BASS METALS ENTERS BINDING AGREEMENT TO PURCHASE POTENTIALLY HIGH-GRADE LITHIUM PROJECT IN MADAGASCAR

Highlights

- Bass Metals Ltd has signed a binding agreement, subject to successful due diligence, to acquire a potentially high grade, pegmatite hosted, lithium project located in Madagascar.
- Field work has identified outcropping pegmatite dykes with significant spodumene mineralisation and grades recorded from rock chip sampling of up to 6.9% Li_2O over significant strike lengths.

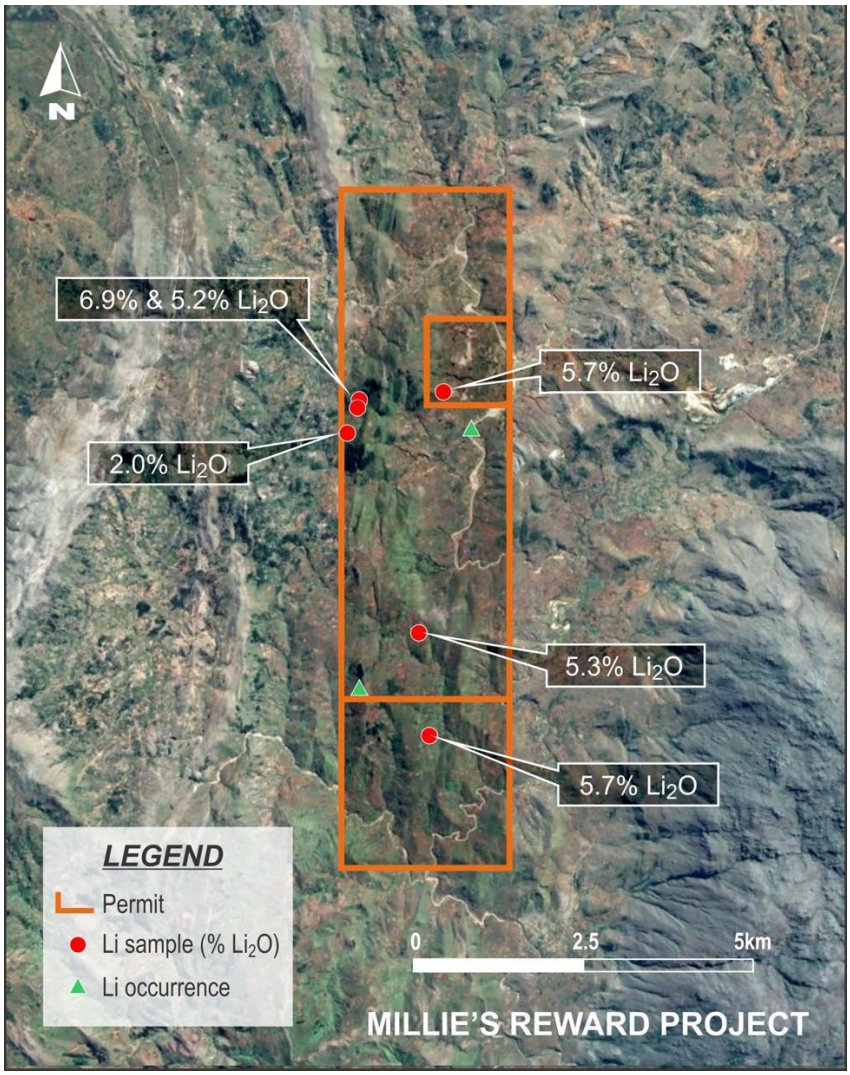

Figure 1: The Mile's Reward project area.

Bass Metals Limited (ASX: "BSM") (the "Company") is pleased to announce it has reached agreement to acquire the potentially high grade spodumene hosted lithium project; Millie's Reward, located in Madagascar. The project is part of a license with existing mining approval.

Millie's Reward

Millie's Reward is a highly prospective conventional spodumene hosted Li_2O deposit. Preliminary geological mapping has demonstrated a majority of the pegmatite dykes in the area as having sub-horizontal to horizontal orientations over significant strike lengths.

A majority of the pegmatitic dykes and sills within the mining permits are over 10 meters in thickness, with swells in areas of up to 50m in thickness, while being up to several hundred metres in length.

Most of the large dykes have been subject to very little modern geological assessment, as all the mining activity performed in the past occurred at an artisanal scale, operated by the local miners working for gemstones.

Figure 2: Large spodumene crystals (see the hammer on the right of the photo for scale) of milky white to pink-violet colour, hosted in the core of a Li-bearing pegmatitic vein.

Figure 3: A typical outcropping lithium bearing pegmatitic vein within the project area.

Assay Data

Sample ID	Utm39sX	Utm39sY	Lithology	%Li_2O
TZ34	452812.5	667812.5	Pegmatite	6.86
TZ124	452812.5	669687.5	Pegmatite	1.20
TZ126	454687.5	672812.5	Pegmatite	5.20
TZ128a	454687.5	674687.5	Pegmatite	1.25
TZ128b	452812.5	665312.5	Pegmatite	5.34
TZ127	452812.5	667187.5	Pegmatite	5.67
TZ110	454687.5	665312.5	Pegmatite	2.00
TZ125	454687.5	667187.5	Pegmatite	2.21

Transaction

Bass has entered into a binding Term Sheet with Ruby-Red Madagascar SARL (a Company incorporated in Madagascar), subject to successful due diligence over a 3-month exclusivity period, to acquire two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, that are prospective for pegmatite-hosted lithium mineralisation. The total consideration to the Vendor is:

a) $US100,000 in cash and $US50,000 in shares on the acquisition of the mining permits and completion of the transaction;

b) $US100,000 in cash and $US50,000 worth of shares upon establishing a JORC compliant resource of >5 million tonnes at >1.5% Li_2O;

c) $US100,000 in cash and $US50,000 worth of shares upon the tabling of a feasibility study for Millie's Reward;

d) $US100,000 in cash and $US50,000 worth of shares upon first sales of either Direct Shipping Ore (DSO) or Chemical Grade (>6% Li_2O) lithium concentrates; and

e) Bass will pay to the Vendor a 0.25% concentrate sales royalty on any future lithium concentrate or DSO sales from Millie's Reward for a period of 12 years from first concentrate or DSO sales, up to US$US2m.

The proposed transaction for Millie's Reward is consistent with Bass' stated strategy to leverage its in-country producer status in Madagascar to appraise further opportunities in this highly prospective jurisdiction.

On finalising the acquisition to the Company will immediately conduct a systematic exploration program over the project area, including a mapping and sampling program aimed at identifying targets for a follow up drilling program.

Market Demand

The Company believes that the current strong demand for lithium concentrates is likely to be sustained for the foreseeable future.

Lithium demand has increased substantially in the last 5 years, expanding from a traditional range of applications including industrial applications augmented by consumer electronics and health products to now encompass rapidly expanding automotive and energy storage applications. While much of this growth has been led by China where government policy has mandated the rapid update of battery technology in both domestic and commercial vehicles, all major global automotive companies are now either offering or developing lithium ion battery or hybrid vehicles. Growth in the range of 10% to 20% CAGR is forecast for the sector over the next 5 years driving demand which may require approximately 500,000 tonnes of Lithium Carbonate to satisfy. Current world production is approximately 180,000 tonnes.

Base Metals CEO, Mr Tim McManus:

"The team is excited to bring a project like Millie's Reward into our portfolio, especially as it's fully permitted for exploration and potential development.

The Company's primary focus remains optimizing the premium asset of Graphmada to generate positive cash flows in 2017. When these cash flows become available we will seek to invest in expanding production at Graphmada and developing an increasingly exciting portfolio of projects, which includes the Andapa jumbo flake deposit and the potentially highly prospective Millie's Reward project."

We are also pleased with our recent progress at the Mahefedok jumbo flake deposit and look forward to receiving the assay results from Bureau Veritas with the aim of completing a maiden resource estimate this quarter for the deposit."

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DISCLAIMER & CAUTIONARY STATEMENTS

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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 Person Statement

The information in this document that relates to Exploration Results is based on information compiled by Tim McManus, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company.

Tim McManus has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Tim McManus consents to the inclusion of the information in this document in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Discussion and results within this appendix relate to the Bass Metals Ltd – Mille's Reward Project, Madagascar

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sounds, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• The Vendor has collected surface rock chip samples from outcropping pegmatites within the project area. A total of 8 samples were collected whilst undertaking reconnaissance fieldwork. • These rock chip samples are preliminary in nature (due to the limited reconnaissance fieldwork undertaken) and hence are not deemed representative of the pegmatites throughout the tenure.
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Not Applicable as no drilling results are discussed.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Not Applicable as no drilling results are discussed.
Logging	• Whether core and chip samples have been geologically and geotechnically	• Not Applicable as no drilling results are discussed.

Criteria	JORC Code explanation	Commentary
	logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Not Applicable as no drilling results are discussed.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Random rock chip samples were collected from outcropping, in-situ pegmatite dyke host rocks. In 2012, the Vendor made a series of analyses of spodumene from the project area, with analyses, performed in the laboratories of the C.N.R. of Pisa, Italy, where an aliquot of sample is fused Sodium Peroxide Fusion in an alumina crucible then measured by an ICP-AES or ICP-MS. • No external standards or blanks were added to the sample submission by the Vendor, however the laboratory routinely run standards with each batch.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• No independent geologists were engaged to verified results. • Li_2O has been calculated from Li ppm using a calculation of Li% * • 2.152529 = Li2O% to determine the proportion of lithium oxide.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Hand-held Garmin GPS's were used to locate surface locations, and final location coordinates were completed taking average readings up to 5 minutes and with estimated positional errors between 1 and 3 meters. • The WGS84 UTM Zone 39S projection system is used at the Project.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Outcropping samples were collected along in-situ pegmatite dykes. The purpose of the sample locations was to confirm the presence of the potential minerals within the project area. • The data collected is insufficient to determine a Mineral Resource and are considered preliminary exploration results only. • Sample compositing has not been applied.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Not Applicable.
Sample security	• The measures taken to ensure sample security.	• Samples bags were sealed as soon as sampling was completed, and stored securely until dispatch to the laboratory in Italy via courier.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Not Applicable

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	• The permits are Exploitation Permits suitable for mining. They are subject to confidentiality demanded by the Vendor until completion of the Transaction. • The Vendor assures permits are in good standing, and all statuary approvals are in place to conduct exploration and exploitation activities throughout this permit area, including mining. Bass Metals will make this a priority in the due diligence to be completed in the 3-month exclusivity period.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Not applicable as no previous exploration has been carried out, other than the results detailed herein.
Geology	• Deposit type, geological setting and style of mineralisation.	• Li-ore in the project area and in general in Madagascar is represented by Li-silicates of pegmatitic origin (mostly spodumene and only locally petalite). Li-bearing pegmatites in Madagascar were classified in the past as “sodic-pegmatites” in view of their high content of sodic feldspar (albite), in comparison with Li-depleted pegmatites which are rich in potassic feldspar (microcline). Malagasy “sodic-pegmatites” are well known for their production of gemstones of multicolored tourmaline, beryl, kunzite, etc.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	• Not Applicable

Criteria	JORC Code explanation	Commentary
	○ dip and azimuth of the hole ○ down hole length and interception depth ○ Drillhole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• The samples are all point data, and no aggregation has been used.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.	• Not Applicable

Criteria	JORC Code explanation	Commentary
	• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. • These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Supporting figures have been included within the body of this announcement.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All results have been reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Not Applicable

Criteria	JORC Code explanation	Commentary
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• A systematic exploration program is planned over the project area, including a mapping and sampling program, to be followed by a potential diamond drilling program, with the follow on aim of producing a maiden Mineral Resource.