concentrates globally.

Utilising the cash flow from Graphmada as a platform for growth, the Company will seek to aggressively explore permits, materially grow resource inventories, and assess potential acquisitions that add value.

Fast tracking the development of the highly prospective Millie's Reward high-grade, hard rock, lithium project in central Madagascar.

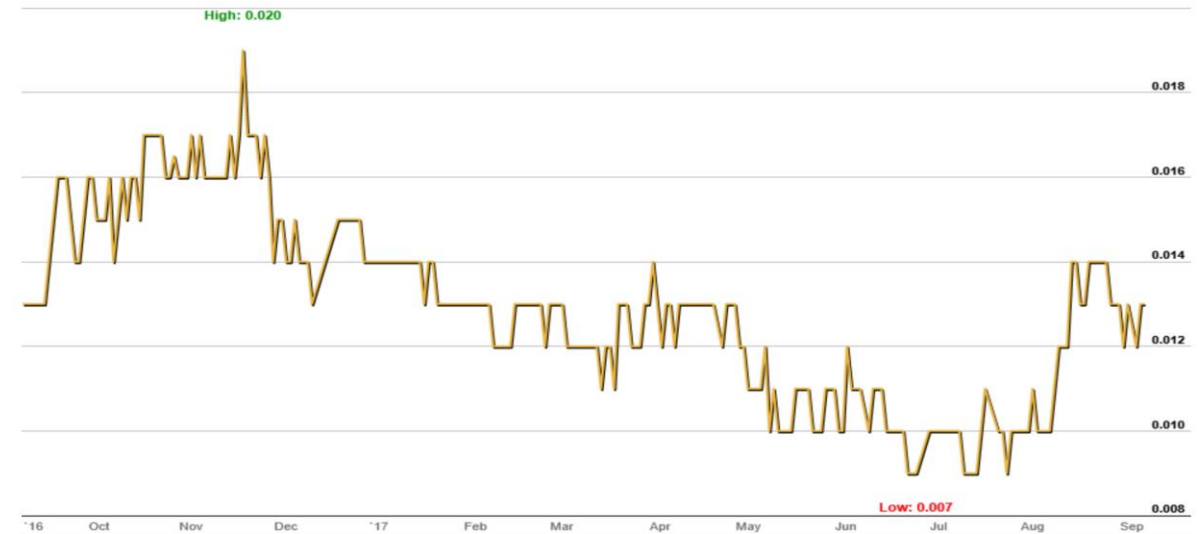
Capital Market Summary



CAPITAL STRUCTURE (ASX: BSM) (as at 19 September 2017)

Ordinary Shares	1,368 million
Listed Options	345 million ¹
Convertible Notes	A\$2 million ²
Cash & Receivables	A\$1.1 million
Share Price (ASX)	A\$0.016
Market Capitalisation	A\$22 million

SHARE PRICE CHART



SHAREHOLDERS

Executives and Directors	~8%
Top 20	~46%

¹ Excludes 180m unlisted options and 62m performance rights – see Appendix 3B released to the ASX on the 20/09/17 for details of unlisted securities.

² See ASX Announcement 'Bass completes \$2m Convertible Note issue for Graphmada' released to the ASX on the 3/07/17 for further details. It is expected that these Notes plus accrued interest will convert into approximately 198m shares and 99m Listed Options on 30 November 2017, subject to shareholder approval at the Company's Annual General Meeting to be convened in November 2017.

Board of Directors



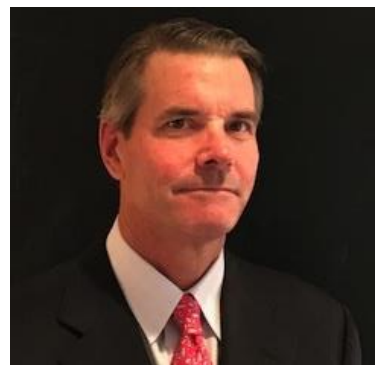
Rick Anthon – **Non-Executive Chairman**

Mr. Anthon is a practicing lawyer with over 30 years' experience in both corporate and commercial law. Mr. Anthon also has extensive experience in the resource sector, as a director of a number of resource companies and as legal adviser, including project acquisition and development, capital raising and corporate governance. Mr. Anthon is currently General Counsel and Joint Company Secretary at Orocobre Ltd, Australia's premier Lithium producer.



Peter Wright – **Non-Executive Director**

Mr. Wright has 20 years experience advising on capital markets, investor relations, acquisitions and divestments, particularly in industrial minerals and metals markets. Mr. Wright is also currently Executive Director of Bizzell Capital Partners, a Brisbane based corporate advisory and funds management firm.



Jeffrey Marvin – **Non-Executive Director**

Mr. Marvin has 20 years global experience in mineral resource project origination, financing and development. Mr. Marvin has international management and corporate governance experience with projects located in diverse international business climates. Prior to joining Bass, Mr. Marvin was a founding executive director of an Australian energy technology company and has experience working across a range of projects including gold, coal, mineral sands and coal seam gas.

Management



Tim McManus – Chief Executive Officer

Mr. McManus has 25 years as a mining professional with significant experience at senior management level across all facets of project assessment, development and operations. Previous roles include CEO of ASX listed Elementos Ltd, Chief Geologist for Xstrata, and Partner – Barclays Natural Resource Investments: Metallurgical Coal Management Team.



David Round – Chief Financial Officer & Company Secretary

With over 25 years experience, Mr. Round is a qualified accountant with extensive resource sector experience at senior management level. As Chief Financial Officer and Company Secretary to a number of resource companies, he has been integral to the commercial success of a number of companies both in Australia and internationally.



Wilhelm Reitz – General Manager

Mr. Reitz has over 20 years experience as a mining professional, working in operations and project development roles across Africa and Europe. He has extensive experience in mine management of gold, diamond and graphite operations, with previous roles including Production Manager for Afrigold, and Mine Manager for Stellar Diamonds and West African Diamonds.



Mamison Randriananatenaina – Corporate Affairs Manager and Gerant

Trained in Economics and currently studying commercial law, Mr. Randriananatenaina has extensive experience in administration, logistics and management in the mining sector. He was an integral part of the team that delivered the US\$5.5 billion Ambatovy Nickel Project for Sherritt International in Madagascar.

Flagship Project: Graphmada Mine



BASS HAS ALL ESSENTIAL ELEMENTS TO CREATE MEANINGFUL SHAREHOLDER VALUE

- ✓ Operating asset purchased at a material discount.
- ✓ Current sales to customers in the USA and Europe with MOU for 50% of anticipated 2018-2020 production.
- ✓ 40 year mining permits with 30 years remaining in place with 4 large flake, graphite deposits.
- ✓ Mineralisation in weathered, minable rock that delivers low mining costs.
- ✓ Established mining and associated infrastructure.
- ✓ Excellent and straightforward logistics to reach established graphite concentrate markets.
- ✓ Optimising and expanding production to 6,000 tpa in 2017, through to >20,000 tpa in 2019.



Mineral Resources & Potential

- ✓ Graphmada Mine in total has 382k tonnes of contained graphite estimated in the Loharano and Mahefedok deposits.
- ✓ Loharano Mineral Resource of **5.7 Mt @ 4.1% Total Graphitic Carbon (TGC)¹**.
- ✓ Recently completed maiden drilling program of 2,300m at Mahefedok.
- ✓ Mahefedok Mineral Resource of **3.5 Mt @ 4.2% TGC²**.
- ✓ Mahela and Ambatofafana deposits remain under explored with no drilling.
- ✓ Andapa discovery; three significant large flake graphite targets at surface up to 2.1 km in extent.
- ✓ Andapa has grades at surface up to 7.7% Fixed Carbon (FC)³
- ✓ Currently undertaking maiden drilling program at Andapa.



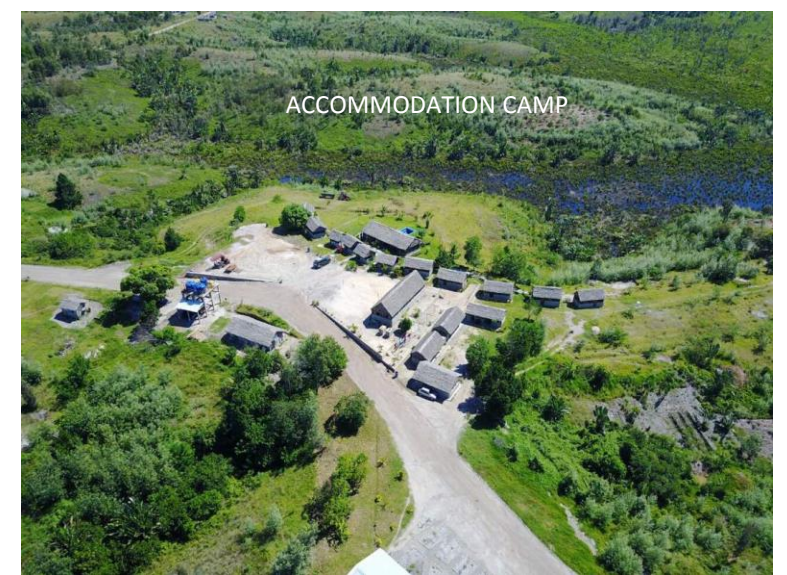
¹ Reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2004') at a >2% cut-off and first disclosed by Stratmin Global Resource PLC under the JORC Code 2004. Bass Metals notes that the estimates have not been updated to JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Reference should be made to the Company's announcement of 2/09/15, for further detail.

² Reported in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2012') at a >3% cut-off and first released to the ASX on 21/06/17 "Maiden Mineral Resource for Mahefedok Deposit".

³ See ASX Announcement 'Outstanding assay results confirmed for Andapa discovery' released on the 2/03/17.

Site Tour

ALL INFRASTRUCTURE AND COMPONENTS IN PLACE FOR PRODUCTION



Production Tour



Sales & Logistics

Graphmada has excellent logistics to reach established graphite concentrate markets, with the mine being adjacent to the main National Highway and only 110 km to the country's main export port at Toamasina.



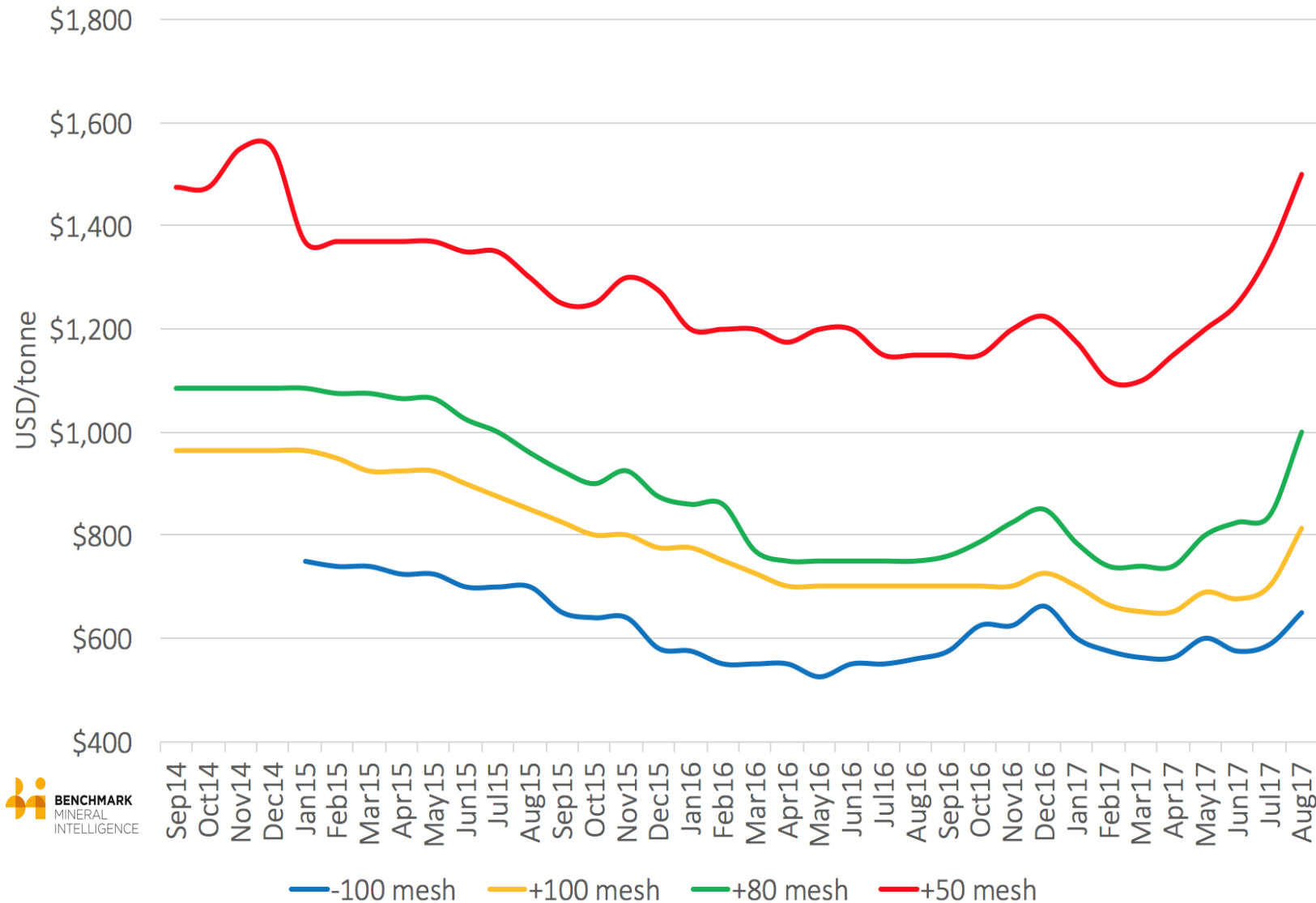
Selling concentrates during the staged optimisation and expansion program to ensure cashflow and retain customer relationships.

Industry Leading Qualities



- ✓ **Refractories & Crucibles:** Graphmada concentrates are the benchmark for refractory and crucible applications due to an exceptional flake size, a high resistance against oxidation and containing no carbonates or other fluxes.
- ✓ **Expandability:** Tests across all flake sizes delivered excellent results with maximum expansion volume of 510 cm³/g achieved with extremely large flakes > 400 microns. These results exceed typical concentrates currently available.
- ✓ **Lithium-ion Batteries:** Graphmada concentrates tested as highly suitable for battery applications due to achieving a very high purity of 99.99 wt.% carbon and meeting leading battery anode manufacturer specifications.

Material Improvement in Price



- ✓ Prices increased for the second month in a row at an average 13%
- ✓ Sharp increases in pricing predicted to continue in short to medium term
- ✓ Supply cutbacks in China are exposing a quickly emerging market deficit in supply
- ✓ Prices at highest point since June 2015

Source: Benchmark Mineral Intelligence – Benchmark Data Graphite Price Trend – Aug 17.

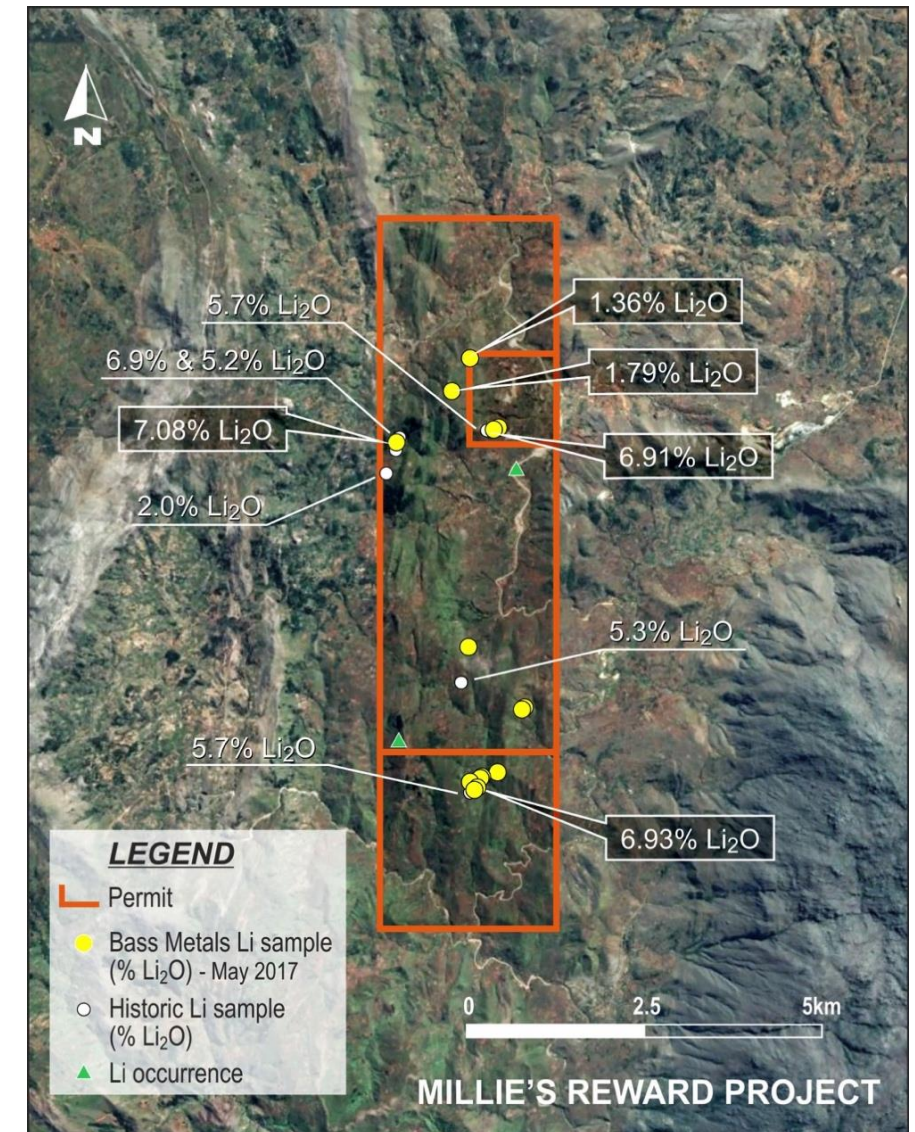
Capital Works Program

ON-SITE FABRICATION AND ENGINEERING CRUCIAL TO A LOW CAPITAL INTENSITY



High Grade Lithium Project

- ✓ Millie's Reward, a hard-rock lithium project, located in central Madagascar.
- ✓ The project is part of a license with **existing mining approval**¹ and complements Bass' presence in Madagascar as one of the country's leading industrial minerals producers.
- ✓ Fieldwork has confirmed **outcropping pegmatites** with significant spodumene mineralization.
- ✓ Exceptional grades of up to **7.08% Li₂O** and additional samples returning **6.93% & 6.91% Li₂O**.
- ✓ High purity Spodumene crystals (Kunzite) found in project area.
- ✓ Extensive field program underway to establish high-priority drill targets for 2018.

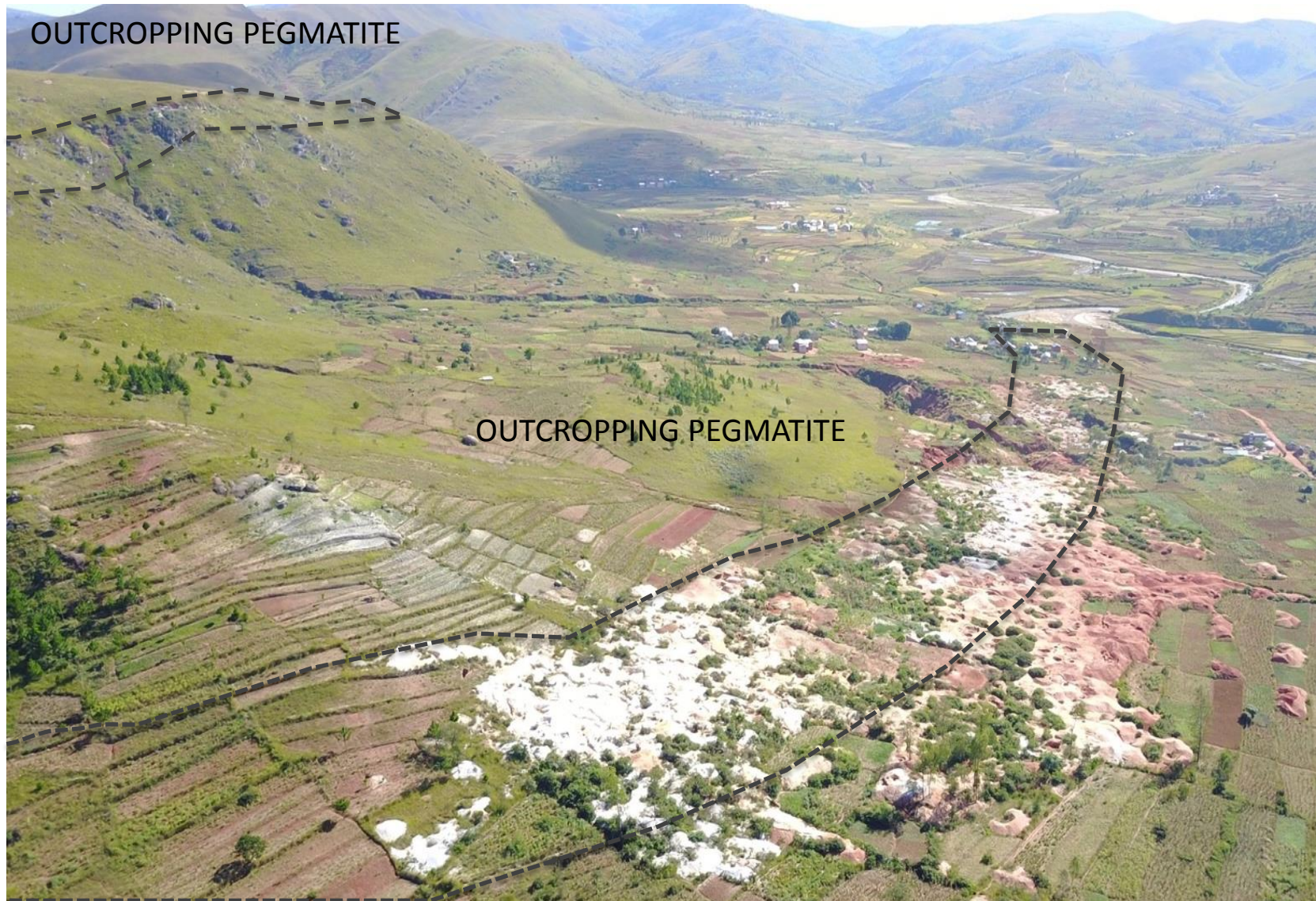


Completion of the acquisition of the project is still subject to completion of commercial due diligence which is expected to occur in October 2017

¹ See ASX Announcement 'Bass to potentially purchase high-grade lithium project' released on the 19/04/17.

² See ASX Announcement 'Exceptional lithium assay results up to 7%' released on the 29/05/17.

Millie's Reward



¹ See ASX Announcement 'Exceptional lithium assay results up to 7%' released on the 29/05/17 .

Community Engagement



GRAPH-MADA **CARE**



Capital Raising



Bizzell Capital Partners Pty Ltd and Morgans Financial Ltd are Joint Lead Managers (JLMs) to capital raising and underwriters to the entitlement offer.

Capital Raising to raise up to ~A\$6 million by way of:

- a fully underwritten accelerated entitlement offer to existing shareholders of 1 new share for every 6 held at a price of \$0.011 per share plus 1 free attaching Listed Option¹ for each 4 new shares subscribed for, to raise ~A\$2.5 million. Record date of 22 September 2017.
- a placement to raise \$3.0 million.
- On completion of the entitlement offer, Bass Metals may raise a further \$0.5 million before costs via a deferred placement.

Issue Price of \$0.011 represents:

- 31% discount to the last traded price
- 25% discount to the 5 day VWAP²
- 23% discount to the 10 day VWAP²
- 18% discount to the 30 day VWAP²

¹ The Listed Options have an exercise price of \$0.025 and expire on 31 December 2018. ASX code: BSMOB

² Volume Weighted Average Price.

Sources & Uses of Funds



Table contains rounded figures

SOURCES OF FUNDS

Cash and Receivables as at 31 August 2017	A\$1.1m
Placement Proceeds	A\$3.0m
Entitlement Issue proceeds	A\$2.5m
Deferred Placement	A\$0.5m
Total Cash and Receivables	<u>A\$7.1m</u>

USES OF FUNDS

Final Payment to Stratmin	A\$0.5m
Remaining Graphmada Capex	A\$1.4m
Graphmada Opex (5 months @ A\$180k)	A\$0.9m
Exploration Andapa / Millie's Reward	A\$0.5m
Corporate Expenses	A\$0.7m
Working Capital ¹	<u>A\$3.1m</u>
Total Uses of Funds	<u>A\$7.1m</u>

¹ If the proceeds of the Capital Raising are less than as stated, the amount for Working Capital will be reduced accordingly. Additionally, to the extent there is any liability which crystallizes in respect of the Company's Tasmanian metal assets, the Company may redirect available funds (including Working Capital) to satisfy the liability if required.

Capital Structure



Table contains rounded figures

ORDINARY SHARES

On issue pre-raising		1,368m
Share Placement to raise	\$3.0m @ \$0.011 per share	273m
1 for 6 Rights Issue to raise	\$2.5m @ \$0.011 per share	228m
Deferred Placement to raise	\$0.5m @ \$0.011 per share	45m
Total Ordinary Shares		<u>1,914m</u>

LISTED OPTIONS

On issue pre-raising		345m ¹
New ASX Listed Options (1 option for every 4 shares issued – refer above)		<u>136m</u>
Total Listed Options		<u>481m</u>

POST-CAPITAL RAISING

Market Capitalisation @ \$0.011 per share		\$21m
Total Cash & Receivables		\$7m

¹ Excludes 180m unlisted options and 62m performance rights – see Appendix 3B released to the ASX on the 15/08/17 for details of unlisted securities.

The Company also has on issue \$2m of Convertible Notes -see ASX Announcement 'Bass completes \$2m Convertible Note issue for Graphmada' released to the ASX on the 03/07/17 for further details. It is expected that these Notes plus accrued interest will convert into approximately 198m shares and 148m Listed Options on 30/11/17, subject to shareholder approval at the Company's Annual General Meeting to be convened in November 2017.

Capital Raising Timetable



ACCELERATED OFFER & PLACEMENT

Request trading halt	20 Sept 2017
Placement and Accelerated Entitlement Offer (AEO) closes 5pm	21 Sept 2017
Announce outcome of Placement and AEO (pre-open)	22 Sept 2017
Trading resumes on an ex-entitlement basis	22 Sept 2017
Settlement of Placement and AEO	28 Sept 2017
New shares and options issued and normal trading commences	29 Sept 2017

RETAIL OFFER

Lodge retail offer document with ASX	22 Sept 2017
Record Date for determining entitlements for the offer (by 7pm)	22 Sept 2017
Retail offer document and acceptance forms dispatched	27 Sept 2017
Retail offer opens	27 Sept 2017
Retail offer closes 5pm	11 Oct 2017
Announce results of retail offer	16 Oct 2017
Normal trading commences	19 Oct 2017
Dispatch of holding statements	20 Oct 2017

The timetable is indicative any may be subject to change. The Company and the JLMs reserve the right to amend any or all of these dates subject to the Corporations Act, ASX Listing Rules and other applicable laws. If the JLMs elect to proceed with the Deferred Placement, settlement will occur after shareholder approval at the Company's Annual General Meeting to be convened in November 2017

Summary



An emerging producer of industrial mineral concentrates, approaching the key strategic milestone of profitable production at its flagship asset; the operating Graphmada Large Flake Graphite Mine in eastern Madagascar.

Optimising Graphmada production from 1,500 tonnes per annum (tpa) to 6,000 tpa (Stage 1) of large flake graphite concentrates, an investment of circa A\$16m inclusive of 100% ownership to date, to provide a platform for expansion via the lowest capital intensity pathway.

Graphmada Stage 2 expansion to >20,000 tpa in 2019 will establish the Company as a mid-tier supplier of industrial mineral concentrates, and one of the largest producers of premium large flake graphite concentrates globally.

Utilising the cash flow from Graphmada as a platform for growth, the Company will seek to aggressively explore permits, materially grow resource inventories, and assess potential acquisitions that add value.

Fast tracking the development of the highly prospective Millie's Reward high-grade, hard rock, lithium project in central Madagascar.

Upcoming Catalysts for 2017/18

Further off-take agreements for 2018-2020 production

Commissioning of new Dryer and Packaging Plant

Recommencement of Mining Operations

Re-commissioning of the upgraded Process Plant

Exploration and Drilling at Millie's Reward Lithium Project

Exploration and Drilling at Andapa Graphite Project



Bass Metals Limited (Bass) is subject to a number of risk factors both specific to its business and of a general nature. Bass's business, financial condition and the results of its operations could be materially and adversely affected by the occurrence of any of the risks associated with the business. As a result, the traded price of Bass's shares could decline and shareholders could lose all or part of their investment. The risks outlined should not be considered exhaustive of the risks faced by Bass and its investors but these and other risks could have a material impact on the financial performance of Bass and the value of Bass shares. Further risks are outlined in the Retail Offer Booklet.

OPERATING AND DEVELOPMENT RISKS

There are significant risks associated with the operating and expansion of a mine. The ability of Bass to meet operating and capital expenditure estimates or achieve production targets as planned cannot be assured. For example, development and expansion projects may require approvals, permits or licenses (including environmental licenses) that may not be received on a timely basis, on acceptable terms or at all. There is no guarantee that Bass will be able to comply with all conditions imposed on those approvals and licenses in a cost-effective manner. Decisions regarding development and expansion projects may be subject to the successful outcome of operational reviews, test work, studies and trial mining.

There is a risk that the Company will not be able to economically mine current or future mineral reserves discovered in order to produce a satisfactory commercial return.

The assets of Bass (as with others in the sector) are subject to uncertainty inherent with resource estimation, development and production, grade, recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters. If faced by Bass, these circumstances could result in Bass not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Bass's financial and operational performance.

RESOURCE ESTIMATION AND EXPLORATION RISKS

The Mineral Resources for Bass's assets are estimates only and no assurance can be given that any particular recovery level of graphite will in fact be realised. Bass's estimates comply with the JORC Code, however Mineral Resources and Ore Reserves are expressions of judgment based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates by nature are imprecise and involve assumptions. Additionally, even estimates that are valid when made may change significantly when new information or new techniques become available.

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if the exploration activities undertaken by Bass do not result in additional reserves, this may have an adverse effect on the Company's financial performance.

Key Risks



TENURE

Interests in a project's tenements are governed by laws and regulations and are granted for a certain period of time. The grant and ongoing validity of each license, lease and permit is subject to the holder complying with expenditure, reporting and other conditions. In this regard, Bass has permits granted and pending. While Bass believes pending permits will be granted once it fulfills the final conditions (which it intends to), there is no guarantee this will occur in a timely fashion or at all.

LAND ACCESS AND NATIVE TITLE RIGHTS

The tenements in which Bass has an interest may be subject to landowner and/or native title claims or other access restrictions. Bass may need to resolve such access arrangements, prior to entering on land to carry out activities, through the provision of monetary compensation, compensation for damage to land and commitments to restore the land. In particular, the permits for Bass's Graphmada mine are subject to negotiated access arrangements with landowners. While Bass expects the agreements to be upheld, there is no guarantee that all necessary parties will maintain these arrangements, that Bass has these.

RISKS TO ACHIEVING PRODUCTION (INCLUDING INCREASED PRODUCTION)

Whilst Bass considers there to be a reasonable basis for the production forecasts at its projects, the forecasts are subject to a number of factors, many of which cannot be foreseen and are beyond the control of Bass. These factors may cause the production forecasts not to be achieved or to be achieved later than expected.

ENVIRONMENTAL RISK

The operations of Bass are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, Bass's activities are expected to have an impact on the environment, particularly in relation to mining and production. It is Bass's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

SHARE MARKET, COMMODITY PRICE VOLATILITY AND FOREIGN EXCHANGE RATE RISK

Bass has significant commodity and energy requirements and it relies on being able to fulfill those requirements at a cost which does not negatively impact on its cash flows. A number of factors (such as rising oil prices, macro-economic factors such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar), as well as general global economic conditions and political trends) may lead to an increase in commodity and energy costs which may materially adversely affect the earnings of Bass. Similarly, substantially all of Bass's revenues and cash flows are related to commodity markets. Therefore, the financial performance of Bass is exposed to fluctuations in commodity markets. Bass's commodity end market prices may be influenced by numerous factors and events which are beyond the control of Bass. Bass is an Australian business that reports in Australian dollars. Revenue is derived from the sale of products in US dollars, therefore movements in the US\$/A\$ exchange rate or the Malagasy Ariary/A\$ may adversely or beneficially affect Bass's cash flows. Share market conditions may adversely affect listed securities regardless of the operating performance of a particular company. The trading price of Bass's securities may rise or fall depending on numerous factors impacting on market conditions and investor attitudes including the general economic outlook nationally and globally, interest rates, inflation, capital supply and other matters outside of Bass's control.

Key Risks



FUNDING RISKS

In the ordinary course of operations and development, Bass is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Bass's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Subject to successful completion of the capital raising, it is expected that Bass will have sufficient funding to support its operations. However, Bass will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that Bass will be able to access future funding on favourable terms or at all. Additionally, to the extent there is any liability which crystallises in respect of the Company's Tasmanian metal assets, the Company may apply the proceeds of the exercise of options on issue and the Offer proceeds (including by reallocating working capital) to satisfy the liability if required.

SOVEREIGN AND POLITICAL RISK

Possible sovereign risks associated with operating in Madagascar include, without limitation, changes in the terms of mining legislation, changes in the foreign ownership requirements in Madagascar, changes to royalty arrangements, changes to taxation rates and concessions, expropriation by the government or private entities and changes in the ability to enforce legal rights. Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of and may affect industry profitability as well as Bass's capacity to explore and mine. At present, Bass is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation, competition policy, environment and lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Bass's plans or its rights and obligations in respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Bass. Any of these factors may, in the future, adversely affect the financial performance of Bass and the market price of its shares. No assurance can be given regarding future stability in Madagascar or any other country in which Bass may, in the future, have an interest.

COMPLETION RISK

The Company entered into a 'deed of amendment' to the share purchase agreement, previously finalised on the 20th of August 2016, to acquire the remaining issued share capital of Graphmada from Stratmin. The successful completion of the amended agreement is subject to receiving the necessary funding. There can be no guarantee that any proposed transaction will be completed or successful. If the proposed transaction is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. Further, the Company's expenses associated with the transaction, including legal fees, may increase as the Company assesses its legal position and whether to attempt to enforce such legal rights, should the need arise. Further, it is anticipated that financial completion of the transaction will occur on 30th of September 2017. However, there is a risk that the Company will not be able to complete the transaction within the identified timeframe. Any delay in completion may have a material adverse effect on the Company.

Contacts Us

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ANNEXURE B – SUMMARY OF UNDERWRITING AGREEMENT

Bass Metals Limited (**Company**) has entered into an Underwriting Agreement with Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited (together, the **Underwriters**) on or about the date of this Retail Offer Booklet (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriters have agreed to manage and fully underwrite the Entitlement Offer.

1. Conditions Precedent to underwriting the Institutional Entitlement Offer

Each Underwriter's obligations in respect of the Institutional Entitlement Offer under the Underwriting Agreement are conditional upon:

- (a) the Company lodging the ASX Materials (in a form approved by the Underwriters) with ASX;
- (b) there existing no reasonable grounds for the Underwriters to believe, based on information provided by the Company on the Underwriters' request, that quotation of the New Shares under the Institutional Entitlement Offer will be not materially later than the quotation date specified in the timetable;
- (c) the Company providing the Underwriters with a due diligence report in terms approved by the due diligence committee;
- (d) the Company providing the Underwriters with a legal opinion in relation to the Entitlement Offer and the due diligence investigations which is addressed to, and expressed to be for the benefit of, the Company and the Directors, the Underwriters, the members of the due diligence committee and the organisations they represent, in terms approved by the due diligence committee;
- (e) ASX indicating in writing by not later than 5:00pm (Brisbane time) on the institutional quotation approval date that it will grant permission for quotation of the New Shares under the Institutional Entitlement Offer on the ASX subject only to the standard conditions customarily imposed by the ASX and any other conditions which the Underwriters have earlier acknowledged in writing as being required conditions for quotation; and
- (f) if required, the Company providing the Underwriters with an institutional shortfall notice and closing certificate in accordance with the Underwriting Agreement.

2. Conditions Precedent to underwriting the Retail Entitlement Offer

Each Underwriter's obligations in respect of the Retail Entitlement Offer under the agreement are conditional upon:

- (a) satisfaction or waiver of each of the conditions 1(a) to 1(e) above for the Institutional Entitlement Offer by the relevant date for satisfaction referred to in that condition;
- (b) the Company allotting and issuing the New Shares under the Institutional Entitlement Offer and the Institutional Bookbuild in accordance with clause 8 of the Underwriting Agreement;
- (c) the Company lodging the ASX Materials (in a form approved by the Underwriters) with ASX;

- (d) the Offer Booklet (in a form acceptable to the Underwriters) being sent to Eligible Retail Shareholders by the dispatch date;
- (e) there existing no reasonable grounds for the Underwriters to believe, based on information provided by the Company on the Underwriters' request, that quotation or the New Shares under the Retail Entitlement Offer will be not materially later than the retail quotation date specified in the Timetable;
- (f) the Company providing the Underwriters with the due diligence report in terms approved by the due diligence committee;
- (g) the Company providing the Underwriters with a legal opinion in relation to the Offer Documents and the due diligence investigations which is addressed to, and expressed to be for the benefit of, the Company and the Directors, the Underwriters, the members of the due diligence committee and the organisations they represent, in terms approved by the due diligence committee;
- (h) ASX indicating in writing by not later than 5:00pm (Brisbane time) on the retail quotation approval date that it will grant permission for quotation of the New Shares under the Retail Entitlement Offer on the ASX subject only to the standard conditions customarily imposed by the ASX and any other conditions which the Underwriters have earlier acknowledged in writing as being required conditions for quotation; and
- (i) if required, the Company providing the Underwriters with a retail shortfall notice and closing certificate in accordance with the Underwriting Agreement.

3. Fees

The Company has agreed to pay the Underwriters the following fees under the Underwriting Agreement:

- (a) a management fee of an amount equal to 2.0% plus GST of the funds raised under the Capital Raising;
- (b) an underwriting fee of an amount equal to 4.0% plus GST on the amount underwritten in respect of the Entitlement Offer; and
- (c) a placement fee of an amount equal to 4.0% plus GST of the amount raised under the Placement and Deferred Placement.

4. Expenses

The Company will reasonably reimburse the Underwriters for all reasonable costs and expenses incurred by the Underwriters in connection with the Entitlement Offer.

5. Termination events

Each Underwriter may terminate the Underwriting Agreement without cost or liability by written notice to the Company at any time if any of a number of specified events occur. These specific events are:

- (a) **(Closing Certificate)** the Company does not provide a closing certificate in accordance with the Underwriting Agreement;
- (b) **(Timetable)** any event specified in the timetable is delayed for more than one Business Day without the prior written approval of the Underwriters;
- (c) **(change of law)** any of the following occurs which does or is likely to prohibit, restrict or regulated the Entitlement Offer or reduce the likely level

of valid Applications or materially affects the financial position of the Company:

- (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (ii) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - (iii) the adoption by the ASX or ASIC or their respective delegates of any regulations or policy;
- (d) **(Compliance)** the Company or any Related Corporation of the Company fails to comply with any of the following:
- (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) the Listing Rules;
 - (iv) a requirement, order or request made by or on behalf of ASIC, ASX or any Government Body (as defined in the Underwriting Agreement); or
 - (v) any agreement entered into by it;
- (e) **(Material Contract)** any material contract to which the company is a party is terminated or amended without the prior written consent of the Underwriters (which consent must not be unreasonably withheld);
- (f) **(Constitution)** the constitution of the Company or a Related Corporation of the Company is amended without the prior written consent of the Underwriters (which consent must not be unreasonably withheld);
- (g) **(Judgement)** a judgment in an amount exceeding \$250,000 is obtained against the Company or a Related Corporation of the Company and is not set aside or satisfied within seven days;
- (h) **(Execution)** any distress, attachment, execution or other process of a Government Body (as defined in the Underwriting Agreement) in an amount exceeding \$250,000 is issued against, levied or enforced on any of the assets of the Company or a Related Corporation of the Company and is not set aside or satisfied within seven days;
- (i) **(Insolvency Event)** an Insolvency Event occurs in respect of the Company or a Related Corporation of the Company;
- (j) **(Financial Assistance)** the Company or a Related Corporation passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (k) **(Hostilities)** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs involving or a national emergency is declared by the Commonwealth of Australia, New Zealand, Japan, the United Kingdom, the United States of America, Canada, any member state of the European Union, Russia, Israel, the People's Republic of China, North Korea, South Korea, the Middle East region, or the Philippines, or a significant terrorist attack is perpetrated anywhere in the world;
- (l) **(Default)** the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (m) **(Suspension)** any shares that have been issued by the Company which at the date of the Underwriting Agreement are officially quoted on ASX:
- (i) are suspended from quotation whether temporarily or otherwise;
 - or

- (ii) are the subject of an ASX statement to the effect that the shares or options will be suspended or cease to be quoted;
- (n) (**index**) the S&P/ASX 200 Index of ASX closes at a level that is 10% or more below the level at market close on the Business Day immediately preceding the date of the Underwriting Agreement;
- (o) (**representation**) any warranty, representation or material statement by the Company is or becomes false, misleading or incorrect when made or regarded as made;
- (p) (**Quotation**) quotation of:
 - (i) the New Securities under the Retail Entitlement Offer is not unconditionally approved by ASX by 5:00pm on the Closing Date or is withdrawn on or before 12:00pm on the Retail Shortfall Allotment Date (as defined in the Underwriting Agreement);
 - (ii) the New Securities under the Institutional Entitlement Offer Shares is not unconditionally approved by ASX by the Institutional Closing Time (as defined in the Underwriting Agreement) or is withdrawn on or before 12:00pm on the Institutional Issue Date (as defined in the Underwriting Agreement);
- (q) (**Quotation not granted**) ASX makes a statement to any person that official quotation of the New Shares will not be granted;
- (r) (**lodgement**) the ASX Materials are not lodged with ASX by the date the Offer Booklet is lodged with ASX;
- (s) (**omission**) there is a material omission from the Offer Documents;
- (t) (**misleading statement**) there is a material statement in the Offer Documents that is or becomes false or misleading;
- (u) (**conduct**) the issue of the Offer Documents constitutes conduct that is misleading or deceptive or likely to mislead or deceive;
- (v) (**Offer Documents**) the Offer Documents do not comply with the Corporations Act;
- (w) (**new matter**) in the Underwriter's reasonable opinion:
 - (i) there has been a significant change affecting any matter included in the Offer Documents; or
 - (ii) a significant new matter has arisen the inclusion in the Offer Documents of information about which would have been required to be in the Offer Documents if the matter had arisen when the Offer Documents were prepared;
- (x) (**Cleansing Notice**) any Cleansing Notice is or becomes defective, or any amendment or update to a Cleansing Notice is issued or is required to be issued under the Corporations Act and, in each case, that defective Cleansing Notice or amendment or update to a Cleansing Notice is adverse from the point of view of an investor;
- (y) (**prescribed occurrence**) except for the allotment and issue of the New Securities any of the matters set forth in section 652C of the Corporations Act occurs in respect of the Company or any Related Corporation of the Company;
- (z) (**information**) any information supplied by the Company or on its behalf to the Underwriters in respect of the Entitlement Offer is or becomes false or misleading;
- (aa) (**due diligence**) there is a material omission from the results of the due diligence investigation performed in respect of the Company or the

- verification material or the results of the due diligence investigation or the verification material are false or misleading;
- (bb) (**indictable offence**) a director of the Company or any Related Corporation of the Company is charged with an indictable offence relating to a financial or corporate matter;
 - (cc) (**proceedings**) civil or criminal proceedings are brought against the Company or any Director or other officer of the Company in relation to any fraudulent, misleading or deceptive conduct by or on behalf of the Company (whether or not in connection with the Offer);
 - (dd) (**material adverse change**) any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the most recent audited financial statements, Offer Documents or the public information, including:
 - (i) any material adverse change in the reported earnings or future prospects of the Company or an entity in the Group;
 - (ii) any material adverse change in the nature of the business conducted by the Company or an entity in the Group;
 - (iii) the insolvency or voluntary winding up of the Company or an entity in the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator;
 - (iv) any material adverse change to the rights and benefits attaching to the New Shares; or
 - (v) any change that may have a material adverse effect;
 - (ee) (**ASIC**) ASIC:
 - (i) applies for an order under Part 9.5 in relation to the Entitlement Offer or the Offer Documents;
 - (ii) holds or commences, or gives notice of intention to hold or commence, a hearing or investigation in relation to the Entitlement Offer or the Offer Documents under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth);
 - (iii) requires Application Money to be refunded for any reason;
 - (iv) prosecutes or gives notice of an intention to prosecute the Company or any of its officers, employees or agents in relation to the Entitlement Offer or the Offer Documents; or
 - (v) commences proceedings against, or gives notice of an intention to commence proceedings against the Company or any of its officers, employees or agents in relation to the Entitlement Offer or the Offer Documents;
 - (ff) (**allotment**) the Company is prevented from allotting and issuing the New Shares in accordance with the Underwriting Agreement;
 - (gg) (**withdrawal**) the Company withdraws the Entitlement Offer;
 - (hh) (**trading halt**) a trading halt referred to in the Underwriting Agreement ends (assessed on a cumulative basis) before the expiry of the relevant period contemplated by the Underwriting Agreement;
 - (ii) (**capital structure**) the Company or any Related Corporation of the Company takes any steps to alter its capital structure in a way not contemplated by the Placement or the Underwriting Agreement, without the prior written consent of the Underwriter;

- (jj) **(finance arrangement)** except as disclosed in the due diligence questionnaire, the Company breaches, or defaults under, any provision, undertaking covenant or ratio of any material financing arrangement which has a material adverse effect on the Company;
- (kk) **(finance default)** except as disclosed in the due diligence questionnaire, an event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect of any material financing arrangement;
- (ll) **(disruption in financial markets)**
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect;
 - (iii) there is:
 - (A) any other material adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America or the United Kingdom; or
 - (B) any material adverse change, or development involving a prospective material adverse change, in any of those conditions or markets;
- (mm) **(change in management)** a change in the Directors or senior management of the Company is announced or occurs, except management changes as a result of any management restructure disclosed to the Underwriters in writing before the date of the Underwriting Agreement;
- (nn) **(audited accounts)** the Company does not lodge its annual financial report for the period ended 30 June 2017 (prepared pursuant to Chapter 2M of the Corporations Act and including without limitation the Company's audited accounts) with the ASX before 7pm (Brisbane time) on 27 September 2017.

6. Representation and Warranties

The Company gives certain standard representations and warranties to the Underwriter that are customary for an underwriting agreement of this kind. These relate to matters such as the power and authorisations of the Company, the securities of the Company, disclosure, compliance by the Company and various other standard representations and warranties.

7. Indemnity

The company agrees to indemnify and hold harmless the Underwriters from and against all claims, losses, actions, damages, liabilities, costs and expenses suffered in connection with the Entitlement Offer.

8. Other Terms

The Underwriting Agreement otherwise contains terms that are standard for an agreement of this type.

9. Definitions

All defined terms in the Annexure B have the same meaning as that given to them in the Retail Offer Booklet.