

GRAPHMADA GRAPHITE MINE OPERATIONAL UPDATE

HIGHLIGHTS

- Stage 1 optimisation program entering final stages of refurbishment at Bass Metals Ltd.'s 100% owned Graphmada Large Flake Graphite Mine.
- As part of the mine's refurbishment, new mining equipment has been order, with delivery in January 2018.
- A majority of the major processing items have now been installed.
- Process Plant mechanical and electrical works now proceeding.
- Modular Dryer System (MDS) construction completed with electrical works proceeding.
- Material improvement in graphite concentrate pricing continues.



Figure 1: Newly purchased 32t excavator for mining at Mahefedok.

Bass Metals Limited (ASX: "BSM") (the "Company") is pleased to provide an update on its optimization and refurbishment of the Graphmada Graphite Mine, located in Madagascar.

MINE HEALTH AND SAFETY UPDATE

Since the last Operational Update, the Company's activities have incurred no Lost Time Injuries. No Lost Time injuries have occurred year to date.

The Company continues to mature a safe operating culture at the mine and has recently introduced modern risk management and planning systems to support the growth of this culture.

OPTIMISATION & REFURBISHMENT PROGRAM UPDATE

Refurbishment works continue as planned. Significant actions undertaken since the last Operational Update include:

- ✓ New excavator, loader and dump truck ordered for delivery in January;
- ✓ Installation of major processing equipment items;
- ✓ Manufacturing of all electrical control boards and cables in progress;
- ✓ Extension of existing generator shed complete;
- ✓ Floatation cells piping and material flow connection work continues;
- ✓ Modular Dryer System (MDS) construction complete;
- ✓ Install of MDS electrical systems in progress;
- ✓ Dry sorting and screening equipment delivered;
- ✓ Mahefadok mine planning continues; and
- ✓ Mine Radio Network system ordered and in transit.



Figure 2: Newly purchased 5t loader for feeding the refurbished Graphmada Process Plant (without bucket).



Figure 3: MDS installation completed, electricals in progress.

MARKET UPDATE

Prices for graphite concentrates have improved materially in 2017 due to weakening supply out of China. Prices are forecasted to continue to rise due to the forthcoming Chinese winter and New Year holiday which will materially affect supply from China for at least the next 3 months.

BASS METALS CEO, MR TIM MCMANUS:

“The team at Bass is excited to be nearing completion of Stage 1, the first step in our strategic vision to become an industrial minerals company of significance. The Company maintains its guidance of first production in late 2017 from the recommencement of Drying and Packaging operations in December. Once the Drying and Packaging System is fully operational the Process Plant will then be recommissioned in January with the aim to ramp up production over consecutive months to reach 500 tonnes per month of high-value graphite concentrates (Stage 1: 6000 tpa run-rate).

It’s important the team stages the recommissioning process so that the Drying and Packaging System is capable of providing consistent high-quality concentrates to our old and new customers alike. The team is very focused on bringing together the Drying and Packaging System and the refurbished Process Plant as the one production system that maximises the mineral resource potential at Graphmada.”

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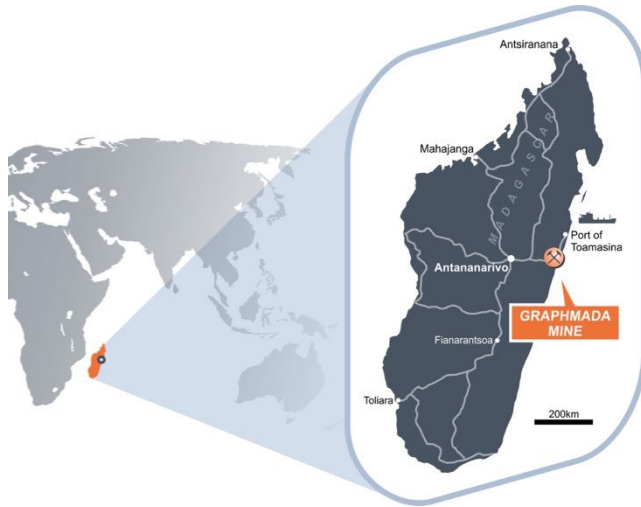
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ABOUT THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

Bass Metals Ltd. is one of a few publicly listed large flake 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 Europe and the United States.

ABOUT THE MILLIE'S REWARD PROJECT

Millie's Reward is a highly prospective conventional spodumene hosted Li₂O deposit located in Madagascar. A majority of the visible pegmatitic dykes and sills within the permits are over 10 metres in thickness, with swells in areas of up to 40 metres in thickness, while being up to several hundred metres in length.

Adjacent to the project area is the Holcim Talc Mine, which has a sealed road for product transport and grid power installed. In addition to the potential access of this infrastructure, Millie's Reward has extensive water supplies, accommodation and an available local workforce.



High purity Spodumene crystals discovered at Millie's Reward

The Project area has been subjected to very little modern geological assessment, as all the activity performed in the past occurred at an artisanal mining scale, operated by the local miners working for gemstones.

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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 mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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