
ASX Announcement 30 October 2018

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2018

Bass Metals Limited (ASX: "BSM") ("Bass" or the "Company") is pleased to provide this quarterly report as it continues to deliver its strategy for material growth as a producer of high value industrial mineral concentrates.

HIGHLIGHTS

- The Company achieved nameplate production at its 100% owned, debt free Graphmada Graphite Mine.
- First sales of post-commissioning concentrates were made under an off-take agreement to European end-users.
- The Company received its first cash flows from the newly commissioned mine and established a strong foundation to achieve positive cash flow from operations;
- Bass has achieved a significant reduction in C1 operating costs at Graphmada;
- There were significant increases in operational efficiencies and the achievement of multiple key performance indicators for production during the quarter;
- Graphmada achieved 500,000 man hours worked without a lost time injury;
- The Bass team continued progress of multiple exploration and development initiatives; and
- The Company continues to negotiate with a number of new buyers for the sale of its concentrates.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Graphmada continues to operate with no Lost Time Injuries (LTI) and recently achieved the considerable milestone of 500,000 hours worked without an LTI.

No major environmental incidents were recorded during the quarter and the Company continues its community engagement activities, including the near completion of the Mahatsara School.

OPERATIONS

During the quarter, the Process Plant reached nameplate production and sustained 25 tonnes per hour feed rate at an average head grade of 4.5% Total Graphitic Carbon (TGC).

The concentrates produced were at materially higher saleable grades than historic production, with a majority of production at 94% Fixed Carbon.

The Company having reached this significant milestone provides a pathway to achieving positive cash flow from operations in 2018.

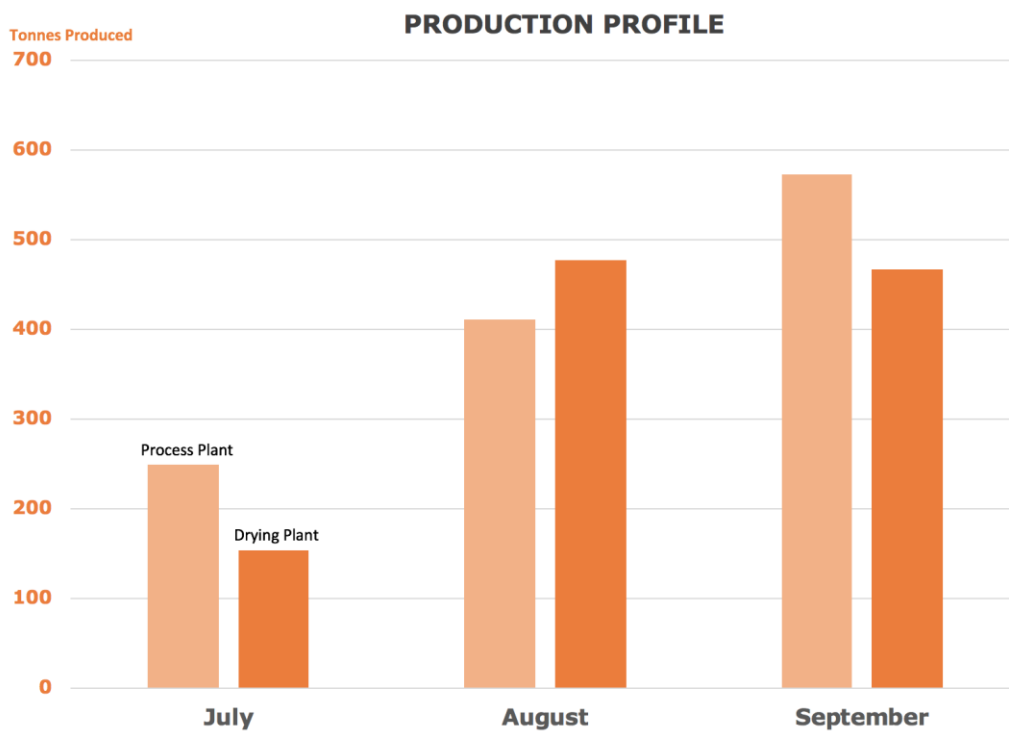
Processing Plant results:

Month	Feed Tonnes	Head Grade	Recovery	Wet Tonnes	Fixed Carbon
2018/07	7,165	4.8 %	85%	248	94%
2018/08	15,245	4.1 %	85%	410	94%
2018/09	14,785	5.3 %	77%	572	93%
Quarter	37,195	4.7 %	82%	1,230	94%

Drying & Screening Plant results:

Month	Wet Feed Tonnes	Wet Feed Rate	Tonnes Dried
2018/07	208	1.1	153
2018/08	663	1.1	476
2018/09	694	1.2	466
Quarter	1,566	1.2	1,095

The US\$ Cost per Tonne (C1) has reduced from \$1,437 in July, to US\$804 in August and US\$630 per tonne sold for September, with further cost reduction measures planned in line with improvement in production efficiencies over the coming quarters.



Production for the quarter.

SALES

During the quarter, Bass achieved first sales of post recommissioning concentrates through an established off-take agreement and the sale consisted of a customer specified selection of the Company's product range, based on Flake Size Distribution and Fixed Carbon Grade.

Concentrates sold in the Company's first quarter of production, which included a significant period of ramp up to nameplate production rates, totalled 274 tonnes, distributed to customers in Europe, USA and India. Total revenue received was US\$141,000, equating to US\$514 per tonne sold. The Company maintains its long-term guidance of US\$900 per tonne sold to be achieved from a full quarter of production and sales.

Post quarters end, inventory on hand for sale as at 31 October is 764 tonnes.



Production of bagged premium concentrates for sale.

EXPLORATION

Mahela Graphite Prospect

Exploration activities at the Mahela prospect confirmed that the area contains large flake graphite mineralisation over a substantial area. Results reported within the quarter returned weighted averages up to 5.1% Fixed Carbon (FC) over 12.5m, including 7.3% FC over 5.0m.

Millie's Reward Lithium Project

The broader Phase 1 program of exploration at Millie's continued across multiple prospects during the quarter. In addition, based on channel sample results reported¹, of 31 metres of continuous mineralization at a grade of 3.72% Li₂O at the Ampatsikahitra prospect (Millie's West), a Phase 2 maiden drilling program also commenced. The Company maintains its guidance to report results from the drilling program before the end of the calendar year, as planned.

CORPORATE

Management and Divestment of Tasmanian Assets

The Company continued its care and maintenance activities in Tasmanian during the quarter. The Fossey and Que River projects continue to comply with their respective Care and Maintenance Plans.

The Company continues its divestment process for these assets and has engaged with a number of parties in this regard. Discussions are positive and ongoing in this regard.

Exercise of Options

¹ ASX announcement "BSM's Outstanding Lithium intersection of 31m at 3.72%" 11 September 2018.

For the Quarter ended, the Company received subscription funds of A\$1,102,000 from existing option holders for the exercise of predominantly 2.5c listed options.

The Company is encouraged with so many option holders electing to exercise their options before the expiry date of 31 December 2018.

As at 30 September 2018, the Company still had 456,355,705 listed 2.5c options on issue.

SUMMARY

The Company achieved nameplate production and first sales during the quarter, providing the Company cash flow and a strong foundation to establish positive cash flow from operations in the near term .

For more information, please contact:

Tim McManus

Chief Executive Officer

Phone: (07) 3203 5894

Email: admin@bassmetals.com.au

Peter Wright

Executive Director

Phone: (07) 3203 5894

Email: admin@bassmetals.com.au

www.bassmetals.com.au

 [@bassmetals](https://twitter.com/bassmetals)

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 announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology.

Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material.

Bass Metals does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements. 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.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

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 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.