

## BASS METALS SIGNS SALES AGREEMENT FOR 50% OF STAGE 1 GRAPHMADA GRAPHITE PRODUCTION

Bass Metals Limited (ASX: "BSM") (the "Company") is pleased to announce that it has signed a Sales Agreement for 50% of its forecast Stage 1 flake graphite concentrate production of 6,000 tonnes per annum (tpa).

Possehl Erzkontor GmbH & Co. KG (Possehl), based in Europe, is to purchase 3,000 tpa of graphite concentrates to be produced from the Company's 100% owned Graphmada Large Flake Graphite Mine, located in Madagascar, for a period of three years from the 1<sup>st</sup> of January 2018.

Bass and Possehl will agree on pricing for the Company's concentrates based on fully transparent end-user demand while linked to CIF port of destination Incoterms 2010. Possehl will earn a 5% commission on all sales through its European distribution network, paying Bass directly on 30-day payment terms, thus minimizing Bass' sales and logistics costs into Europe, while maximizing the Company's cash flow efficiency.

The high value concentrates will be sold predominantly into the European refractories, foundries and crucibles sectors, where Graphmada's concentrates have the potential to attract premium pricing due to their benchmark attributes for applications in these sectors. These qualities include:

- Exceptional flake size.
- A high resistance against oxidation.
- A low LOI at 420<sup>o</sup>C
- No carbonates such as calcite and dolomite being identified, along with no other fluxes being discovered.
- A very low Sulphur (SO<sub>3</sub>) content, at 0.02 wt.-%.
- Exhibiting favorable flake ash melting temperatures.

These qualities and subsequent premium value, indicates the high quality and superb crystallinity of the deposits at Graphmada and is in direct contrast to other graphite concentrates that can only be sold into lower value market sectors such as battery anode applications, which utilize small to fine flake graphite concentrates.

The foundries, crucible and refractory market segment is also currently the largest market sector, with demand for natural flake graphite accounting for more than 50% of

the current global demand for natural flake graphite. The larger flake sizes >180 microns in this market sector account for the highest ex-mine gate prices achievable in the industry.

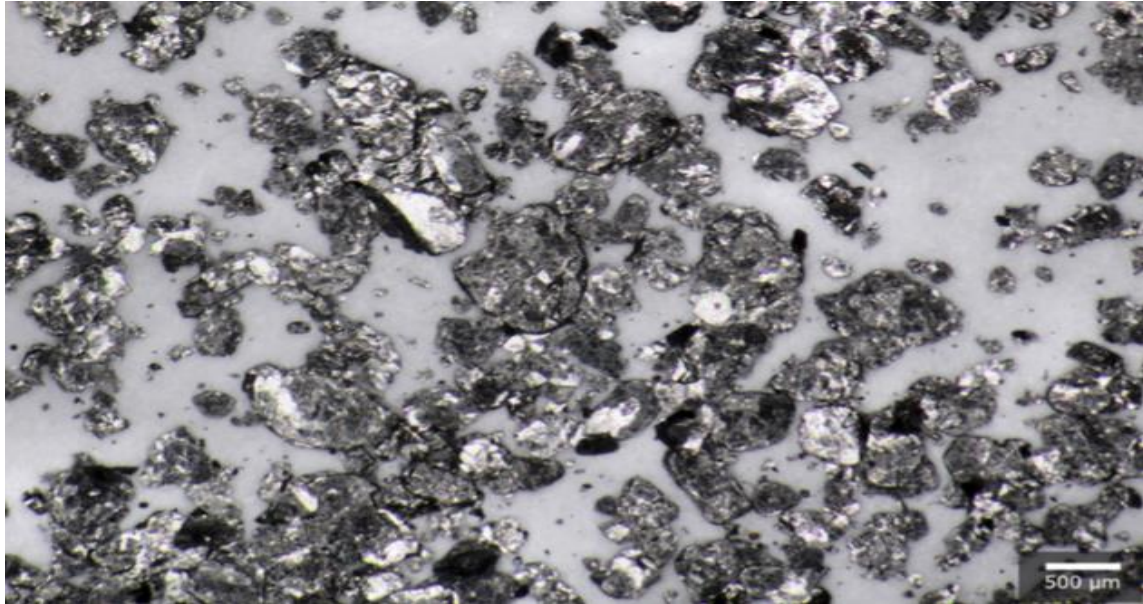


Figure 1: Microphotograph of Graphmada graphite concentrate (scale: 500 microns).

This Sales Agreement is timely, as Bass is nearing completion of its optimization and refurbishment program at Graphmada, with the Company on track to deliver on its previously stated aim of re-commissioning the mine in late 2017 and ramp up in production through early 2018. This will see Bass Metals become a profitable producer, at an all-in-sustaining (C3) cost, of high demand large flake graphite concentrates, whilst it progresses its high-grade lithium project, Millie's Reward, also in Madagascar.

#### BASS METALS CEO, MR TIM MCMANUS:

“Our partnering, with Possehl, a group that has been in operation for more than 100 years and generates revenues greater than €350 million per annum is an important strategic relationship for Bass, now, and with a view to the proposed Stage 2 expansion to 20,000 tpa.

Possehl's customer base includes major companies across industrial sectors throughout Europe. To place our highly valued concentrates into European end markets is the 'beachhead moment' for Bass Metals as a Company. It establishes the Company in a significant market outside of India and the Americas, and provides the foundation on which to move forward with plans to expand its production profile.

Company representatives will be attending the Aachen Refractories Conference in Germany later this month, along with Possehl and end-users, to conduct a series of meetings in order to discuss the sales and logistics of supplying Graphmada premium graphite concentrates into Europe.

The Company looks forward to working with Possehl now and in years to come.”

For more information, please contact:

Tim McManus  
Chief Executive Officer  
Phone: (07) 3203 5894  
Email: [admin@bassmetals.com.au](mailto:admin@bassmetals.com.au)

Peter Wright  
Director  
Phone: (07) 3203 5894  
Email: [admin@bassmetals.com.au](mailto:admin@bassmetals.com.au)

Please visit us at: [www.bassmetals.com.au](http://www.bassmetals.com.au)

## ABOUT THE GRAPHMADA JUMBO FLAKE GRAPHITE MINE

Bass Metals Ltd. is one of only three publicly listed graphite producers in the world. The Company 100% owns and operates the Graphmada large flake graphite mine, Bass' flagship project, located in eastern Madagascar. Madagascar has been a recognized producer and exporter of premium graphite for over 100 years and sets the world standard for product quality and flake size.



The Graphmada mine has 40-year mining permits in place, containing four premium quality, large flake, graphite deposits hosted in weathered graphitic gneiss, a soft, easily minable rock that incurs low mining costs. With all associated mining infrastructure and logistics in place, the mine currently produces and sells a range of graphite concentrates into multiple market segments, to customers in India, the United States and Europe.

With the aim of generating revenue through lowest quartile cost production, the mine is currently being optimized by an experienced management team to 6000 tonnes per annum (Stage 1) with improved final graphite concentrate grades, in order to grow cash margins.

Graphmada also has significant potential for low capital intensity expansion. Bass plans to invest capital to expand production to greater than 20,000 tonnes per annum (Stage 2) of graphite concentrate sales by 2019.

In addition to exploring the greater mineralization potential of Madagascar, the Company has also made the strategic decision, in parallel with the optimization of Graphmada, to actively explore and develop deposits in the immediate proximity to the mine, to materially expand its resource inventories.

The Loharano deposit has provided the bulk of the feed to the Graphmada processing plant and has total JORC compliant Indicated and Inferred resources of 5.7Mt @ 4.1% Grade with a 2% cut-off<sup>1</sup>. This mineralization is known to go to depth with increasing grade, and is open in all directions.

With the Company having a strong community engagement program and being well down the path in achieving its optimisation plans and growing its resource inventory, the team at Bass is confident of its plans for expansion and its future value creation for shareholders.

---

<sup>1</sup> These estimates were prepared and first disclosed by Stratmin Global Resource PLC under 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. Reference is made to the Company's announcement of 2 September 2015, which provides further detail regarding this information.

## DISCLAIMER & CAUTIONARY STATEMENTS

### DISCLAIMER

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

### FORWARD LOOKING STATEMENTS

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

### COMPETENT PERSON STATEMENT

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

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

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