JUNE 2018
QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- The Company commenced the commercial ramp up of production from the recently refurbished Graphmada Large Flake Graphite Mine, in Madagascar.
- The 100% owned, fully operational, Graphmada Mine is free of debt, with an offtake agreement in place, and is now producing premium graphite concentrates with the intention to make first sales in the September 2018 quarter .
- Results from the ramp up of production has seen a significant improvement in operational performance above historic production metrics, with final concentrate grade exceeding 94% Fixed Carbon and Recovery consistently above 75%.
- The Mine continues to operate with no Lost Time Injuries reported and no significant injuries reported during the quarter.
- Consistent with its stated strategy to materially grow the Company's resource inventory of both graphite and lithium, Bass finalized preliminary exploration at the Mahela prospect, located adjacent to Graphmada's infrastructure.
- In parallel, exploration continued at the highly prospective Millie's Reward lithium project, with planning for a maiden drilling program well advanced.
- The Company continued its planning for an expansion of production to 20,000 tonnes per annum (Stage 2), together with an ongoing assessment of potential production of Expandable Graphite products and technologies (Stage 3).

About Bass Metals Ltd.

Bass Metals Ltd. is a producer of industrial mineral concentrates from 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, providing for low operating costs and extremely low capital costs.

The Graphmada Mine has 40-year mining permits and 20-year landholder agreements in place, with four 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 and the United States.

Producing premium large flake concentrates, 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 (tpa) to beyond 20,000 tpa (Stage 2) and in addition, pursue the development of Expandable Graphite production (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 sustainable cash flow, Bass is on a robust operational and financial platform to pursue and realise the considerable potential of exploring Madagascar, such as the Company's highly prospective Millie's Reward lithium project which is being fast tracked via an extensive drilling program.

Bass Metals Limited (ASX: "BSM") ("Bass" or the "Company") is pleased to provide this quarterly report as it continues to deliver its strategy for material growth as a producer of high value industrial mineral concentrates.

Health, Safety, Environment and Community

The Company is pleased to report that Graphmada continues to operate with no Lost Time Injuries and no significant injuries reported this quarter.

The Graphmada team has also commenced environmental rehabilitation of historic mining areas, working towards international standards for environmental management.

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

The completion of the Stage 1 refurbishment program at the Graphmada Mine has delivered 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.

Now, less than three months since commissioning, the Graphmada Mine is finalizing its ramp up of operations as planned, with production steadily increasing.

During the quarter the Process Plant produced 545 wet tonnes. The plan is to now increase the throughput of ore, with the aim to reach a run-rate of 500 wet tonnes per month Process Plant production by the end of the September 2018 quarter.

In addition to the increasing output of tonnes through the ramp up period, the Process Plant also produced higher quality concentrates over that produced in the past. The refurbished Process Plant has consistently produced greater than 40% of its concentrates in the large flake size class, and at materially higher grades above 94% Fixed Carbon.

The Company aims to build on these excellent qualities by aiming for a higher proportion of large flake production, maintaining Fixed Carbon above 94%, by the end of the September 2018 quarter.

Marketing & Sales

The Company's strategy has centered on producing premium large flake graphite concentrates from Graphmada to realise positive cash flow from operations, with a view to further expand production.

The delivery of the Stage 1 refurbishment represents a significant milestone of this strategy, as operations at Graphmada are now producing a combination of large flake and high grade concentrates. This combination achieves premium pricing in the market due to several key supply/demand influences set to dominate the market for some time.

The current undersupply of large flake concentrates due to the decrease of large flake production in China, the world's largest graphite producer, from environmental restrictions and diminishing large flake resources, is having a significant impact on the market. This undersupply is coupled with strong demand driven primarily by a combination of improving traditional market conditions and high growth technology sectors such as the use of Expandable Graphite in fire retardant products, driven by changes in legislation across China and Europe. The market dynamic of undersupply and growing demand see's Bass well positioned to sell graphite concentrates at premium prices.

As such, Bass has been working closely with its off-take partner and existing customer base to negotiate pricing within this market context. Over 30 samples have been sent to potential end users in

Europe, India, Japan and China. The Company is guiding for first sales of its newly produced concentrates this September 2018 quarter.

Management and Divestment of Tasmanian Assets

Within the reporting period; by mutual consent with NQ Minerals Plc ("NQM"), Bass Metals terminated its Term Sheet based agreement to dispose of all its tenements and mining related interests in Tasmania to NQM[1].

The Company, no longer subject to Exclusivity terms under the agreement, is currently in the process of appointing advisors to run a formal sale process with interested parties.

With zinc and other base metals reaching 10-year price highs in 2018 from supply deficits due to chronic exploration underinvestment, current price levels are generating sufficient capital investment interest to deliver new supply and meet demand.

Permitted projects like Fossey and Que River, with significant resources, provide a near-term supply response through potentially recommencing operations of a small open cut at Que River, and mining the remaining resources at Fossey.

The divestment also includes a large area of highly prospective exploration tenure in the prolific Mount Read Volcanics which hosts the world class Mt Lyell (Cu-Au), Rosebery (Zn-Pb-Cu-Au-Ag), Hellyer Rosebery (Zn-Pb-Cu-Au-Ag) and Henty (Au) mines.

During the quarter, the Company also resumed care and maintenance activities to comply with its Care and Maintenance Plan for the assets. Environmental management at the Que River site is focussed on the rehabilitation of the surface areas of the site. To date

1 ASX Announcement "Update on Tasmanian Asset divestment" dated 1 June 2018

significant progress has been achieved in the clean-up, covering and re-seeding of previously disturbed areas. Daily field testing and environmental laboratory testing continued throughout the period as per the site's Care and Maintenance Plan.

Exercise of Options

For the Quarter ended, the Company received subscription funds of A$5,017,000 from existing option holders for the exercise of predominantly 2.5c listed options.

The Company is delighted with the fact that so many option holders have elected to exercise their options well before the expiry date of 31 December 2018.

As at 30 June 2018, the Company still has 478,866,580 listed 2.5c options on issue.

Mahela Graphite Prospect

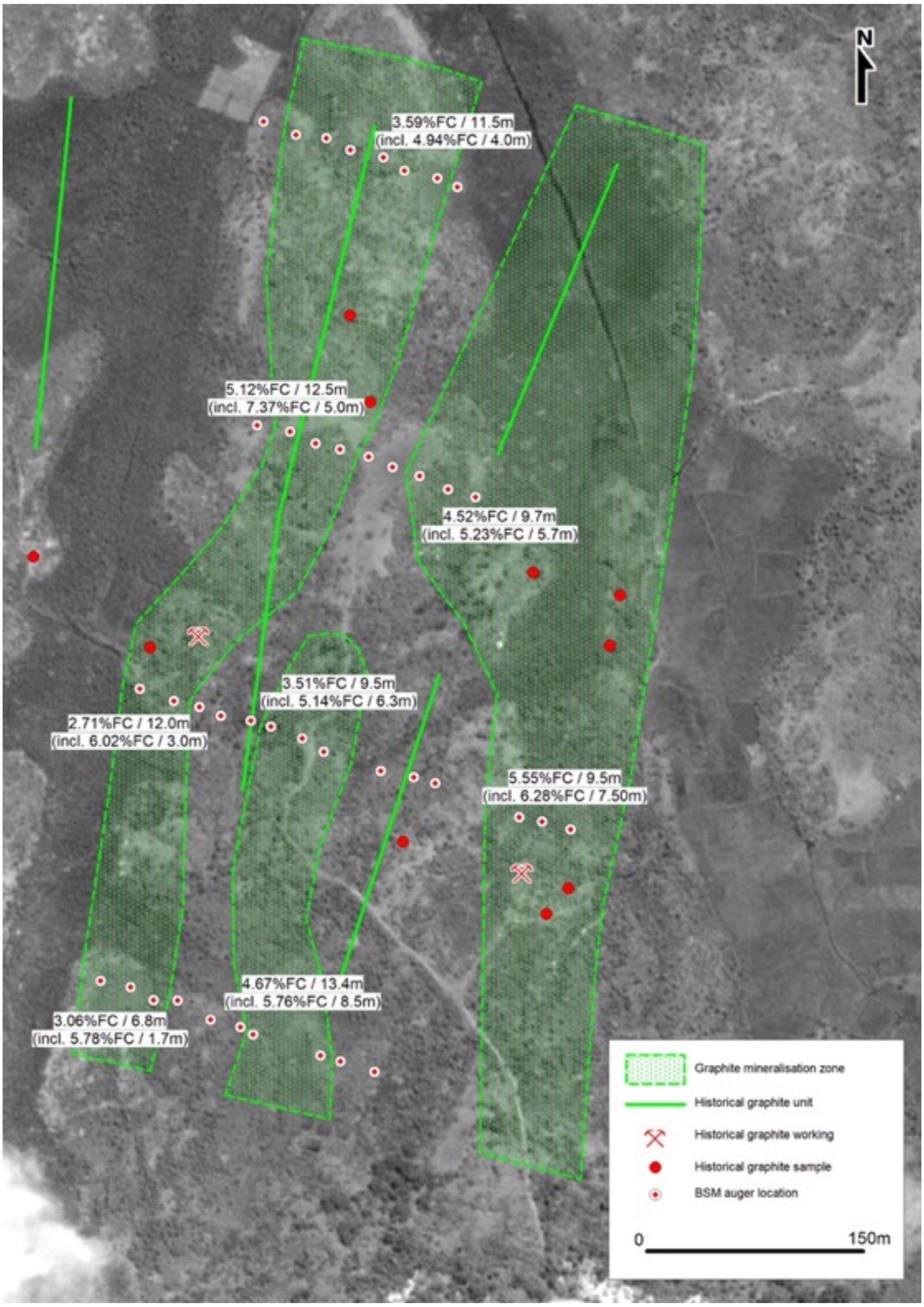
Exploration activities during the quarter at the Mahela prospect, confirmed that the area contains large flake graphite mineralisation over a substantial area, and is hosted within soft and easily mined saprolite (weathered rock).

The successful completion of the maiden auger program at Mahela, produced results to support the planning of a diamond drilling program with the aim of estimating a maiden Mineral Resource for the prospect. Results returned weighted averages up to 5.1% Fixed Carbon (FC) over 12.5m, including 7.3% FC over 5.0m[2].

The planning will also include the drilling of the Mahefedok South prospect; a potential extension to the existing Mahefedok

2 ASX Announcement "Highly encouraging Mahela auger results" dated 10 July 2018

mineralisation, located immediately adjacent to Graphmada's refurbished infrastructure.



Mahela auger results

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 to commence this September quarter.

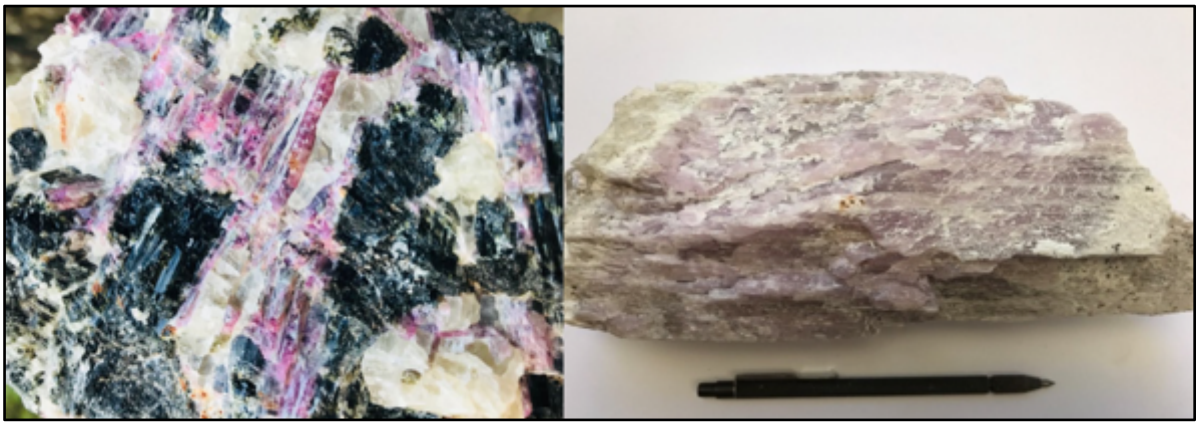
To date the Company has identified 8 priority prospects which are undergoing further field prospecting and mapping, with 4 high priority selected as likely prospects:

1. At Ampatsikahitra, the pegmatite occurs over approx. 500 m, with Li2O grades up to 7.08%[3].
2. At Ilapa, the pegmatite occurs over approx. 700 m, with Li2O grades up to 1.79%.
3. At Manjaka, the pegmatite occurs over approx. 300 m, with Li2O grades up to 6.93%.
4. At Vietnam, the pegmatite occurs over approx. 100 m, with Li2O grades up to 6.91%.

Samples from Ampatsikahitra Prospect (spodumene-bearing pegmatite)

3 ASX Announcement "Progress at Millie's Reward Lithium Project" dated 18 June 2018

Sample collection at Tsarafara Prospect (spodumene-bearing pegmatite)



Samples from Tsarafara Prospect (spodumene-bearing pegmatite)

Summary

The completion of the Stage 1 refurbishment and successful ramp up of operations at the Graphmada Mine delivers shareholders a 100% owned mine free of any serviceable debt producing premium large flake concentrates.

The team at Bass look forward to further optimising Stage 1 production for both flake size and grade, and to commencing its next key strategic objective of expanding production to ~20,000 tonnes per annum, with possible future production of Expandable Graphite products and technologies.

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TENEMENT & PERMIT HOLDING

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:

1 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.

2 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.