

QUARTERLY ACTIVITIES REPORT FOR MARCH 2018

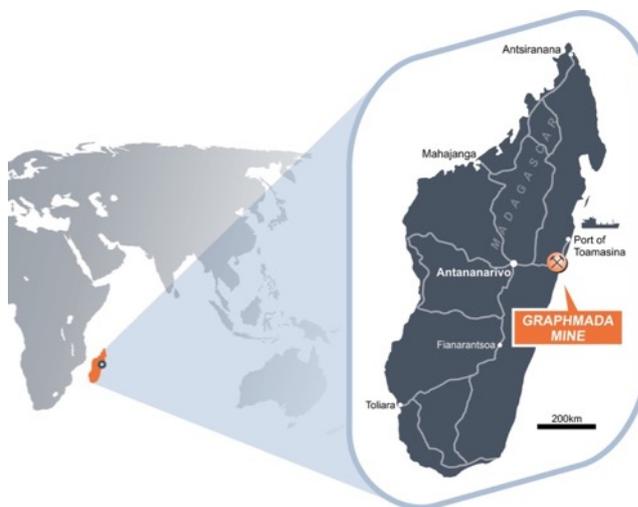
HIGHLIGHTS

The Board and Management of Bass Metals Ltd (“Bass” or “the Company”) is pleased to report on operational highlights for the last quarter.

- The Company completed delivery of its long-stated objective, the Stage 1 optimisation and refurbishment of its 100% owned, debt free, Graphmada Large Flake Graphite Mine, in Madagascar.
- This critical milestone is an important step for the Company in achieving positive cash flow from Graphmada.
- No Lost Time Injuries were incurred during the Quarter, or in delivering Stage 1.
- Graphmada now moves into commercial ramp up phase to supply international customers with high value, premium large flake concentrates, with the aim of delivering positive cash flow.
- Consistent with its stated strategy to materially grow the Company’s resource inventory of both graphite and lithium, Bass commenced exploration at the Mahela Graphite Deposit, located adjacent to Graphmada’s infrastructure.
- In parallel, exploration continued at the highly prospective Millie’s Reward lithium project, with a maiden drilling program proposed for the second half of 2018.
- Planning for the Stage 2 expansion of Graphmada to 20,000 tonnes per annum commenced, subsequent to quarter’s end, together with ongoing assessment of options for the production of Expandable Graphite (Stage 3).

ABOUT THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

Bass Metals Ltd. is one of a few publicly listed large flake graphite producers in the world. 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 all associated mining infrastructure and logistics in place, the mine currently produces and sells a range of graphite concentrates into multiple market segments, to customers in Europe and the United States.

ABOUT THE MILLIE'S REWARD PROJECT

Millie's Reward is a highly prospective conventional spodumene hosted Li₂O deposit located in Madagascar. A majority of the visible pegmatitic dykes and sills within the permits are over 10 metres in thickness, with swells in areas of up to 40 metres in thickness, while being up to several hundred metres in length.

Adjacent to the project area is the Holcim Talc Mine, which has a sealed road for product transport and grid power installed. In addition to the potential access of this infrastructure, Millie's Reward has extensive water supplies, accommodation and an available local workforce.



High purity Spodumene crystals discovered at Millie's Reward

The Project area has been subjected to very little modern geological assessment, as all the activity performed in the past occurred at an artisanal mining scale, operated by the local miners working for gemstones.

OPERATIONS

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

As optimisation and refurbishment activities came to completion, and production restarting, the team's solid focus remains on ensuring all activities are performed safely and efficiently.

No Lost Time Injuries (LTI'S) and no environmental issues were reported in the quarter. The Company commenced the rehabilitation of historic mining in and around the Loharano area.

Bass 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 the Company to develop its business through strong local partnerships built on five pillars: education, health, production, transparency and empowerment.



PRODUCTION

There was limited production this quarter due to ongoing optimisation and refurbishment works, which subsequent to quarters end were completed. Only minor volumes of concentrate were produced as part of the commissioning of the Dryer and Packaging System.

MARKETING & SALES

No Stage 1 concentrate sales were made in the quarter due to the team's focus on recommissioning the Graphmada Process Plant. However, negotiations continued on the potential sale of old stock to achieve best possible pricing. Subsequent to the quarter's end the Company is pleased to report it has sold a majority of old stock at competitive market pricing.

STAGE 1 GRAPHMADA MINE OPTIMISATION AND REFURBISHMENT

Subsequent to the end of the quarter, Bass Metals successfully completed the recommissioning of the Graphmada Mine with first production achieved from the recommencement of processing operations. Further testing is taking place subsequently to assist in synchronising and optimising the graphite recovery process.

The completion of Stage 1 delivers the Company's valued shareholders a 100% owned mine free of debt, with an offtake agreement in place, producing premium large flake graphite concentrates at a time of rising prices.

Bass is now established as one of only two ASX listed producers, and one of only four publically listed graphite producers globally.

Graphmada is now moving rapidly into the commercial ramp up phase to supply international customers with high value, premium large flake concentrates, with the aim of delivering positive cash flow.



The fully recommissioned Graphmada Large Flake Graphite Mine (Stage 1).

CORPORATE

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.

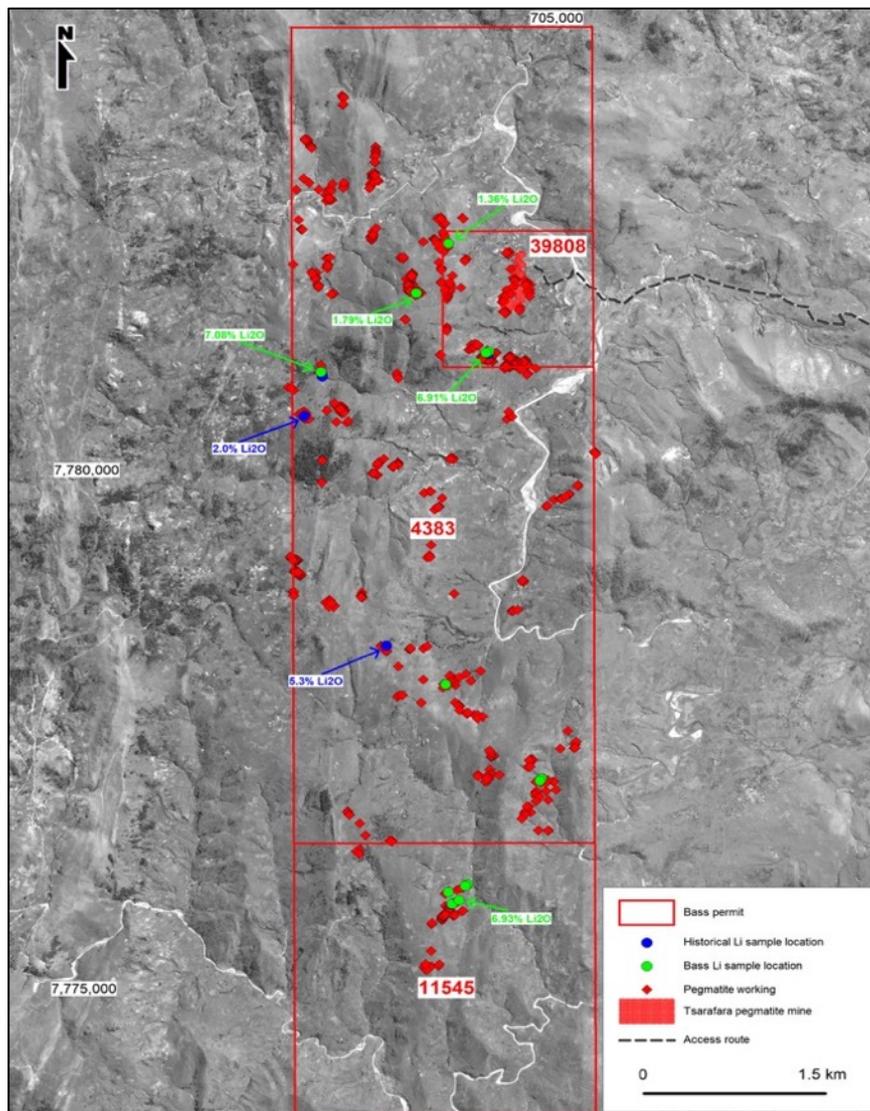
PROJECTS

MAHELA GRAPHITE PROJECT

During the quarter, the Company commenced its maiden augur-drilling program at Mahela. The program is aimed as a first step to providing a material increase in the Company's resource inventory in and around the existing Graphmada Mine infrastructure.

MILLIE'S REWARD LITHIUM PROJECT

Bass continued exploration at the highly prospective Millie's Reward lithium project, with a number of potential spodumene hosting pegmatites delineated as part of target generation and prioritisation for a maiden drilling program proposed for the second half of 2018.



Millie's Reward Project Area with first pass pegmatite outcrops.

SUMMARY

The completion of the Stage 1 refurbishment of the Graphmada Mine delivers shareholders a 100% owned mine free of any serviceable debt, with offtake agreements in place, producing premium large flake concentrates at a time of rising prices. This achievement has established Bass as one of only two ASX listed producers, and one of only four publically listed graphite producers globally.

With the continued support of shareholders and local stakeholders, the team at Bass look forward to further optimising Stage 1 production for both grade and recovery and to commencing its next key strategic objective of installing Stage 2 production capacity of ~20,000 tonnes per annum of premium large flake graphite concentrates, with downstream value creation to come from Stage 3 expandable graphite production.

This is in parallel with ongoing exploration of highly prospective projects such as Mahela and Millie's Reward to expand the long-term vision of building an industrial mineral concentrates producer of significance.

For more information, please contact:

Tim McManus

Chief Executive Officer

Phone: (07) 3203 5894

Email: admin@bassmetals.com.au

Peter Wright

Executive Director

Phone: (07) 3203 5894

Email: admin@bassmetals.com.au

Please visit us at: www.bassmetals.com.au

Follow us on Twitter [@bassmetals](https://twitter.com/bassmetals) 

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%
Madagascar	Antsirabe	PRE 4383	100%
Madagascar	Antsirabe	PE 11545	100%
Madagascar	Antsirabe	PE 39808	Mineral Rights

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.

DISCLAIMER, STATEMENTS & IMPORTANT INFORMATION

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.

FORWARD LOOKING STATEMENTS

This announcement contains certain ‘forward-looking statements’ within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘may,’ ‘should,’ ‘expect,’ ‘anticipate,’ ‘estimate,’ ‘scheduled’ or ‘continue’ or the negative version of them or comparable terminology. Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Bass Metals does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements. 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.

IMPORTANT INFORMATION

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the ‘US Securities Act’), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. This document may not be distributed or released in the United States.

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.