Bass Metals Ltd.

ABN 31 109 933 995

Australia's only graphite producer

Annual Report

For the year ended

30 June 2016

Table of Contents

CORPORATE DIRECTORY	2
CHAIRMAN'S REVIEW	4
REVIEW OF OPERATIONS	5
DIRECTORS' REPORT	12
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	29
STATEMENT OF FINANCIAL POSITION	30
STATEMENT OF CHANGES IN EQUITY	31
STATEMENT OF CASH FLOWS	32
NOTES TO THE FINANCIAL STATEMENTS	33
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BASS METALS LTD	66
AUDITOR'S INDEPENDENCE DECLARATION	69
DIRECTORS DECLARATION	70
ADDITIONAL INFORMATION	71
DISCLAIMER AND CAUTIONARY STATEMENTS	74
CORPORATE GOVERNANCE STATEMENT	75

CORPORATE DIRECTORY

DIRECTORS

Mr Richard Stacy Anthon - Non-Executive Chairman – (appointed on 4 October 2013)
Mr David Premraj - Non-Executive Director – (appointed 24 December 2014, resigned 2 September 2016)
Mr Jeffrey Marvin – Non-Executive Director – (appointed 12 June 2015)
Mr Peter Wright – Non-Executive Director – (appointed 2 September 2016)

COMPANY SECRETARY

David Round (appointed 12 June 2015)

CHIEF EXECUTIVE OFFICER

Tim McManus (appointed 7 July 2016)

REGISTERED OFFICE

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West Perth, WA, 6005

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LEGAL ADVISORS

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth
Perth WA 6005

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

Dear Shareholders

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

As you may appreciate, our Company has endured some challenges over the past and the Company's new Board has spent a great deal of time in establishing a clear vision and new direction for the Company's future.

Much work has been done in recent months in securing the Company's future and we believe our recent acquisition of the Loharano Graphite mine in Madagascar will underpin a new and exciting direction under the Board and recently appointed experienced management team. Our management team has already, in conjunction with our supporting advisors, outlined a plan for the development and expansion of the Graphmada project and we look forward to delivering on our short and long term plans.

Part of our future plan includes a substantial investment in operating plant and equipment and the funds we recently raised will largely fund our investment in capital. This investment in capital will, we believe, help us to achieve substantial improvements and increases in production in the forthcoming year.

Our short term plans also include maintaining and establishing new trade partners, securing tenure and developing a program to reduce production costs. All of these factors will help us to develop this mine site to its full potential.

Again, we thank you for your ongoing support of your Company. Your board and management team believes we now have a suite of assets and the right people involved to deliver sustained growth over the short to long term, and we look forward to updating you regularly over the next exciting year.

Yours sincerely

Rick Anthon

Chairman

REVIEW OF OPERATIONS

Overview

Bass Metals' ("Bass") primary activities during the reporting period were:

- The review and subsequent investment in the operating Graphmada large flake graphite mine, located in eastern Madagascar;
- Further development and management of its Tasmanian assets, including care and maintenance activities;
- The successful settlement of the Company's dispute with LionGold Corp Ltd and realisation of funds; and
- Implementation of the Company's plans for capital raising and plans for growth.

Investment in the operating Graphmada graphite mine in Madagascar

The Company has been seeking an opportunity to become a cash flow positive producer.

The Graphmada mine in Madagascar enables the Company to take a position in a low cost sustainable producer of high quality flake graphite, which has opportunities for mine expansion and growth. With established revenues, Graphmada allows the Company to invest in an operating asset with significant potential for near-term positive cash flow in a growth market.

INITIAL STRATEGIC INVESTMENT

The Company first announced to the market in September 2015 that it proposed to make an investment in a subsidiary of AIM listed company, Stratmin Global Resources Plc ("Stratmin"). The subsidiary company, Graphmada Mauritius, has established graphite operations at its site in Madagascar. Following a technical review of this operation, the Board decided to make a strategic investment in Graphmada.

During November and December 2015, the Company completed a series of capital raisings that permitted it to make its initial investment in Graphmada and provide working capital.

Following a series of updates to the market, the Company advised the market in December 2015 that it had completed its initial investment in Graphmada with the payment of GBP 500,000 (A$1,060,825) to Stratmin Global Resources Plc. Completion of the investment entitled the Company to a 6.25% stake in Graphmada Mauritius.

BASS SEEKS 100% OWNERSHIP

On 4 April 2016, the Company 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. Completion of this transaction would deliver complete ownership of the operation and control to Bass Metals Ltd.

REPLACEMENT TERM SHEET CONDITIONS

The conditions of the replacement terms sheet provide that Bass could secure 100% shares in Graphmada Mauritius, by completing the tranche 1 conditions as follows:

- The payment of A$1,500,000;
- Issue to Stratmin A$750,000 worth of Bass shares at 1 cent; and
- Granting of a royalty of 2.5% with the royalty payments not to exceed A$5,000,000.

Settlement on tranche 1 was conditional upon:

- The successful completion of due diligence at Bass' sole discretion;
- Both parties receiving the necessary approvals, including shareholder approval;
- Funding; and
- The execution of a Share Purchase Agreement (SPA).

In addition to the above, Bass was required to issue two further payments ("tranches 2 and 3") upon the achievement of substantial production milestones as follows:

- A further A$3,000,000 in Bass shares upon achieving production output of 1,250 tonne of graphite concentrate over three consecutive months on or before 31 December 2017 ("tranche 2"); and
- A further A$5,000,000 in Bass shares upon achieving production output of 2,500 tonne of graphite concentrate over three consecutive months on or before 31 December 2018 ("tranche 2").

The shares to be issued in tranches 2 and 3 are subject to shareholder approval (if required) and shall be issued to Stratmin based on Bass' VWAP[1] in the 20 traded days immediately prior to the achievement of the above production output values.

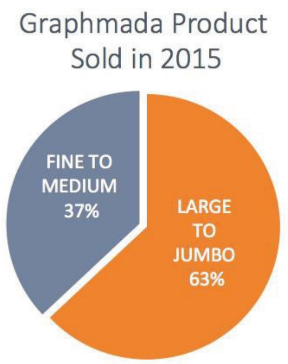
On the 26 May 2016, the Company announced that it had completed the due diligence to its satisfaction within the required 60 days.

ABOUT THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

Madagascar has been a recognised producer and exporter of graphite since 1907 and sets the world standard for product quality and flake size. The Graphmada graphite mine is situated in eastern Madagascar, approximately 100 km by sealed highway from the export port of Tamatave.

The Graphmada Mine hosts four known deposits. Recent mining activities have been focused on the Loharano deposit, while the Mahefedok deposit has also undergone trial mining as part of life-of-mine development studies. The Mahela and Ambatofafana deposits are still to be explored to their full potential.

The graphite at Graphmada is hosted in both weathered regolith and underlying graphitic gneiss, with the grade of graphitic carbon increasing with depth. All mining to date has been very shallow and low cost, with the mining horizon from 1.5m below surface to a depth of 6-8m. However, the graphite bearing regolith is known to go to depths of more than 30 metres, to the underlying hard-rock mineralisation. Mineralisation at Mahefedok alone is open along a strike of approximately 1.5km and to depth.

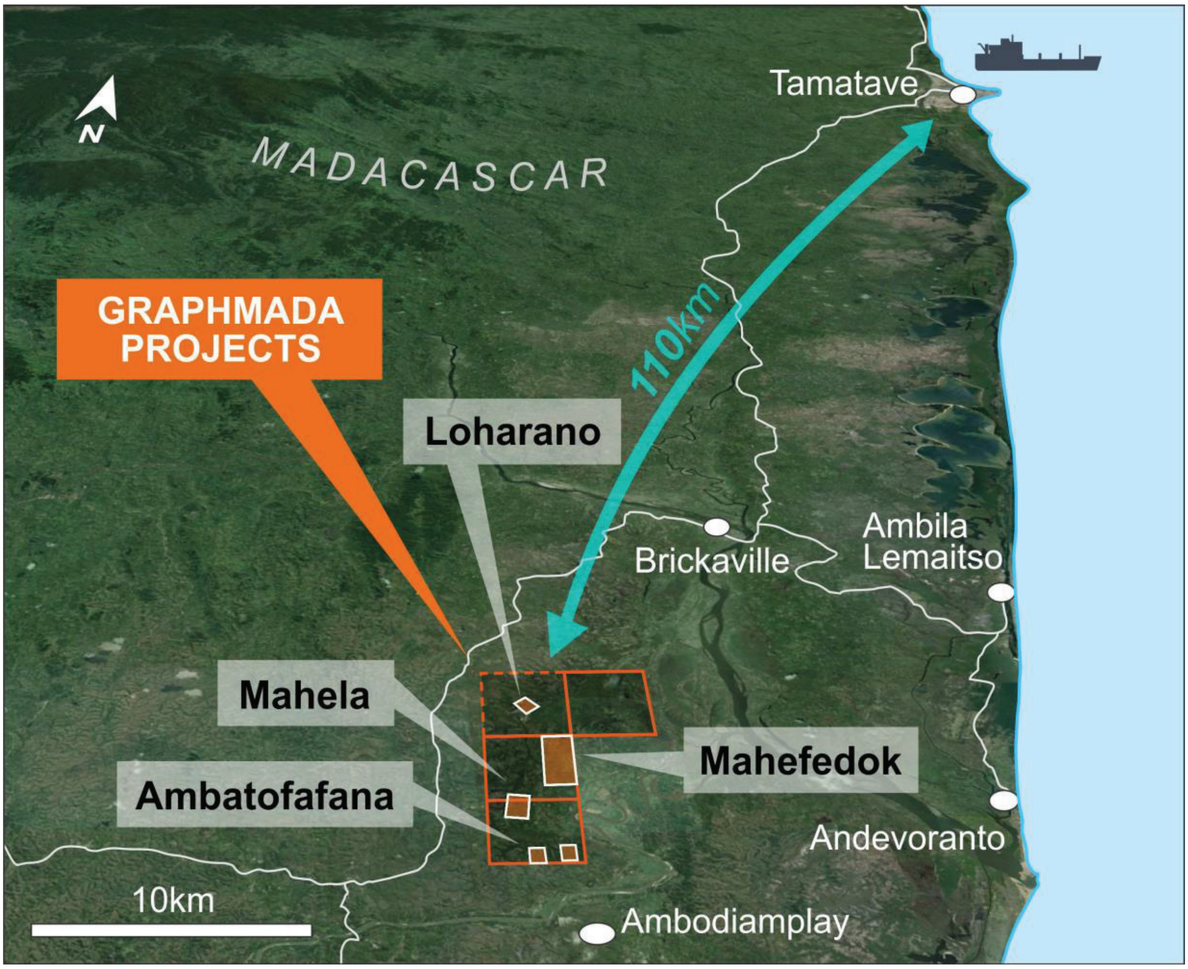


The 140-strong workforce utilises modern facilities and infrastructure, with an on-site doctor, pharmacy, housing, offices, communications and a state-of-the-art analytical laboratory in place.

Also installed on site is a 6,000 product tonne per annum processing plant, with a drying and packaging facility, which the Company plans to improve and refurbish to increase production.

[1] Volume Weighted Average Price

Graphmada sold approximately 1,500 product tonnes in the 2015 calendar year, with a proportion of the product being large flake graphite at 94% or greater purity. The Graphmada brand is synonymous with quality and is well established in traditional markets.



Location of Graphmada, eastern Madagascar

SUBSEQUENT ACTIVITIES TO YEAR END

Following the end of the financial year, Bass announced the successful transition of the Company to graphite producer, subsequent to taking operational control of Graphmada. This development elevated Bass Metals to the only company listed on the ASX currently producing and selling graphite concentrates.

The transition followed the securing of capital raising proceeds, announced in July and completed in August 2016, approval by Stratmin shareholders, and subsequent approval of Bass shareholders at the General Meeting held on 22 August 2016.

As part of the operational transition, the Company expedited a number of improvements to operations, which included the vibrating magnetic separator shown below being installed. Fabricated on site, the separator provides improved quality assurance of the saleable product post drying. This low-cost improvement draws on the experience of local personnel and demonstrates the company's practical approach to operations management.

Vibrating magnetic separator being installed at Graphmada

Additional improvements are currently being implemented as part of an Operational Optimisation Program, focusing on raising the quality and volume of saleable product, to subsequently deliver a consistently higher-value product. These activities, subsequent to financial year end, include:

- Engagement of Independent Metallurgical Operations Pty Ltd (IMO), who have already visited site, conducted metallurgical test work and will subsequently advise the company on the selection of the optimal plant configuration, to increase throughput, recoveries and purity, while reducing sustaining capital and operating costs.
- The construction of a new workshop facility has commenced a critical step in having the capability for implementing the Operational Optimisation Program.
- Engagement of South African based Scientific Design Pty Ltd to assess the replacement of the existing wood-fired rotary dryer, which dewaters the final graphite concentrates. Scientific Design are performing test work to identify more energy efficient drying methods that will better preserve flake size, crucial to received concentrate price.
- Assessment of the use Liquid Propane Gas (LPG) for heat generation in the drying process. This may significantly reduce the operation's environmental impact by removing the existing wood-fired oven. The potential installation of LPG infrastructure could also enable the use of gas-fired power generators and consequentially provide a reduction in operating costs.

Operations Optimisation Program	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Processing Plant Testwork								
New Workshop Construction								
Implementation of Grade Control Drilling								
JORC Resource Update								
Drying and Packaging Process Testwork								
Drying Plant Procurement and Installation								
Process Plant Decommissioning / Recommissioning								
Upgraded Product Sales Commence								
Comprehensive Workforce Training								
Strong Community Engagement Program								

Graphmada Operational Optimisation Program schedule

The full implementation of the Operational Optimisation Program is planned to be completed by Q4 FY2017, for a subsequent ramp up in production to nameplate capacity of 6000 tonnes per annum.

The Company is also currently planning an Expansion Project, with drilling to commence October 2016, followed by studies to inform an investment decision to construct a second Processing Plant, with a capacity of 12,000 to 20,000 tonnes per annum.

COMMUNITY ENGAGEMENT PROGRAM

Also subsequent to the year end, Bass, through its subsidiaries implemented a Community Engagement Program. 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 bridge repair across the region.
- **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.

Mamison Randrianantenaina (Gerant) visiting one of the schools that has benefitted from the Company's engagement with the community.

Tasmanian Assets

The Company's technical focus within the reported period has continued to be the assessment of potential for either the viable development or sale of the remaining resources in the Que River and Hellyer areas, details of which have been previously reported by the Company.

As part of the assessment, an internal scoping study on the potential for open cut and underground mining of the resource has been completed. The base exercise contemplates contract mining of the defined resources and sale of the ore to a third party processer. Detailed modelling has continued in order to develop targets in the Mt Charter to Hellyer corridor, focusing on the location of potential drill holes, in preparation for future drill testing.

The Company has undertaken a number of initiatives designed to manage and improve the value and standing of its Tasmanian assets. This includes a recently devised program to continue to explore and develop the company's Mt Block exploration tenement.

The Company continues to maintain the assets in good standing through its care and maintenance program utilising local contractors.

Corporate Activities

TASMANIAN ASSETS: *QUE RIVER AND HELLYER PROJECTS*

During the reporting period, the Company has continued ongoing discussions with a number of parties about the sale of all or some of its Tasmanian assets. These discussions and negotiations are continuing and the Company shall report further on these discussions when more formal binding arrangements are entered in to.

The Company is considering a number of options in relation to its Tasmanian assets and these include further exploration and development by the Company, potential joint ventures, third party funding or partial or full disposal of some of its assets.

LIONGOLD SETTLEMENT

As announced to the ASX on 18 November 2015, Bass entered into a deed of settlement with LionGold Corp Ltd ("LionGold") in respect of litigation commenced in the Supreme Court of Western Australia following the termination of agreements for the sale of the Company's shares in Hellyer Mill Operations Pty Ltd and a proposed subscription by LionGold for shares in Bass.

At that time, it was agreed that, in full and final settlement LionGold would pay Bass A$2,500,000 (the Settlement Sum) in a series of staged payments commencing 31 December 2015 and ending 30 June 2016.

During the period the company has received A$600,000 in cash from LionGold. In addition, the Company has also received shares worth A$450,000 in A1 Consolidated Gold Ltd (ASX: AYC), an Australian Securities Exchange ("ASX") listed company as part settlement.

The Company has since disposed of all the shares held in A1 Consolidated Gold Ltd for a total of A$781,425, realising an additional profit on sale of A$331,425 (of that, A$10,902 profit on sale was recorded at balance date).

LIONGOLD SETTLEMENT UPDATE SUBSEQUENT TO YEAR END

On 26 September 2016, the Company executed a deed of settlement and release with Liongold and a company incorporated in Singapore, Global AU Mining Pte Ltd. The deed provides that the Company shall be paid A$1,000,000 cash by Global AU Mining Pte Ltd as full and final settlement of the Company's entitlement to the balance of A$1,450,000 owed by Liongold.

The Company chose to sell the remaining funds owed to them by Liongold for cash rather than accept A$1,450,000 worth of listed shares in Liongold. As part of this transaction, Global AU Mining Pte Ltd shall receive shares that may be issued by Liongold.

Under the terms of this deed, the Company will receive $1,000,000 within 60 days.

DIRECTORS' REPORT

The directors of Bass Metals Ltd present their report together with the financial statements of the entity, being Bass Metals Ltd ("Bass Metals" or "Company") for the year ended 30 June 2016 and the independent auditors report thereon.

Directors

The Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr 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, Rick 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.

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).

Previous directorships (last 3 years): Nil

Mr 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. Jeffrey specialises in early stage mineral company investment, corporate management and business restructuring. Jeffrey 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)

Mr David Premraj - Non-Executive Director
B.Comm; BSc
Appointed – 23 December 2014
Resigned – 2 September 2016

Mr Premraj is a Principal of Singapore based Consolidated Minerals Pte Ltd, a privately owned company with a global portfolio of metals and mining investment projects including investments in coking coal and gold. David is a director of AIM listed Stramin Global Resources Plc, a London listed graphite producer with operations in Madagascar. David has previously worked for 5 years with a major Australian Merchant Bank and holds a Bachelor of Commerce and a Bachelor of Science degree.

Other Current Directorships: Nil

Previous directorships (last 3 years): Nil

Mr 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 been the corporate advisor over the last 4 years 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 BSM as part of BCP's role as Joint Lead Manager and Underwriter to BSM'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

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

DIRECTORS' REPORT (continued)

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:

	Number of ordinary shares	Number of options over ordinary shares
Mr R Anthon[1]	25,076,890	9,790,056
Mr J Marvin	4,166,664	6,083,332
Mr P Wright[2]	16,580,458	10,390,229

Note 1 Includes 13,496,778 shares which are held indirectly.
Note 2 Shares and options are held indirectly.

Principal Activities

The principal activities of the Company for the period in this annual report consisted of mineral exploration and site care and maintenance activities in Tasmania. During the period, the Company also became an investor in the operating Graphmada graphite mine in Madagascar and throughout the reporting period and following a substantial review of the merits of the Graphamda Mine, entered into a binding arrangement to acquire this asset from Stratmin Global Resources Plc.

Significant Change in State of Affairs

During the financial year, the Directors have undertaken ongoing care and maintenance of its projects in Tasmania and performed some further value adding reviews and additional exploration. The board has also endeavoured to enter into agreements with independent parties that propose adding value to the assets, increasing development of the assets and recommencing production. Attempts to form such alliances or reaching earn-in or joint venture agreements are ongoing.

Investment in operating Graphmada large flake graphite mine in Madagascar

During November and December 2015, the Company completed a series of capital raisings that permitted it to make its initial 6.25% investment in Graphmada and provide working capital. These were:

- Issued 29,923,077 shares at an issue price of $0.013 to sophisticated and other investors as part of placement raising $389,000 before expenses.
- During December 2015, the company received $525,000 from sophisticated and other investors as part of placement of equity at an issue price of $0.01. The detail of this placement was announced to the market on 24 December 2015. Following the receipt of all funds and subscription details, the Company's registry was instructed to issue 52,500,000 shares and 33,330,000 unlisted options (options due to expire on 31 December 2018 and having an exercise price of $0.015) to all relevant subscribers.

- During December 2015, 1,500,000 shares were issued to Bizzell Capital Partners at an issue price of $0.01 as part of their corporate advisory fee.

On the 7 July 2016, the Company announced the signing of a formal sale agreement to acquire 100% of the operating Graphmada graphite mine in Madagascar and a capital raising of a 1 for 1 non-renounceable rights issue to raise up to A$5.5 million with up to a further A$1.5 million from an institutional (accelerated) component.

On 13 July 2016, the Company announced to the Australian Securities Exchange ("ASX") the release of a prospectus detailing a fully underwritten non-renounceable pro rata offer to eligible shareholders of 1 new share for every 1 existing Share at an issue price of A$0.012 per new share with 1 free attaching new option (exercisable at A$0.025 on or before 31 December 2018) for every 2 new shares issued to raise A$5,520,338 before issue costs.

On the 13 July 2016, the Company announced the successful completion of the institutional (accelerated) component of the non-renounceable rights issue which raised A$1.9 million (before expenses) from eligible shareholders and new investors.

On 22 August 2016 shareholders at the General Meeting held by the Company approved the capital raising announced in July 2016 allowing the Company to proceed with the share and option placements and the acquisition of the Graphmada graphite mine. Included in the resolutions approved at the meeting were resolutions number 10 to 13 which shareholders approved the conversion of $684,236 in loan funds to equity. The loans were converted on 2 September 2016.

On the 22 August 2016, the Company announced that it was taking operational control of the Graphmada graphite mine in eastern Madagascar following approval from the shareholders of Stratmin Global Resources Plcon 29 July 2016 for the sale of the Graphmada graphite mine to the Company (see ASX announcement 4 April 2016).

On 2 September 2016, the Company announced the issue of 733,118,548 ordinary shares, 344,847,423 listed options and 23,054,220 unlisted options resulting from the capital raising which was approved by shareholders at the general meeting held on 22 August 2016. The issue of shares on this date included the issue of shares to Stratmin Global Resources Plc.

On 19 September 2016, the Company paid A$600,000 to Stratmin Global Resources Plc and the Company formally completed all of the conditions required of it under tranche one of its acquisition of Graphamada Mauritius.

Dividends

No dividends have been paid during the period and no dividends have been recommended by the directors.

Result for the Financial Year

The profit from ordinary activities after income tax expense for the Company was $795,015 (2015: $537,806 loss).

DIRECTORS' REPORT (continued)

Review of Operations

A review of the operations during the financial year is set out in the Review of Operations section prior to the Directors Report.

Likely Developments and Expected Results

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

- Assess and maintain a strategic land position in Tasmania incorporating a full spectrum of targets from advanced prospects to conceptual large scale anomalies, potentially with a joint venture partner earning-in or sale of some or all of the existing projects in order to realise their potential and full value; and
- Following the acquisition of the operating Graphmada graphite mine in Madagascar, manage identified major improvements and the refurbishment program to increase production and reduce operating costs.

Environmental Regulation

The Company is subject to environmental regulation in respect of its exploration activities. The Company 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 in which it operates.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2016 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	4	4	1	1	-	-
Mr J Marvin	4	4	1	1	-	-
Mr D Premraj	4	4	-	-	-	-

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 2016.
Note 2: The current members of the Audit committee are Mr Anthon (Chairman) and Mr Marvin.

DIRECTORS' REPORT (continued)

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
			471,231,644

As at the date of this report, there were 471,231,644 unissued ordinary shares under options (33,000,000 at the balance date). Refer to the remuneration report for further details of the options outstanding for Key Management Personnel (KMP) at the end of the financial year.

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.

Proceedings on Behalf of the Company

On the 11th of February 2016 the Company was issued a *Notification of court action relating to winding up* raised by Milton Graham Lawyers on behalf of Intelligent IP Communications Ltd for an outstanding debt and on the 1 April 2016, the Company settled the debt and the court application was dismissed.

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

Other than mentioned above, no proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

DIRECTORS' REPORT (continued)

Indemnification and Insurance of Directors and Officers

Indemnification
The Company has agreed to indemnify current directors and officers and past directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance
The directors have not included details of the premiums paid in respect of directors' and officers' liability insurance as such disclosure is prohibited under the terms of the contract.

Events Subsequent to Reporting Date

On the 7 July 2016, the Company announced the appointment of Mr Tim McManus as CEO.

On the 7 July 2016, the Company announced the signing of a formal sale agreement to acquire 100% of the operating Graphmada graphite mine in Madagascar and a capital raising of a 1 for 1 non-renounceable rights issue to raise up to A$5.5 million with up to a further A$1.5 million from an institutional (accelerated) component.

On 13 July 2016, the Company announced to the Australian Securities Exchange ("ASX") the release of a prospectus detailing a fully underwritten non-renounceable pro rata offer to eligible shareholders of 1 New Share for every 1 Existing Share at an issue price of A$0.012 per New Share with 1 free attaching New Option (exercisable at A$0.025 on or before 31 December 2018) for every 2 New Shares issued to raise A$5,520,338 before issue costs.

On the 13 July 2016, the Company announced the successful completion of the institutional (accelerated) component of the non-renounceable rights issue which raised A$1.9 million (before expenses) from eligible shareholders and new investors.

On 22 August 2016 shareholders at the General Meeting held by the Company approved the capital raising announced in July 2016 allowing the Company to proceed with the share and option placements and the acquisition of the Graphmada graphite mine. Included in the resolutions approved at the meeting were resolutions number 10 to 13 which shareholders approved the conversion of $684,236 in loan funds to equity. The loans were converted on 2 September 2016.

On the 22 August 2016, the Company announced that it was taking operational control of the Graphmada graphite mine in eastern Madagascar following approval from the shareholders of Stratmin Global Resources Plc on 29 July 2016 for the sale of the Graphmada graphite mine to the company (see ASX announcement 4 April 2016).

DIRECTORS' REPORT (continued)

Events Subsequent to Reporting Date (continued)

On 2 September 2016, the Company announced the issue of 733,118,548 ordinary shares, 344,847,423 listed options and 23,054,220 unlisted options resulting from the capital raising approved by shareholders at the general meeting held on 22 August 2016.

On 2 September 2016, the Company announced the resignation of Mr D Premraj as a Non-Executive Director and the appointment of Mr P Wright as a Non-Executive Director.

On 9 September 2016, the Company announced the issue of 40,000,000 unlisted options to Mr T McManus, CEO, and 30,000,000 unlisted options to Mr D Round, CFO. These options were issued as part of their remuneration agreement and the options are exercisable on or before 31 December 2020.

Up to and including the end of August 2016, the Company had paid $900,000 to Stratmin Global Resources Plc as part payment of its tranche one requirements. Then, on 19 September 2016, the Company paid $600,000 to Statmin Global Resources Plc and completed all its requirements required required by tranche one of its purchase of Graphmada Mauritius.

On 26 September 2016, the Company executed a deed of settlement and release with Liongold and a company incorporated in Singapore, Global AU Mining Pte Ltd. The deed provides that the Company shall be paid A$1,000,000 cash by Global AU Mining Pte Ltd as full and final settlement of the Company's entitlement to the balance of A$1,450,000 owed by Liongold.

The Company chose to sell the remaining funds owed to them by Liongold for cash rather than accept A$1,450,000 worth of listed shares in Liongold. As part of this transaction, Global AU Mining Pte Ltd shall receive shares that may be issued by Liongold. Under the terms of this deed, the Company will receive $1,000,000 within 60 days.

As at the date of signing this report all remaining shares held in A1 Consolidated Gold Ltd were sold at an average sale price of approximately 3 cents which represents a gain of approximately A$320,000.

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2016. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited)

This report details the amount and nature of remuneration of key management personnel including each director of the Company and executives receiving the highest remuneration.

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 Company 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 focusing the executive 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 Company. 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.

All remuneration paid to Directors and executives is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology and are expensed over the vesting period of the options.

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.

Benefits

Directors and executives may receive reimbursements of out-of-pocket expenses incurred in the undertaking of their duties, including reasonable travel, accommodation and entertainment expenses.

Bass Metals Ltd Employee Share and Option Plan

Information on the Bass Metals Ltd Employee Share and Option Plan is set out in Note 24.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Relationship between the Remuneration Policy and Company 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 Company'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 Company's goals and shareholder returns. The performance milestones are then set for the following year.

During each year executives of the Company may be issued with options and shares. The Board considers that this is an appropriate way to attract persons of experience and ability to the Company; foster and promote loyalty by providing an incentive to remain in the Company'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 Company. During the period under review, the Company did not issue any shares or options to executives of the Company.

Performance Conditions Linked to Remuneration

The Company seeks to emphasise reward incentives for results and continued commitment to the Company 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 Company. No cash bonuses have been paid out during the year or post year end.

The performance related proportions of remuneration based on these targets are included in the following remuneration table. The objective of the reward scheme is to both reinforce the short and long-term goals of the Company 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 Company at this time.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Details of Key Management Personnel

The Company considers the following persons as key management personnel:

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

Non-executive Directors
Mr Jeff Marvin – Appointed 12 June 2015
Mr David Premraj – Appointed 24 December 2014, Resigned 2 September 2016
Mr Peter Wright – Appointed 2 September 2016

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

Refer to the remuneration table contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2016.

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 Company on 7 July 2016 on a base salary of A$250,000 per annum, plus statutory superannuation. In addition, the Company 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 Company or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Short Term and Long term Incentives

Within 21 days of the execution of this agreement the parties will agree an appropriate set of incentives. The short term incentives set out below are indicative only and nonbinding summaries of potential structures. The short term incentives will be confirmed by future Directors' resolution.

Short Term Incentives
The Employee will be issued 20,000,000 Performance Rights as soon as practicable. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- 10m Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period (SPA Tranche 2 milestone); and
- Subject to meeting the requirements of STI (a), 10m Performance Rights will be allocated for achieving a Market Capitalisation of $75m.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Long Term Incentives
The employee will be offered 40,000,000 unlisted options, with the following exercise prices;

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

All options will vest immediately and be exercisable on or before the 31st of December 2020 and are subject to the Company'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 Company on a base salary of A$190,000 per annum inclusive of statutory superannuation. In addition, the Company 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 Company or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Short Term and Long term Incentives

Within 21 days of the execution of this agreement the parties will agree an appropriate set of incentives. The short term incentives set out below are indicative only and nonbinding summaries of potential structures. The short term incentives will be confirmed by future Directors' resolution.

Short Term Incentives
The Employee will be issued 15,000,000 Performance Rights as soon as practicable. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- 7.5m Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period (SPA Tranche 2 milestone); and
- Subject to meeting the requirements of STI (a), 7.5m Performance Rights will be allocated for achieving a Market Capitalisation of $75m.

Long Term Incentives
The employee will be offered 30,000,000 unlisted options, with the following exercise prices;

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

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

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

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

Compensation of Key Management Personnel for the year ended 30 June 2016
The following table discloses the remuneration of the key management personnel of the Company.

		Short-term benefits (salary and leave)	Short-term benefits (performance bonus)	Post-Employment benefits (superannuation)	Non cash benefits	Termination benefits	Share-based payments (shares/ options)	Total remuneration represented by performance bonus	Total remuneration represented by shares/ options	Total
		$	$	$	$	$	$	%	%	$
Non- executive Directors										
Mr J Marvin (1)	**2016**	48,750	-	-	-	-	-	-	-	48,750
	2015	-	-	-	-	-	-	-	-	-
Mr R Anthon (2)	**2016**	75,000	-	-	-	-	-	-	-	75,000
	2015	45,500	-	-	-	-	-	-	-	45,500
Mr P Treasure (3) (Resigned 12 June 2015)	**2016**	9,743	-	-	-	-	-	-	-	9,743
	2015	60,000	-	-	-	-	-	-	-	60,000
Mr M Sykes (Resigned 24 December 2014)	**2015**	-	-	-	-	-	-	-	-	-
Mr P Wright (Appointed 2 September 2016)	**2016**	-	-	-	-	-	-	-	-	-
Mr D Premraj (appointed 23 December 2015, Resigned 2 September 2016) (4)	**2016**	67,500	-	-	-	-	-	-	-	67,500
	2015	-	-	-	-	-	-	-	-	-
Total Directors	**2016**	**200,993**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,993**
	2015	105,500	-	-	-	-	-	-	-	105,500
Company Executives										
Mr T McManus (CEO, Appointed 7 July 2016)	**2016**	-	-	-	-	-	-	-	-	-
Mr D Round (Company Secretary) Appointed 12 June 2015 (5)	**2016**	70,104	-	-	-	-	-	-	-	70,104
	2015	2,566	-	-	-	-	-	-	-	2,566
Mr A de Vos (Resigned 12 June 2015) (6)	**2016**	-	-	-	-	-	-	-	-	-
	2015	79,048	-	-	-	-	-	-	-	79,048
Total Executives	**2016**	**70,104**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70,104**
	2015	81,614	-	-	-	-	-	-	-	81,614

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Note 1: During 2016, the short term benefits (Director fees) listed above paid to Mr J Marvin includes an amount of $3,750 for prior year 2015 fees that were unpaid and not previously accrued.

Note 2: During 2016 $75,000 of Mr Anthon's short term benefits (Director fees) listed above were paid to Anthon Consulting Pty Ltd. The amount includes unpaid and not previously accrued Director fees for prior year 2015 of $15,000. During 2015 $45,500 of Mr Anthon's short-term benefits (Directors Fees) listed above were paid to VME Pty Ltd. Mr Anthon is a director of Anthon Consulting Pty Ltd and VME Pty Ltd,

Note 3: During 2016 $9,743 (2015: $60,000) of Mr P Treasure's short-term benefits (Directors Fees) listed above were paid to Karton Investments Ltd. Mr P Treasure is a director of Karton Investments Ltd. Mr P Treasure was paid for additional project based work performed on behalf of the company beyond the scope of his director tasks and this information is included at Note 26.

Note 4: During 2016, the short term benefits (Director fees) listed above paid to Mr D Premraj includes an amount of $22,500 for prior year 2015 unpaid fees that were not previously claimed or accrued.

Note 5: During 2016 $70,104 (2015: $2,566) was paid to Averio Corporate Advisors for CFO and Company Secretarial Services provided to the company by Mr D Round.

Other than the Company 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 Company. As such, during the financial year, the Company did not have any person, other than directors and Company 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").

Consultants

During the year, Mr P Treasure was engaged to undertake a number of tasks on behalf of the company. Total payments for these tasks amounted to $4,500 (2015: $53,750) and were paid on commercial terms. The payments were made to Karton Investments Pty Ltd; a company controlled by Mr P Treasure.

During the year, the Company appointed Loxley Holdings Pte Ltd to negotiate on its behalf a potential settlement with LionGold Corp Ltd. In November 2015, the Company announced it has reached an agreement with LionGold Corp Ltd and would receive $2.5 million over a period of time. The Company agreed to pay Loxley Holdings Pte Ltd a A$100,000 success fee for concluding the negotiations, on behalf of the company, with LionGold Corp Ltd. Mr D Premraj is a related party of Loxley Holdings Pte Ltd.

DIRECTORS' REPORT (continued)

Remuneration Report (Audited) (continued)

Other Information

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

- The Board advise that all resolutions put to shareholders at the company's 2015 AGM were passed.
- The Company received 99% "yes' votes on its Remuneration Report for the financial year ending 30 June 2015.
- The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Company'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	**2016**	**2015**	**2014**	**2013**	**2012**
EPS (cents)	0.30	(0.15)	(0.65)	(3.93)	(10.05)
Dividends (cents per share)	-	-	-	-	-
Net profit / (loss) '000s	$795	($537)	($2,087)	($12,167)	(55,216)
Share price ($)	$0.019	$0.003	$0.002	$0.011	$0.013

Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2016	*Balance at 1 July 2015*	*On Exercise of Options*	*On market Transactions*	*Net Change Other*	*Balance at 30 June 2016*
Mr R Anthon	-	-	-	-	-
MR D Premraj (Appointed 23 December 2015, Resigned 2 September 2016)	-	-	-	-	-
Mr J Marvin (Appointed 12 June 2015)	-	-	-	-	-
Mr P Wright (Appointed 2 September 2016)	-	-	-	-	-
Mr T McManus (Appointed 7 July 2016)	-	-	-	-	-
Mr D Round (Appointed 12 June 2015)(1)	-	-	500,000	-	500,000
	-	**-**	**500,000**	**-**	**500,000**

DIRECTORS' REPORT (continued)

Options held by Key Management Personnel

Details of options over shares provided as compensation to each key management personnel of the Company are set out below. When exercised each option is convertible to one ordinary share in the Company.

2016	*Balance at 1 July 2015*	*Issued during the Year*	*Exercised during the Year*	*Lapsed during the Year*	*Balance at 30 June 2016*	*Vested and Exercisable at the End of the Year*
Directors						
Mr R Anthon	-	-	-	-	-	-
Mr D Premraj	-	-	-	-	-	-
Mr J Marvin	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Company Executives						
Mr D Round(1)	-	180,000	-	-	180,000	-
	-	**180,000**	-	**-**	**180,000**	**-**

Note 1: Shares and unlisted options were issued to Mr D Round as part of a placement to sophisticated investors issued on 4 January 2016. . The shares and options are held indirectly.

Options Issued as Part of Remuneration

During the reporting period, no options were issued to Directors and executives as part of their remuneration and all options to employees have either lapsed or have been cancelled and no options to employees have been exercised during the financial period.

(End of remuneration report)

Signed in accordance with a resolution of directors.

RA Anthon
Chairman
Brisbane, Queensland
29 September 2016

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Other income	2	2,551,519	198,558
Other expenses	3	(1,473,517)	(579,669)
Finance costs	3	-	(6,845)
Profit/(Loss) before income tax from continuing operations		**1,078,002**	**(387,956)**
Income tax (expense)/benefit	4	-	148,054
Profit/(Loss) for the year from continuing operations		**1,078,002**	**(239,902)**
Loss after tax from discontinued operations	5	(282,987)	(297,604)
Profit/(Loss) for the year		**795,015**	**(537,506)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on available-for-sale (AFS) financial assets	9	84,850	-
Total comprehensive profit/(loss) for the year, net of tax		**879,865**	**(537,506)**
Profit/(loss) attributed to:			
Continuing operations		1,162,852	(239,902)
Discontinued operations	5	(282,987)	(297,604)
Total comprehensive profit/(loss) attributed to:			
Equity holders of the parent entity		879,865	(537,506)
Earnings per share			
Basic loss per share from operations (cents)	5	0.19	(0.15)
Diluted loss per share from operations (cents)	5	0.19	(0.15)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	167,527	117,445
Trade and other receivables	8	1,033,092	168,294
Financial assets held for sale	9	494,961	-
		1,695,580	285,739
Non-Current exploration and evaluation asset held for sale	10	3,897,906	3,897,906
Total CURRENT ASSETS		**5,593,486**	**4,183,645**
NON-CURRENT ASSETS			
Trade and other receivables	8	260,480	-
Plant and equipment	11	20,585	34,193
Financial assets	13	1,060,825	-
Total Non-Current Assets		**1,341,890**	**34,193**
TOTAL ASSETS		**6,935,376**	**4,217,838**
CURRENT LIABILITIES			
Trade and other payables	14	376,585	85,803
Loan funds	15	684,236	-
Provisions	17	-	18,731
		1,060,821	104,534
Liabilities included in disposal group held for sale	16	694,242	694,242
Total Current Liabilities		**1,755,063**	**798,776**
NON-CURRENT LIABILITIES			
Provisions	17	-	-
Total Non-Current Liabilities		**-**	**-**
TOTAL LIABILITIES		**1,755,063**	**798,776**
NET ASSETS		**5,180,313**	**3,419,062**
EQUITY			
Issued capital	18	62,913,634	62,032,248
Reserves	19	84,850	78,750
Retained profits		(57,818,171)	(58,691,936)
TOTAL EQUITY		**5,180,313**	**3,419,062**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	AFS Financial Asset Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2014	61,782,248	(59,378,497)	1,302,817	-	3,706,568
Total comprehensive loss for the year	-	(537,506)	-	-	(537,506)
Transactions with owners, recorded directly in equity					
Shares issued during the period	250,000	-	-	-	250,000
Transfer on expiry of options		1,224,067	(1,224,067)	-	-
Share based payments	-	-	-	-	-
Balance at 30 June 2015	**62,032,248**	**(58,691,936)**	**78,750**	**-**	**3,419,062**
Balance at 1 July 2015	**62,032,248**	**(58,691,936)**	**78,750**	**-**	**3,419,062**
Total comprehensive profit/(loss) for the year	-	795,015	-	-	795,015
Transactions with owners, recorded directly in equity					
Shares issued during the period	929,000	-	-	-	929,000
Transfer on expiry and cancellation of options	-	78,750	(78,750)	-	-
Cost of shares issued for placement	(47,614)	-	-	-	(47,614)
Revaluation of equity securities in listed company	-	-	-	84,850	84,850
Balance at 30 June 2016	**62,913,634**	**(57,818,171)**	**-**	**84,850**	**5,180,313**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts in the course of operations		-	-
Cash payments in the course of operations		(909,327)	(1,034,617)
Income tax refunds		-	270,841
Settlement Proceeds Received		600,000	-
Interest received		26,489	24,244
Other Income		37,332	99,133
Net cash (used in) operating activities	**21**	**(245,506)**	**(640,399)**
Cash flows from investing activities			
Proceeds from AFS Financial Assets		50,791	-
Loan to related entity		(260,000)	-
Payments for Investment		(1,060,825)	-
Net cash used in investing activities		**(1,270,034)**	**-**
Cash flows from financing activities			
Proceeds from issue of shares		914,000	250,000
Transaction costs on issue of shares		(32,614)	-
Proceeds from loan funds		684,236	-
Net cash increase in financing activities		**1,565,622**	**250,000**
Net decrease in cash and cash equivalents		50,082	(390,399)
Cash and cash equivalents at the beginning of the year		117,445	507,844
Cash and cash equivalents at the end of the year	**7**	**167,527**	**117,445**

The above 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 general purpose financial statements of the Company 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"). Bass Metals Ltd is a for-profit entity for the purpose of preparing the financial statements.

Bass Metals Ltd is a public company incorporated and domiciled in Australia.

The financial statements for the year ended 30 June 2016 (including comparatives) were approved and authorised for issue by the Board of Directors on 29 September 2016.

(b) New and amended standards adopted by the Company in this Financial Report

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. These include:

- Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has had no effect on the amounts reporting for the current or prior periods.

(c) Impact of standards issued but not yet applied by the Company

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

AASB 9 *Financial Instruments*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. 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 1057 *Application of Australian Accounting Standards*

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 *Application of Australian Accounting Standards*.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.

1. **NOTES TO THE FINANCIAL STATEMENTS (continued)**

AASB 14 *Regulatory Deferral Accounts*

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

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.

When this Standard is first adopted for the year ending 30 June 2018, there is not expected to be any material impact on the transactions and balances recognised in the financial statements.

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

When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-3 ***Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations***

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

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 effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-9 ***Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements***

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2014-10 ***Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2016-1 ***Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses***

AASB 2016-1 amends AASB 112 *Income Taxes* to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

The effective date is for annual reporting periods beginning on or after 1 January 2017.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

(d) 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.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

Foreign Currency Translation

Functional and Presentation Currency

The financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

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.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when product is physically transferred onto a vessel, train, conveyor or other delivery mechanisms. Revenue is measured at the fair value of the consideration received or receivable.

The Company has no reported revenue during the period other than income relating to the sub lease of land used for exploration purposes and the LionGold settlement.

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 Company'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%

Motor vehicles also include assets held under a finance lease (see *Leased Assets*). Motor vehicles are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

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 Company 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.

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 Company 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.

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 expensed as incurred.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Company 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.

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.

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Company 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 Company has no FVTPL financial assets
- held-to-maturity (HTM) investments — the Company 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.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Company'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 Company 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 Company has not designated any financial assets at fair value through profit or loss

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 Company has the intention and ability to hold them until maturity. The Company 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 Company's AFS financial assets include listed securities in A1 Consolidated Gold Ltd.

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.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

Classification and subsequent measurement of financial liabilities

The Company'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 Company 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 or finance income.

Impairment testing of Non-Current exploration and evaluation asset held for sale, plant and equipment

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 Company'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.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Company 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 Company'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 Company 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.

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 Company 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 Company has designated that its 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 Company'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.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

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) the Options Reserve which comprises costs associated with share-based payments (see Share-based Employee Remuneration); and (b) the Available for Sale 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 OCI 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.

Post-employment Benefits and Short-term Employee Benefits

The Company provides post-employment benefits through defined contribution plans.

Defined Contribution Plans

The Company pays fixed contributions into independent entities for individual employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term Employee Benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Share-based Employee Remuneration

The Company operates equity-settled share-based remuneration plans for its employees. None of the Company'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

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company 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 Company; and (c) amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

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 Company 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.

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.

Provision for Restoration and Rehabilitation

The Company 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.

The provision at 30 June 2016 represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116: *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with AASB 136: *Impairment of Assets*. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss and other comprehensive income. Also, rehabilitation obligations that arose as a result of the production phase of a mine should be expensed as incurred.

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

Share-based Payment Transactions

The Company 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.

Estimation of Useful Lives of Assets

The Company'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 Company'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 Company's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company 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 Company 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. In 2016, the Company recognised an impairment charge of $450,000 on the settlement proceeds receivable from LionGold (refer to Notes 3 and 8).

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 (refer to Note 27).

1. NOTES TO THE FINANCIAL STATEMENTS (continued)

Going Concern

The financial statements for the year ended 30 June 2016 have 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 entity incurred a profit after tax of $795,015 (2015: loss of $537,506). Net cash outflows from operations during the period were $245,506 (2015: $640,399) and at reporting date current assets exceeded current liabilities by $3,838,423 (2015: $3,384,869).

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

- the ability of the company to raise sufficient additional capital in the future;
- the successful development of its consolidated entity's tenements in Tasmania;
- its ability to achieve a financial return from its investment in Graphmada Mauritius; and
- recoverability of its settlement agreement with LionGold

These conditions give rise to material uncertainty over the consolidated entity's ability to continue as a going concern.

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

The Directors recognise that the above factors represent a material uncertainty as to the Company's ability to continue as a going concern, however, the Directors are confident that the Company will be able to continue its operations into the foreseeable future.

Should the Company be unable to raise sufficient funding as described above, there is a material uncertainty whether the Company will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

Non-Current exploration and evaluation asset held for sale

The Company has a range of spending commitments required to be fulfilled in order to keep Company's licences to its areas-of-interest current. Given the trading and cash flow pressures detailed above, there is uncertainty whether the Company will be able to fulfil these commitments and retain the currency of the licences. Should the spending commitments not be fulfilled and the Company consequently loses its rights in relation to the areas-of-interest, the Company may not be able to realise the balance of Non-Current exploration and evaluation asset held for sale of $3,897,906.

2. Revenue

	2016 $	2015 $
(b) Other income		
Interest received	26,489	26,680
Gain - Settlement proceeds	2,500,000	-
Gain – Sale of listed shares	10,902	-
Realised foreign currency gains	-	38,004
Other revenue	-	101,203
Other tax refunds	-	31,421
Other fees	-	1,250
Rent and access fees received	14,128	-
Total other income	**2,551,519**	**198,558**

3. Profit/(Loss) for the Year

The profit/(loss) for the year is stated after taking into account the following:

Expenses

	2016 $	2015 $
(a) Other expenses		
Employee benefits expense	114,581	89,633
Contracting & consulting expenses	221,922	226,760
Rental expenses	29,980	18,588
Bad Debt expense	144,612	
Administration expenses	214,472	152,372
Legal expenses	52,390	12,299
Insurance expenses	30,959	58,339
Impairment charge[1]	450,000	-
Depreciation – plant & equipment	13,608	21,765
Director fees	200,993	-
Total other expenses	**1,473,517**	**579,669**
(b) Finance costs		
Finance costs	-	6,845
Total finance costs	-	**6,845**
Total expenses	**1,473,517**	**586,514**

Note 1: Recent negotiations with LionGold (refer to Note 25) have agreed on an amended Deed where the Company will accept an offer of $1 Million as full and final settlement of the outstanding settlement proceeds receivable. As a result, the Company has booked an impairment of $450,000 against settlement proceeds receivable at balance date, refer to Note 8.

4. Income Tax Expense

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

		2016 $	2015 $
(a)	**The components of tax expense comprise:**		
	Current tax	-	(148,054)
	Under provision in respect of prior years	-	-
		-	**(148,054)**
(b)	**The prima facie tax on loss before income tax at 30% (2015: 30%)**	238,505	(205,668)
	Add tax effect of:		
	Non-deductible expenditure	135,061	-
	R&D Incentives	-	148,054
		373,566	(57,614)
	Add tax effect of:		
	Deferred Tax Asset not brought to account	(373,566)	205,668
	Under provision in respect of prior years	-	-
	Income tax (benefit) attributable to loss from ordinary activities before tax	-	**(148,054)**
	The applicable weighted average effective tax rates are as follows:	**30%**	**28%**

Unrecognised temporary differences

At 30 June 2016, there are no unrecognised temporary differences associated with the Company's investments or joint venture, as the Company has no liability for additional taxation should unremitted earnings be remitted (2015: $Nil).

		2016 $	2015 $
(c)	**Deferred tax balances**		
	The following deferred tax assets and liabilities have been		
	Deferred tax asset – losses available	965,222	965,222
	Deferred tax liability – exploration expenditure	(965,222)	(965,222)
	Net recognised tax balances	**-**	-
	The following deferred tax assets and liabilities have not been brought to account:		
	Unrecognised deferred tax assets comprise:		
	Revenue Losses available for offset against future taxable	14,606,612	14,109,605
	Capital Losses	5,044,936	5,798,207
	Plant and equipment	0	90,197
	Transaction costs on equity issue	-	111,799
	Provisions	6,750	8,204
		19,658,298	20,118,012

Deferred tax asset not recognised is $19.66M (2015: $20.12 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 company can utilise the benefits from.

4. Income Tax Expense (continued)

The potential deferred tax assets will only be obtained if:

(i) the Company 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 Company continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Company in realising the benefits.

5. Loss attributable to discontinued operations

At the end of 2015, the Company sought to realise the value of 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, refer Note 10.

During the reporting period, care and maintenance expenses relating to this disposal group have been eliminated from profit or loss from the Company'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 for the year from discontinued operations*).

Expenses

	2016 $	2015 $
Contracting & consulting expenses	107,304	-
Exploration expenditure expensed	22,752	83,055
Hellyer operating infrastructure – care & maintenance	152,931	214,549
Total expenses	282,987	297,604

6. Earnings Per Share

(a) Basic and diluted Earnings Per Share	**2016 $**	**2015 $**
Profit/(loss) for the year	795,015	(537,506)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	421,691,643	355,271,771
Basic and diluted profit/(loss) per share (cents)	**0.19**	**(0.15)**

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.

7. Cash and Cash Equivalents

	2016 $	2015 $
Cash at bank and in hand	167,527	117,445
	167,527	117,445

8. Trade and Other Receivables

	2016 $	2015 $
Current		
Settlement proceeds[1]	1,000,000	-
Trade receivables	-	144,612
Other receivables	33,092	23,682
	1,033,092	168,294
Non-current		
Loan to related company - Stratmin Global[2]	260,000	-
Other security deposits	480	-
	260,480	-

Note 1: As part of the company's settlement with LionGold Corp Ltd ("LionGold") announced by the company on 18 November 2015, the company had chosen to recognise during the period the full value of the agreed settlement value of A$2,500,000. During the period the company has received A$600,000 in cash from LionGold. In addition, the Company has also received shares worth A$450,000 in A1 Consolidated Gold Ltd (ASX: AYC), an Australian Securities Exchange ("ASX") listed company as part settlement, refer also to Note 9. The Company has since disposed of all the shares held in A1 Consolidated Gold Ltd for a total of A$781,425, realising an additional profit on sale of A$331,425 (of that, A$10,902 profit on sale was recorded at balance date).

On 26 September 2016, the Company executed a deed of settlement and release with Liongold and a company incorporated in Singapore, Global AU Mining Pte Ltd. The deed provides that the Company shall be paid A$1,000,000 cash by Global AU Mining Pte Ltd as full and final settlement of the Company's entitlement to the balance of A$1,450,000 owed by Liongold.

The Company chose to sell the remaining funds owed to them by Liongold for cash rather than accept A$1,450,000 worth of listed shares in Liongold. As part of this transaction, Global AU Mining Pte Ltd shall receive shares that may be issued by Liongold. Under the terms of this deed, the Company will receive $1,000,000 within 60 days.

Note 2: A loan of $A260,000 to Stratmin Global Resources Plc was provided for the purposes of working capital for their operating Graphmada Graphite mine subsidiary in Madagascar which the Company is in the process of acquiring a 100% interest. The amount receivable will be deducted from future payments that the Company will make under Tranche 1 of the formal sale agreement with Stratmin Global Resources Plc for the purchase of the operating Graphite mine in Madagascar. Mr D Premraj is also a Director of Stramin Global Resources Plc, refer also to Note 26 and Note 25.

9. Financial assets held available for sale

	2016 $	2015 $
Listed equity securities - Shares in A1 Consolidated Gold Ltd:		
Received in lieu of cash on part settlement of LionGold	450,000	-
Shares disposed	(39,889)	-
Re-measurement recognised in other comprehensive income	84,850	-
	494,961	-

As detailed in Note 8 above the Company 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.

The Directors are in the process of disposal of the shares held in A1 Consolidated Gold Ltd and during the reporting period had sold 2,292,500 shares at an average sale price of $0.0221 each which realised a gain on sale of $10,902.

The remaining shares in A1 Consolidated Gold Ltd held at balance date have been revalued to fair value derived from the quoted market price from the Australian Securities Exchange. As a result of the revaluation, the company has booked an unrealised gain on revaluation of $84,850. Refer to Note 25 *Events Subsequent to Reporting Date*.

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

As the company has sought to realise the value of 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.

The Directors have determined that the carrying cost of capitalised exploration at balance date represents the lower of its carrying amount and fair value less cost to sell and therefore no impairment has been recognised during the current reporting period. Refer also to Note 16 *Liabilities Included in Disposal Group Held for Sale*.

	2016 $	2015 $
Capitalised exploration and evaluation asset transferred from Capitalised exploration and evaluation expense	3,217,406	3,217,406
Hellyer operating infrastructure guarantees transferred from non-current receivables[1]	500,000	500,000
Tenement security deposits transferred from non-current receivables[1]	170,500	170,500
Operating lease bonds transferred from non-current receivables[1]	10,000	10,000
	3,897,906	**3,897,906**

As at the date of signing this report, there exists material uncertainty regarding the full recovery of the capitalised value of exploration and evaluation assets held for sale.

Note 1: Tenement security deposits and Hellyer operating infrastructure guarantees are held in fixed term deposits relating to the Que River project.

11. Plant & Equipment

	2016 $	2015 $
Plant & Equipment – Other		
At cost	162,024	162,024
Accumulated depreciation	(141,439)	(127,831)
Total Plant & Equipment	**20,585**	34,193

Movements in carrying amounts

The carrying amounts of each class of plant and equipment between the beginning and end of the current and last financial year are set out below:

	Plant & Equipment – Other	Total
	$	$
Balance at 1 July 2014	55,958	55,958
Additions	-	-
Disposals	-	-
Depreciation expense	(21,765)	(21,765)
Balance at 30 June 2015	34,193	34,193

	Plant & Equipment – Other	Total
	$	$
Balance at 1 July 2015	34,193	34,193
Additions	-	-
Disposals	-	-
Depreciation expense	(13,608)	(13,608)
Balance at 30 June 2016	**20,585**	20,585

There was no impairment losses recognised during the current or prior reporting periods.

Property, plant and equipment pledged as security for liabilities

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

12. Capitalised Exploration and Evaluation Expenditure

	2016 $	2015 $
The Company has mineral exploration costs carried forward in respect of areas of interest currently in the phase of exploration and evaluation:		
Balance at the beginning of the year	-	3,066,801
Expenditure capitalised for the period	-	150,605
Transfer of value to current asset – capitalised exploration and evaluation expense available for sale	-	(3,217,406)
Balance at the end of the year	-	-

12. Capitalised Exploration and Evaluation Expenditure (continued)

Interests in Tenements

Agreements have been entered into with third parties, whereby Bass Metals Ltd can earn an interest in exploration areas by expending specified amounts in the exploration areas along with Bass Metals Ltd's contribution.

Tenement	Interest
EL48/2003 Mt Block[2]	100%
CML 103M/1987 Hellyer Mine Lease[1&2]	100%
CML 68M/1984 Que River Mine Lease[2]	100%
ML 10W/1980 Access Easement to QRML	100%

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 in EL48/2003, CML68M/1984 and CML103M/1987.

13. Financial Assets

	2016 $	2015 $
Investment in Graphmada Mauritius	1,060,825	-
	1,060,825	-

The Company's investment in Graphmada represents the initial payment made on completion of tranche one for a 6.25% ownership at balance date. Refer to the *Review of Operations*, Directors Report *Significant Change in State of Affairs* and Note 25.

At balance date, the Company's investment Graphmada Mauritius is a non-controlling interest without significant influence, hence the asset has been measured at cost and not accounted for using the equity method. The Company has determined that the carrying value represents the fair value.

14. Trade and Other Payables

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade Payables	193,918	52,940
Directors Fees payable	60,000	-
GST Payable	167	-
Audit Fee Accrual	22,500	13,500
PAYG Payable	-	4,093
Superannuation payable	-	8,612
Accrued professional fees	100,000	6,658
	376,585	**85,803**

Accrued expenses are recognised when the Company has identified a present obligation from the result of past events. These amounts include interest, employee payment obligations, professional fees and statutory obligations.

(a) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

For terms and conditions relating to related party payables refer to Note 26.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding credit, foreign exchange and liquidity risk exposure is set out in Note 27.

15. Loans Funds

	2016 $	2015 $
Funds received in advance for shares(a)	**684,236**	-

(a) During the period, the Company received short term 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. Refer to Note 25.

16. Liabilities Included in Disposal Group Held for Sale

As the company has sought to realise the value of capitalised exploration and expense through the sale of these assets (refer to Note 10), the company has also recognised liabilities relevant to the potential sale of the capitalised exploration assets, refer to Note 17.

	2016 $	2015 $
Mine closure rehabilitation provision	**694,242**	694,242

17. Provisions

The carrying amounts and class of provisions between the beginning and end of the current financial year are set out below:

	Fossey Mine Closure & Restoration	Short-term Employee Benefits	Long-term Employee Benefits	Total
	$	$	$	$
Balance at 1 July 2014	**694,242**	**42,148**	**-**	**736,390**
Additions	-	18,731	-	18,731
Amounts used during the period	-	(42,148)	-	(42,148)
Amounts included in disposal groups held for sale Refer to Note 16	(694,242)	-	-	(694,242)
Balance at 30 June 2015	**-**	**18,731**	**-**	**18,731**
Additions	-	-	-	-
Amounts used during the period	-	(18,731)	-	(18,731)
Balance at 30 June 2016	-	-	-	-

Provision for Mine Closure & Restoration – Fossey

The provision in 2015 recognises the costs to be incurred in restoration of the Fossey and Que mine sites used for the extraction of base metals. Restoration of the mine site has commenced and is ongoing. During 2016 this provision was reviewed and reclassified as a Current Liability included in disposal group held for resale. For comparative purposes the prior year has been classified as *Liabilities included in disposal group held for sale*, refer to Note 16.

18. Issued Capital

	2016	2015
	$	$
460,028,181 (2015: 376,105,104) fully paid ordinary shares	**62,913,634**	62,032,248

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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 Company has no authorised share capital and the shares have no par value.

Options

- Refer to Note 24 for information relating to the Company 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.

18. Issued Capital (continued)

Capital management

Management controls the capital of the Company by monitoring performance against budget to provide the shareholders with adequate returns and ensure the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company'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 Company since the prior year. There are no externally reported capital requirements.

The movement in ordinary shares during the year are as follows:

	2016 Number of Shares	2016 $	2015 Number of Shares	2015 $
At the beginning of the year	**376,105,104**	**62,032,248**	**326,105,104**	**61,782,248**
Issued during the year				
• Ordinary shares issued at $0.005 as part of placement on 27 November 2014			50,000,000	250,000
• Ordinary shares issued at $0.013 as part of placement in November 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 December 2015 placement (1)	1,500,000	15,000		
• Reduction in Corporate Advisory cost (1)		(15,000)		
• Capital raising costs		(32,614)		
Balance at the end of the year	**460,028,181**	**62,913,634**	**376,105,104**	**62,032,248**

Cash Financing Activities

On 24 December 2015, the Company announced that it proposed to issue 54,000,000 shares to subscribers and advisors as part of the placement completed.

(1) 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 Company's capital raising costs.

19. Reserves

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and as consideration for loans received and for acquiring tenements or rights to participate in joint ventures. An analysis of movements in this reserve is provided in the Statement of Changes in Equity.

	2016 $	2015 $
At the beginning of the year	78,750	1,302,817
Forfeited and cancelled	(78,750)	(1,224,067)
Share based payments expense	-	-
Balance at the end of the year	**-**	**78,750**

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.

	2016 $	2015 $
At the beginning of the year	-	-
Re-measurement gain on AFS financial assets	84,850	-
Balance at the end of the year	**84,850**	**-**

20. Capital and Leasing Commitments

	2016 $	2015 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
Not later than 12 months	-	1,171
Between 12 months and five years	-	-
	-	**1,171**

The Company had a non-cancellable lease for computer equipment located at the Company's office. The lease had a five-year term and expired on the 24 August 2015. Lease payments were payable in advance. During 2016 the Company's total operating lease expenditure was $nil (2015, $18,588).

Exploration Commitments

The Company has minimum exploration commitments totalling $300,000 for the next financial reporting period.

21. Cash Flow Information

Reconciliation of cash flows from operations with loss after income tax

	2016 $	2015 $
Operating profit/(loss) after income tax	**795,015**	**(537,506)**
Adjustments for:		
Depreciation & amortisation	13,608	21,765
Gain on sale of AFS Financial Assets	(10,902)	-
Bad debt written off	144,612	-
Impairment charge	450,000	-
Net changes in working capital:		
Change in other current assets	(1,499,298)	(150,605)
Change in trade and other receivables	(410,111)	8,152
Change in non-current receivables	(480)	(10,000)
Change in other assets	-	28,628
Change in income taxes payable	-	-
Change in trade and other payables	290,780	22,584
Change in provisions	(18,730)	(23,417)
Net cash used in operating activities	**(245,506)**	**(640,399)**

22. Operating Segment

Segment information

The operating segments identified are based on geographical location, different risk profiles and performance assessment criteria.

The Company has identified for the year that it has no operating segments disaggregated within the Company. This has been determined based on the fact that the Board of Directors (chief operating decision makers) assesses performance of the Company with no further review at a disaggregated level.

During the period, the Company operates 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. The Company’s 6.25% investment in Graphmada does not give the Company significant influence and therefore the investment is not accounted for using the equity method nor were separate financial reports from Graphmada reviewed by the Board of Directors during the period.

23. Contingencies

Contingent Liabilities

As the Company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the company has also recognised liabilities relevant to the potential sale of the capitalised exploration assets.

The value of mine closure rehabilitation provision is an assessment of the potential rehabilitation costs the Company may incur in the future. There exists some risk that the actual costs, when and if incurred, will be higher than the provision recognised.

In January 2016, the Company informed the market that the Company had, following the announcement of its settlement with LionGold Corp Ltd, received a claim from a litigation funder purporting to be entitled to part of the Company's settlement proceeds. The Company intends to refute and defend this claim. No value or contingent liability has been reflected within the Financial Report in relation to this claim. As at the date of this report, the Company believes this claim has been withdrawn.

Contingent Assets

As the Company has sought to realise the value of capitalised exploration and expense through the sale of these assets, the total value is now recognised as capitalised exploration and evaluation assets held for sale. As at the date of signing this report, there exists material uncertainty regarding the full recovery of the capitalised value of exploration and evaluation assets held for sale.

As outlined in this report in Note 27, there exists some uncertainty that the full value of the remaining settlement proceeds owed to the Company by LionGold shall be fully recovered.

24. Share-based Payments

The following share-based payment arrangements existed at 30 June 2016.

(i) Bass Metals Ltd Employee Share and Option Plan

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 Company 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) 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 Company (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 and performance rights 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. 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 Company or is dismissed in certain circumstances.

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 Company's Policy for Trading in Company 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.

(ii) Total Company Unlisted Options

	2016		2015	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	15,000,000	0.013	15,000,000	0.013
Granted	33,330,000	0.015	-	-
Forfeited and cancelled	(15,000,00)	(0.013)	-	-
Exercised	-	-	-	-
Outstanding at the end of the year	33,330,000	0.015	15,000,000	0.013
Exercisable at the end of the year	**33,330,000**[1]	**0.015**	**15,000,000**	**0.013**

Note 1: Unlisted options outstanding at the end of the financial year represent options issued under a placement to investors issued on 4 January 2016.

There are no listed options outstanding at the end of the financial year.

Employee Share Plan Options

There were no Employee Share Option Plan options at the beginning of the year, neither granted during the year or at the end of the financial year.

25. Events Subsequent To Reporting Date

On the 7 July 2016, the Company announced the appointment of Tim McManus as CEO.

On the 7 July 2016, the Company announced the signing of a formal sale agreement to acquire 100% of the operating Graphmada graphite mine in Madagascar and a capital raising of a 1 for 1 non-renounceable rights issue to raise up to A$5.5 million with up to a further A$1.5 million from an institutional (accelerated) component.

On 13 July 2016, the Company announced to the Australian Securities Exchange ("ASX") the release of a prospectus detailing a fully underwritten non-renounceable pro rata offer to eligible shareholders of 1 New Share for every 1 Existing Share at an issue price of A$0.012 per New Share with 1 free attaching New Option (exercisable at A$0.025 on or before 31 December 2018) for every 2 New Shares issued to raise A$5,520,338 before issue costs.

On the 13 July 2016, the Company announced the successful completion of the institutional (accelerated) component of the non-renounceable rights issue which raised A$1.9 million (before expenses) from eligible shareholders and new investors.

On 22 August 2016 shareholders at the General Meeting held by the Company approved the capital raising announced in July 2016 allowing the Company to proceed with the share and option placements and the acquisition of the Graphmada graphite mine. Included in the resolutions approved at the meeting were resolutions number 10 to 13 which shareholders approved the conversion of $684,236 in loan funds to equity. The loans were converted on 2 September 2016.

On the 22 August 2016, the Company announced that it was taking operational control of the Graphmada graphite mine in eastern Madagascar following approval from the shareholders of Stratmin Global Resources Plc on 29 July 2016 for the sale of the Graphmada graphite mine to the company (see ASX announcement 4 April 2016).

On 2 September 2016, the Company announced the issue of 733,118,548 ordinary shares, 344,847,423 listed options and 23,054,220 unlisted options resulting from the capital raising approved by shareholders at the general meeting held on 22 August 2016.

On 2 September 2016, the Company announced the resignation of Mr D Premraj as a Non-Executive Director and the appointment of Mr P Wright as a Non-Executive Director.

25. Events Subsequent To Reporting Date (continued)

On 9 September 2016, the Company announced the issue of 40,000,000 unlisted options to Mr T McManus, CEO, and 30,000,000 unlisted options to Mr D Round, CFO. These options were issued as part of their remuneration agreement and the options are exercisable on or before 31 December 2020.

Up to and including the end of August 2016, the Company had paid $900,000 to Stratmin Global Resources Plc as part payment of its tranche one requirements. Then, on 19 September 2016, the Company paid $600,000 to Statmin Global Resources Plc and completed all its requirements required required by tranche one of its purchase of Graphmada Mauritius. .

On 26 September 2016, the Company executed a deed of settlement and release with Liongold and a company incorporated in Singapore, Global AU Mining Pte Ltd. The deed provides that the Company shall be paid A$1,000,000 cash by Global AU Mining Pte Ltd as full and final settlement of the Company's entitlement to the balance of A$1,450,000 owed by Liongold.

The Company chose to sell the remaining funds owed to them by Liongold for cash rather than accept A$1,450,000 worth of listed shares in Liongold. As part of this transaction, Global AU Mining Pte Ltd shall receive shares that may be issued by Liongold. Under the terms of this deed, the Company will receive $1,000,000 within 60 days.

As at the date of signing this report all remaining shares held in A1 Consolidated Gold Ltd were sold at an average sale price of approximately 3 cents which represents a gain of approximately A$320,000.

26. Related Party Transactions

During the year, Mr P Treasure was engaged to undertake a number of tasks on behalf of the company. Total payments for these tasks amounted to $4,500 (2015:$53,750) and were paid on commercial terms. The payments were made to Karton Investments Pty Ltd; a company controlled by Mr P Treasure.

During the year, the Company engaged Loxley Holdings Pte Ltd for a fee of $100,000 to negotiate with LionGold Corp Pte Ltd which resulted in an agreement for the original settlement of $2.5 million receivable from LionGold. Loxley Holdings Pte Ltd is a related party to Mr D Premraj. This amount remains payable at balance date, refer to Note 14.

At balance date, Mr D Premraj, was a Director of Stratmin Global Resources Plc, refer also Note 8.

Other than the detail outlined within the remuneration report and above, there are no other related party transactions.

(a) Key Management Personnel

The Key Management Personnel at 30 June 2016 are: Mr R Anthon, Mr D Premraj, Mr J Marvin, Mr D Round.

Additional disclosures relating to the remuneration and shareholdings of key management personnel are set out in the Remuneration Report. Refer also to Note 25 for events subsequent to reporting date.

27. Financial Risk Management

(a) Financial Risk Management Policies

The Company'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.

(i) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments and operations are liquidity risk and credit risk.

Foreign Currency risk

The company has not held any cash in foreign currencies during the period and was therefore not exposed to fluctuations in foreign currencies.

27. Financial Risk Management (continued)

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and investing in financial instruments which under normal market conditions are readily converted to cash.

Credit risk

The maximum exposure to credit risk at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no amounts of collateral held as security at 30 June 2016.

Credit risk is managed on a Company basis and reviewed regularly by the Company. It arises from exposures to customers as well as through deposits with financial institutions.

The Company monitors credit risk by actively assessing liquidity of counter parties:

- Only banks and financial institutions with a high rating are utilised for derivative financial instruments; and
- All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing.

The credit risk for counterparties included in trade and other receivables and financial assets at 30 June 2016 are detailed below:

	2016 $	2015 $
Trade and other receivables		
Trade receivables – counterparties not rated	-	144,612
Settlement proceeds receivable – counterparties not rated[1]	1,000,000	-
Loan to Stratmin Global Resources Plc – counterparties not rated [2]	260,000	-
Other receivables – counterparties not rated [3]	-	23,682
Financial assets held available for sale		
Listed securities held I A1 Consolidated Gold Ltd [4]	494,961	-
	1,754,961	**168,294**

Note 1: Represents the amount receivable from LionGold, refer to Note 8

Note 2: Relates to a working capital loan to Graphmada graphite mine, a subsidiary of Stratmin Global Resources Plc to be recovered from future payments by the Company under Tranche 1 of the agreement to acquire 100% of Graphmada, refer to Note 8

Note 3: Other receivables exclude prepayments

Note 4: Securities are quoted on the Australian Securities Exchange, refer to Note 9

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instrument. As such, the amounts may not reconcile to the Statement of Financial Position.

27. Financial Risk Management (continued)

30 June 2015	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 Year	Fixed Interest Rate Maturing 1 to 5 Years	Non-interest bearing	Total
		$	$	$	$	$
Financial Assets:						
Cash & cash equivalents	0.70%	117,445	-	-	-	117,445
Trade and other receivables		-	-	-	168,294	168,294
Tenement security deposits	2.0%	170,500	-	-	-	170,500
Operating lease bonds	2.0%	10,000	-	-	-	10,000
Hellyer operating infrastructure guarantees	2.0%	500,000	-	-	-	500,000
Total Financial Assets		**797,945**	**-**	**-**	**168,294**	**966,239**
Financial Liabilities:						
Trade and other payables		-	-	-	85,803	85,803
Total Financial Liabilities		**-**	**-**	**-**	**85,803**	**85,803**

30 June 2016	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 Year	Fixed Interest Rate Maturing 1 to 5 Years	Non-interest bearing	Total
		$	$	$	$	$
Financial Assets:						
Cash & cash equivalents	0.70%	167,527	-	-	-	167,527
Other receivables					33,093	33,093
Settlement proceeds receivable from LionGold[1]		-	-	-	1,000,000	1,000,000
Loan to Stratmin Global Mining Plc[1]		-	-	-	260,000	260,000
Listed securities held for sale[1]		-	-	-	494,961	494,961
Other security deposits		-	-	-	480	480
Tenement security deposits	2.27%	170,500	-	-	-	170,500
Operating lease bonds	2.4%	10,000	-	-	-	10,000
Hellyer operating infrastructure guarantees[4]	2.4%	500,000	-	-	-	500,000
Total Financial Assets		**848,027**	**-**	**-**	**1,788,534**	**2,636,561**
Financial Liabilities:						
Trade and other payables		-	-	-	376,585	376,585
Loans		-	-	-	684,236	684,236
Total Financial Liabilities		**-**	**-**	**-**	**1,060,821**	**1,060,821**

The above weighted average effective interest rates are as at balance date.

Trade and other receivables are expected to be received as follows:

	2016	2015
	$	$
Less than 6 months (1)	1,788,054	-
6 months to 1 year	-	-
1 to 5 years (2)	680,980	848,794
	2,469,034	**848,794**

27. Financial Risk Management (continued)

Apart from the receivable of $1 million due from LionGold which has been written down to its impaired value, there are no other balances within trade and other receivables that contain assets that have been impaired and are past due.

Note 1: Settlement proceeds receivable of $1 million from LionGold is expected within 6 months of balance date. Whilst the Board of Directors are confident that final settlement will be achieved, there is some risk that the full value may not be realised, refer to Note 8.

The loan to Stratmin Global Mining Plc of $260k is expected to be recovered from future payments that the Company will make under Tranche 1 of the formal sale agreement with Stratmin for the acquisition of the Graphmada graphite mine in Madagascar refer to Note 8.

Listed securities held in A1 Consolidated Gold Ltd of $495k are expected to be disposed within 6 months of balance date. Whilst the company is confident of realising the full value of the remaining shares held in A1 Consolidated Gold Ltd, there exists some risk that the full value may not be realised, refer to Note 9 and Note 25.

Note 2: Relates to Security and tenement infrastructure guarantees.

Trade and other payables are expected to be paid as follows:

	2016 $	2015 $
Less than 12 months	1,060,821	85,803
	1,060,821	**85,803**

(ii) Fair Values

The fair value of the Company's at call and short term deposits with banks, accounts receivable, other receivables, AFS financial assets and trade and other payable, loans, leases, and derivatives are all in line with the carrying values.

Apart from financial instruments classified as available held for sale Financial Assets (being listed securities), no other financial assets or financial liabilities are measured at fair value.

The fair value of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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).

27. Financial Risk Management (continued)

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

30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Trade and other receivables	-	-	168,294	168,294
Exploration and evaluation asset held for sale	-	-	3,897,906	3,897,906
Total assets	**-**	**-**	**4,066,200**	**4,066,200**
Financial Liabilities				
Trade and other payables	-	-	85,803	85,803
Total liabilities	**-**	**-**	**85,803**	**85,803**
Net fair value	**-**	**-**	**3,980,397**	**3,980,397**

30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Trade and other receivables	-	-	1,293,572	1,293,572
Available held for sale – listed securities	494,961	-	-	494,961
Exploration and evaluation asset held for sale	-	-	3,897,906	3,897,906
Non-Current Financial assets – investment in Graphmada	-	-	1,060,825	1,060,825
Total assets	494,961	-	6,252,303	6,747,264
Financial Liabilities				
Trade and other payables	-	-	376,585	376,585
Loans	-	-	684,236	684,236
Total liabilities	-	-	1,060,821	1,060,821
Net fair value	**494,961**	**-**	**5,191,482**	**5,686,443**

The fair values of financial assets and liabilities are comparable to the carrying amount.

(iii) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

27. Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate in relation to financial assets with all other variables remaining constant would be as follows:

	2016 $	2015 $
Change in profit		
Increase in interest rate by 1% (100 bps)	1,662	2,823
Decrease in interest rate by 1% (100 bps)	(1,662)	(2,823)
Change in equity		
Increase in interest rate by 1% (100 bps)	1,662	2,823
Decrease in interest rate by 1% (100 bps)	(1,662)	(2,823)

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate in relation to financial liabilities with all other variables remaining constant would be as follows:

	2016 $	2015 $
Change in profit		
Increase in interest rate by 1% (100 bps)	-	(490)
Decrease in interest rate by 1% (100 bps)	-	490
Change in equity		
Increase in interest rate by 1% (100 bps)	-	(490)
Decrease in interest rate by 1% (100 bps)	-	490

Foreign Currency Risk Sensitivity Analysis

At balance date, there was no effect on profit and equity as a result of changes in the value of the Australian dollar to the US dollar, with all other variables remaining constant.

28. Key Management Personnel

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2016 $	2015 $
Short-term employee benefits (salary and leave)	271,097	187,114
	271,097	**187,114**

29. Remuneration of Auditors

	2016 $	2015 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	35,000	22,500
	35,000	**22,500**

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BASS METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Bass Metals Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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*. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a the financial report of Bass Metals Limited is in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material Uncertainty relating to Going concern

Without qualification to the audit opinion expressed above, we draw attention to the Going Concern paragraph of Note 1 in the financial report which indicates the Company made a net profit after tax of $795,015, current assets exceed current liabilities by $3,838,423 and operating cash outflows totalled $245,506. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Bass Metals Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 29 September 2016

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bass Metals Ltd for the year ended 30 June 2016, 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, 29 September 2016

DIRECTORS DECLARATION

1. In the opinion of the Directors of Bass Metals Limited ("Company"):

a. The financial statements and notes as set out on pages 29 to 65 are in accordance with the Corporations Act 2001, including:

   i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and

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

   iii. Complying with International Financial Reporting Standards as disclosed in Note 1.

b. There are reasonable grounds to believe that the Company 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 Managing Director and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors of the Company.

RA Anthon
Chairman

Brisbane, Queensland
29 September 2016

ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 26 September 2016.

(a) Distribution schedule and number of holders of equity securities as at 26 September 2016

Security	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares (BSM)	122	229	180	622	610	1763

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 26 September 2016 is 872.

(b) 20 Largest holders of quoted equity securities as at 26 September 2016

The names of the twenty largest holders of fully paid ordinary shares (ASX Code: BSM) as at 26 September 2016 are:

Rank	Name	Units	% of Units
1	STRATMIN GLOBAL RESOURCES PLC	75,000,000	6.29
2	CONSOLIDATED MINERALS PTE LTD	50,000,000	4.19
3	ROOKHARP INVESTMENTS PTY LTD	49,999,996	4.19
4	MS JUSTINE MICHEL <LAMBRECHT INVESTMENT A/C>	49,000,000	4.11
5	RATHA KRISHNAN VADIVELU SUPERANNUATION PTY LTD	41,666,667	3.49
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	36,334,927	3.05
7	FINN AIR HOLDINGS PTY LTD	19,050,274	1.60
8	HARNBURY PTY LTD	16,096,068	1.35
9	EAGLE TRADERS PTY LTD	15,636,302	1.31
10	MR EDWIN SUGIARTO	15,039,802	1.26
11	MR NELSON FERNANDEZ	14,950,760	1.25
12	MR LEE CHAI HUAT	14,495,519	1.21
13	WILLATON PROPERTIES PTY LTD	13,817,061	1.16
14	HSBC CUSTODY NOMINEES <AUSTRALIA>	13,806,785	1.16
15	NAMBIA PTY LTD <ANTHON SUPERANNUATION A/C>	13,496,778	1.13
16	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	13,132,601	1.10
17	MACQUARIE RIVER HOLDINGS PTY LTD	13,080,458	1.10
18	MS KATE SLESAREWICH	12,959,263	1.09
19	ORIENT TRADE PTE LTD	12,269,853	1.03
20	MR SIMON LARKIN	12,001,350	1.01
	TOTAL	501,834,464	**42.06**

ADDITIONAL INFORMATION (continued)

Stock Exchange Listing: Listing has been granted for 1,193,146,729 ordinary fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

(c) Substantial shareholders

Substantial shareholders in Bass Metals Ltd and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices given to the Company are listed below:

Name	No. Shares Held	% of Issued Capital
STRATMIN GLOBAL RESOURCES PLC	75,000,000	6.29

(d) Restricted Securities as at 26 September 2016

There are no restricted securities on issue as at 26 September 2016

(e) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options have no voting rights.

(f) Company Secretary

The Company Secretary is David Round.

(g) Registered Office

The Company's Registered Office is 31 Ventnor Avenue West Perth, WA, 6005

ADDITIONAL INFORMATION (continued)

(j) Share Registry

The Company's Share Registry is Computershare Investor Services Pty Ltd of Level 2, 45 St Georges Terrace, Perth WA 6000.
Telephone: 1300 557 010

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

(l) Interests in Mining Tenements

The Company's interests in mining tenements as at 28 September 2016 are as follows:

Tenement	Interest
EL48/2003 Mt Block[2]	100%
CML 103M/1987 Hellyer Mine Lease[1&2]	100%
CML 68M/1984 Que River Mine Lease[2]	100%
ML 10W/1980 Access Easement to QRML	100%

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.

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 2016 is dated as at 30 June 2016 and was approved by the Board on 29 September 2016. The Corporate Governance Statement is available on the company's website at www.bassmetals.com.au.