

ASX RELEASE
4 April 2016

BASS TO ACQUIRE 100% OF OPERATING GRAPHITE MINE

HIGHLIGHTS

- Bass to acquire 100% interest in the operating Loharano graphite mine via series of staged payments
- Replaces previously announced transaction to deliver control of the asset and enhanced value to shareholders
- Patersons Securities and Bizzell Capital Partners engaged to assist with funding the transaction

OVERVIEW

Bass Metals Ltd (Bass - ASX:**BSM**) has successfully renegotiated the terms of the agreement with AIM listed Stratmin Global Resources Plc (**Stratmin**) (see ASX Release 2 September 2015) and have executed a replacement Terms Sheet to secure 100% ownership of the operating Loharano graphite mine in Madagascar.

The replacement Terms Sheet allows Bass' executive team to complete due diligence in the short term and details relating to this proposed transaction are outlined below.

Bass' Chairman, Rick Anthon:

"We are delighted to conclude negotiations with Stratmin and secure the ownership of Graphmada, thereby delivering cash flow and exposure to the exciting graphite market. The opportunity will set Bass apart from its peers as it is in operation and more importantly has access to graphite markets.

The mine is producing and one of our initiatives will be to actively look to increase production and cash flow via a low capital plan.

I'm also pleased to announce that Bass has engaged leading advisors Bizzell Capital Partners (Queensland based firm who has previously raised funds for the company) and Patersons Securities to assist with the transaction and support the future development of the operations."

REPLACEMENT TERMS

As outlined in the ASX release of 24 December 2015, Bass had previously secured 6.25% of the Stratmin subsidiary Graphmada Mauritius (**Graphmada**) by completing a payment to Stratmin of £500,000.

The conditions of the replacement Terms Sheet provide that Bass can secure 100% of issued shares in Graphmada, by completing the new tranche 1 conditions as follows:

1. Payment of A\$1,500,000;
2. Issue to Stratmin \$750,000 worth of Bass shares at 1 cent; and
3. Grant to Stratmin a net smelter royalty ("NSR") of 2.5% with the NSR royalty payments not to exceed A\$5,000,000.

Settlement on tranche 1 is conditional upon:

1. The successful completion of due diligence at Bass' sole discretion;
2. Both parties receiving the necessary approvals, including shareholder approval;
3. Funding; and
4. The execution of a share sale agreement.

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

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

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 in the 20 traded days immediately prior to the achievement of the above production output values.

SHORT TERM ACTIONS

Following the signing of the replacement Terms Sheet, Bass is required to:

- Complete due diligence, to its satisfaction, within 60 days:
- Complete and sign a share acquisition agreement within 60 days of completion of due diligence; and

- Conclude settlement for the tranche 1 terms within 14 days of the signing of the share acquisition agreement (subject to shareholder approval and any other regulatory approvals or compliance requirements).

Bass intends to apply to ASX for a determination as to whether shareholder approval is required under Chapter 11 of the Listing Rules. We will make a further announcement regarding any such determination and if relevant, the proposed timetable for meeting any ASX requirements.

ABOUT GRAPHMADA MAURITIUS (“GRAPHMADA”)

Graphmada operates the Loharano natural flake graphite mine situated in the central east of Madagascar, Africa, approximately 100 kilometres from Tamatave, the primary shipping port servicing Madagascar.

Access to the mine is along the main highway to the capital city with a short two-kilometre haul road from the highway to the mine and processing plant.



Location of Loharano Mining Operations

The Graphmada owned projects offer the Company control of an operating mine that is now generating cash flow and has a sustainable offtake agreement in place with a US based partner.

Further technical detail about the project can be found on Stratmin’s website www.stratminglobal.com

Yours faithfully



Rick Anthon
Chairman

Contacts and information:

Rick Anthon Chairman: Bass Metals Ltd	david@bassmetals.com.au
Barbara Pesel Media & Investor Relations	03 9036 6900 barbara.pesel@peselandcarr.com.au
David Round CFO / Company Secretary	0411 160 445 david@bassmetals.com.au