

20 September 2017

Dear Option holder,

Accelerated non-renounceable entitlement offer – notice to listed option holders

On 20 September 2017 Bass Metals Limited (ASX: BSM) announced an accelerated non-renounceable entitlement offer of one new share for every six existing shares held as at 7:00pm (AEST) on 22 September 2017 (**Record Date**) at an issue price of \$0.011 per share, with 1 free attaching new listed option (exercisable at \$0.025 expiring on or before 31 December 2018) for every 4 new shares subscribed, to raise up to approximately \$2.5 million (**Offer**).

Proceeds from the Offer will be primarily used to fund the final payment to Stratmin for the acquisition of the Graphmada Mine, funding the remaining Graphmada Mine refurbishment capital expenditure, exploration of graphite and lithium prospects and for working capital.

The Offer is made under a retail offer booklet which will be announced to ASX on 22 September 2017 (**Offer Booklet**). The offer document will be available on both the ASX's and the Company's websites. The Offer Booklet and personalised entitlement and acceptance form will be dispatched to eligible shareholders shortly after the Record Date.

Your options do not entitle you to participate in the Offer.

The purpose of this letter is to give you notice that if you wish to participate in the Offer with respect to your options, you must exercise your options before the Record Date by delivering an option exercise notice together with the correct monies to the Company by no later than the Record Date. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

Please contact our share registry should you wish to exercise your options on share registry on 1300 557 010 at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action. The exercise price of your options will be adjusted in accordance with Listing Rule 6.22.2.

Before deciding whether to exercise all or any of your options, you should consult with your professional advisor.

If you choose to exercise some or all of your options prior to the Record Date, you will be sent an Offer Booklet and personalised entitlement and application form containing important information about the Offer.

Yours faithfully



David Round
Company Secretary