

20 May 2019

Your reference: 02349

Ms Sandra Wutete
Senior Adviser - Listings Compliance (Perth)
ASX
Level 40
Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

Dear Sandra

Appendix 5B Query

Bass Metals Ltd (“**Bass**” or “**Company**”) refers to your letter dated 16 May 2019 and to the Company's Appendix 5B for the period ended 31 March 2019 lodged with the ASX Market Announcement Platform on 30 April 2019.

1. The Company expects to continue to have negative operating cash flows for the time being because the Company has expedited elements of its planned stage 2 expansion of Graphmada mine to enhance current production. As the Company's mine operations continue production improvements, the Company expects the negative cash flow to improve in the June 2019 quarter and again from 1 July 2019.
2. The Company has taken steps to raise further cash to fund its operations and expects to secure substantial additional cash funding in June 2019. A delegation of investors visited the Company's operations in Madagascar in April 2019. The Company is in discussions with those investors and expects to undertake a capital raising within the next few weeks. In late April 2019, the Company also met with a number of potential new investors in Dubai and, subsequent to those meetings, received an offer for a substantial cash investment in the Company to assist with its further development and growth. The Company is currently considering that offer.

In addition to the capital raising initiatives outlined above, the Company expects cash inflows from operations for this quarter to be approximately A\$400,000.

3. Based on the information set out in paragraph 2 above, the Company expects to be able to continue its operations and meet its business objectives.
4. The Company is in compliance with Listing Rule 3.1. There is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. The Company confirms that the responses to these questions have been authorised and approved by its board and are provided by an Officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely



David Round
CFO / Company Secretary



16 May 2019

Reference: 02349

Mr David Round
Company Secretary
Bass Metals Ltd

By email

Dear Mr Round

Bass Metals Ltd ('BSM'): Appendix 5B Query

ASX refers to BSM's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 30 April 2019 (the 'Appendix 5B').

ASX notes that BSM has reported:

- negative net operating cash flows for the quarter of \$2,030,000;
- cash at the end of the quarter of \$2,231,000; and
- estimated cash outflows for the next quarter of \$2,200,000.

It is possible to conclude, based on the information in the Appendix 5B that if BSM were to continue to expend cash at the rate indicated by the Appendix 5B, BSM may not have sufficient cash to continue funding its operations.

In view of that, ASX asks BSM to respond separately to each of the following questions and requests for information:

1. Does BSM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has BSM taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does BSM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that BSM is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that BSM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of BSM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Tuesday, 21 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in BSM's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BSM's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to BSM’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BSM’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BSM’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Sandra Wutete

Senior Adviser, Listings Compliance (Perth)