

## MINE ACQUISITION AND CAPITAL RAISING TO POSITION BASS METALS AS AUSTRALIA'S ONLY ASX LISTED LARGE FLAKE GRAPHITE MINER

### Highlights

- Bass Metals signs formal Sale Agreement to acquire 100% of the operating Graphmada graphite mine in Madagascar
- Highly experienced management team appointed
- A\$5.5 million 1-for-1 non-renounceable rights issue to fund immediate production lift and commence expansion studies on completion of the acquisition.

Bass Metals Limited ("Bass" ASX: "BSM") is pleased to announce that it has signed a formal sale agreement with Stratmin Global Resources PLC ("Stratmin") to acquire 100% of the operating Graphmada large flake graphite mine in Madagascar.

Upon settlement, which is subject to certain conditions including shareholder approval for both companies, Bass will become Australia's only ASX listed large flake graphite miner. Final settlement is expected next month.

The acquisition transaction is a tiered cash and scrip package partially based on production milestones being met, as announced to the ASX on 4 April 2016.

Bass will also undertake a 1-for-1 non-renounceable Rights Issue to raise up to A\$5.5 million and up to a further A\$1.5m if the Joint Lead Managers to the raising (Patersons Securities Limited and Bizzell Capital Partners Limited) exercise their right to undertake an additional placement, subject to any necessary shareholder approvals. The Company has received firm commitments to underwrite the offer and expects to sign an underwriting agreement shortly. Funds raised will be used to immediately improve existing production and commence expansion studies at Graphmada, on completion of the acquisition.

### **Bass' Non-Executive Chairman, Mr Rick Anthon:**

"This company-transforming purchase of the cash generating and operating Graphmada mine on the island of Madagascar (offshore southeast Africa) will see Bass deliver on its objective to make the transition in just six months from graphite sector entrant to Australia's only ASX listed graphite miner".

"The transaction positions Bass Metals as an immediate global play as Graphmada has existing long term customers in Europe, India and the US for high purity, large flake product, and we will continue to develop new end-user customers for premium applications".

"Unlike many current graphite projects, Graphmada is a highly developed site and has been significantly de-risked with an historic sunk cost of more than A\$16 million to date".

“Not only will Bass Metals be mining under continuous mining operations from the end of August, but the mine has immediate potential to expand on its total 2015 output of graphite”.

“Bass Metals is also pleased to be partnering with Patersons and Bizzell Capital Partners (BCP) to raise the funds needed to advance production at Graphmada. “Proceeds from the rights issue will enable the Company to implement its strategy to turn Graphmada into the world’s pre-eminent large flake graphite producer. Bass is targeting improved cash flows from Graphmada and production rates that will position the Company to meet rising graphite demand.”

### New management team appointed

Bass Metals also announces today the appointment of Mr Tim McManus as the Company’s new Chief Executive, and Mr David Round as Chief Financial Officer. Mr McManus comes to Bass from his recent role as CEO of ASX listed and Tasmanian-focused mining developer, Elementos Limited, where he was instrumental in recovering and advancing one of the world’s lowest capital tin and copper projects to the build capital investment stage.

Mr McManus has more than 25 years’ experience as a mining professional with significant experience at senior management level across all facets of project assessment, development and operations. Previous roles include CEO of ASX listed Elementos Ltd, Chief Geologist for Xstrata, and Managing Director of Scorpion Energy.

Remuneration conditions are to be confirmed.

Mr Round is an experienced accountant with many years’ corporate experience in the resources 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. He has been extensively involved in Bass for some time as an expert advisor to the Board.

Mr Anthon said the Board of Bass Metals was exceptionally pleased to attract such a talented and capable management team to drive the expansion and production at Graphmada, but also evolve the Company into a world leading integrated graphite business.

### A\$5.5 million Rights Issue

The 1-for-1 pro-rata accelerated non-renounceable rights issue is open to shareholders resident in Australian or New Zealand on the record date at an issue price of \$0.012 per new ordinary share (**New Share**) with 1 free attaching new option exercisable at \$0.025 on or before 31 December 2018 for every 2 New Shares issued, to raise approximately \$5.5 million (**Rights Issue**).

The Rights Issue has two components:

- An initial offer to eligible institutional and sophisticated shareholders identified by Bass Metals and Joint Lead Managers: BCP and Patersons (**Institutional Offer**); and

- An offer to remaining eligible shareholders (**Retail Offer**).

The Rights Issue is to be fully underwritten by the Joint Lead Managers.

Eligible shareholders will be invited to subscribe for 1 New Share for every 1 existing share held at 7:00pm (AEST) on Wednesday, 13 July 2016 (**Record Date**) together with 1 new option for every 2 New Shares issued .

The issue price of \$0.012 per New Share represents a 60% discount to the closing price of Bass Metals shares of \$0.03 on Thursday 30 June 2016.

New ordinary shares issued will rank equally with existing Bass Metals shares.

Bass Metals will issue approximately 460,028,181 New Shares in connection with the Rights Issue resulting in Bass Metals having approximately 920,056,362 ordinary shares on issue following completion of the Rights Issue.

### **Institutional Offer**

Eligible Institutional and sophisticated shareholders identified by Bass Metals and the Joint Lead Managers will be invited to participate in the Institutional Offer. New Shares not taken up by these shareholders and those, which would have been offered to ineligible institutional shareholders, will be offered for subscription to eligible institutional shareholders and selected other institutional and sophisticated investors through a volume book-build process at the issue price.

### **Retail Offer**

The Retail Offer is only available to eligible retail shareholders. An eligible retail shareholder means a registered holder of Bass Metals shares as at 7:00pm (AEST) on the Record Date who:

- has a registered address in Australia or New Zealand; and
- was not invited to participate in the Institutional Offer.

The rights are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their rights will not receive any value in respect of those rights that they do not take up. Shareholders who are not eligible to receive rights will not receive any value in respect of rights they would have received had they been eligible.

Full details of the Retail Offer will be set out in the **Prospectus**, which will be available on the ASX website [www.asx.com.au](http://www.asx.com.au) from 13 July 2016.

Eligible retail shareholders will be mailed the Prospectus together with a personalised entitlement and acceptance form, which contains details of their rights on or around 18 July 2016. Shareholders should read the prospectus carefully before deciding whether to participate in the Retail Offer and will need to complete a personalised entitlement and acceptance form that will accompany the Prospectus.

**Indicative timetable**

Event	Date
Announcement of Rights Issue	Thursday 7 July
Voluntary suspension continues	
Institutional Offer opens	Thursday 7 July
Institutional Offer closes	Tuesday 12 July
Announce results of Institutional Offer	
Lodge Prospectus	Pre-open
Suspension lifted	Wednesday 13 July
Trading resumes on an ex-entitlement basis	
Record Date	7pm (AEST) Wednesday 13 July
Settlement of Institutional Offer	Thursday 14 July
Quotation of Shares issued under Institutional Offer	Friday 15 July
Last date to send offer documents to eligible retail holders	9am (AEST)
Last date for retail offer to open	Monday 18 July
Last day to extend Retail Offer	Tuesday 26 July
Retail Offer closes	5pm (AEST) Friday 29 July
Announce indicative results of retail offer	Tuesday 2 August
Announce results of retail offer	Thursday 4 August
Issue of New Shares under Retail Offer	Monday 8 August
Quotation of New Shares under Retail Offer and New Options under Institutional and Retail Offer	Tuesday 9 August
Shareholders Meeting	Thursday 18 August

In addition and subject to shareholder approval, the Joint Lead Managers have the sole and exclusive right, but not the obligation, to facilitate a top-up placement of up to \$1.5 million on the same terms as the Rights Issue following completion of the Rights Issue.

**This announcement is not intended to lift the suspension in trading of the Company's securities. The announcement expected to lift the suspension will be an announcement as to the results of the Institutional Offer on Wednesday 13 July 2016.**

For more information, please contact the Company via:

Phone: (07) 3221 0783

Email: [admin@bassmetals.com.au](mailto:admin@bassmetals.com.au)

## ABOUT THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

Madagascar has been a recognised producer and exporter of graphite since 1907 and sets the world standard due to its high proportion of high quality, large flake graphite. The Graphmada Large Flake Graphite Mine is situated in eastern Madagascar, approximately 100km by sealed highway from the export port of Tamatave.



The Graphmada Mine hosts four known deposits. Current mining is from the Loharano deposit, with the Mahefedok deposit undergoing trial mining. 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 >30 metres, to the underlying hard rock mineralisation. All mineralisation is open along a strike, of approximately 1.5km and to depth.

The 130 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. Bass plans to improve and expand its production through a low capital and timely expansion to easily leverage increasing market demand.

There are sales agreements in place, with well-established markets and a solid customer base. Production from Graphmada totalled ~1,500 product tonnes for calendar 2015, with a high proportion being large flake graphite with >94% purity. With consistency of sales and an established brand, Bass is poised to build a market leading position, with increased graphite demand.



## **DISCLAIMER & CAUTIONARY STATEMENTS**

### **Disclaimer**

This document has been prepared by Bass Metals Limited (“Bass” or 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 none of Bass nor its respective 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 contains 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 Bass Metals Ltd'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. Bass Metals Ltd. undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or

particular needs of any person. Nothing contained in this document constitutes investment, legal, tax or other advice.

### **Competent Person Statement**

The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation prepared and compiled by Mr Jannie Leeuwner and Mr. Jonathan Robbeson, for Exploration Results and Mineral Resources respectively . Mr Jannie Leeuwner – BSc (Hons) Pr.Sci.Nat. MGSSA, a full-time employee of Vato Consulting LLC. Mr. Leeuwner is a registered Professional Natural Scientist (Pr.Sci.Nat. - 400155/13) with the South African Council for Natural Scientific Professional (SACNASP). Mr. Jonathan Robbeson – BSc (Hons1), MEconGeol, (CP Geo), is a full time employee SymAudire Pty Ltd and is a registered Chartered Professional (Geology) with the Australian Institute of Mining and Metallurgy (AusIMM – 304542), both, as mining consultants, have been paid at usual commercial rates for the work which was completed for Stratmin Global Resources Plc and Bass Metals Ltd. Mr. Leeuwner and Mr. Robbeson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Leeuwner and Mr. Robbeson consent to the inclusion in this document of the matters based on his information in the form and context in which it appears.

### **Subsequent Public Reporting**

The information for the JORC Mineral Resource Summary is extracted from the ASX Announcement “Strategic investment in producing graphite asset” released 2 September 2015, which is available to view on [www.asx.com.au](http://www.asx.com.au). Bass Metals Ltd. confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.