

QUARTERLY ACTIVITIES REPORT FOR SEPTEMBER 2017

HIGHLIGHTS

The Board and Management of Bass Metals Ltd (“Bass” or “the Company”) is delighted to outline the Highlights of our operations for the last Quarter.

- The Company continues to execute its primary strategy of delivering the Stage 1 optimisation and refurbishment of the operating Graphmada Graphite Mine, in parallel with continued exploration of our highly prospective tenement package in Madagascar.
- A key component of the optimisation program; the Modular Drying System (MDS), which was built and shipped from South Africa, arrived at the Mine in the quarter, with construction now well progressed.
- Subsequent to the Quarter Ended, Bass announced that it had signed a Sales Agreement for 50% of its forecast Stage 1 flake graphite concentrate production of 6,000 tonnes per annum (tpa).
- Prices for graphite concentrates in Bass’ intended end markets have improved materially over the last 2 quarters.
- Funding from the issue of Convertible Notes raised over \$2,000,000 with funds used to continue the Company’s Stage 1 optimisation and refurbishment plans.
- Bass completed a highly successful Rights Issue, fully underwritten by Bizzell Capital Partners Pty Ltd and Morgans Corporate Limited, and accompanying placement, with strong demand from existing and institutional investors with over \$6,000,000 raised
- Bass commenced a comprehensive drill program at its highly prospective Andapa Project with 202 drill holes and 2,000 metres proposed.
- Bass also successfully completed its due diligence of Millie’s Reward, a potentially high grade, pegmatite hosted, lithium project located in Madagascar.

THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

ABOUT GRAPHMADA

The Company 100% owns and operates the Graphmada large flake graphite mine, Bass' flagship project, located in eastern Madagascar.

Madagascar has been a recognized producer and exporter of premium graphite for over 100 years and sets the world standard for product quality and flake size.

The Graphmada Mine has 40-year mining permits in place, containing four premium quality, large flake, graphite deposits hosted in weathered graphitic gneiss, a soft, easily minable rock that incurs low mining costs.



With the aim of generating revenue through lowest quartile cost production, the mine is currently being optimised by an experienced management team to 6,000 tonnes per annum (Stage 1) with improved final graphite concentrate grades, in order to grow cash margins.

Graphmada also has significant potential for low capital intensity expansion. Bass plans to invest capital to expand production to greater than 20,000 tonnes per annum (Stage 2) of graphite concentrate sales by 2019.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

As optimisation and refurbishment activities advance to completion, and remote field activities progress, the team's solid focus remains on ensuring all activities are performed safely and efficiently. As such, No Lost Time Injuries (LTI'S) were reported in the quarter.

No environmental issues were reported in the quarter. The Company progresses with the rehabilitation of drill sites at Mahefedok, post the 2,300m drilling campaign.

The Company also continues to significantly improve the region in which it operates through the community engagement program: Graphmada Care. The program is based on the commitment by Company to develop its business through strong local partnerships built on five pillars: education, health, production, transparency and empowerment.



PRODUCTION

There was no production this quarter due to ongoing optimisation and refurbishment works.

MARKETING & SALES

In October 2017, Bass announced it had signed a final Sales Agreement with Possehl Erzkontor GmbH & Co. KG (Possehl), based in Europe, and that Possehl had agreed to purchase 3,000 tpa of graphite concentrates for a period of three years from the 1st of January 2018.

The Graphmada Mine retains 298 tonnes of graphite concentrates in stock, of which the Company is negotiating the sale of, as part of maintaining regular supplies to Graphmada's main customers.

Small samples have also been dispatched from existing stock to potential new customers who are enquiring as to Graphmada's plans to supply natural flake graphite in 2018.

Prices for graphite concentrates in Bass' intended end markets have improved materially over the last 2 quarters due to weakening supply out of China from the continued environmental crack downs, particularly in the use of coal in drying closing many factories in Shandong. Reports also indicate that Expandable Graphite usage is increasing significantly in China due to recent legislative changes in the use of fire retardants.

Prices are expected to continue to rise in the coming months particularly for large flake sizes with FC > 94%, the target of optimised production activities at Graphmada.

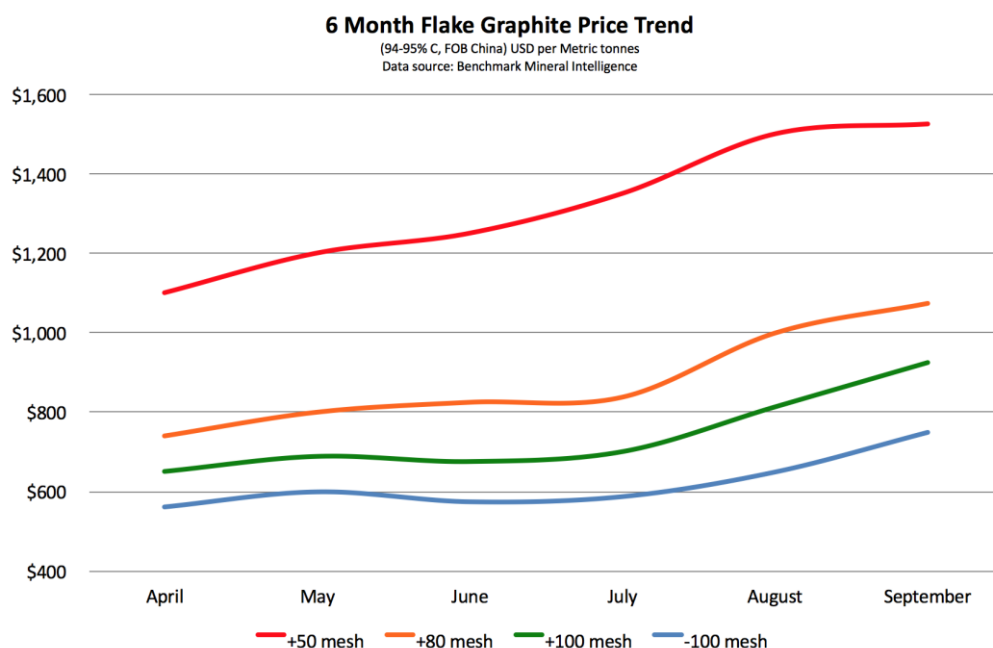


Figure 1: 6 month flake graphite prices.

STAGE 1 GRAPHMADA MINE OPTIMISATION AND REFURBISHMENT

Bass Metals continues to progress its strategy to optimise the Graphmada Graphite Mine, targeting materially higher revenues from superior concentrates in late 2017. Project highlights during the quarter were:

- ✓ The Modular Drying System (MDS) arrived on site, with construction now well advanced;
- ✓ Bulk earthworks to increase Process Plant footprint continued;
- ✓ Major equipment items for the Process plant were shipped and arrived at site;
- ✓ Manufacturing of all electrical control boards and cables in progress;
- ✓ Extension of the existing generator shed to accommodate electrical distribution boards in progress;
- ✓ Integration between old and new flotation cells complete;
- ✓ Flotation cells piping and material flow connection work underway;
- ✓ Refurbishing of previously used plant pumps underway;
- ✓ Surge bins, pumps and piping installation underway;
- ✓ MDS electrical control room nearing completion;
- ✓ Shipment of product screening equipment commenced;
- ✓ Graphite size fraction storage bins complete;
- ✓ Mahefedok mine planning underway;



Figure 2: MDS unders construction at Graphmada.



Figure 3: Major processing equipment arrives at Graphmada.



Figure 4: Major processing equipment being unloaded, while MDS is constructed.



Figure 5: Major processing equipment being unloaded.



Figure 6: Cyclone installation at the MDS.

CORPORATE

CAPITAL RAISINGS

As previously announced, the Company completed the issue of over 2m Convertible Notes to mainly existing shareholders, directors and management of Bass in July 2017 on terms announced at that time.

This funding was strategically managed and provided a significant platform to continue the refurbishment of the Graphmada Mine.

In addition to the Company's Convertible Note issue, Bass recently completed a highly successful Placement and Entitlement Rights Issue with very strong demand from existing and new shareholders. The Company raised in excess of \$6,000,000 with the majority of funds proposed for use in completing the Stage 1 optimisation and refurbishment program, to facilitate the final payment to Stratmin Global Resources and to undertake other strategic exploration complimentary to the Company's growth strategy.

The recently completed round of Capital Raising has left Bass in an exceptionally well-funded position with sufficient funds to complete the Stage 1 and deliver on other strategic initiatives whilst maintaining prudential levels of cash at bank .

MANAGEMENT AND DIVESTMENT OF TASMANIAN ASSETS

During the quarter, the Company continued its strategy to dispose of all its tenements and mining related interests in Tasmania to NQ Minerals Plc, a company listed on the London AIM exchange. The due diligence is ongoing and proceeding as planned, with NQ Minerals Plc. now responsible for all costs during the due diligence period of 6 months, from May 2017.

PROJECTS

ANDAPA GRAPHITE PROJECT

During the quarter, the Company commenced a maiden augur-drilling program in eastern Madagascar. The program , at the recently discovered Andapa project is consistent with strategy to deliver a material increase in the company's resource inventory from its highly prospective exploration portfolio.

This is a key component of Bass Metals' strategy to deliver value for shareholders from the Company's broader permit holding, while in parallel optimising production from its 100% wholly-owned Graphmada Graphite Mine.

Previous exploration by Bass at the Andapa Project has demonstrated that the area contains at least three lenticular bodies of large flake graphite within the weathered profile. The three-

parallel striking graphitic units strike approximately northwest southeast over strike distances varying between 1.3 km and 2.1 km.

Sample analysis returned values up to 6.26 %FC for graphite Unit 1, up to 7.74 %FC at graphite Unit 2 and at graphite Unit 3, values up to 3.95 %FC. The program consists of 202 augur holes, each to a nominal depth of approximately 10 meters, for a total estimated program of circa 2,000 meters

MILLIE'S REWARD LITHIUM PROJECT

Bass Metals announced it has completed its due diligence in order to proceed with the acquisition of the potentially high-grade spodumene hosted lithium project: Millie's Reward, also located in Madagascar. The acquisition is planned to be finalized early within the second quarter, unless an event occurs before the completion of the transaction which is materially adverse to Bass, there are no other conditions precedent to the transaction proceeding.

The Project, a group of Permits with granted exploration rights, complements Bass' presence in Madagascar and its aim to become a leading producer and supplier of industrial minerals concentrates. Fieldwork to date has identified significant spodumene mineralization across an 8km strike length with up to 55 different pegmatite occurrences recorded in a first pass area review.

The Company plans, post signing of the Millie's Reward Purchase Agreement to immediately begin exploration activities.

The Company will implement an exploration strategy at Millie's Reward with the aim to define a large, high-grade JORC compliant Mineral Resource that can support a long-life mine plan and subsequent build-capital investment, within 2-3 years from acquisition.

To achieve this objective, the exploration program will leverage off the significant competitive advantages Bass has developed in Madagascar. These include excellent government and supplier relationships, a producer status reputation, in-country employees with technical capabilities and the positive reputation of the Company's comprehensive community program.

As a virgin discovery, exploration activities in support of reaching the above stated aims with the most efficient capital expenditure, are proposed to be completed in 5 Phases:

1. Preliminary Assessment & Target Generation;
2. Maiden Exploration Drilling Program;
3. Maiden Resource Drilling & Estimation;
4. Technical Studies & Infill Drilling; and
5. Updated Resource Estimation & Definitive Feasibility Study.

SUMMARY

The last quarter has been a period of intense activity, optimising the Graphmada asset and commencing work on the Company's highly prospective exploration portfolio in Madagascar. Corporate level activity has also increased with the near-term completion of the purchase of Millie's Reward. The team at Bass are pleased with the Company's progress and remain on track to begin the ramp up of production to a 6,000tpa run-rate of high value concentrates.

The company would like to thank its shareholders for their ongoing support as evidenced by the very strong take up of the recently completed Rights Issue. All at Bass continue to work hard to deliver strategy for the benefit of its loyal and highly valued shareholders

Yours faithfully

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TENEMENT & PERMIT HOLDING AT QUARTER END

The Company's interests in mining and exploration tenements and permits at the end of the quarter were as follows:

Country	Region	Tenement / Permits	Interest
Australia	Tasmania	EL48/2003 Mt Block ²	100%
Australia	Tasmania	CML 103M/1987 Hellyer Mine Lease ^{1&2}	100%
Australia	Tasmania	CML 68M/1984 Que River Mine Lease ²	100%
Australia	Tasmania	ML 10W/1980 Access Easement to QRML	100%
Madagascar	Antsinanana	PE 25600 Loharano (East)	100%
Madagascar	Antsinanana	PE 26670 Mahefedok	100%
Madagascar	Antsinanana	PE 24730 Andapa	100%

Notes:

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.

Intec Limited holds a 2.5% NSR Royalty over all Product from Bass' interests in EL48/2003, CML68M/1984 and CML103M/1987.

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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 mineralization 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.