

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BASS METALS LIMITED

ABN

31 109 933 995

Quarter ended ("current quarter")

31 MARCH 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	251	1,194
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(138)	(856)
(b) development	(371)	(947)
(c) production	(252)	(2,675)
(d) staff costs	(466)	(1,159)
(e) administration and corporate costs	(69)	(508)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	(2)	(24)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	270	270
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(775)</b>	<b>(4,701)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(44)	(464)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	14
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(44)</b>	<b>(450)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities #	650	4,585
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(57)	(373)
3.5	Proceeds from borrowings #	-	432
3.6	Repayment of borrowings #	(432)	(432)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(23)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>161</b>	<b>4,189</b>

# The proceeds from borrowings in the December quarter (item 3.5) of \$432k relates to subscriptions for convertible notes received in the December quarter but not issued until the March quarter. The repayment of borrowings in the March quarter (Item 3.6) is effectively re-classifying this amount and it is now included in the proceeds from issue of convertible notes in the current quarter at Item 3.2. The net cash effect of this reclassification in the current quarter is nil.

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,268	1,572
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(775)	(4,701)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(450)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	161	4,189
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>610</b>	<b>610</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	610	1,268
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>610</b>	<b>1,268</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
41
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payment of directors' fees

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<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(775)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(775)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	610
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	610
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>0.8</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

No - as noted in the quarterly activities report, the level of net operating cash outflows has reduced significantly as a result of:

- Temporary cessation of production
- Material reduction in the size of work force
- A reduction in salaries of continuing employees
- Reorganisation of the Company's corporate activities
- Accessing Federal Government stimulus initiatives

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes. Since the end of the quarter, the Company has raised a further \$100k by the issue of convertible notes, with a further \$455k still available to be issued pursuant to this capital raising program.

The Company also expects cash inflows from receivables which totalled approx. \$570k at the end of the quarter including receipts from graphite concentrate sales over the quarter for sales made during the March quarter (of which \$188k has been received in April), receipt of other receivables including VAT, GST etc.

As noted in the quarterly activities report, the Company retains inventory of graphite concentrates which it expects to sell during the June quarter.

Like most entities at this time, the Company is assessing its funding requirements and considering all funding options available.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, on the basis of the reduced cash outflows and expected cash inflows.

The Company has settled on a strategy to maximise progress with a significantly reduced cash outflow. The focus at this time is on continued exploration and expanding the mineral resource in conjunction with progressing the definitive feasibility study for development of large scale mining and processing operation. This is achievable with materially lower cash outflows than prior quarters.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 1 May 2020

Authorised by: By the Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.