ABN 31 109 933 995

Australia's premier graphite producer

Annual Report

For the year ended

30 June 2017

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CORPORATE DIRECTORY

DIRECTORS

Richard Stacy Anthon - Non-Executive Chairman
Jeffrey Marvin – Non-Executive Director
Peter Wright – Non-Executive Director

COMPANY SECRETARY

David Round

CHIEF EXECUTIVE OFFICER

Tim McManus

REGISTERED OFFICE

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LEGAL ADVISORS

Mills Oakley
2/225 St Georges Tce
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 557 010

AUDITORS

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

STOCK EXCHANGE LISTINGS

ASX Ltd (Code: BSM and BSMO)

CHAIRMAN'S REVIEW

I am pleased to report to you at this exciting period in the continued development and growth for your company, Bass Metals Ltd.

At the start of this year, I, with our CEO and fellow directors and management team, developed a strategic plan which, amongst other things, outlined a range of key initiatives for us to achieve this year and in the medium term.

I am delighted to report that, this year, your Company has achieved many of the initiatives that were established and is very well advanced in completing several of its medium term goals.

In the short term, your Company completed the acquisition of the operating Graphmada Graphite mine, established a clear and concise plan to refurbish and expand mine operations and also completed a drill program that substantially increased our mineral resource inventory at Graphmada. And I am delighted to report, that at the date of this document, our Stage 1 Optimisation Plan is well advanced and likely to be concluded later this year. Completion of our Stage 1 plan is likely to result in production increasing to consistent levels of 500 tonnes per month of premium graphite concentrates. This is a very substantial short term achievement and provides a platform for continued growth and development of Graphmada and the Company.

At Graphmada, we've also developed significantly our safety systems and engaged our local community through the implementation of the Graphmada Care Program. Not only does Graphmada Care provide infrastructure, health and education development for the local community, the program also provides substantial direct and indirect employment and training for hundreds of Malagasy people in the region. We work hard to improve the lives of our local community and we are excited by the enthusiasm and engagement extended to us by everyone we work with.

In addition to the above, your Company also secured the rights to a potentially high grade lithium project in Madagascar, Millie's Reward. We hope to complete the acquisition of Millie's Reward in the very near future and then undertake a review of how to explore the potential of this project.

Some of our other short term plans include maintaining and establishing new customers, engaging with our stakeholders to efficiently and effectively manage your Company's asset growth and also implementing a plan to reduce overall operating costs.

We have achieved much over the past 12 months, and all of these achievements have put your Company in to a secure position that is well structured and poised for ongoing growth, development and expansion.

All of our achievements to date could not have been delivered without the significant contributions and personal sacrifices made by your Board and Management team. To them, I extend my gratitude and I, with them, look forward to updating you regularly over the next exciting year.

Yours sincerely

Rick Anthon
Chairman

MINERAL RESOURCE STATEMENT

Mineral resources at 30 June 2017 were the following:

Deposit	Tonnes	Total Graphitic Carbon %	Contained Graphite Tonnes	JORC Classification	JORC Code
Loharano[1]	421,000	5.2	21,630	Total Indicated	2004
	5,273,000	4.0	213,029	Total Inferred	2004
Total mineral resources	5,694,000	4.1	234,659		
Mahefedok[2]	776,000	4.2	32,600	Total Indicated	2012
	2,700,000	4.2	113,600	Total Inferred	2012
Total mineral resources	3,376,000	4.2	146,200		
Total mineral resources	**9,070,000**	**4.2**	**380,859**		

Note 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 is made to the Company's announcement of 2 September 2015, for further detail. Differences may occur due to rounding.

Note 2: Reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2012') at a > 3% TGC cut-off. Differences may occur due to rounding.

Prior to acquisition, only 120,000 tonnes or less than ~2% of the mineral resource at Loharano had been mined by Stratmin . Since acquiring the deposit, only 30,000 tonnes or 0.5% of the mineral resource at Loharano has been mined by the Company. On this basis, as a total of approximately 150,000 tonnes or ~2.5% of the resource has been mined at Loharano, the information in relation to the resource estimates has not materially changed
Recent mining is from the Loharano deposit, with the Mahefedok deposit undergoing trial mining.

These estimates were prepared and first disclosed by Stratmin and reported in compliance with the JORC Code 2004. 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.

The Group and Competent Person propose to update the current JORC Resource to 2012 Reporting Standards and at this stage do not expect any material change to the results previously published and in compliance with the 2004 Reporting Standard. Refer page 87 for the Competent Persons Statement.

DIRECTORS' REPORT

The Directors of Bass Metals Ltd ("the Company" or "Bass") present their report together with the financial statements of the consolidated entity, being Bass Metals Ltd ("the Company"), it's Controlled Entities ("the Group") for the year ended 30 June 2017.

Directors

The following persons were Directors of the Company during or since the end of the financial year:

Richard Anthon - Non-Executive Chairman
Jeffrey Marvin - Non-Executive Director
Peter Wright - Non-Executive Director
David Premraj - Non-Executive Director (resigned 2 September 2016)

Rick Anthon - Non-Executive Chairman
BA (ANU) LLB (ANU) MAICD
Appointed - 4 October 2013
Chair of Audit Committee

Mr Anthon has practiced extensively in corporate, mining and resources law for over 30 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, he has acted as non-executive director and chairman for a number of public resource companies over the last 25 years and has chaired audit and remuneration committees for those companies. Mr Anthon is currently General Councel and Joint Company Secretary for Orocobre Ltd, Australia's premier Lithium producer.

Other Listed Company Directorships include:

- Laneway Resources Limited (ASX: LNY) (appointed June 1996)
- Stratum Metals (ASX: SXT) (appointed May 2011)
- Metals Finance Limited (ASX: MFC) (appointed October 2009).

Jeffrey Marvin - Non-Executive Director
Appointed – 12 June 2015
Member of the Audit Committee

Mr Marvin has over 20 years' experience working with corporate management and investors to bring International minerals companies to public markets. He specialises in early stage mineral company investment, corporate management and business restructuring. He is currently involved in minerals projects in Africa and Western Europe where he focuses on coal, manganese, copper, chrome and precious metals.

Other Current Directorships: Nil

Previous directorships (last 3 years): Nil

DIRECTORS' REPORT (continued)

Peter Wright - Non-Executive Director
Appointed – 2 September 2016

Mr Wright is currently an Executive Director of Bizzell Capital Partners Pty Ltd (BCP), a Brisbane based corporate advisory and funds management firm. Mr Wright has over 20 years' experience in financial markets with a focus on investment in the resources sector. As part of his role at BCP, Mr Wright has recently acted as the corporate advisor to Altura Mining Ltd, advising on capital markets, investor relations, acquisitions and divestments and industrial metals end markets. Most recently, Mr Wright has been advising the Company as part of BCP's role as Joint Lead Manager and Underwriter to the Company's recent capital raising. Mr Wright has over 20 years' advising on capital markets, investor relations, acquisitions and divestments, particularly in minerals and metals markets.

Other Current Directorships: Nil

Previous directorships (last 3 years): Nil

David Round - Company Secretary
BBus., CPA, MBA
Appointed – 12 June 2015

Mr Round is an experienced CFO and Company Secretary with many years experience as an advisor to the resource sector. Amongst his roles, Mr Round was previously CFO and Company Secretary to Ironbark Zinc Ltd and Wolf Minerals Ltd, and acted in the same role in the relisting of Albidon Ltd and development of this company.

Mr Round previously worked on the listing of International Coal Ltd, with Chairman Rick Anthon, and served as Company Secretary and Finance Director for several years. He was instrumental in the Company securing a number of successful joint ventures, including the company's JV with Queensland Coal Investments Ltd (a subsidiary of Hancock Prospecting Ltd).

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Bass Metals Ltd were:

	Ordinary Shares	Options	Performance Rights[3]	Convertible Notes[4]
Mr R Anthon[1]	27,699,967	39,790,056	15,000,000	100,000
Mr J Marvin	4,935,895	18,083,332	6,000,000	11,500
Mr P Wright[2]	22,200,000	22,390,229	6,000,000	82,500

Note 1 Includes 15,419,855 shares which are held indirectly.
Note 2 Shares and options are held indirectly.
Note 3 None of the performance rights had vested at 30 June 2017.
Note 4 Convertible notes were issued on 15 August 2017, refer note 35 *Post Reporting Date Events* for details of the terms and conditions.

DIRECTORS' REPORT (continued)

Principal Activities

The principle activities of the Group during the year was producing and selling graphite concentrates from its newly acquired Graphmada graphite mine in Madagascar. During the year the Group ceased production in order to implement a number of operational improvements as part of its Operational Optimisation Program (stage 1). In addition the Group continued with care and maintenance activities relating to its Tasmanian exploration and evaluation assets.

Significant Change in State of Affairs

ACQUISITION OF THE GRAPHMADA LARGE FLAKE GRAPHITE MINE IN MADAGASCAR

During the year, on 22 August 2016, the Company became a 100% owner in the operating Graphmada graphite mine in Madagascar, refer note 2 *Business Combination – acquisition.*

ISSUE OF SHARE CAPITAL

- On 2 September 2016, the Company successfully completed a placement and rights issue to raise $7,020,338 that resulted in the issue of 585,028,181 ordinary shares at an issue process of $0.012c. A further 60,090,367 shares were issued to shareholders for funds previously loaned to the company. These shares were issued at a price of $0.01c. 13,000,000 shares were issued to consultants to the Company for services provided during 2016.
- As part of the issue of shares on 2 September 2016 as referred to above, 344,847,424 listed options were issued to shareholders. These options have an expiry date of 31 December 2018 and an exercise price of $0.025.
- In December 2016, the Company successfully completed a capital raising for the amount of $2,275,000 (before costs) with the issue of 175,000,000 ordinary shares issued at an issue price of $0.013c.

ISSUE OF CONVERTIBLE NOTES

Subsequent to the Reporting Period, on the 15 August 2017, the Company issued 2,073,500 unsecured convertible notes to subscribers, who were predominantly existing major shareholders, Directors and management, with a face value of $1.00 raising $2,073,500 (including costs). Refer to Events arising since the end of the reporting period for details of the terms and conditions.

REVISED AGREEMENT WITH STRATMIN GLOBAL RESOURCES PLC

As announced to the ASX on 15 December 2016, the Company entered into an agreement with the vendor of the Graphmada graphite mine, Stratmin Global Resources Plc, to substantially reduce the Company's future payment obligations. As part of the agreement, future obligation payments of up to A$13,000,000 would be replaced with a series of payments in the short term for up to the amount of A$3,140,000. These revised payments are proposed over the following timeframes:

- A$955,000 on or before 19 December 2016;
- A$1,185,000 on or before 15 March 2017; and
- A final payment of A$500,000 on 30 September 2017.

The Company paid the first installment of $955,000 on 19 December 2016 and paid the second installment of $1,185,000 on 15 March 2017.

DIRECTORS' REPORT (continued)

Significant Change in State of Affairs (continued)

LIONGOLD RECEIVABLE SETTLEMENT

On 18 November 2015 the Group advised the market that it had reached a settlement with LionGold Corp Ltd ("LG") in respect of litigation commenced in the Supreme Court of Western Australia following the termination of certain agreements between the Group and LG. At this time, LG agreed to pay the Group $2,500,000 (in the form of cash and listed securities) as full and final settlement over a period up to and including 30 June 2016.

As at 30 June 2016, the Group was still owed $1,450,000 by LG and on 26 September 2016 the Group announced that it had executed a deed of settlement ("the deed") and release with LG. The deed provided that the Group would be paid $1,000,000 by Global AU Mining Pte Ltd as full and final settlement for the balance owed by LG.

As a result, the Group received $1,000,000 from LionGold Corp Ltd as full and final settlement of amounts owing to the Group.

MAHEFEDOK JORC RESOURCE

In June 2017, the Group 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 Group's access to mineable Graphite.

MILLIE'S REWARD LITHIUM PROJECT

The Company has entered into a binding Term Sheet with Ruby-Red Madagascar SARL (a Company incorporated in Madagascar), subject to successful due diligence over a 3-month exclusivity period, to acquire two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, that are prospective for pegmatite-hosted lithium mineralisation. The total consideration is as follows:

a) $US100,000 in cash and $US50,000 in shares on the acquisition of the mining permits and completion of the transaction;
b) $US100,000 in cash and $US50,000 worth of shares upon establishing a JORC compliant resource of >5 million tonnes at >1.5% Li_2O;
c) $US100,000 in cash and $US50,000 worth of shares upon the tabling of a feasibility study for Millie's Reward;
d) $US100,000 in cash and $US50,000 worth of shares upon first sales of either Direct Shipping Ore (DSO) or Chemical Grade (>6% Li_2O) lithium concentrates; and
e) The Company will pay to the Vendor a 0.25% concentrate sales royalty on any future lithium concentrate or DSO sales from Millie's Reward for a period of 12 years from first concentrate or DSO sales, up to US$US2m.

DIRECTORS' REPORT (continued)

Significant Change in State of Affairs (continued)

MILLIE'S REWARD LITHIUM PROJECT (CONTINUED)

The proposed transaction for Millie's Reward is consistent with the Company's stated strategy to leverage its in-country producer status in Madagascar to appraise further opportunities in this highly prospective jurisdiction.

On finalising the acquisition, the Group will immediately conduct a systematic exploration program over the project area, including a mapping and sampling program aimed at identifying targets for a follow up drilling program.

Dividends

No dividends have been paid during the period and no dividends have been recommended by the Directors (2016: nil).

Result for the Financial Year

Consolidated net loss after tax for the Group was $9,903,955 (2016: $795,015 profit).

Review of Operations

Overview

The Group's primary activities during the reporting period were:

- Integration of its operating Graphmada large flake graphite mine acquisition, located in eastern Madagascar;
- Implementation of the Operational Optimisation Program for Graphmada which involves the replacement of the drying plant and refurbishment of the existing processing plant. The program is focused on raising the quality to subsequently deliver a consistently higher-value product, and on the volume of saleable product;
- Commencement of a substantial drill program on the Group's licenses in Madagascar;
- Extensive ongoing development, training and improvement to site operations;
- Management of its Tasmanian assets, including care and maintenance activities whilst seeking a buyer on favorable terms that will add value for shareholders; and
- Implementation of the Group's plans for capital raising and growth.

The full implementation of the Graphmada Operational Optimisation Program, previously announced, is planned to be completed in the second half of 2017, for a subsequent ramp up in production to nameplate capacity of 6,000 tonnes per annum.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

The Group is also currently undergoing an Expansion Project for Graphmada, involving a drill program within its current permits that commenced in October 2016, and a range of other tests and independent assessments.

The Group's Maiden Resource Statement for the Mahefedok Project were published in June 2017. This followed an extensive drill program over a period several months.

Highlights of this statement included –

- A resource size of 3.5Mt at 4.2% Total Graphitic Carbon (TGC) with the resource adjacent to existing Graphmada Mine Infrastructure;
- The resource supplements Graphmada's resource at Loharano and strengthens the Group's capacity to achieve production targets of 20,000 tonnes per annum (tpa);
- The Group holds an exploration permit over the Mahefedok deposit that grants a right to explore and mine this resource for a further 40 years.

Over the next year, an assessment will concluded on the timing of a proposed Second Processing Plant which will allow production to increase to greater than 20,000 tonnes per annum.

Operational metrics

The Graphmada graphite mine was acquired during late August 2016 and following a number of months of positive production, activity was ceased so that capital works under the Operational Optimisation Program could be carried out. Prior to the commencement of the Optimisation Program, the mine produced 642 tons of concentrate graphite of which 342 tons have been sold.

The Group is forecasting that mining and production will resume during December 2017 with a steady ramp up over the following three months to reach the plant capacity of 500 tons per month.

Financial metrics

The consolidated net loss of $9,903,955 for the period was due to low revenue as a result of the Graphmada graphite mine being shut down for most of the period whilst the plant optimisation program was being conducted and its associated costs. The loss also includes an impairment expense totalling $3,217,406 that related to the Tasmanian exploration assets held for sale.

Management has made every effort to minimise costs during the shut-down period including reducing the work force and re-deploying the remaining workforce to the capital works under the Operational Optimisation Program.

DIRECTORS' REPORT (continued)

Community Engagement Program

Also subsequent to the year-end, Bass, through its subsidiaries implemented a Community Engagement Program called Graphmada Care. The program concentrates on the following principals of action:

- **Employment**: First priority is to hire and train local people, who spend their salaries in the local community.
- **Purchasing**: Prioritise sourcing equipment and supplies from local providers, creating economic advantages to the local community and indirect employment opportunities.
- **Education**: Provided materials and transport for the construction of a new school and initiated a school engagement program, encouraging children to attend with subsidised supplies.
- **Infrastructure**: school, building-road and water well construction.
- **Health**: Established a Primary Health Centre with a resident doctor and supplies to handle medical emergencies and primary diseases and also provide basic nutritional, health and sanitation training to the community. We have also commissioned water wells to provide quality drinking water for near-by villages.

Corporate Activities

TASMANIAN ASSETS: *QUE RIVER AND HELLYER PROJECTS*

On 30 April 2017, the Group announced that it had signed a conditional Terms Sheet whereby it shall sell all of its Tasmanian Assets to the UK listed group, NQ Minerals Plc ("NQ").

Under the terms of the agreement, NQ is to conduct due diligence over an extended period, with the assistance of the Group, and then, upon successful completion, sign a formal sales and purchase agreement.

Under the term of the conditional terms sheet, the Group shall derive a net smelter royalty ("NSR") of 1% or production for the next 20 years and also receive a refund of bonds and cash previously pledged as part of the company's asset exposure.

At the date of this report, NQ has advanced to completion of its due diligence and a sale and purchase agreement will potentially be executed before the end of 2017.

Likely Developments and Expected Results

The likely developments in the operation of the Group and the expected results of those operations in future financial years are as follows:

- Manage and complete the Stage 1 Optimization Plan which is a substantial capital improvement program that allows production to increase to at least 6,000 tonnes per annum and also provides for reduced operating costs at the Graphmada graphite mine in Madagascar;
- Resume full production in late 2017 and steadily increase to at least 500 tonnes per month;
- Conclude a plan for the implementation of the Stage 2 Optimization Plan which is likely to occur in 2018 and provide for a further significant increase in production and activity;
- To potentially conclude the sale of the Group's strategic land position and assets in Tasmania, whilst providing for a reasonable, consistent and long term financial return from this sale; and
- Assess and implement a detailed exploration plan in relation to the Group's proposed Millie's Reward project.

DIRECTORS' REPORT (continued)

Environmental Regulation

The Group is subject to environmental regulation in respect of its mining and exploration activities. The Group makes every effort to comply with the relevant regulations and, during the year, has not been advised by the regulatory authority of any breaches in relation to the regulations within the State or country in which it operates.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors and meetings of committees of the Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee[1]	
	A	B	A	B	A	B
Mr R Anthon	9	9	2	2	1	1
Mr J Marvin	9	9	2	2	1	1
Mr P Wright	9	9	-	-	1	1

A: Number of meetings eligible to attend

B: Number of meetings attended

Note 1: The directors met as the Nomination Committee on an as required basis during the year ended 30 June 2017.

Note 2: The current members of the Audit committee are Mr Anthon (Chairman) and Mr Marvin.

Unissued shares under option

Unissued ordinary shares of Bass Metals Ltd under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares ($)	Number under option
Listed options:			
2 September 2016	31 December 2018	0.025	344,847,424
Unlisted options:			
2 September 2016	31 December 2018	0.015	44,384,220
2 September 2016	2 September 2018	0.025	6,000,000
2 September 2016	2 September 2019	0.035	6,000,000
6 September 2016	31 December 2020	0.025	17,500,000
6 September 2016	31 December 2020	0.050	17,500,000
6 September 2016	31 December 2020	0.075	17,500,000
6 September 2016	31 December 2020	0.10	17,500,000
3 May 2017	31 December 2020	0.025	13,500,000
3 May 2017	31 December 2020	0.050	13,500,000
3 May 2017	31 December 2020	0.075	13,500,000
3 May 2017	31 December 2020	0.10	13,500,000
Total unlisted options			180,384,220
Total options			525,231,644
Performance rights:			
3 May 2017	15 August 2020		62,000,000
			587,231,644

DIRECTORS' REPORT (continued)

Unissued shares under option (continued)

As at the date of this report, there were 525,231,644 unissued ordinary shares under options (33,000,000 on the 30 June 2016) and 62,000,000 unissued ordinary shares under performance rights.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year, no employees or executives have exercised options to acquire fully paid ordinary shares in Bass Metals Limited.

Performance Rights issued

Performance rights granted to directors and key management personnel during the financial year ended 30 June 2017 is set out in the Remuneration Report on page 29.

Proceedings on Behalf of the Group

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of the proceedings.

Auditors Independence Declaration

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor

- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 32 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 33 of this financial report and forms part of this Directors' Report.

DIRECTORS' REPORT (continued)

Indemnities given to, and insurance premiums paid for, auditors and Officers

Insurance of officers

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Events arising since the end of the reporting period

ISSUE OF CONVERTIBLE NOTES

On the 15 August 2017, the Company issued 2,073,500 unsecured convertible notes to subscribers, who were predominantly existing major shareholders, Directors and management, with a face value of $1.00 raising $2,073,500 (including costs). The convertible Notes were issued to raise funds to continue the expansion of the Company's operations and capital improvement program.

The Convertible Notes shall automatically convert to equity at 30 November 2017 if the Company has completed a capital raising and obtained the necessary shareholder approvals by that date. The 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 2.5c and expiry date of 31 December 2018) for each 2 shares that they will receive at the conversion date (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.

Events arising since the end of the reporting period (continued)

CAPITAL RAISING ANNOUNCED 19 SEPTEMBER 2017

On the 19 September 2017, the Group announced that it is to undertake a capital raising program over the forthcoming weeks that is to include –

- An accelerated non-renounceable entitlement offer and
- An entitlement offer to all existing shareholder ('the retail offer') and that
- The Group may include a placement to sophisticated shareholders at the conclusion of the retail offer.

The capital raising program is intended to raising $6,000,000 (excluding any funds from the placement) and is intended to be completed by around 19 October 2017.

MILLIE'S REWARD LITHIUM PROJECT

Subsequent to the end of the reporting period, the Group concluded their due diligence relating to the two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, currently held by Ruby-Red Madagascar SARL ("RRM"). The Group have notified RRM of this event.

The Group signed a terms sheet with RRM on 12 April 2017 giving it a 3 month exclusive period to conclude its due diligence.

The Group is presently, in conjunction with RRM, managing the formal purchase of the tenements, however, as at reporting date, the Group has yet to conclude to the acquisition of these permits but is in the advanced stages of completion.

Remuneration Report (Audited)

The Directors of Bass Metals Ltd (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the Directors and other executives has been developed by the Board and takes into account market conditions and comparable salary levels for entities of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component if applicable. The Board believes that this remuneration policy is appropriate given the stage of development of the Group and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration framework has regard to shareholders' interests in the following ways:

- Focuses on sustained growth as well as on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

The remuneration framework has regard to executives' interests in the following ways:

- Rewards performance, capability and experience;
- Reflects competitive reward for contributions to shareholder growth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought as deemed appropriate. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align non-executive directors' interests with shareholder interests, Non-Executive Directors are encouraged to hold shares in the Company and may receive options as long-term incentive remuneration.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

The Board has resolved that Director's fees will be $60,000 per annum for the Chairman and $45,000 per annum for Non-Executive Directors, inclusive of statutory superannuation contributions effective 1 April 2011. Shareholders approved on 30 November 2010 the aggregate remuneration for all non-executive directors at an amount of $350,000 per annum. This amount does not include the value of options provided to non-executive directors or committee member fees.

Any issue of shares to Directors under the Bass Metals Ltd Employee Option Plan or performance rights under the Bass Metals Ltd Employee Performance Incentive Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001.

From time to time Non-Executive Directors have undertaken specific tasks in addition to their role as Non-Executive Directors. The basis of remuneration for such tasks was agreed between the Non-Executive Director and the Company.

Executives

Executive Directors and executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.50%, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and are based on an executive's performance. In addition, long term incentives are received through participation in the Bass Metals Ltd Employee Share Loan Scheme and the Bass Metals Ltd Employee Performance Incentive Plan.

Valuation methodology

All remuneration paid to Directors and executives is valued at cost to the Group and expensed. Options are valued using the Black-Scholes methodology and performance rights are valued using the Monte Carlo Simulation methodology, both the options and performance rights are expensed at the date of grant.

Base Salary

Executive remuneration is structured as a "total employment cost" package comprising cash, leave benefits and superannuation, and is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executive contracts.

Bass Metals Ltd Employee Share and Option Plan

Information on the Bass Metals Ltd Employee Share and Option Plan is set out in note 27.

Bass Metals Ltd Employee Performance Incentive Plan

Information on the Bass Metals Ltd Employee Performance Incentive Plan is set out in note 27.

Bass Metals Ltd Employee Share Loan Scheme

There are no Employee Share Loans granted at reporting date.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Relationship between the Remuneration Policy and Group Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based incentive based on performance milestones, and the second being the issue of options and shares to directors, executives and employees to encourage the alignment of personal and shareholder interests. The performance milestones are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The performance milestones target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each performance milestone is based on the Group's production plans and respective industry standards.

Performance in relation to the performance milestones is assessed annually, with bonuses being awarded depending on the degree to which the milestone has been achieved. Following the assessment, the performance milestones are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their effectiveness in achieving the Group's goals and shareholder returns. The performance milestones are then set for the following year.

During each year directors and executives of the Group may be issued with performance rights, options and shares. The Board considers that this is an appropriate way to attract persons of experience and ability to the Group; foster and promote loyalty by providing an incentive to remain in the Group's employment for the long term; and to recognise the ongoing ability of key management personnel to contribute to the performance and success of the Group. During the period under review, the Company has issued options, performance rights and shares to directors and executives of the Group and these are detailed on page 24 to page 32.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	2017	2016	2015	2014	2013
EPS (cents)	(0.85)	0.19	(0.15)	(0.65)	(3.93)
Dividends (cents per share)	-	-	-	-	-
Net profit / (loss) '000s	($9,904)	$795	($537)	($2,087)	($12,167)
Share price ($)	$0.009	$0.019	$0.003	$0.002	$0.011

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of performance milestones and continued employment with the Group.

The objective of the reward scheme is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the performance conditions are evidenced by execution of contracts or agreements and whole of Board assessment and approval. The Board does not consider that performance conditions should include a comparison with factors external to the Group at this time.

The performance related proportions of remuneration paid during the year based on these targets are included in the remuneration table, refer to page 23.

Details of Key Management Personnel

The Group considers the following persons as key management personnel:

Chairman - Non-executive
Richard Anthon - Appointed 4 October 2013.

Non-executive Directors
Jeff Marvin - Appointed 12 June 2015
Peter Wright - Appointed 2 September 2016
David Premraj - Appointed 23 December 2015, Resigned 2 September 2016

Other Key Management Personnel
Tim McManus - Chief Executive Officer - Appointed 7 July 2016
David Round - Chief Financial Officer and Company Secretary - Appointed 12 June 2015

Refer to the remuneration table contained in the Directors' Report on page 23 for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

Related Party Transactions

During the year, the Group engaged Loxley Holdings Pte Ltd to negotiate, on its behalf, the settlement with LionGold Corp Pte Ltd. Loxley Holdings Pte was paid the sum of $100,000 and Mr D Premraj is a related party of this company. Mr D Premraj, was a previous Director of the Company during the reporting period and he was a Director of Stratmin Global Resources Plc.

During the year, the Group paid management, underwriting and placement fees to Bizzell Capital Partners ("BCP") as part of BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Non-Executive Director) is an Executive Director of BCP.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Employment Contracts

The contract duration, period of notice and termination conditions for current key management personnel are as follows:

(i) Tim McManus, Chief Executive Officer ("CEO") of Bass Metals Limited commenced employment with the Group on 7 July 2016 on a base salary of A$250,000 per annum, plus statutory superannuation. In addition, the Group may, at the Board's absolute discretion, pay the employee an annual cash bonus. In the event of a Corporate Action that results in a Change of Control Event, the employee will be entitled to a cash bonus, payable at completion of the change of control event, of 50% of the employee's total financial remuneration. Termination of the contract by the Group or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

Long Term Incentives – Performance Rights

The Employee has been granted 20,000,000 Performance Rights. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- LTI (a) 8 million Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period;
- LTI (b) 8 million Performance Rights for Graphmada Operations achieving cash flow positive results over three consecutive months; and
- LTI (c) 4 million Performance Rights will be allocated for the Group achieving a Market Capitalisation of $75m.

Long Term Incentives- Unlisted Options

The employee has been granted 40,000,000 unlisted options, with the following exercise prices;

- 10 million options @ 2.5 cents
- 10 million options @ 5 cents
- 10 million options @ 7.5 cents
- 10 million options @ 10 cents

All options will vest immediately and be exercisable on or before the 31st of December 2020 and are subject to the Group's Employee Share Option Plan term and conditions.

(ii) David Round was engaged on a contract basis on 12 June 2015 as Chief Financial Officer and Company Secretary ("CFO") of Bass Metals Limited. Subsequently on 7 July 2016, Mr D Round was offered permanent employment with the Group on a base salary of A$190,000 per annum inclusive of statutory superannuation. In addition, the Group may, at the Board's absolute discretion, pay the employee an annual cash bonus. In the event of a Corporate Action that results in a Change of Control Event, the employee will be entitled to a cash bonus, payable at completion of the change of control event, of 50% of the employee's total financial remuneration. Termination of the contract by the Group or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

(ii) David Round (continued)

Long Term Incentives – Performance Rights
The Employee has been granted 15,000,000 Performance Rights. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- LTI (a) 6 million Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period;
- LTI (b) 6 million Performance Rights for Graphmada Operations achieving cash flow positive results over three consecutive months; and
- LTI (c) 3 million Performance Rights will be allocated for the Group achieving a Market Capitalisation of $75m.

Long Term Incentives- Unlisted Options
The employee has been granted 30,000,000 unlisted options, with the following exercise prices;

- 7.5 million options @ 2.5 cents
- 7.5 million options @ 5 cents
- 7.5 million options @ 7.5 cents
- 7.5 million options @ 10 cents

All options will vest immediately and be exercisable on or before the 31st of December 2020 and are subject to the Group's Employee Share Option Plan term and conditions.

No other Director or key management personnel are employed under a written contract of service.

Other than the Group executives, no other person is concerned in, or takes part in, the management of, or has authority and responsibility for planning, directing and controlling the activities of the Group. As such, during the financial year, the Group did not have any person, other than directors and Group executives that complied with the definition of "Key Management Personnel" for the purposes of AASB 124: *Related Party Disclosures* or "Company Executive" for the purposes of Section 300A of the Corporations Act 2001 ("Act").

Other Information

Voting and Comments made at the Group's last Annual General Meeting:

- The Board advise that all resolutions put to shareholders at the Group's 2016 AGM were passed.
- The Group received 90% "yes' votes on its Remuneration Report for the financial year ending 30 June 2016.
- The Group received no specific feedback on its Remuneration Report at the Annual General Meeting.

DIRECTORS' REPORT (continued)
Remuneration Report (Audited) (continued)

Compensation of Directors and Key Management Personnel for the year ended 30 June 2017

The following table discloses the remuneration of the key management personnel of the Group.

		Short-term benefits (salary and leave)	Short-term benefits Non-monetary (performance bonus)[6]	Post-Employment benefits (super-annuation)	Share-based payments (shares) in lieu of services	Share-based payments LTI (options)	Share-based payments LTI (performance rights)	Total remuneration	Total remuneration represented by performance bonus	Total remuneration represented by shares/ Options/ performance rights
		$	$	$	$	$	$	$	%	%
Non- executive Directors										
Mr J Marvin	**2017**	**35,000**	-	-	**10,000**[7]	**77,644**	**39,069**	**161,713**	-	**78**
	2016	48,750						48,750	-	-
Mr R Anthon [1]	**2017**	**135,000**	-	-	-	**163,197**	**97,672**	**395,869**	-	**66**
	2016	75,000	-	-	-	-	-	75,000	-	-
Mr P Wright [2]	**2017**	**37,500**	-	-	-	**57,035**	**39,069**	**133,604**	-	**72**
Mr D Premraj [3]	**2017**	**15,000**	-	-	-	**20,609**	-	**35,609**	-	**58**
	2016	67,500	-	-	-	-	-	67,500	-	-
Total Directors	**2017**	**222,500**	-		**10,000**	**318,485**	**175,810**	**726,795**	-	**69**
	2016	191,250	-	-	-	-	-	191,250	-	-
Group Executives										
Mr T McManus (CEO) [4]	**2017**	**245,968**	**10,000**	**23,367**	-	**244,658**	**130,231**	**654,224**	**1**	**59**
Mr D Round (Co. Sec.) [5]	**2017**	**170,717**	**10,000**	**16,218**		**183,494**	**97,672**	**478,101**	**2**	**61**
	2016	70,104	-	-	-	-	-	70,104	-	-
Total Executives	**2017**	**416,685**	**20,000**	**39,585**		**428,152**	**227,903**	**1,132,325**	**2**	**60**
	2016	70,104	-	-	-	-	-	70,104	-	-

Note 1: During 2017 $135,000 (2016 $75,000) of Mr Anthon's short term benefits (Director fees) listed above were paid to Anthon Consulting Pty Ltd. Mr Anthon is a director of Anthon Consulting Pty Ltd and VME Pty Ltd.
Note 2: Mr P Wright was appointed on 2 September 2016. Mr Wrights Directors Fees are paid to Bizzel Capital Partners.
Note 3: Mr D Premraj resigned 2 September 2016.
Note 4: Mr T McManus, CEO, was appointed 7 July 2016.
Note 5: During 2017 $nil (2016 $70,104) was paid to Averio Corporate Advisors for CFO and Company Secretarial Services provided to the Group by Mr D Round
Note 6: No cash bonuses were issued during the year or prior year, however during 2017 there were shares in the Company that were issued to Mr T McManus and Mr D Round in lieu of the cash bonus.
Note 7: Issued in lieu of Director fees.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Employee	Fixed remuneration	At risk: Short term incentives (STI)	At risk: Options	At risk: Performance rights
Non-executive directors				
Mr R Anthon	34%	-	41%	25%
Mr P Wright	28%	-	43%	29%
Mr J Marvin	22%	6%	48%	24%
Mr D Premraj	42%	-	58%	-
Group Executives				
Mr T McManus	41%	2%	37%	20%
Mr D Round	39%	2%	38%	20%

Since the long-term incentives are provided exclusively by way of options and performance rights, the percentages disclosed also reflect the value of remuneration consisting options and performance rights, based on the value of options and performance rights expensed during the year.

Share-based remuneration

Share-based bonuses included in remuneration

Details of the short-term incentive bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Employee	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Mr T McManus[1]	10,000	100%	-
Mr D Round[1]	10,000	100%	-

Note 1: Rather than receive payment in cash, the each of the key management personnel were issued shares in the Company amounting to a value of $10,000 each as a short-term incentive non-monetary bonus during the period.

Unlisted options included in remuneration

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

The options were provided at no cost to the recipients. All options expire on the earlier of their expiry date or termination of the individual's employment. No options have been exercised or forfeited during the period.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Unlisted options included in remuneration (continued)

Details of unlisted options over ordinary shares in the Company that were granted as remuneration to each key management personnel are set out below.

Unlisted options

	Number granted	Grant date	Value per option at grant date ($)	Value of options at grant date ($)	Number vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Directors								
Mr R Anthon	2,000,000	2 Sept 2016	0.0048	9,637	2,000,000	0.025	2 Sept 2016	2 Sep 2018
Mr R Anthon	2,000,000	2 Sept 2016	0.0055	10,971	2,000,000	0.035	2 Sept 2016	2 Sep 2019
Mr R Anthon	7,500,000	3 May 2017	0.0065	48,862	7,500,000	0.025	3 May 2017	31 Dec 2020
Mr R Anthon	7,500,000	3 May 2017	0.0050	37,133	7,500,000	0.05	3 May 2017	31 Dec 2020
Mr R Anthon	7,500,000	3 May 2017	0.0041	30,509	7,500,000	0.075	3 May 2017	31 Dec 2020
Mr R Anthon	7,500,000	3 May 2017	0.0035	26,084	7,500,000	0.10	3 May 2017	31 Dec 2020
Mr J Marvin	2,000,000	2 Sept 2016	0.0048	9,638	2,000,000	0.025	2 Sept 2016	2 Sep 2018
Mr J Marvin	2,000,000	2 Sept 2016	0.0055	10,971	2,000,000	0.035	2 Sept 2016	2 Sep 2019
Mr J Marvin	3,000,000	3 May 2017	0.0065	19,545	3,000,000	0.025	3 May 2017	31 Dec 2020
Mr J Marvin	3,000,000	3 May 2017	0.0050	14,853	3,000,000	0.05	3 May 2017	31 Dec 2020
Mr J Marvin	3,000,000	3 May 2017	0.0041	12,204	3,000,000	0.075	3 May 2017	31 Dec 2020
Mr J Marvin	3,000,000	3 May 2017	0.0035	10,434	3,000,000	0.10	3 May 2017	31 Dec 2020
Mr P Wright	3,000,000	3 May 2017	0.0065	19,545	3,000,000	0.025	3 May 2017	31 Dec 2020
Mr P Wright	3,000,000	3 May 2017	0.0050	14,853	3,000,000	0.05	3 May 2017	31 Dec 2020
Mr P Wright	3,000,000	3 May 2017	0.0041	12,204	3,000,000	0.075	3 May 2017	31 Dec 2020
Mr P Wright	3,000,000	3 May 2017	0.0035	10,434	3,000,000	0.10	3 May 2017	31 Dec 2020
Mr D Premraj[1]	2,000,000	2 Sept 2016	0.0048	9,638	2,000,000	0.025	2 Sept 2016	2 Sep 2018
Mr D Premraj[1]	2,000,000	2 Sept 2016	0.0055	10,971	2,000,000	0.035	2 Sept 2016	2 Sep 2019
Group Executives								
Mr T McManus	10,000,000	2 Sept 2016	0.0079	79,079	10,000,000	0.025	2 Sept 2016	31 Dec 2020
Mr T McManus	10,000,000	2 Sept 2016	0.0063	63,483	10,000,000	0.050	2 Sept 2016	31 Dec 2020
Mr T McManus	10,000,000	2 Sept 2016	0.0054	54,246	10,000,000	0.075	2 Sept 2016	31 Dec 2020
Mr T McManus	10,000,000	2 Sept 2016	0.0048	47,850	10,000,000	0.10	2 Sept 2016	31 Dec 2020
Mr D Round	7,500,000	2 Sept 2016	0.0079	59,310	7,500,000	0.025	2 Sept 2016	31 Dec 2020
Mr D Round	7,500,000	2 Sept 2016	0.0063	47,612	7,500,000	0.050	2 Sept 2016	31 Dec 2020
Mr D Round	7,500,000	2 Sept 2016	0.0054	40,685	7,500,000	0.075	2 Sept 2016	31 Dec 2020
Mr D Round	7,500,000	2 Sept 2016	0.0048	35,887	7,500,000	0.10	2 Sept 2016	31 Dec 2020

Note 1: Mr D Premraj resigned 2 September 2016.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Unlisted options included in remuneration (continued)

The tables below summarise the details of the grants and assumptions that were used in determining the fair value of unlisted options on the grant date.

Input Variable	Director Options A	Director Options B	Director Options C	Director Options D	Director Options E	Director Options F
Grant Date	2 Sept 2016	2 Sept 2016	3 May 2017	3 May 2017	3 May 2017	3 May 2017
Vesting Date	2 Sept 2016	2 Sept 2016	15 Aug 2017	15 Aug 2017	15 Aug 2017	15 Aug 2017
Expiry Date	2 Sept 2018	2 Sept 2019	15 Aug 2020	15 Aug 2020	15 Aug 2020	15 Aug 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.035	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.014	$0.014	$0.012	$0.012	$0.012	$0.012
Expected Life (years)	3.38	3.38	3.67	3.67	3.67	3.67
Expected Volatility	100%	100%	213%	213%	213%	213%
Expected Dividend Yield	$0	$0	$0	$0	$0	$0
Expected Risk Free Rate	1.6%	1.6%	1.96%	1.96%	1.96%	1.96%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0048	$0.0055	$0.0065	$0.0049	$0.0041	$0.0035

Input Variable	Management Options A	Management Options B	Management Options C	Management Options D
Grant Date	2 Sept 2016	2 Sept 2016	2 Sept 2016	2 Sept 2016
Vesting Date	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016
Expiry Date	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.014	$0.014	$0.014	$0.014
Expected Life (years)	3.38	3.38	3.38	3.38
Expected Volatility	100%	100%	100%	100%
Expected Dividend Yield	$0	$0	$0	$0
Expected Risk Free Rate	1.6%	1.6%	1.6%	1.6%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0079	$0.0063	$0.0054	$0.0048

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Group:

The number of Shares held directly and indirectly in the Group are set out below.

2017	Balance at the start of the year	Granted as Remuneration	Received on exercise	Other Changes[1]	Balance at the end of the year
Directors					
Mr R Anthon	-	-	-	27,699,967	27,699,967
Mr J Marvin	-	769,231	-	4,166,664	4,935,895
Mr P Wright	-	-	-	22,200,000	22,200,000
Mr D Premraj[2]	-	-	-	4,000	4,000
Group Executives					
Mr T McManus	-	769,231	-	9,666,638	10,435,869
Mr D Round	500,000	769,231	-	4,101,024	5,370,255
	500,000	**2,307,693**	**-**	**67,838,293**	**70,645,986**

Note 1: Shares issued as part of capital raising placements during the year and acquired on market.
Note 2: Mr D Premraj resigned 2 September 2016.

Listed and unlisted options held directly and indirectly in the Group:

The number of listed and unlisted options to acquire shares in the Company by each of the key management personnel of the Group; including their related parties are set out below. When exercised each option is convertible to one ordinary share in the Company.

Listed options:

2017	Balance at the start of the year	Granted as Remuneration	Exercised	Other Changes[1]	Vested and Exercisable at the End of the Year	Vested and un-exercisable at the End of the Year
Directors						
Mr R Anthon	-	-	-	5,790,056	5,790,056	-
Mr J Marvin	-	-	-	2,083,332	2,083,332	-
Mr P Wright	-	-	-	8,290,229	8,290,229	-
Mr D Premraj	-	-	-	2,000,000	2,000,000	-
	-	**-**	**-**	**18,163,617**	**18,163,617**	**-**
Group Executives						
Mr T McManus	-	-	-	4,583,319	4,583,319	-
Mr D Round	-	-	-	467,810	467,810	-
	-	**-**	**-**	**5,051,129**	**5,051,129**	**-**

Note 1: Listed options acquired on market.

No listed options have been granted as remuneration to each key management personnel during the year.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel (continued)

Listed and unlisted options held directly and indirectly in the Group (continued)

Unlisted options:

2017	Balance at the start of the year	Granted as Remuneration	Exercised	Other Changes[1]	Vested and Exercisable at the End of the Year	Vested and un-exercisable at the End of the Year
Directors						
Mr R Anthon	-	34,000,000	-	-	34,000,000	-
Mr J Marvin	-	16,000,000	-	-	16,000,000	-
Mr P Wright	-	12,000,000	-	2,100,000	14,100,000	-
Mr D Premraj[2]		4,000,000	-	-	4,000,000	-
	-	**66,000,000[3]**	**-**	**2,100,000**	**68,100,000**	**-**
Group Executives						
Mr T McManus	-	40,000,000	-	-	40,000,000	-
Mr D Round	180,000	30,000,000	-	-	30,180,000	-
	180,000	**70,000,000**	**-**	**-**	**70,180,000**	**-**

Note 1: Unlisted options issued as part of capital raising placements during the year.
Note 2: Mr D Premraj resigned 2 September 2016.
Note 3: Includes 54,000,000 ESOP Directors options granted on 3 May 2017 and issued subsequent to Reporting Date on 15 August 2017

Employee	Number of unlisted options forfeited (lapsed) during the year	Financial year in which those options were granted
Non- executive directors		
Mr J Marvin	-	2017
Mr R Anthon	-	2017
Mr P Wright	-	2017
Mr D Premraj	-	2017
Group Executives		
Mr T McManus	-	2017
Mr D Round	-	2017
Mr D Round	-	2016

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel (continued)

Performance Rights held by Key Management Personnel

Details of Performance Rights held by each Key Management Personnel and granted but not yet vested under the LTI plan as at 30 June 2017 are outlined below:

2017	Balance at the start of the year	Number granted as Remuneration[1]	Number vested	Other Changes	Balance at the end of the year	Portion vested (%)	Portion un-vested (%)
Directors							
Mr R Anthon	-	15,000,000	-	-	15,000,000	-	100%
Mr J Marvin	-	6,000,000	-	-	6,000,000	-	100%
Mr P Wright	-	6,000,000	-	-	6,000,000	-	100%
Group Executives							
Mr T McManus	-	20,000,000	-	-	20,000,000	-	100%
Mr D Round	-	15,000,000	-	-	15,000,000	-	100%
	-	**62,000,000**	**-**	**-**	**62,000,000**	**-**	100%

Note 1: Approved at General Meeting 3 May 2017

All Performance Rights were granted on 3 May 2017 and were issued subsequent to the Reporting Period on 15 August 2017. The Performance Rights issued to Directors and Executive Management as part of their Long Term Incentive (LTI) are in accordance with the Company's Incentive Scheme ("Incentive Scheme"). The Company's Incentive Scheme was approved at a meeting of shareholders on 22 August 2016.

General Conditions

1) Performance Rights issued under the Incentive Scheme are for no consideration.
2) The vesting of Performance Rights are subject to the achievement of Key Performance Indicators ("Performance Milestones").
3) Performance Rights are only transferable or assignable upon the achievement of Performance Milestones.
4) Where the person who was initially offered the Performance Rights ceases to be an Eligible Participant and, at that time, there are Milestone Conditions in relation to those Performance Rights that are unsatisfied (and they are not waived), the Company may, subject to the Corporations Act and the Listing Rules, buy back and cancel or sell the Shares in accordance with clause 8.1 of this Plan.
5) The Performance Rights are valid for a term of 3 years from the date of issue.
6) All shares issued upon exercise of the Performance Rights will rank equally in all respects with shares in the same class.
7) In the event of a capital reorganisation, the number of Performance Rights will be adjusted by the Board in accordance with the Corporations Act.
8) In the event of a bonus or rights issue, a participant, upon conversion of Performance Rights into shares, will enjoy all rights attaching to the shares of the Company.
9) In the event of a takeover, scheme or winding up, the Board is deemed to have waived all conditions applicable to an incentive security.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel (continued)

Performance Rights held by Key Management Personnel (continued)

The Performance Rights will require Key Management Personnel to achieve the following Key Performance Indicators:

Directors		Number of Performance Rights granted		
2017	**Key Performance Indicators**	**Mr R Anthon**	**Mr J Marvin**	**Mr P Wright**
KPI (A)	Achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period	6,000,000	2,400,000	2,400,000
KPI (B)	Graphmada Operations achieving cash flow positive results over three consecutive months	6,000,000	2,400,000	2,400,000
KPI (C)	The Group achieving a Market Capitalisation of $75m	3,000,000	1,200,000	1,200,000
	Total Performance Rights	**15,000,000**	**6,000,000**	**6,000,000**

The above Director Performance Rights were approved at a General Meeting held on 3 May 2017. The issue price of the securities is nil and there are no loans in relation to the acquisition.

Group Executives		Number of Performance Rights granted	
2017	**Key Performance Indicators**	**Mr T McManus**	**Mr D Round**
KPI (A)	Achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period	8,000,000	6,000,000
KPI (B)	Graphmada Operations achieving cash flow positive results over three consecutive months	8,000,000	6,000,000
KPI (C)	The Group achieving a Market Capitalisation of $75m	4,000,000	3,000,000
	Total Performance Rights	**20,000,000**	**15,000,000**

The above Group Executive Performance Rights were granted in accordance with the Company's Incentive Scheme which was approved at meeting of Company Shareholders on 22 August 2016.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel (continued)

Performance Rights held by Key Management Personnel (continued)

Set out below are details of performance rights over ordinary shares in the Company that were granted as remuneration to personnel subject to achieving the Key Performance Indicators detailed above.

	Grant date	Number Granted	KPI	Value per performance right at grant date ($)	Value of performance right at grant date ($)	Date of issue	Date of expiry
Directors							
Mr R Anthon	3 May 2017	6,000,000	KPI (A)	0.00679	40,764	15 Aug 2017	15 Aug 2020
Mr R Anthon	3 May 2017	6,000,000	KPI (B)	0.00946	56,738	15 Aug 2017	15 Aug 2020
Mr R Anthon	3 May 2017	3,000,000	KPI (C)	0.00006	170	15 Aug 2017	15 Aug 2020
Mr J Marvin	3 May 2017	2,400,000	KPI (A)	0.00679	16,306	15 Aug 2017	15 Aug 2020
Mr J Marvin	3 May 2017	2,400,000	KPI (B)	0.00946	22,695	15 Aug 2017	15 Aug 2020
Mr J Marvin	3 May 2017	1,200,000	KPI (C)	0.00006	68	15 Aug 2017	15 Aug 2020
Mr P Wright	3 May 2017	2,400,000	KPI (A)	0.00679	16,306	15 Aug 2017	15 Aug 2020
Mr P Wright	3 May 2017	2,400,000	KPI (B)	0.00946	22,695	15 Aug 2017	15 Aug 2020
Mr P Wright	3 May 2017	1,200,000	KPI (C)	0.00006	68	15 Aug 2017	15 Aug 2020
Group Executives							
Mr T McManus	3 May 2017	8,000,000	KPI (A)	0.00679	54,353	15 Aug 2017	15 Aug 2020
Mr T McManus	3 May 2017	8,000,000	KPI (B)	0.00946	75,650	15 Aug 2017	15 Aug 2020
Mr T McManus	3 May 2017	4,000,000	KPI (C)	0.00006	227	15 Aug 2017	15 Aug 2020
Mr D Round	3 May 2017	6,000,000	KPI (A)	0.00679	40,764	15 Aug 2017	15 Aug 2020
Mr D Round	3 May 2017	6,000,000	KPI (B)	0.00946	56,738	15 Aug 2017	15 Aug 2020
Mr D Round	3 May 2017	3,000,000	KPI (C)	0.00006	170	15 Aug 2017	15 Aug 2020

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Shareholdings of Key Management Personnel (continued)

Performance Rights held by Key Management Personnel (continued)

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Performance Rights on the grant date.

Input Variable	Performance Rights A	Performance Rights B	Performance Rights C
Grant Date	3 May 2017	3 May 2017	3 May 2017
Vesting Date	On achievement of Performance Condition	On achievement of Performance Condition	On achievement of Performance Condition
Expiry Date	15 August 2020	15 August 2020	15 August 2020
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Exercise Price	$0.00	$0.00	$0.00
Share Price (at date terms agreed)	$0.012	$0.012	$0.012
Expected Life (years)	3	3	3
Expected Volatility	213%	213%	213%
Expected Dividend Yield	$0	$0	$0
Expected Risk Free Rate	1.82%	1.82%	1.82%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0068	$0.00945	$0

Performance Right Methodology

The Groups Performance Rights link rewards for executives to the Company's strategy which drives the creation of long term shareholder wealth – the greater the performance of the Company, the greater the return to the executives; and vesting of Performance Rights only occurs with the successful achievement of performance conditions.

During the year the Board determined that material increases to production, operational cash flow and growth in the Group's market capitalisation were the main three criteria that are most likely to increase shareholder wealth. Accordingly the following Performance Rights and Criteria were established to align the Group's strategy for increased long term shareholder wealth, with the intention of rewarding and retaining the Group's Directors :

Groups Strategy for Shareholder wealth	Performance Rights KPI's (criteria)
Substantially Increase levels of Graphite Production at Graphmada and achieve material operational cost efficiencies.	Increase levels of Graphite Production to 1,250mt per month of Concentrate
Achieve substantial economies of scale from increases in Production.	Operations to be cash flow positive
Engage the market and drive the Group's growth proposition.	Increase the Group's market capitalisation to $75,000,000

(End of remuneration report)

Signed in accordance with a resolution of directors.
RA Anthon
Chairman
Brisbane, Queensland
22 September 2017

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Auditor's Independence Declaration
To the Directors of Bass Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bass Metals Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 22 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Sale of concentrate		285,489	-
Cost of sales	5a	(1,087,730)	-
Gross loss		(802,241)	-
Other income	4	346,833	2,551,519
Impairment of Non-Current exploration and evaluation asset held for sale	13	(3,217,406)	-
Impairment of receivable		(1,000,000)	(450,000)
Reversal of impairment of receivable		1, 000,000	-
Administration expenses	5b	(6,012,859)	(1,023,517)
Finance costs		(5,736)	-
(Loss)/profit before income tax from continuing operations		**(9,691,409)**	1,078,002
Income tax (expense)/benefit	6	-	-
(Loss)/profit for the year from continuing operations		**(9,691,409)**	1,078,002
Loss after tax from discontinued operations	7	(212,546)	(282,987)
(Loss)/profit for the year		**(9,903,955)**	795,015
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign controlled entities		135,123	-
Net (loss)/gain on available-for-sale (AFS) financial assets	12	(84,850)	84,850
Total comprehensive (Loss)/profit for the period, net of tax		**(9,853,682)**	879,865
(Loss)/profit attributed to:			
Continuing operations		(9,641,136)	1,162,852
Discontinued operations		(212,546)	(282,987)
Total comprehensive profit/(loss) attributed to:			
Equity holders of the parent entity		(9,853,682)	879,865
Earnings per share			
Basic and diluted (loss)/earnings per share from operations (cents)	8	(0.85)	0.19

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	9a	933,822	167,527
Restricted cash	9b	25,000	-
Trade and other receivables	10	325,676	1,033,092
Prepayments		42,697	
Inventories	11	653,775	-
Financial assets – available for sale	12	-	494,961
		1,980,970	1,695,580
Non-Current exploration and evaluation asset held for sale	13	-	3,897,906
Total Current Assets		**1,980,970**	**5,593,486**
NON-CURRENT ASSETS			
Trade and other receivables	10	680,500	260,480
Plant and equipment	14	1,985,348	20,585
Exploration and evaluation assets	15	508,523	-
Mine properties	16	5,473,669	-
Financial assets	17	-	1,060,825
Total Non-Current Assets		**8,648,040**	**1,341,890**
TOTAL ASSETS		**10,629,010**	**6,935,376**
CURRENT LIABILITIES			
Trade and other payables	18	606,033	376,585
Borrowings	19	642,500	684,236
Deferred consideration payable	20	500,000	-
		1,748,533	1,060,821
Liabilities included in disposal group held for sale	21	-	694,242
Total Current Liabilities		**1,748,533**	**1,755,063**
NON-CURRENT LIABILITIES			
Provisions	22	1,097,892	-
Total Non-Current Liabilities		**1,097,892**	**-**
TOTAL LIABILITIES		**2,846,425**	**1,755,063**
NET ASSETS		**7,782,585**	**5,180,313**
EQUITY			
Issued capital	23	74,219,238	62,913,634
Reserves	24	1,285,473	84,850
Accumulated losses		(67,722,126)	(57,818,171)
TOTAL EQUITY		**7,782,585**	**5,180,313**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Share Option Reserve	AFS Financial Asset Reserve	Retained Profits/ (Accumulated Losses)	Total Equity
	$	$	$	$	$
Balance at 1 July 2015	62,032,248	78,750	-	(58,691,936)	3,419,062
Comprehensive income					
Profit for the period	-	-	-	795,015	795,015
Other comprehensive income	-	-	84,850	-	84,850
Total comprehensive loss for the year	-	-	84,850	795,015	879,865
Transactions with owners, recorded directly in equity					
Shares issued during the period	929,000	-	-	-	929,000
Transfer on expiry of options	-	(78,750)	-	78,750	-
Cost of shares issued for placement	(47,614)	-	-	-	(47,614)
Balance at 30 June 2016	**62,913,634**	**-**	**84,850**	**(57,818,171)**	**5,180,313**

	Issued Capital	Share Option Reserve	AFS Financial Asset Reserve	Foreign Currency Translation Reserve	Retained Profits/ (Accumulated Losses)	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2016	**62,913,634**	**-**	**84,850**	**-**	**(57,818,171)**	**5,180,313**
Comprehensive income						
Loss for the period	-	-	-	-	(9,903,955)	(9,903,955)
Other comprehensive income	-	-	(84,850)	135,123	-	50,273
Total comprehensive loss for the year	-	-	(84,850)	135,123	(9,903,955)	(9,853,682)
Transactions with owners, recorded directly in equity						
Shares issued during the period	10,135,575	-	-	-	-	10,135,575
Share placement to Stratmin - acquisition of Graphmada	1,800,000	-	-	-	-	1,800,000
Options – value of options		746,638	-	-	-	746,638
Performance rights- value of rights	-	403,712	-	-	-	403,712
Cost of shares issued for placement	(629,971)	-	-	-	-	(629,971)
Balance at 30 June 2017	**74,219,238**	**1,150,350**	**-**	**135,123**	**(67,722,126)**	**7,782,585**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		252,711	-
Payments to suppliers and employees		(5,765,244)	(909,327)
Settlement proceeds received		1,000,000	600,000
Other income		-	37,332
Net cash used in operating activities	26	**(4,513,533)**	(271,995)
Cash flows from investing activities			
Proceeds from sale of assets classified as held for sale		731,631	50,791
Loan to related entity		-	(260,000)
Purchase of property, plant and equipment		(899,238)	-
Payments for capitalised evaluation & exploration costs		(450,981)	-
Interest received		20,275	26,489
Acquisition of subsidiaries, net of cash		(3,420,921)	(1,060,825)
Net cash used in investing activities		**(4,019,234)**	(1,243,545)
Cash flows from financing activities			
Proceeds from issue of shares		8,885,849	914,000
Transaction costs on issue of shares		(220,481)	(32,614)
Proceeds from loan funds		1,556,020	684,236
Repayment of loan funds		(913,520)	-
Interest paid		(5,736)	-
Net cash from financing activities		**9,302,132**	1,565,622
Net increase in cash and cash equivalents		**769,365**	**50,082**
Cash and cash equivalents at the beginning of the period		167,527	117,445
Cash acquired in a business combination		21,930	-
Restricted cash	9b	(25,000)	-
Cash and cash equivalents at the end of the period	9a	**933,822**	167,527

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Notes to the financial statements

(a) General information and statement of compliance

These consolidated financial statements and notes represent those of Bass Metals Ltd (the "Company") and it's Controlled Entities (the "Consolidated Group" or "Group"). Bass Metals Ltd is the Group's ultimate Parent Company (the "parent entity") and is a public company incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Bass Metals Ltd, are presented in note 36.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The Financial Report was approved by the Board of Directors on 22 September 2017.

The Consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Summary of Accounting Policies

Overall Considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a different reporting date other than 30 June, however they have provided financial information to allow the consolidated Group financial statements to be prepared based on a 30 June reporting date..

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. There are no non-controlling interests in the Group during the year.

1. Notes to the financial statements (continued)

Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets and is classified as mine properties in the statement of financial position. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine the fair value.

On 22 August 2016, Bass acquired the Graphmada graphite mine and this business combination is detailed in note 2.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company. The functional currency of the Company subsidiaries Graphmada SARL , Graphmada Mauritius and Limada is US Dollars being the currency which sales and material expenses are transacted. These subsidiary financial statements are translated into Australian Dollars in accordance with Australian Accounting Standards as detailed below.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. On consolidation, all monetary assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Non-monetary items are not retranslated at year-end and are measured at historical cost, these are translated into $AUD using the exchange rates at the date of the transaction. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate at the date of acquisition. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

1. Notes to the financial statements (continued)

Segment reporting

The Group has one operating segment being the graphite mining segment. In addition all other activities are reported within the segment other. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except that expenses relating to discontinuing operations (refer note 7)are not included in arriving at the operating profit of the operating segments. In addition, non-current exploration and evaluation asset held for sale (refer note 13), lithium mineralisation exploration (refer note 15) and Mine properties – goodwill on acquisition (refer note 2) are assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Revenue

Sale of Concentrate
Revenue from the sale of graphite concentrate is recognised when the risks and rewards of the products pass to the buyer, currently being the point at which the product title passes to the customer. This generally occurs when product is physically transferred onto a vessel, train, conveyor or other delivery mechanisms agreed between Bass Metals Ltd and the buyer. Revenue is recognised at the USD sales value determined by reference to the carbon content, the graphite mesh or flake size and the current international USD graphite price.

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest
Interest is reported on an accrual basis using the effective interest method.

Other Income
Other income is recognised as and when it is receivable and has been recorded as part of other receivables if it has not yet been received.

Operating Expenses

Operating expenses are recognised in profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in "finance costs".

1. Notes to the financial statements (continued)

Property, Plant and Equipment

Equipment is initially recognised at acquisition or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The following depreciation rates are applied:

Asset	Depreciation Rate
Computer equipment	33.33 to 50%
Exploration, Plant & environmental equipment	15 to 33.33%
Motor vehicles	20%
Office equipment	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss and other comprehensive income within other income or other expenses.

Leased Assets

Finance Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The Group has no finance leases at reporting date.

See *Property, Plant and Equipment* for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss and other comprehensive income, as finance costs over the period of the lease.

Operating Leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. At reporting date, entities within the Group have operating lease arrangements, however these are inter Group only, whereby one subsidiary is renting certain items of plant and equipment to another subsidiary within the Group, which are then eliminated on consolidation.

Exploration and Evaluation

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss and other comprehensive income as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

1. Notes to the financial statements (continued)

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration and evaluation expenditure is capitalised in the year in which is occurred when the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

  (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  (ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mine Properties

Mine properties includes development expenditure and rehabilitation costs.

Development expenditure

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and expenditure transferred from the capitalised exploration and evaluation expenditure phase.

Development expenditure also includes goodwill paid on a business combination relating to a mining operation. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. Refer note 2.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves. Mine properties are tested for impairment in accordance with the policy in note 1 *Impairment Testing of Assets.*

Rehabilitation costs

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates for current costs and currently legal requirements and technology.

Any changes in the estimates are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the mining process as well as directly related production costs based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

1. Notes to the financial statements (continued)

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss and other comprehensive income, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL) — the Group has no FVTPL financial assets
- held-to-maturity (HTM) investments — the Group has no held-to-maturity investments
- available-for-sale (AFS) financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss and other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The Group currently does not hold any hedging instruments.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group has not designated any financial assets at fair value through profit or loss

1. Notes to the financial statements (continued)

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

The Group has not designated any financial assets in this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available for Sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The Group's AFS financial assets included listed securities in A1 Consolidated Gold Ltd which were disposed during the year.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

The Group does not currently have any interest-bearing loans and borrowings, including bank overdrafts, or derivative financial instruments.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

1. Notes to the financial statements (continued)

Impairment Testing of Assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Any impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Income Taxes

Tax expense recognised in profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss and other comprehensive income in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1. **Notes to the financial statements (continued)**

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current Assets and Liabilities Classified as Held-for-Sale and Discontinued Operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as "held for sale" and presented separately in the statement of financial position. Liabilities are classified as "held for sale" and presented as such in the statement of financial position if they are directly associated with a disposal group.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as "held for sale", the assets are not subject to depreciation or amortisation.

Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Equity and Reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include (a) Foreign Currency Translation Reserve which records the exchange differences arising from translation of financial statements of foreign operations into Australian dollars; (b) the Share Option Reserve which comprises costs associated with share-based payments (see Share-based Employee Remuneration); and (c) the Available for Sale Financial Asset Reserve which records the subsequent re-measurement at fair value of financial assets designated as available for sale. Unrealised gains or losses are recognised in other comprehensive income and credited in the AFS reserve until the investments are derecognised.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

1. Notes to the financial statements (continued)

Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non–monetary benefits and annual leave expected to be settled wholly with 12 months of reporting date are recognised in other payables and accruals in respect of employee services up to reporting date. They are measured at the amounts that are expected to be paid when the liabilities are settled.

Share-based Employee Remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (ie: profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss and other comprehensive income with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Provisions, Contingent Assets and Liabilities

General

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of: (a) a past event; (b) it is probable that an outflow of economic resources will be required from the Group; and (c) amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

1. Notes to the financial statements (continued)

Rehabilitation provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Significant Management Judgement in Applying Accounting Policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see note 2). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Provision for Restoration and Rehabilitation

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

1. Notes to the financial statements (continued)

Estimation of Useful Lives of Assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Exploration and Evaluation

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of an Australasian Joint Ore Reserves Committee Code (JORC) resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, plant and equipment and goodwill (mine properties – development asset) may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of financial profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

The Group estimates and reports mineral resources in line with the principles contained in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

1. Notes to the financial statements (continued)

(c) New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2016. Information on the more significant standard(s) is presented below.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

AASB 2014-4 is applicable to annual reporting periods beginning on or after 1 January 2016. The adoption of these amendments has not had a material impact on the Group.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

(d) Impact of standards issued but not yet applied by the Group

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 *Financial Instruments*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

1. Notes to the financial statements (continued)

(d) Impact of standards issued but not yet applied by the Group (continued)

- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
  - the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward looking information and applies to all financial instruments that are subject to impairment accounting. The effective date is for annual reporting periods beginning on or after 1 January 2018.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 *Leases*

The new AASB 16:

- replaces AASB 117 *Leases* and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020

1. Notes to the financial statements (continued)

(e) Going Concern

The financial report for the year ended 30 June 2017 has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Group reported a loss after tax of $9,903,955 (2016 profit: $795,015). Net cash operating cash outflows were $4,513,533 (2016 outflow: $271,995).

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise sufficient additional capital in the future;
- the successful sale of its Group's tenements in Tasmania;
- its ability to achieve a financial return from its subsidiary Graphmada Mauritius.

As at the date of this report, the Group has commenced a Capital Raising Program (CRP) comprising a Placement and Rights Issue as announced on 20 September 2017. The CRP is intended to raise A$6,000,000 and the Placement and Rights Issue are fully underwritten by joint lead managers, Bizzell Capital Partners and Morgans Corporate Limited.

Completion of the CRP will provide material certainty to the Group's ability to continue to trade as a Going Concern.

The Directors will continue to monitor the capital requirements of the Group on a go forward basis and will include additional capital raisings in future periods as required.

2. Business Combination - acquisition

Acquisition of Graphmada

Bass Metals Ltd had previously made a strategic investment in December 2015 acquiring 6.25% of Graphmada Mauritius, a private company registered in Mauritius, and its subsidiary Graphmada SARL, a private company registered in Madagascar, (“Graphmada”) purchased from Stratmin Global Resources Plc (“Stratmin”) for $1,060,827 in December 2015. Graphmada is the owner and operator of an operating graphite mine in Madagascar with four large flake premium quality graphite deposits within its permits.

An offer to acquire the remaining equity instruments in Graphmada Mauritius was received by the Company during early 2016. On 4 April 2016, the Bass Metals Ltd announced it had successfully renegotiated the terms of agreement with Stratmin Global Resources Plc and executed a replacement Term Sheet to acquire the remaining 93.75% of Graphmada Mauritius.

On 22 August 2016, Bass Metals Ltd acquired the remaining equity instruments of Graphmada Mauritius, thereby obtaining 100% ownership.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Graphmada as at the date of acquisition were:

	Fair value recognised on acquisition $
Assets	
Cash and cash equivalents	21,938
VAT receivable	157,818
Prepayments	10,402
Inventories	442,343
Property, plant and equipment	1,860,130
Mine properties	406,484
	2,899,115
Liabilities	
Trade and other payables	(520,903)
Provision for rehabilitation	(406,484)
	(927,387)
Total of net identifiable net assets at fair value	**1,971,728**
Goodwill arising on acquisition (note 16)	5,070,019
Purchase consideration transferred	**7,041,747**

Identifiable net assets

The fair value of the VAT receivable acquired as part of the business combination amounted to $157,818. The net book value of VAT receivable in Graphmada at the date of acquisition was $548,431 (being a gross of $837,945 less a provision of $289,514). Whilst the Group expects to receive the book value, it cannot be certain therefore the Group has recognised the VAT receivable at the date of acquisition to be the amount of VAT refund that the Group has received since acquisition of $157,818.

Goodwill

Goodwill of $5,070,019 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Graphmada’s workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 30 June 2017 and is classified as Mine Properties in the Statement of Financial Position, refer note 16. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

2. Business Combination – acquisition (continued)

	$
Purchase consideration	
Initial amount settled in cash	2,601,747
Shares issued at fair value	1,800,000
Deferred cash payment consideration	2,640,000
Total consideration	7,041,747
Analysis of cash flows on acquisition to date:	
Amount settled in cash for 6.25% previously invested	(1,060,825)
Amount settled in cash for the remaining 93.75% (original Tranche 1)	(1,540,920)
Deferred cash payment consideration instalments (under terms of the deed of amendment)	(2,140,000)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	21,930
Net cash flow on acquisition to date	(4,719,815)[1]
Remaining cash (deferred) payment consideration payable:	
Due on 30 September 2017	(500,000)
Total cash flow on acquisition	(5,219,815)

Note 1: Includes cash payments in the previous reporting period (June 2016) of $1,320,825.

Consideration transferred

In addition to the cash payment of $1,060,825 for 6.25% of Graphmada paid to the previous owners during December 2015, the consideration payable for the remaining 93.75% that the Bass Metals Ltd does not already own for all of the Sale Assets was as follows:

(a) Tranche 1:

(i) Tranche 1 Cash Payment of A$1,540,920 – this payment was completed during 2016;

(ii) 75,000,000 Bass Shares (Tranche 1 Shares) – these shares were issued in September 2016. The fair value as at the date of acquisition was A$1,800,000; and

(iii) Net royalty of 2.5% of gross concentrate sales which terminates on 1 January 2029 or upon royalty payments reaching A$5 million, whichever occurs first.

In addition, Bass Metals Ltd agreed on three further cash payments to the previous owners which are detailed below.

Deferred cash payment consideration

The original Share Purchase Agreement ("SPA") provided for an additional consideration (Tranche 2 and 3) of $8 million worth of Bass Metals Ltd shares payable to the previous owner only if production of graphite concentrate exceed a target level agreed by both parties. Under the terms of the deed of amendment to the SPA, announced to the ASX on 15 December 2016, Bass and Stratmin now have agreed that Bass's obligation to issue $8 million worth of shares shall be waived upon the payment of A$2,640,000 to Stratmin over the following timeframe:

- A$955,000 on or before 19 December 2016 – this payment was completed on 19 December 2016;
- A$1,185,000 on or before 15 March 2017 – this payment was completed on 15 March 2017; and
- A final payment of A$500,000 on 30 September 2017.

Additionally Bass Metals Ltd has secured an option to buy back its up to A$5 million royalty obligation for the sum of A$500,000 with the option to be exercised by 31 December 2017, with no royalty payments to be made before this date.

Graphmada's contribution to the group results

Graphmada incurred a loss of $3,554,126 for the ten (10) months from 22 August 2016 to the reporting date, due to being shut down for most of the period while the Group completes the plant optimization program.

The Company considers it impracticable to determine the revenue and profit or loss of the combined entity for the full year current reporting period as the acquisition date for all business combinations occurred during the year.

3. Segment Information

The Group has one operating segment being the graphite mining segment. In addition all other activities are reported within the segment other. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except that expenses relating to discontinuing operations are not included in arriving at the operating loss of the operating segments. In addition, non-current exploration and evaluation asset held for sale, lithium mineralisation exploration and Mine properties – goodwill on acquisition are assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.
There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The operating segments below are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting year is as follows:

2017	Graphite Mining 2017 $	Other 2017 $	Total 2017 $
Revenue			
External customers	-	285,489	285,489
Interest income	-	20,275	20,275
Other revenue[1]	1,239	325,319	326,558
Inter- segment	295,001	(295,001)	-
Segment revenues	**296,240**	**336,082**	**632,322**
Segment operating loss	(3,554,126)	(6,137,283)	(9,691,409)
Segment assets	3,863,690	1,682,070	5,545,760

Note 1: Other segment revenue consists of gain on the sale of listed shares of $321,520

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker.

Segment disclosure for the prior year

During the prior period, the Bass Metals Ltd operated in one segment being Exploration and Evaluation of Minerals in Tasmania, Australia. Thus, segmented disclosures are not required nor will any disaggregated level of revenue or expenditure be informative. In addition, no segment assets or liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker.

Bass Metals Ltd's 6.25% investment in Graphmada did not give significant influence and therefore the investment was not accounted for using the equity method nor were separate financial reports from Graphmada reviewed by the Board of Directors during the period.

3. Segment Information (continued)

Reconciliation to Financial Statements

The total presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

	2017 $
Loss	
Total reportable segment operating loss	(9,691,409)
Discontinued operations, refer note 7	(212,546)
Loss for the year	(9,903,955)
Assets	
Total reportable segment assets	5,545,760
Exploration and evaluation assets - Lithium mineralisation , refer note 15	13,231
Mine properties – development asset , refer note 16	5,070,019
Group assets	**10,629,010**

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

2017	**Revenue** **$**	**Non-current assets** **$**
Madagascar	-	2,081,205
Mauritius	-	794,594
Australia	-	688,991
India	20,403	-
USA	265,086[1]	-
Total	**285,489**	**3,564,790**

Note 1: Represents revenue from one customer.

Revenues from external customers in the Group's domicile, Australia, as well as its major markets have been identified on the basis of the customer's geographical location.

Non-current assets are allocated based on their physical location. The above table does not include mine properties – development asset of $5,070,019 and capitalised Lithium exploration costs of $13,231, both which can be attributed Madagascar.

	2017 $	2016 $
4. Other income		
Interest received	20,275	26,489
Gain - Settlement proceeds[1]	-	2,500,000
Gain – Sale of listed shares	321,520	10,902
Rent and access fees received	5,038	14,128
Total other income	**346,833**	**2,551,519**

Note1: Relates to gain on agreed settlement of LionGold Corp Ltd reported during the prior year. On 18 November 2015 the Group advised the market that it had reached a settlement with LionGold Corp Ltd ("LG") in respect of litigation commenced in the Supreme Court of Western Australia following the termination of certain agreements between the Group and LG. At that time, LG agreed to pay the Group $2,500,000 (in the form of cash and listed securities) as full and final settlement over a period up to and including 30 June 2016.

	2017 $	2016 $
5. Loss for the period		
The loss for the period is stated after taking into account the following:		
(a) Cost of sales		
Direct mine operating expense	764,340	-
Depreciation expense	222,905	-
Inventory write down to net realisable value	100,485	-
Total cost of sales	**1,087,730**	-
(b) Administration expenses		
Mine administration expense:		
Employee benefits expense	617,971	-
Mine consultancy	615,153	-
Write off of plant & equipment	559,606	-
Repairs and maintenance	150,838	-
Other administration expenses	813,997	-
Total mine administration expenses	2,757,565	-
Corporate administration:		
Employee benefits expense	513,624	114,581
Contracting & consulting expenses	478,114	221,922
Share based payment expense	1,150,350	-
Bad debt expense	-	144,612
Rental expenses	48,262	29,980
Legal expenses	106,959	52,390
Depreciation	12,094	13,608
Director fees	232,500	200,993
Travel expenses	286,933	45,170
Share registry, ASX	150,961	21,054
Other administration expenses	275,497	179,207
Total corporate administration expenses	3,255,294	1,023,517
Total administration expenses	**6,012,859**	**1,023,517**

6. Income Tax Expense

The prima facie tax on loss before income tax is reconciled as follows:

		2017 $	2016 $
(a)	**The components of tax expense comprise:**		
	Current tax	-	-
	Under provision in respect of prior years	-	-
		-	-
(b)	**The prima facie tax on (loss)/gain before income tax at 27.5% (2016: 30%)**	(2,709,763)	238,505
	Non assessable income	(2,440,495)	-
	Non-deductible expenditure	3,698,850	135,061
	Impact of different exchange rates	121,495	-
	Deferred Tax Asset not brought to account	1,329,913	(373,566)
	Income tax (benefit) attributable to loss from ordinary activities	-	-

Unrecognised temporary differences

At 30 June 2017, there are no unrecognised temporary differences associated with the Group's investments as the Group has no liability for additional taxation should unremitted earnings be remitted (2016: $Nil).

		2017 $	2016 $
(c)	**Deferred tax balances**		
	The following deferred tax assets and liabilities have been brought to account:		
	Deferred tax asset – losses available	-	965,222
	Deferred tax liability – exploration expenditure	-	(965,222)
	Net recognised tax balances	-	-
	The following deferred tax assets and liabilities have not been brought to account:		
	Unrecognised deferred tax assets comprise:		
	Australian tax losses - revenue	13,665,482	14,606,612
	Australian tax losses - capital	5,312,024	5,044,938
	Madagascan tax losses - revenue	1,036,803	-
	Capital raising costs	36,523	-
	Provisions	36,523	6,750
		20,087,355	19,658,298

Deferred tax asset not recognised is $20 million which is represented by $19 million (2016: $20 million) from Australian based operations carried forward tax losses and undisclosed tax losses from overseas subsidiaries as at 31 December 2016, being the date of the last annual taxation return, of $1 million.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

6. Income Tax Expense (continued)

The potential deferred tax assets will only be obtained if:

(i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
(ii) the Group continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Group in realising the benefits.

7. Loss attributable to discontinued operations

During the prior year, the Group sought to realise the value of its Tasmanian capitalised exploration and expense through the sale of these assets and the total carrying value has been classified as a disposal group which have been recognised as *Capitalised Exploration and Evaluation Assets Held for Sale* in the Statement of Financial Position.

During the current year, care and maintenance expenses relating to this disposal group have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see *loss after tax from discontinued operations*).

Expenses

	2017 $	2016 $
Contracting & consulting expenses	-	107,304
Exploration expenditure expensed	52,039	22,752
Hellyer operating infrastructure – care & maintenance	160,507	152,931
Total expenses	**212,546**	282,987

8. Earnings Per Share

(Basic and diluted Earnings Per Share)	2017 $	2016 $
(Loss)/profit for the period	(9,903,955)	795,015
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,158,460,304	421,691,643
Basic and diluted (loss)/profit per share (cents)	**(0.85)**	**0.19**

There is no dilutive potential for ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

9. (a) Cash and Cash Equivalents

Cash and cash equivalents include the following components:

	2017 $	2016 $
Cash at bank and in hand:		
• $AUD	815,254	167,527
• $USD	118,568	-
	933,822	**167,527**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group deposits cash surpluses only with major banks of high-quality credit standing.

(b) Restricted Cash

As at reporting date $25,000 of cash held remains restricted as it was received on behalf of Stratmin Global Resources Plc.

10. Trade and Other Receivables

	2017 $	2016 $
Current		
Settlement proceeds[1]	-	1,000,000
Trade receivables	42,155	-
VAT receivable	233,190	-
Other receivables	50,331	33,092
	325,676	**1,033,092**

	2017	2016
Non-current		
Loan to related entity - Stratmin Global[2]	-	260,000
Other security deposits[3]	680,500	480
	680,500	**260,480**

All amounts are short-term and non-interest bearing. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 1: During the prior year, negotiations with LionGold agreed on an amended Deed where the Group accepted an offer of $1 Million as full and final settlement of the outstanding settlement proceeds receivable which was originally $1.45 Million. As a result, the Group booked an impairment of $450,000 against settlement proceeds receivable at 30 June 2016.

During the current year, in December 2016, due to the uncertainty of its recoverability the Group had booked an impairment for the full amount receivable of $1 Million in order to comply with applicable Accounting Standards. Subsequent to the December 2016 Half Year period, during March 2017, the Group received the total receivable due of $1 Million from Liongold and as a result reversed the previous impairment booked during December 2016 in full.

Note 2: During the prior year, a non interest bearing loan of $A260,000 was provided to Stratmin Global Resources Plc for the purposes of working capital for their operating Graphmada Graphite mine subsidiary in Madagascar which the Bass Metals Ltd was in the process of acquiring a 100% interest. During the current year, the acquisition was completed for the purchase of the operating Graphite mine in Madagascar and the amount receivable was deducted from the Tranche 1 payment under the formal sale agreement with Stratmin Global Resources Plc.

Note 3: Security deposits and guarantees associated with the Tasmanian exploration assets held for sale.

As at reporting date, there were no trade receivables that were past due, but not impaired.

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty.

Information regarding credit, foreign exchange and liquidity risk exposure is set out in note 28.

11. Inventories

	2017 $	2016 $
At cost:		
Equipment spares and consumables	465,688	-
Ore stockpiles	7,953	-
At Net Realisable Value:		
Graphite in circuit	37,927	-
Graphite concentrate	142,207	-
	653,775	-

12. Financial assets - available for sale

	2017	2016
	$	$
Listed equity securities - Shares in A1 Consolidated Gold Ltd:		
Balance at the beginning of the period	494,961	
Received in lieu of cash on part settlement of LionGold	-	450,000
Shares disposed	(410,111)[2]	(39,889)
Re-measurement recognised in other comprehensive income	(84,850)	84,850
Balance at the end of the period	-	494,961[1]

Note 1: During the prior year, the Group received 25,862,069 shares in A1 Consolidated Gold Ltd (ASX: AYC) valued at the date of issue at $0.0174 per share totalling $450,000 in lieu of cash as part settlement of the amount receivable from LionGold. As at 30 June 2016 the Group had sold 2,292,500 shares at an average sale price of $0.0221 each which realised a gain on sale of $10,902.

Note 2: During the current year, the remaining shares held in A1 Consolidated Gold Ltd were sold and the Group realised a gain on sale of $321,520.

13. Non-Current exploration and evaluation asset held for sale

As the Group has sought to realise the value of its Tasmanian capitalised exploration and expense through the sale of these assets, the total carrying value of capitalised exploration as well as the related infrastructure guarantees and tenement security deposits have been recognised as *capitalised exploration and evaluation assets held for sale.* Consequently, Australian Accounting Standards require that these amounts shall be classified in the Statement of Financial Position as a Current Asset.

Impairment:

As at reporting date, the Group is still seeking to sell these assets. However, as no sale agreement has been reached and it has been more than a year since seeking a buyer and, in addition, there exists material uncertainty regarding the full recovery of the capitalised value of exploration and evaluation assets held for sale, the Accounting Standards require the carrying value of the exploration assets to be fully impaired. Therefore the Group has recognised an impairment expense of $3,217,406.

	2017	2016
	$	$
Opening balance	3,897,906	-
Reclassification of guarantees & deposits to non-current receivable[2]	(680,500)	-
Capitalised exploration and evaluation asset transferred from Capitalised exploration and evaluation expense	-	3,217,406
Hellyer operating infrastructure guarantees transferred from non-current receivables[1]	-	500,000
Tenement security deposits transferred from non-current receivables[1]	-	170,500
Operating lease bonds transferred from non-current receivables[1]	-	10,000
	3,217,406	**3,897,906**
Impairment expense	(3,217,406)	-
	-	**3,897,906**

Note 1: Tenement security deposits and Hellyer operating infrastructure guarantees are held in fixed term deposits relating to the Tasmanian Que River project totalling $680,500.
Note 2: As the Tasmanian capitalised exploration assets were fully impaired during the current year, these security deposits and guarantees have been transferred to Non-Current Receivables, refer note 10.

Interests in Tasmanian Tenements

On 30 April 2017, the Group announced that it had signed a conditional Terms Sheet whereby it shall sell all of its Tasmanian Assets to the UK listed group, NQ Minerals Plc ("NQ"). Under the terms of the agreement, NQ is to conduct due diligence over an extended period, with the assistance of the Group, and then, upon successful completion, sign a formal sales and purchase agreement.

Under the term of the conditional terms sheet, the Group shall derive a net smelter royalty ("NSR") of 1% or production for the next 20 years and also receive a refund of bonds and cash previously pledged as part of the company's asset exposure.

13. Non-Current exploration and evaluation asset held for sale (continued)

Interests in Tasmanian Tenements (continued)

At the date of this report, NQ has advanced to completion of its due diligence and a sale and purchase agreement will potentially be executed before the end of 2017.

Refer to Tenements Listing on page 85 for detail of the exploration licences held by the Group.

14. Plant and Equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

2017	Plant & equipment $	Motor Vehicles $	Capital work in progress $	Roads $	Total $
Gross carrying amount					
Balance 1 July 2016	111,461	50,563	-	-	162,024
Additions	125,750	7,477	766,011	-	899,238
Acquisition through business combination	1,806,315	500,680	80,995	147,190	2,535,180
Reclassification at cost	344,328	-	(344,328)	-	-
Disposal	(747,480)	-	-	-	(747,480)
Balance 30 June 2017	**1,640,374**	**558,720**	**502,678**	**147,190**	**2,848,962**
Depreciation and impairment					
Balance 1 July 2016	(94,189)	(47,250)	-	-	(141,439)
Acquisition through business combination	(359,271)	(277,228)	-	(38,551)	(675,050)
Depreciation	(160,835)	(58,299)	-	(15,665)	(234,999)
Disposal	187,874	-	-	-	187,874
Balance 30 June 2017	**(426,421)**	**(382,977)**	**-**	**(54,216)**	**(863,614)**
Carrying amount 30 June 2017	**1,213,953**	**175,743**	**411,155**	**92,974**	**1,985,348**

2016	Plant & equipment $	Motor Vehicles $	Total $
Gross carrying amount			
Balance 1 July 2015	111,461	50,563	162,024
Balance 30 June 2016	111,461	50,563	162,024
Depreciation and impairment			
Balance 1 July 2015	(83,583)	(44,248)	(127,831)
Depreciation	(10,606)	(3,002)	(13,608)
Balance 30 June 2016	(94,189)	(47,250)	(141,439)
Carrying amount 30 June 2016	**17,272**	**3,313**	**20,585**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets. There was no Plant and Equipment impairment losses recognised during the current or prior reporting periods. The Group has a contractual commitment at reporting date of $765,000 to acquire the remaining unpaid portion of drying plant, scrubber, ball mill and minor associated plant currently on order which will be payable after the reporting date upon delivery. There were no other material contractual commitments to acquire property, plant and equipment at 30 June 2017 (2016: None).

Property, plant and equipment pledged as security for liabilities

There is no fixed and floating charge over any of the assets in the Group.

15. Exploration and Evaluation Assets

	2017 $	2016 $
Exploration drilling - Mahefedok Graphite Deposit, Madagascar	495,292	-
Lithium mineralisation exploration permits in the Sahatany region in Madagascar	13,231	-
	508,523	**-**

Refer to Tenements Listing on page 85 for detail of the exploration licences held by the Group.

16. Mine Properties

	2017 $	2016 $
Development asset – Graphmada[1]	5,070,019	-
Rehabilitation asset – Graphmada[2]	403,650	-
	5,473,669	-

Note 1: Goodwill arising on acquisition of Graphmada, refer note 2 Business Combination – acquisition
Note 2: Rehabilitation costs expected to be incurred upon closure of the Graphmada mine in Madagascar, refer note 22.

17. Financial Assets

	2017 $	2016 $
Investment in Graphmada Mauritius	-	**1,060,825**

Bass Metals Ltd's investment in Graphmada as at June 2016 represented the initial payment made on completion of tranche one for a 6.25% ownership. The investment Graphmada Mauritius at that time was a non-controlling interest without significant influence, hence the asset had been measured at cost and not accounted for using the equity method.

During the current year, Bass Metals Ltd acquired the remaining 93.75% interest in Graphmada, consequently it became a 100% subsidiary and the original investment has been eliminated on consolidation. Refer note 2 Business Combination – acquisition.

18. Trade and Other Payables

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade Payables	345,310	193,918
Other payables	260,723	182,667
	606,033	**376,585**

Other payables are recognised when the Group has identified a present obligation from the result of past events. These amounts include employee payment obligations, professional fees and statutory obligations.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables and other payables are non-interest-bearing and are normally settled on 30 to 60-day terms. For other terms and conditions relating to related party payables refer note 30. Information regarding credit, foreign exchange and liquidity risk exposure is set out in note 28.

19. Borrowings

Advances received Current	2017 $	2016 $
Balance at the beginning of the period	684,236	-
Funds received in advance for shares[1]	-	684,236
Funds settled upon issue of shares	(684,236)	-
Short term loan from Stratmin Global Resources Plc[2]	910,000	-
Short term loan repaid to Stramin Global Resources Plc[2]	(885,000)	-
Funds received in advance for convertible notes[3]	617,500	-
	642,500	**684,236**

Note 1: The Group received short term, non-interest bearing advances that were converted to equity with the issue of 60,090,367 Bass shares on 2 September 2016 following approval by shareholders of resolutions 10 to 13 at the general meeting held on 22 August 2016.

Note 2: The Group received a short term non-interest bearing advance from Stratmin Global Resources Plc of $910,000 which $885,000 was repaid during the period leaving a balance payable at reporting date of $25,000.

Note 3: At reporting date, the Group received a short term non-interest bearing advances totalling $617,500 from subscribers who were issued convertible notes subsequent to the reporting period as part of the convertible note raising announced on 3 July 2017 to raise $2 million from predominantly existing major shareholders, Directors and management, refer *Post-reporting date events* note 35. The Company negotiated favourable terms for the issue of the Notes that provides a balanced return to Note holders and also helps preserve the Company's capital structure in the short term.

20. Deferred Consideration Payable

	2017 $	2016 $
Acquisition of Graphmada -deferred cash payment consideration payable on 30 September 2017, refer note 2.	**500,000**	-

21. Liabilities Included in Disposal Group Held for Sale

	2017 $	2016 $
Mine closure –(Tasmanian assets) rehabilitation provision		
Balance at the beginning of the period	694,242	694,242
Transfer of provision to Non Current Provisions, refer note 22	(694,242)	-
	-	694,242

During the prior year, as the Group has sought to realise the value of its Tasmanian capitalised exploration assets through the sale of these assets, the Group had also recognised the rehabilitation liabilities relevant to the potential sale of the capitalised exploration assets. During the current year the Group impaired the full value of the Tasmanian exploration assets held for sale and as a consequence, the rehabilitation liability has been reclassified as a Non Current Provision.

22. Provisions

	2017 $	2016 $
Non-Current		
Restoration and rehabilitation		
Tasmanian exploration assets	694,242	-
Graphmada		
Provision for rehabilitation – acquisition of subsidiary	406,484	-
Exchange rate movement	(2,834)	-
	403,650	-
	1,097,892	-

23. Issued Capital

	2017 $	2016 $
1,368,146,729 (30 June 2016: 460,028,181) fully paid ordinary shares	74,219,238	62,913,634

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of fully paid ordinary shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The Group has no authorised share capital and the shares have no par value.

The movement in ordinary shares during the financial period are as follows:

	2017 Number of Shares	2017 $	2016 Number of Shares	2016 $
Balance at the beginning of the period	**460,028,181**	**62,913,634**	**376,105,104**	**62,032,248**
Issued during the period				
• Ordinary shares issued at $0.013 as part of placement in Nov 2015			29,923,077	389,000
• Ordinary shares issued at $0.01 as part of placement in December 2015			52,500,000	525,000
• Ordinary shares issued in lieu of corporate advisory costs as part of Dec 2015 placement (1)			1,500,000	15,000
• Reduction in Corporate Advisory cost (1)				(15,000)
• Capital raising costs				(32,614)
• Ordinary shares issued at $0.012 as part of placement in Sept 2016	460,028,181	5,520,338		
• Tranche 1 consideration shares	75,000,000	1,800,000		
• Conversion of loans to equity	60,090,367	684,237		
• Ordinary shares issued in lieu of fees for services (2)	13,000,000	156,000		
• Placement to sophisticated investors in Sept 2016	125,000,000	1,500,000		
• Placement to sophisticated investors in Dec 2016	175,000,000	2,275,000		
• Capital raising costs		(629,971)		
Balance at the end of the period	**1,368,146,729**	**74,219,238**	**460,028,181**	**62,913,634**

Cash Financing Activities

(1) On 24 December 2015, the Group announced that it proposed to issue 54,000,000 shares to subscribers and advisors as part of the placement completed. Of the total share issued, 1,500,000 shares were issued to Corporate Advisors in lieu of cash and these shares are recorded at the issue value of $15,000 with the corresponding cost forming part of the Group's capital raising costs.

(2) On 2 September 2016, a total of 13,000,000 shares were issued in lieu of services provided by various consultants as outlined in the Group Annual Report for 30 June 2016.

23. Issued Capital (continued)

Options and performance rights

Refer note 27 for information relating to the Group employee option plan, including details of options issued, exercised and lapsed during the financial year. Refer to the remuneration report for information relating to share options issued to key management personnel during the financial year.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value.

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. There are no externally reported capital requirements.

24. Reserves

	Share Option Reserve $	Available for Sale Reserve $	Total $
Balance 1 July 2015	**78,750**	**-**	**78,750**
Share based payment:			
• Forfeited and cancelled	(78,750)	-	(78,750)
AFS financial assets:			
• Current year gains	-	84,850	84,850
Before tax	**-**	**84,850**	**84,850**
Tax benefit/(expense)	-	-	-
Net of tax	-	84,850	84,850
Balance 30 June 2016	**-**	**84,850**	**84,850**

	Foreign Currency Translation Reserve $	Share Option Reserve $	Available for Sale Reserve $	Total $
Balance 1 July 2016		**-**	**84,850**	**84,850**
Share based payment:				
• Forfeited and cancelled	-	-	-	-
• Share based payments expense	-	1,150,350	-	1,150,350
AFS financial assets:				
• Current year gains	-	-	-	-
• Reclassification to profit or loss	-	-	(84,850)	(84,850)
Exchange differences on translating foreign operations	135,123	-	-	135,123
Before tax	**135,123**	**1,150,350**	**-**	**1,285,473**
Tax benefit/(expense)	-	-	-	-
Net of tax	135,123	1,150,350	-	1,285,473
Balance 30 June 2017	**135,123**	**1,150,350**	**-**	**1,285,473**

24. Reserves (continued)

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share Option Reserve

The Share Option Reserve records the items recognised as expense on valuation of employee share options and performance rights.

Available for Sale Reserve

The available for sale reserve records the subsequent re-measurement at fair value of financial assets designated as available for sale. Unrealised gains or losses are recognised in Other Comprehensive Income and credited in the AFS reserve until the investments are derecognised.

25. Capital and Expenditure Commitments

	2017 $	2016 $
Capital Commitments		
Plant and equipment	765,000	-
Exploration Commitments		
Exploration – Tasmanian exploration assets	300,000	300,000

Capital commitments relate to items of plant and equipment where funds have been committed but the assets not yet received.

26. Cash Flow Information

Reconciliation of cash flows from operations with loss after income tax

	2017 $	2016 $
Operating profit/(loss) after income tax	**(9,903,955)**	**795,015**
Adjustments for:		
Depreciation & amortisation	234,999	13,608
Gain on sale of AFS Financial Assets	(321,520)	(10,902)
Bad debt written off	-	144,612
Impairment charge	3,217,406	450,000
Share based payments	1,150,350	-
Plant and equipment written off	559,606	-
Unrealised foreign exchange loss	163,289	-
Add: Finance expense (disclosed in financing activities)	5,736	-
Less: finance income (disclosed in investing activities)	(20,275)	-
Net changes in working capital:		
Change in other current assets	(32,295)	(1,499,298)
Change in trade and other receivables	949,689	(410,111)
Change in inventories	(211,433)	-
Change in non-current receivables	-	(480)
Change in trade and other payables relating to operating activities	(305,130)	290,780
Change in provisions	-	(18,730)
Net cash used in operating activities	**(4,513,533)**	**(245,506)**

27. Share-based Payments

The following share-based payment arrangements existed at 30 June 2017.

(i) Bass Metals Ltd Employee Share and Option Plan (ESOP)

The Bass Metals Ltd Employee Share and Option Plan ("Plan") was approved by shareholders at an annual general meeting held on 30 November 2010. The directors of the Group administer the Employee Performance Incentive Plan and in their absolute discretion determine to whom the securities will be offered, the number to be offered and any performance criteria in relation to the options or performance rights issued under the Plan.

Options or performance rights may not be issued to a Director (or associate) or employee except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules.

No consideration is payable by an eligible person for a grant of an option or a performance right, unless the board decides otherwise. Subject to the rules of the Plan and to ASX Listing Rules, the Group (acting through the Board) may offer options or performance rights to any eligible person at such times and on such terms as the Board considers appropriate. Options issued under the Plan may be exercised or vest at any time during the period commencing on the issue date and ending no later than five years from the date of issue. Performance rights granted will only vest upon satisfaction of the performance condition and during the period that the performance condition was met.
Options or performance rights which have vested and have been issued under the Plan will automatically lapse in three months from the date of departure or such longer period as the board determines in the event that an eligible person either resigns voluntarily from employment with the Group or is dismissed in certain circumstances, unless otherwise agreed by the Board.

Options or performance rights issued under this Plan carry no dividend or voting rights.

On vesting of performance rights, shares will automatically be issued to the eligible person subject to compliance with the Group's Policy for Trading in Group Securities and the insider trading provisions of the Corporations Act 2001. Unless otherwise provided in the invitation to receive performance rights, no amount shall be payable by the eligible person on the automatic exercise of performance rights.

ESOP Unlisted Options	2017 Number of Options	2017 Weighted Average Exercise Price $	2016 Number of Options	2016 Weighted Average Exercise Price $
Outstanding at the beginning of the period	-	-	-	-
Granted	136,000,000	0.062	-	-
Forfeited and cancelled	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end of the period	136,000,000	0.062	-	-
Exercisable at the end of the period	136,000,000[1]	**0.062**	-	-

Note 1: Total ESOP unlisted options outstanding at the end of the period represents 12,000,000 ESOP Director options issued, 54,000,000 ESOP Directors options granted on 3 May 2017 but issued subsequent to Reporting Date on 15 August 2017 and 70,000,000 ESOP options issued to Group Executives.

27. Share-based Payments (continued)

The tables below summarise the details of the grants and assumptions that were used in determining the fair value of unlisted options on the grant date.

Input Variable	Director Options A	Director Options B	Director Options C	Director Options D	Director Options E	Director Options F
Grant Date	2 Sept 2016	2 Sept 2016	3 May 2017	3 May 2017	3 May 2017	3 May 2017
Vesting Date	2 Sept 2016	2 Sept 2016	15 Aug 2017	15 Aug 2017	15 Aug 2017	15 Aug 2017
Expiry Date	2 Sept 2018	2 Sept 2019	15 Aug 2020	15 Aug 2020	15 Aug 2020	15 Aug 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.035	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.014	$0.014	$0.012	$0.012	$0.012	$0.012
Expected Life (years)	3.38	3.38	3.67	3.67	3.67	3.67
Expected Volatility	100%	100%	213%	213%	213%	213%
Expected Dividend Yield	$0	$0	$0	$0	$0	$0
Expected Risk Free Rate	1.6%	1.6%	1.96%	1.96%	1.96%	1.96%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0048	$0.0055	$0.0065	$0.0049	$0.0041	$0.0035

Input Variable	Management Options A	Management Options B	Management Options C	Management Options D
Grant Date	2 Sept 2016	2 Sept 2016	2 Sept 2016	2 Sept 2016
Vesting Date	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016
Expiry Date	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.014	$0.014	$0.014	$0.014
Expected Life (years)	3.38	3.38	3.38	3.38
Expected Volatility	100%	100%	100%	100%
Expected Dividend Yield	$0	$0	$0	$0
Expected Risk Free Rate	1.6%	1.6%	1.6%	1.6%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0079	$0.0063	$0.0054	$0.0048

27. Share-based Payments (continued)

Performance Rights

Under the ESOP, certain Directors and group executives may be granted a right to be issued a share in the future subject to the performance based vesting conditions being met.

Details of Performance Rights held by each Director and group executives and granted but not yet vested under the LTI plan as at 30 June 2017 are outlined below:

2017	Balance at the start of the year	Number granted as Remuneration[1]	Number vested	Other Changes	Balance at the end of the year	Portion vested (%)	Portion un-vested (%)
Directors							
Mr R Anthon	-	15,000,000	-	-	15,000,000	-	100%
Mr J Marvin	-	6,000,000	-	-	6,000,000	-	100%
Mr P Wright	-	6,000,000	-	-	6,000,000	-	100%
Group Executives							
Mr T McManus	-	20,000,000	-	-	20,000,000	-	100%
Mr D Round	-	15,000,000	-	-	15,000,000	-	100%
	-	**62,000,000**	**-**	**-**	**62,000,000**	**-**	100%

Note 1: Approved at General Meeting 3 May 2017

On the 15 August 2017, the Company issued 27,000,000 Performance Rights to Directors, and 35,000,000 Performance Rights to Executives. The Performance Rights were granted on 3 May 2017 and issued subsequent to the Reporting Period on the 15 August 2017.

The Performance Rights issued to Directors (approved under Listing Rule 10.14 on 3 May 2017) and Executive Management as part of their Long Term Incentive (LTI) are in accordance with the Company's Incentive Scheme ("Incentive Scheme"). The Company's Incentive Scheme was approved at a meeting of shareholders on 22 August 2016.

Performance Rights are issued as a retention strategy for key employees and provide for a component of the Directors and Executive Management Remuneration.

The Rights granted have a zero exercise price. No Performance Rights will vest unless they meet the Key Performance Indicators (KPI) as detailed below. Upon satisfaction of the performance condition, the Performance Rights will vest during the period that the performance condition was met. All Performance Rights expire on 15 August 2020.

A summary of key terms of Performance Rights are as follows:

General Conditions

1) Performance Rights issued under the Incentive Scheme are for no consideration.
2) The vesting of Performance Rights are subject to the achievement of Key Performance Indicators ("Performance Milestones").
3) Performance Rights are only transferable or assignable upon the achievement of Performance Milestones.
4) Where the person who was initially offered the Performance Rights ceases to be an Eligible Participant and, at that time, there are Milestone Conditions in relation to those Performance Rights that are unsatisfied (and they are not waived), the Company may, subject to the Corporations Act and the Listing Rules, buy back and cancel or sell the Shares in accordance with clause 8.1 of this Plan.
5) The Performance Rights are valid for a term of 3 years from the date of issue.
6) All shares issued upon exercise of the Performance Rights will rank equally in all respects with shares in the same class.
7) In the event of a capital reorganisation, the number of Performance Rights will be adjusted by the Board in accordance with the Corporations Act.
8) In the event of a bonus or rights issue, a participant, upon conversion of Performance Rights into shares, will enjoy all rights attaching to the shares of the Company.
9) In the event of a takeover, scheme or winding up, the Board is deemed to have waived all conditions applicable to an incentive security.

27. Share-based Payments (continued)

(i) Bass Metals Ltd Employee Share and Option Plan (ESOP) (continued)

Performance Rights (continued)

The Performance Rights will require Directors and group executives to achieve the following Key Performance Indicators:

Directors		**Number of Performance Rights granted**		
2017	**Key Performance Indicators**	**Mr R Anthon**	**Mr J Marvin**	**Mr P Wright**
KPI (A)	Achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period	6,000,000	2,400,000	2,400,000
KPI (B)	Graphmada Operations achieving cash flow positive results over three consecutive months	6,000,000	2,400,000	2,400,000
KPI (C)	The Group achieving a Market Capitalisation of $75m	3,000,000	1,200,000	1,200,000
	Total Performance Rights	**15,000,000**	**6,000,000**	**6,000,000**

The above Director Performance Rights were approved at a General Meeting held on 3 May 2017. The issue price of the securities is nil and there are no loans in relation to the acquisition.

Group Executives		**Number of Performance Rights granted**	
2017	**Key Performance Indicators**	**Mr T McManus**	**Mr D Round**
KPI (A)	Achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period	8,000,000	6,000,000
KPI (B)	Graphmada Operations achieving cash flow positive results over three consecutive months	8,000,000	6,000,000
KPI (C)	The Group achieving a Market Capitalisation of $75m	4,000,000	3,000,000
	Total Performance Rights	**20,000,000**	**15,000,000**

The above Group Executive Performance Rights were granted in accordance with the Company's Incentive Scheme which was approved at meeting of Company Shareholders on 22 August 2016.

27. Share-based Payments (continued)

(i) Bass Metals Ltd Employee Share and Option Plan (ESOP) (continued)

Performance Rights (continued)

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Performance Rights on the grant date**.**

Input Variable	Performance Rights A	Performance Rights B	Performance Rights C
Grant Date	3 May 2017	3 May 2017	3 May 2017
Vesting Date	On achievement of Performance Condition	On achievement of Performance Condition	On achievement of Performance Condition
Expiry Date	15 August 2020	15 August 2020	15 August 2020
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Exercise Price	$0.00	$0.00	$0.00
Share Price (at date terms agreed)	$0.012	$0.012	$0.012
Expected Life (years)	3	3	3
Expected Volatility	213%	213%	213%
Expected Dividend Yield	$0	$0	$0
Expected Risk Free Rate	1.82%	1.82%	1.82%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0068	$0.00945	$0

Performance Right Methodology

The Groups Performance Rights link rewards for executives to the Company's strategy which drives the creation of long term shareholder wealth – the greater the performance of the Company, the greater the return to the executives; and vesting of Performance Rights only occurs with the successful achievement of performance conditions.

During the year the Board determined that material increases to production, operational cash flow and growth in the Group's market capitalisation were the main three criteria that are most likely to increase shareholder wealth. Accordingly the following Performance Rights and Criteria were established to align the Group's strategy for increased long term shareholder wealth, with the intention of rewarding and retaining the Group's Directors:

Groups Strategy for Shareholder wealth	Performance Rights KPI's (criteria)
Substantially Increase levels of Graphite Production at Graphmada and achieve material operational cost efficiencies.	Increase levels of Graphite Production to 1,250mt per month of Concentrate
Achieve substantial economies of scale from increases in Production.	Operations to be cash flow positive
Engage the market and drive the Group's growth proposition.	Increase the Group's market capitalisation to $75,000,000

27. Share-based Payments (continued)

(ii) Total Listed Options

	2017		2016	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at the start of the year	-	-	-	-
Granted	344,847,424	0.025	-	-
Forfeited and cancelled	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end of the period	344,847,424	0.025	-	-
Exercisable at the end of the period	**344,847,424**[1]	**0.025**	-	-

Note 1: Total of listed options outstanding at the end of the period represents 326,683,806 options issued under placement to investors, 18,163,618 options issued to Directors as part of the investor placement.

(iii) Total Unlisted Options

	2017		2016	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at the start of the year	33,330,000	0.015	15,000,000	0.013
Granted	147,054,220	0.056	33,330,000	0.015
Forfeited and cancelled	-	-	(15,000,00)	(0.013)
Exercised	-	-	-	-
Outstanding at the end of the period	180,384,220	0.049	33,330,000	0.015
Exercisable at the end of the period	**180,384,220**[1]	**0.049**	**33,330,000**	**0.015**

Note 1: Total unlisted options outstanding at the end of the period represents 42,284,220 options issued under placement to investors, 2,100,000 options issued to Directors as part of investor placement 12,000,000 options ESOP issued to Directors, 54,000,000 ESOP Directors options granted on 3 May 2017 but issued subsequent to Reporting Date on 15 August 2017 and 70,000,000 ESOP options issued to Group Executives.

28. Financial Risk Management

(i) Financial Risk Management Policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial instruments consist of at call and short term deposits with banks, trade and other receivables, trade and other payables, loans, AFS financial assets.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. Currently, the Group does not currently apply any form of hedge accounting. Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(ii) Financial Risk Exposures and Management

The main types of risks affecting the Group are market risk, liquidity risk and credit risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency, interest rate risk and commodity price risk. The Group's financial instruments affected by market risk include deposits, trade and other receivables, trade and other payables and accrued liabilities.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currencies. The Group manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

The Group's transactions are usually carried out in either $AUD, $US-Dollars ($USD) and Malagasy Ariary (MGA). Exposures to currency exchange rates arise from the Group's overseas trade receivables which are primarily denominated in $US-Dollars ($USD), VAT receivable in MGA, trade and other payables in USD or MGA. The Group may also hold cash balances in $USD and MGA.

Foreign currency sensitivity

The following table demonstrates the Groups sensitivity to a 5% increase and decrease in the Australian Dollar against the relevant foreign currencies. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Loss	Equity
	$	$
Year ended 30 June 2017		
+/- 5% Increase/(decrease) in $A/$US exchange rate	+/- 234,645	+/- 234,645
+/- 5% Increase/(decrease) in $A/$MGA exchange rate	+/- (3,777)	+/- (3,777)
Year ended 30 June 2016		
+/- 5% Increase/(decrease) in $A/$US exchange rate	-	-
+/- 5% Increase/(decrease) in $A/$MGA exchange rate	-	-

28. Financial Risk Management (continued)

(ii) Financial Risk Exposures and Management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's cash deposits.

Interest rate sensitivity

Interest rate sensitivities have not been included in the financial report as the changes in the loss before tax due to changes in interest rate is not material to the results of the Group.

Commodity price risk

Commodity price risk arises from the sale of Graphite. The Group manages this risk arising from future commodity sales through sensitivity analysis, cash flow management and forecasting. The Group currently does not engage in the use of derivative financial instruments such as hedging.

Commodity price sensitivity

The following table demonstrates the sensitivity to a 10% increase and decrease in the Graphite price, with all other variables held constant. 10% represents management's assessment of the possible change in the Graphite price.

	Loss $	Equity $
Year ended 30 June 2017		
+/- 10% Increase/(decrease) in graphite price	+/- 28,549	+/- 28,549
Year ended 30 June 2016		
+/- 10% Increase/(decrease) in graphite price	-	-

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk of a shortage of funds by monitoring its payables. Whilst at reporting period, the Group does not have any debt, convertible notes were issued subsequent to the reporting date, refer note 35.

The Group manages liquidity risk by monitoring its risk of a shortage of funds by reviewing forecast cash flows, investing in financial instruments which under normal market conditions are readily converted to cash and monitoring its payables.

All the Group's trade payable and accrued liabilities are payable between 7 and 90 days.

28. Financial Risk Management (continued)

(ii) Financial Risk Exposures and Management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2017 $	2016 $
Classes of financial assets		
Carrying amounts		
• Trade receivables	42,155	-
• Other receivables	50,331	-
• VAT receivable (Madagascar)	233,190	-
• Settlement proceeds receivable	-	1,000,000
• Tasmanian assets -security deposits and guarantees	680,500	-
• Financial assets - available for sale	-	494,961
• Loan to Stratmin Global Resources Plc	-	260,000
	1,006,176	**1,754,961**

There are no amounts of collateral held as security at 30 June 2017.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In respect of trade and other receivables, the Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

VAT is receivable from the Government of Madagascar for the equivalent value of A$233,190 at reporting date. The receivable amount relates to VAT included on trade and other purchase transactions in Madagascar since acquiring the Graphmada operations. Whilst the Company is confident that it will receive the VAT in full, there is always an element of risk associated with recouping foreign taxes.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

At reporting date, the Group has certain trade receivables, other receivables and VAT receivable that have not been settled by the contractual due date but are not considered to be impaired. The amounts at reporting date analysed by the length of time past due, are:

	2017 $	2016 $
Not more three (3) months	192,927	33,572
More than three (3) months but not more than six (6) months	81,178	-
More than six (6) months but not more than one (1) year	51,571	-
Total	**325,676**	33,572

28. Financial Risk Management (continued)

(iii) Net Fair Values

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

Financial instruments classified as other receivables – settlement proceeds, available held for sale financial assets (being listed securities) and VAT receivable are measured at fair value. In addition, the deferred consideration payable is measured at fair value. No other financial assets measured at fair value or liabilities are measured at fair value.

The fair value of all Groups' financial instruments recognised in the financial statements approximates or equals their carrying amounts. For details on how fair values are calculated for each class of financial instrument refer to Note 1 of the Notes to the financial statements.

(iv) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statements of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

2017	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial Assets				
VAT receivable	-	-	233,190	233,190
Financial Liabilities				
Deferred consideration payable	-	-	500,000	500,000

2016	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial Assets				
Settlement proceeds receivable	-	-	1,000,000	1,000,000
Available held for sale – listed securities	494,961	-	-	494,961
Total assets	494,961	-	1,000,000	1,494,961

Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period and are outlined in note 1.

29. Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus debt (if any) less cash and cash equivalents as presented on the face of the statement of financial position.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2017 $	2016 $
Total equity	**7,782,585**	**5,180,313**
Cash and cash equivalents	(933,822)	(167,527)
Capital	6,848,763	5,012,786
Total equity	7,782,585	5,180,313
Borrowings	642,500	-
Overall financing	8,425,085	5,180,313
Capital-to-overall financing ratio	**0.81**	**0.97**

30. Related Party Transactions

During the year, the Group engaged Loxley Holdings Pte Ltd to negotiate, on its behalf, the settlement with LionGold Corp Pte Ltd. Loxley Holdings Pte was paid the sum of $100,000 and Mr D Premraj is a related party of this company.

Mr D Premraj, was a previous Director of the Company during the reporting period and he was a Director of Stratmin Global Resources Plc.

During the year, the Group paid management, underwriting and placement fees totalling $310,979 to Bizzell Capital Partners ("BCP") as part of BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Non-Executive Director) is an Executive Director of BCP.

31. Transactions with Key Management Personnel

The Key management of the Group at 30 June 2017 are: Mr R Anthon, Mr J Marvin, Mr P Wright, Mr D Premraj, Mr T McManus and Mr D Round. Key Management Personnel remuneration includes the following expenses:

	2017 $	2016 $
Short term employee benefits		
Salaries including bonuses	669,185	271,097
Post-employment benefits		
Superannuation	39,585	-
Share-based payments	1,150,350	-
Total remuneration	**1,859,120**	271,097

32. Remuneration of Auditors

	2017 $	2016 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	52,000	35,000
	52,000	**35,000**

33. Contingencies

Contingent Liabilities

No contingent liabilities exist at reporting date.

Contingent Assets

On 30 April 2017, the Group announced that it had signed a conditional Terms Sheet whereby it shall sell all of its Tasmanian Assets to the UK listed group, NQ Minerals Plc ("NQ"). Under the terms of the agreement, NQ is to conduct due diligence over an extended period, with the assistance of the Group, and then, upon successful completion, sign a formal sales and purchase agreement. Under the term of the conditional terms sheet, the Group shall derive a net smelter royalty ("NSR") of 1% or production for the next 20 years and also receive a refund of bonds and cash previously pledged as part of the company's asset exposure.

At the date of this report, NQ has advanced to completion of its due diligence and a sale and purchase agreement will potentially be executed before the end of 2017.

34. Interests in Subsidiaries

Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principle place of business	Principle activity	Group portion of ownership interests 30 June 2017	30 June 2016
Graphmada Mauritius	Mauritius	Mining operation services	100%	-
Graphmada SARL	Madagascar	Graphite mining	100%	-
Limada SARL	Madagascar	Exploration	100%	-

35. Post-reporting Date Events

ISSUE OF CONVERTIBLE NOTES

On the 15 August 2017, the Company issued 2,073,500 unsecured convertible notes to subscribers, who were predominantly existing major shareholders, Directors and management, with a face value of $1.00 raising $2,073,500 (including costs). The convertible Notes were issued to raise funds to continue the expansion of the Company's operations and capital improvement program.

The Convertible Notes shall automatically convert to equity at 30 November 2017 if the Company has completed a capital raising and obtained the necessary shareholder approvals by that date. The 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 2.5c and expiry date of 31 December 2018) for each 2 shares that they will receive at the conversion date (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.

CAPITAL RAISING ANNOUNCED 19 SEPTEMBER 2017

On the 19 September 2017, the Group announced that it is to undertake a capital raising program over the forthcoming weeks that is to include –

- An accelerated non-renounceable entitlement offer and
- An entitlement offer to all existing shareholder ('the retail offer') and that
- The Group may include a placement to sophisticated shareholders at the conclusion of the retail offer.

The capital raising program is intended to raising $6,000,000 (excluding any funds from the placement) and is intended to be completed by around 19 October 2017.

35. Post-reporting Date Events (continued)

MILLIE'S REWARD LITHIUM PROJECT

Subsequent to the end of the reporting period, the Group concluded their due diligence relating to the two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, currently held by Ruby-Red Madagascar SARL ("RRM"). The Group have notified RRM of this event.

The Group signed a terms sheet with RRM on 12 April 2017 giving it a 3 month exclusive period to conclude its due diligence.

The Group is presently, in conjunction with RRM, managing the formal purchase of the tenements, however, as at reporting date, the Group has yet to conclude to the acquisition of these permits but is in the advanced stages of completion.

36. Parent Information

The following information has been extracted from the books of the parent, Bass Metals Ltd, and has been prepared in accordance with the accounting standards.

	2017 $	2016 $
Assets		
Current Assets	993,192	5,593,486
Non Current Assets[1]	8,973,644	1,341,890
Total Assets	9,966,836	6,935,376
Liabilities		
Current Liabilities	1,496,478	1,755,063
Non Current Liabilities	694,242	-
Total Liabilities	2,190,720	1,755,063
Net Assets	7,776,116	5,180,313
Equity		
Issued Capital	74,219,238	62,913,634
Available for Sale Reserve	-	84,850
Share Option Reserve	1,150,350	-
Retained Losses	(67,593,472)	(57,818,171)
Total Equity	7,776,116	5,180,313
Statement of Comprehensive Income		
(Loss)/profit for the year[2]	(9,775,301)	795,015
Other comprehensive (loss)/income	(84,850)	84,850
Total comprehensive (loss)/income for the year	(9,860,151)	879,865

Note 1: Parent entity Non-Current Assets at 30 June 2017 includes: investment in subsidiary of $7,041,747 and intercompany loans with subsidiaries with a net carrying value of $1,229,675 ($13,529,675 receivable at cost less the provision for impairment of $12,300,000). These are eliminated on consolidation.

Note 2: Parent entity profit for the current year includes:

- $8,874,528 gain to record an intercompany loan receivable from Graphmada that was assigned from the vendor Stratmin Global Resources Plc on completion of the acquisition of Graphmada by Bass. The loan was previously payable by Graphmada to Stratmin Global Resources Plc now it is payable by Graphmada to Bass. The recorded gain is eliminated on consolidation.
- An impairment expense of $3,217,406 was recorded to write down the full carrying value of the Tasmanian exploration assets held for sale.
- An impairment expense of $12,300,000 was recorded to write down the carrying value of net assets of the Parent entity to reflect the recoverable value of the Group assets. The impairment was applied against the loans receivable from subsidiaries.

Guarantees
Bass Metals Ltd has not entered into any guarantees, in the current or previous financial year, in relation to debts of its subsidiaries.

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Independent Auditor's Report to the Members of Bass Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Bass Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Business Acquisition Accounting, Note 1 and Note 2</td><td></td></tr>
<tr><td>During the year, the Group acquired Graphmada SARL a company that controls the Graphmada Madagascar Mine Project (“GMMP”) for a total consideration of $7.041m, including contingent consideration totalling $0.5m. The business combination resulted in the Group recording a cost base of $1.97m relating to the tangible assets acquired. This was deemed by management to be the assets net fair value. The Group also recorded purchased goodwill, recognised as Mineral Properties, of $5.07m.

The acquisition of a business is complex and the accounting standards require the Group to identify all assets and liabilities of the newly acquired businesses and estimate the fair value of each item.

The risk associated with the business combination of the Group's mining assets has been considered a key audit matter due to the increased likelihood of risk relating to the significant estimates and assumptions used by management including:

• The judgement required to value assets acquired including the mining tenements purchased; and
• The judgement required to estimate the value of the contingent consideration.</td><td>Our procedures included, amongst others:
• Reviewing the relevant sale and purchase agreements and due diligence reports in relation to the acquisitions;
• Evaluating management’s accounting treatment for consistency with the sale and purchase agreements as well as compliance with AASB 3 Business Combinations;
• Attending stock takes to undertake, on a sample basis, physical inspection of inventory, plant and equipment and assessing for obsolescence;
• Testing inventory items, on a sample basis, the carrying value to supporting documentation;
• Identifying the conditions required for the contingent consideration to be paid and evaluating the assumptions and inputs used by management in the determination of its fair value for reasonableness and appropriateness; and
• Reviewing the appropriateness of the related disclosures within the financial statements.</td></tr>
<tr><td>Carrying Value of the Mineral Properties, Note 1 and Note 16.</td><td></td></tr>
<tr><td>The Group recorded a Mine property asset attributable to the acquisition of the Graphmada Madagascar Mine Project (“GMMP”) totalling $5.070 million.

The Group reviews the valuation of the asset with an impairment assessment calculated annually or as new information becomes available. Changes in estimate and underlying assumptions are reviewed annually including changes to the mining operations, local regulations and rehabilitation requirements.

In accordance with AASB 136 Impairment of Assets, management is required at each reporting date to assess if there are any triggers for impairment which may suggest the carrying value of production assets is in excess of the recoverable value.

The process for determining the recoverable amount involves management judgement and subjectivity with regard to the underlying assumptions in determining the life of mine assessment at the GMMP.

This area is a key audit matter due to judgemental nature of the estimates and assumptions used in the determination of the GMMP’s recoverable value.</td><td>Our procedures included, amongst others:

• Obtaining an understanding of management’s process for determining the life-of-mine impairment assessment;
• Evaluating the reasonableness of management’s estimates and judgements by assessing both corroborating and contradictory evidence;
• Evaluating the competence and objectivity of the experts used by management in its assessment;
• Engaging an independent auditors’ expert to evaluate management’s assessment of impairment indicators and reasonableness of production inputs to supporting documentation while reviewing compliance with the JORC 2012;
• Assessing the competencies of the expert in line ASA 620: Using the work of an Auditors Expert; and
• Reviewing the appropriateness of the related disclosures within the financial statements.</td></tr>
</table>

Information Other than the Financial Report and Auditor’s Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2017, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 17 to 32 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Bass Metals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 22 September 2017

DIRECTORS DECLARATION

1. In the opinion of the Directors of Bass Metals Limited:

   a. the consolidated financial statements and notes of Bass Metals Limited for the year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of its financial position as at 30 June 2017 and of its performance, for the year ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that the of Bass Metals Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

3. Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

RA Anthon
Chairman

Brisbane, Queensland
22 September 2017

TENEMENTS LISTING

Lease	Country	Region	Status	BSM Interest	Applicant Holder
EL48/2003 Mt Block[2]	Australia	Tasmania	Granted	100%	Bass Metals Ltd
CML 103M/1987 Hellyer Mine Lease [1&2]	Australia	Tasmania	Granted	100%	Bass Metals Ltd
CML 68M/1984 Que River Mine Lease[2]	Australia	Tasmania	Granted	100%	Bass Metals Ltd
ML 10W/1980 Access Easement to QRML	Australia	Tasmania	Granted	100%	Bass Metals Ltd
PE 25600 Loharano (East)	Madagascar	Antsinanana	Granted	100%	Graphmada SARL
PE 26670 Mahefedok	Madagascar	Antsinanana	Granted	100%	Graphmada SARL
PE 24730 Antsirabe (Andapa)	Madagascar	Antsinanana	Granted	100%	Graphmada SARL

Notes:

1. CML 103M/1987 is owned by HMO a 100% subsidiary of Ivy Resources Ltd. Bass has 100% interest in all of the existing base metal resources and base metal exploration rights through a Sublease Agreement.

2. Intec Limited holds a 2.5% NSR Royalty over all product from Bass' interests EL48/2003, CML68M/1984 and CML103M/1987.

SHAREHOLDER INFORMATION
(As at 18 September 2017)

Distribution of Shareholdings

		Total holders	Ordinary Shares*
(a)	Distribution schedule and number of holders of equity securities		
	1 – 1,000	191	12,127
	1,001 – 5,000	222	714,239
	5,001 – 10,000	174	1,416,158
	10,001 – 100,000	688	32,675,525
	100,001 – and over	787	1,333,328,680
	Total number of holders	**2,062**	**1,368,146,729**
(b)	Number of holders of less than a marketable parcel	866	7,552,833
(c)	Percentage held by 20 largest holders		40.91

*All ordinary shares carry one vote per share without restriction

Largest Security Holders

Names of the 20 largest holders of Ordinary Shares (ASX Code: BSM) are listed below:

Name	No. of shares	%
ROOKHARP INVESTMENTS PTY LTD	85,769,227	6.27
FINN AIR HOLDINGS PTY LTD	55,319,505	4.04
CONSOLIDATED MINERALS PTE LTD	50,000,000	3.65
RATHA KRISHNAN VADIVELU SUPERANNUATION PTY LTD	41,666,667	3.05
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,754,046	2.69
CHOICE INVESTMENTS DUBBO PTY LTD	34,000,144	2.49
MR BRIAN CARL BARTELS + MRS ANGELA BARTELS <THE BC & A BARTELS SF A/C>	30,000,000	2.19
JLGI SMSF PTY LTD <JLGI SUPERANNUATION FUND A/C>	24,245,160	1.77
MR MARK MADAFFERI	23,466,329	1.72
MACQUARIE RIVER HOLDINGS PTY LTD	22,200,000	1.62
MR PHILLIP ALEXANDER PURDIE + MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	21,567,308	1.58
MR AKMAL REZKALLA	18,191,098	1.33
DGCS PTY LTD <G & C BODYWORKS S/F A/C>	16,867,055	1.23
EAGLE TRADERS PTY LTD	15,636,302	1.14
MR NELSON FERNANDEZ	14,950,760	1.09
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	14,835,934	1.08
MR SIMON LARKIN	14,171,450	1.04
CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	13,500,000	0.99
MR MARK MADAFFERI	13,496,778	0.99
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	13,046,302	0.95
TOTAL	559,684,065	**40.91**

Substantial Shareholders

Name	No. of shares	%
ROOKHARP INVESTMENTS PTY LTD	85,769,227	6.27

DISCLAIMER AND 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.

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 Persons Statement

The information in this report that relates to Mineral Resource estimates is based on information reviewed by Tim McManus who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McManus has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking 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 (the JORC Code)". Mr McManus consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Bass Metals Ltd and its Controlled Entities ('the Group') have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2017 is dated as at 30 June 2017 and was approved by the Board on 22 September 2017. The Corporate Governance Statement is available on the company's website at www.bassmetals.com.au.