
ASX ANNOUNCEMENT 23 AUGUST 2018

ADDITIONAL DETAIL REGARDING BASS METALS' FIRST GRAPHITE CONCENTRATE SALES

Following the recent achievement of reaching nameplate capacity¹ and first concentrate sales from its 100% owned, debt free Graphmada Large Flake Graphite Mine, Bass Metals Limited (ASX: BSM) (**Bass** or the **Company**) is pleased to provide additional supporting information to the announcement released to the ASX on the 20th of August 2018 "Bass achieves first concentrate sales from Record Production".

As announced, Bass achieved first sales of 100 metric tonnes of premium concentrates through an established off-take agreement and the sale consisted of a customer specified selection of the Company's product range, based on Flake Size Distribution and Fixed Carbon Grade.

This selection was based on the customer's requirements, that took in to consideration end-market uses and parameters and is not necessarily indicative of what is normally quoted as a 'Basket Price'.

When Companies in the graphite sector refer to 'Basket Price' they are referring to one tonne of final graphite concentrate that represents typical flake size distribution and grade achievable from the Mineral Resource from which they are mining ore and processing concentrates.

Bass' Basket Price, as previously announced², is based on a flake size distribution from significant independent laboratory testing and past production of graphite concentrates from the Graphmada Mine.

Conservatively, Bass has guided US\$900 per metric tonne based on the typical flake size distribution achievable from its Mineral Resources, announced in accordance with the JORC Code.

¹ ASX announcement 8 August 2018: Bass achieves nameplate production at Graphmada Mine.

² ASX announcement 23 May 2017: Tests confirm Graphite Concentrates as Industry Benchmark.

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The estimated flake size distribution at Graphmada is an industry leading distribution with up to 71%³ in the large to super jumbo classification.

Size Fraction (micron)	Portion of Size Fraction (wt.%)	Cumulative (wt.%)
> 400	21.3	21.3
300 – 400	16.6	37.9
180 – 300	33.4	71.3
106 – 180	19.2	90.5
75 – 106	5.0	95.5
< 75	4.5	100

Results from testing⁴ have concluded that Graphmada concentrates are highly suitable for foundries, crucible and refractory applications due to:

- Exceptional flake size.
- A high resistance against oxidation.
- A low LOI at 420°C
- No carbonates such as calcite and dolomite being identified, along with no other fluxes being discovered.
- A very low Sulphur (SO₃) content, at 0.02 wt.-%.
- Exhibiting favourable flake ash melting temperatures.

The sale of the first 100 tonnes of concentrate is destined for use in these foundries, crucible and refractory sectors, where premium concentrates such as Graphmada's are in demand.

The total value of the first sales order was US\$76,280 (~US\$763 per tonne). As announce however, the order was across a variety of flake sizes required by the customer, and as such the distribution of flake sizes sold do not represent the flake size distribution of the Company's guidance on 'Basket Price' of US\$900 per tonne of concentrate, as different flake sizes receive different pricing and are rarely sold as a combined product (or Basket).

³ ASX announcement 23 May 2017: Tests confirm Graphite Concentrates as Industry Benchmark.

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To adequately compare the Company's 'Basket Price' to the price received for the Company's first sale, the below comparison is offered on a Flake Size Distribution (FSD) basis.

Size Fraction (micron)	First Sale Metric Tonnes	First Sale FSD	Guided Basket Price FSD ⁵	Price Received
300 – 400 (P50 Class)	4	4%	16.6%	US\$1700
180 – 300 (P80 Class)	10	10%	33.4%	US\$930
106 – 180 (P100 & M100 Class)	86	86%	19.2%	US\$700 ⁶
Price Per Tonne		US\$763	US\$1051	

Therefore, Bass is pleased to achieve an average 'Basket Price' of US\$1051 for this first sale in comparison to the long-term price guidance the Company has provided of US\$900 per tonne of concentrate sold.

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⁵ ASX announcement 23 May 2017: Tests confirm Graphite Concentrates as Industry Benchmark.

⁶ Weighted Average Price based on actual price received from first sales.

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About Bass Metals Ltd.

Bass Metals Ltd. is a producer of industrial mineral concentrates post the successful Stage 1 commercial 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 minable, 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 (tpa) to beyond 20,000 tpa (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 sustainable cash flow, Bass is on a robust operational and financial platform to pursue and realise the considerable potential of exploring 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.