
ASX ANNOUNCEMENT 18 JULY 2018

OPERATIONAL UPDATE

HIGHLIGHTS

- Bass Metals (ASX:BSM) ('Bass' or the 'Company') continues its growth as a producer of industrial concentrates as the commissioning process at Graphmada nears completion.
- The Company considers that it will reach its nameplate Stage 1 objectives of 500 tonnes per month production of premium graphite concentrates by the end of FY Q1.
- The Company has now:
 - consistently produced final concentrate grade above 94% Fixed Carbon (FC);
 - produced a total Process Plant production of 623 tonnes since recommissioning;
 - commenced drying and packaging operations, with adequate feedstock for continuous final concentrate production; and
 - completed and resolved all commissioning modifications without any material unbudgeted capital expenditure.

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Bass Metals Limited is pleased to provide this operational update on the commercial ramp up of production at the Graphmada Large Flake Graphite Mine, located in eastern Madagascar.

The Company is pleased to report that production of premium graphite concentrates has steadily increased, with Bass now consistently producing >40% large flake graphite concentrates above 94% Fixed Carbon. The ratio of large flake graphite produced is anticipated to improve during the next month of production.

The Process Plant is now fully available for production and the scheduled shutdowns for preventative maintenance and rectification of minor commissioning issues will conclude this month. An incremental increase in the throughput of ore is now planned with the objective of achieving a run-rate of 500 tonnes per month of production from the Process Plant by the end of FY Q1.

A number of minor commissioning issues have now been resolved and the Company is not aware of any material issues that will prevent the reaching of nameplate production within the quarter.

Sale of product from the recommissioned and reconfigured Graphmada plant will commence shortly, with the Company looking to be cash flow positive in FY Q2.

In addition to existing sales arrangements for Europe, Bass has received considerable interest from Asia, India and North America regarding sales of concentrates from Graphmada Stage 1. Reflecting what Bass believes to be tightness in the market for large flake graphite concentrates, Bass has also received meaningful interest and enquiry regarding the sale of its intended Stage 2 production.

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Bass has reached its current position whilst holding circa \$5m cash and receivables, zero debt, and with imminent cash flow. Bass is on a robust operational and financial platform to take advantage of favourable market conditions and pursue and realise the considerable potential of the Company's assets.

Bass Metals CEO, Mr Tim McManus:

"We have achieved our main commissioning milestones and our focus is now on achieving the desired run-rate, which we are well advanced to do so. This combined with the exciting market dynamics of large flake undersupply and high growth demand, A\$5m in cash and receivables, and zero debt, sees Bass in a strong position ahead of first sales this quarter.

Post Stage 1, we aim to continue the pursuit of our Stage 2 objective of expanding production at Graphmada while materially increasing our resource inventory, thus realising the substantial potential of Bass Metals for all its stakeholders, but particularly our loyal shareholders, who I thank for their support."

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About Bass Metals Ltd.

Bass Metals Ltd. is a producer of industrial mineral concentrates, post the successful Stage 1 ramp up of production at its 100% owned and debt free Graphmada Large Flake Graphite Mine.

The Graphmada Mine is located in eastern Madagascar, a democratic island country in the Indian Ocean, off the coast of Southeast Africa, which is governed under a French legal system with a low Corporate Tax rate of 20% and a low 2% Mining Royalty.

The country has produced benchmark quality graphite for over 100 years due to the high proportion of high purity, large flake, premium quality graphite in soft, easily mineable, saprolitic ore. Therefore, deposits, like those at Graphmada, have low operating costs and extremely low capital costs when compared to other African or Western deposits. The well-developed export infrastructure is also a significant aspect that makes working in Madagascar attractive.

The Graphmada Mine has 40-year mining permits and 20-year landholder agreements in place, with four premium quality, large flake, graphite deposits. 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 under an offtake agreement, and on order to customers in India, China and the United States.

Producing premium large flake concentrates at a time of rising prices, Bass as one of only two ASX listed producers, and one of only four publicly listed graphite producers globally, is working to expand production from 6,000 tonnes per annum to beyond 20,000 tonnes per annum (Stage 2) and in addition, pursue a strategy to develop downstream Expandable Graphite production and technologies (Stage 3), for which our graphite concentrates are highly suitable.

With an established and growing production platform, complimented with the Company's prudent capital management, strong cash position, zero debt and immanent cash flow, Bass is on a robust operational and financial platform to pursue and realise the considerable potential of Madagascar and developing the Company's assets, such as the 100% owned highly prospective Millie's Reward lithium project, which is being fast tracked via an extensive drilling program.

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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.