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QUARTERLY ACTIVITIES REPORT
September 2019

Bass Metals Limited (ASX: "BSM") ("Bass" or the "Company") is pleased to provide this quarterly report as it continues its progression towards establishing large scale mining and processing operations at its wholly owned Graphmada Mining Complex in Madagascar.

HIGHLIGHTS

- 1,128 wet tonnes produced for the September quarter, a new quarterly record, inclusive of 8 days scheduled maintenance shutdown over the quarter.
- Critically, large flake (>180 microns) production increased to 42% of production for the September quarter, materially exceeding the 32% large flake production achieved for the June quarter.
- For the month of September 2019, Bass received record monthly sales orders of 1,233mt leaving circa 1,178mt of forward sales committed at the end of the quarter.
- Strong sales performance and anticipated tax refunds for expenses already incurred over previous quarters leave Bass well placed for dramatically reduced cash burn over current quarter approaching neutral.
- Shipments for the December quarter 2019 are forecasted to be 1,300mt. Post a strong start to sales over the course of October, Bass is approaching having all current inventory under contract.
- Bass signed a Memorandum of Understanding (MOU) with leading US graphite technology company Urbix Resources to develop downstream graphite concentrates and products.

* Bass signed an Agency Agreement to formalise supply of graphite concentrates into the rapidly growing and key Indian market.
* The Company continued its exploration success at Graphmada with significant graphite drill intersections encountered. Resource estimations are underway with results expected to be released in November.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

There were no Lost Time Injuries (LTI) during the quarter, with no major environmental incidents.

The Company continues to have a strong focus on community engagement under the Graphmada Care Program.

OPERATIONS

Production Results

Bass continued to make substantial progress towards its goals at Graphmada over the September quarter, to set a platform from which to grow production volumes at declining cost and capital intensity. Bass delivered another record for wet tonnes produced and substantially improved large flake production to over 40% of total output for the quarter.

The Graphmada Mining Complex achieved record mining metrics on the back of capital investments from earlier in the year. 63,321 ore tonnes were mined in the September quarter, substantially increasing ore stockpiles for future processing. The increase in ore mined equated to an approximate 200% increase on the 21,453 ore tonnes mined in the June quarter.

Total material movement also increased to 187,768 tonnes at a strip ratio of 3:1. This improvement in strip ratio down from an already low ratio of 5:1 for the June quarter will again positively lower operating costs.

During the quarter 34,699 tonnes of ore were processed at an average Head Grade of 4.6% Fixed Carbon (FC), resulting in a 2019 record of 1,128 wet tonnes produced at an average final concentrate grade of 92% FC.

Large flake production increased materially to 42%, equating to a 30% increase on the previous quarter's output, with periods over 60% achieved. These large flake concentrates ranged up to 95.1% FC.

As previously reported, during the September quarter a new daily record was achieved on August 29 of 29 wet tonnes at 61% large flake at 92.3% FC. A record result for the combination of tonnes, large flake and FC produced in 24 hours.

In addition, a new daily record for Head Grade of 7.2% FC was recorded during the quarter.

A small period of production was interrupted by the testing of a new reagent in the flotation circuit in September. Results exceeded expectations, with higher recoveries achieved. At a third of the cost of the incumbent reagent, the newly tested reagent offers a significant reduction in processing costs.

Production Metrics[1]

Qtr.	Head Grade	Recovery	Tonnes Produced	Carbon Grade
FY Q1	4.6%	70%	1,128	92%
FY 2020	4.6%	70%	1,128	92%

Production Outlook

The Company is anticipating to further progress its plans in the December quarter, operating within the first quartile of the cost curve for global graphite

[1] Figures tabled are subject to rounding.

production, and aiming to meet growing market demand for high quality graphite concentrates.

SALES

The Company made substantial progress with sales over the September quarter and set a new record of confirmed sales orders of 1,178mt. Due to the timing of orders received, Bass shipped a total of 312mt for the quarter. Combining shipped tonnes and orders received, Bass sold a total of 1,490mt for the quarter, well above expectations and considered an outstanding result. This will deliver substantial revenue to the Company in the December quarter and March quarter of 2020.

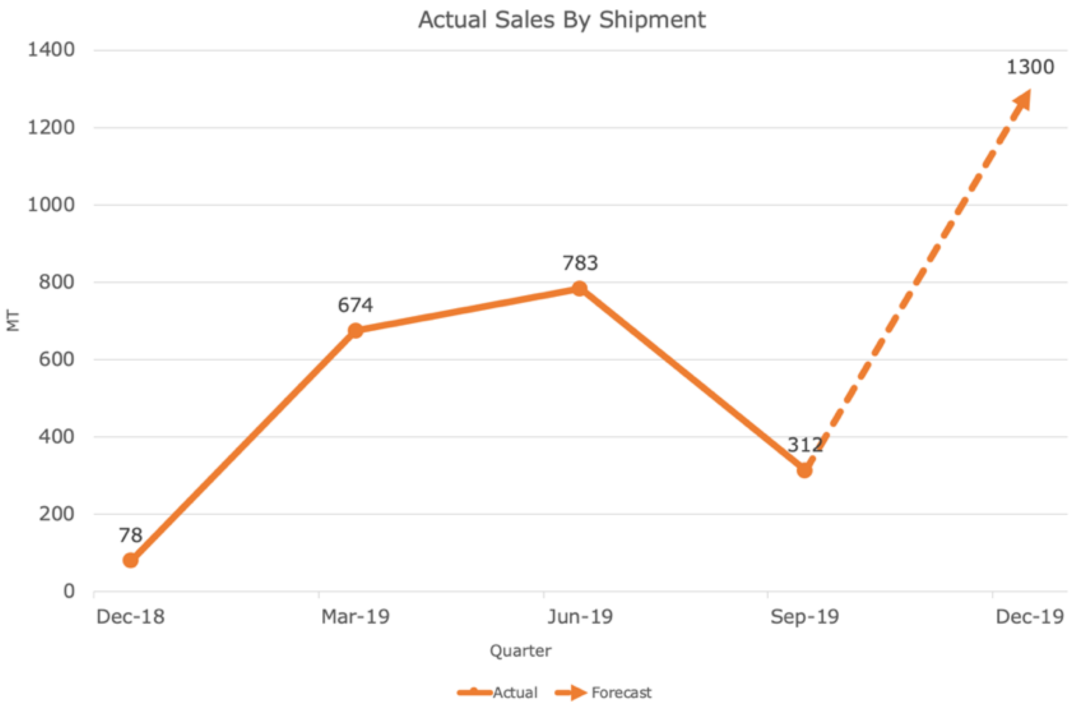
Pleasingly, Bass was able to complete its first and very substantial sale of its premium graphite into China and expects demand for its product to continue to grow in this region.

As previously announced, the Company has already qualified its concentrates for sale into the key markets of Europe, India and the USA. Bass is currently working on placing concentrates into the Korean and Japanese markets. Bass has continuously sought to broaden its customer base with a view to its plans for large scale mining and is pleased with its progress to date.

Critically, as the Company begins its 6th quarter for sales, Bass has yet to have a single tonne of concentrate rejected or to be penalized for concentrate quality. Bass has placed a strategic imperative on achieving a broad base of customers and markets since recommissioning Graphmada in July 2018. From a standing start Bass is beginning to see the benefit of broad product placement across markets, leaving the Company well placed to sell large scale production, from an established position and with an established product.

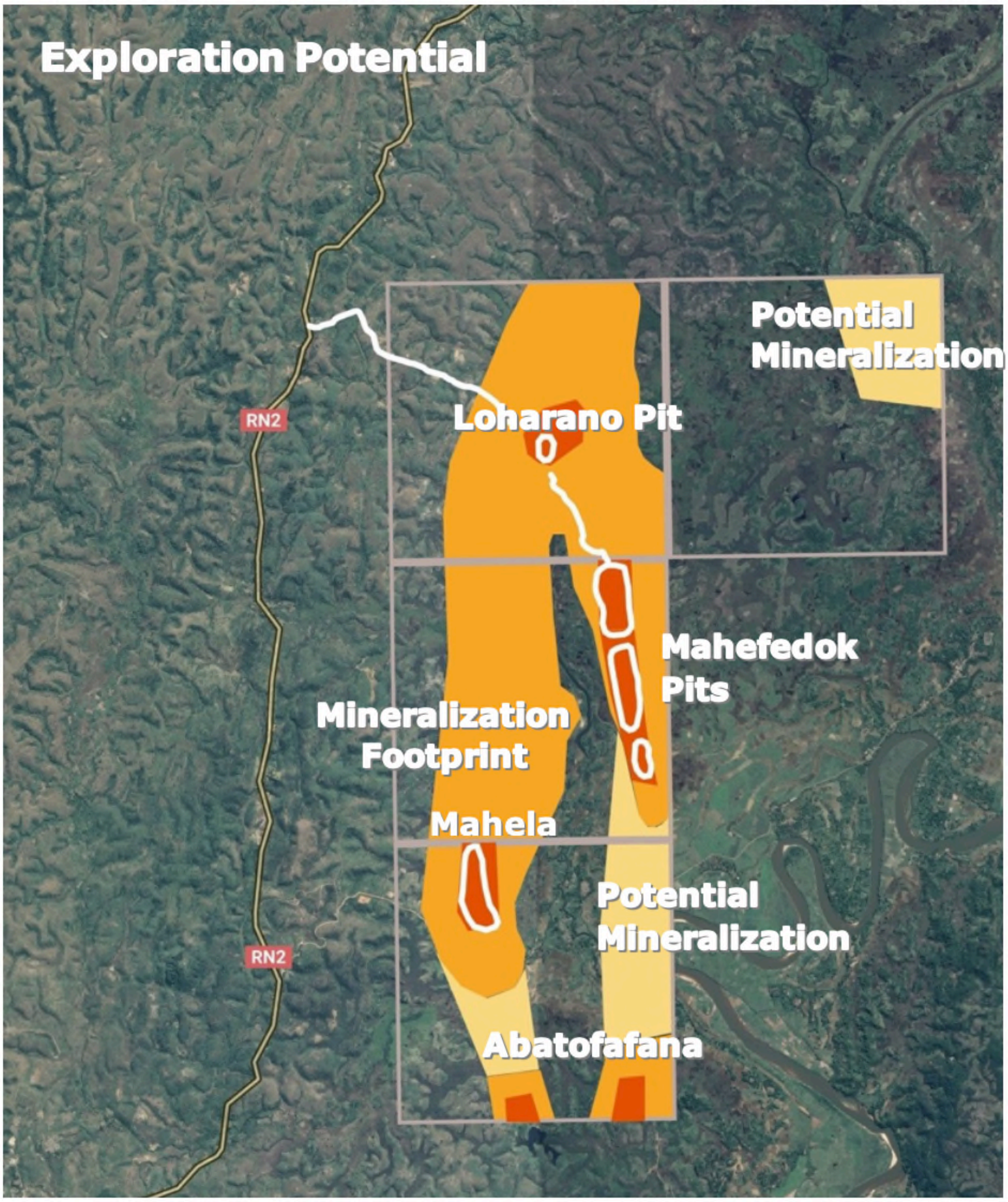
Sales Outlook

Post a strong start to sales over the course of October with a further 251mt sold, the Company is strongly positioned to achieve forecast shipments of 1300mt for the December quarter. Bass is approaching having all current inventory under contract generating substantial cash flow for the Company.



EXPLORATION

Core to Bass' strategy has been the aim to deliver a material increase in Mineral Resources in direct proximity to the existing infrastructure and processing capacity of the Graphmada Mine Complex.



Exploration potential directly adjacent to the RN2 National Highway[2].

2 Reported to the ASX 11 September 2019 'Continued exploration success at Graphmada'.

The recently completed drilling at Mahefedok and Mahela is anticipated to materially increase Graphmada's potential to become a large scale, strategic graphite mining complex.

The Company recently completed 34 diamond drill holes for a total 1,092m drilled, to an average depth of 33m without incident at the Mahefedok Large Flake Graphite Deposit[3]. The principal aim of the program was to provide further data to support a reclassification of the existing Mineral Resource of 3.5mt @ 4.2% Total Graphitic Carbon (TGC) and potentially expand the resource.

Key results include:

- 13.8m @ 7.5% TGC
- 8.2m @ 7.2% TGC
- 9.8m @ 7.0% TGC
- 14.4m @ 6.7% TGC
- 25.9m @ 5.0% TGC
- 15.9m @ 4.9% TGC
- 20.9m @ 4.8% TGC
- 20.3m @ 4.7% TGC

The deposit remains open in all directs and to depth, providing a solid basis to conduct a subsequent drill program aimed at expanding the resource at Mahefedok with extensions of mineralization discovered outside of the existing open pit footprint, which may lead to an expansion current open pit mining operations.

Currently, the Company is working towards an upgrade in confidence of the Mineral Resource for the Mahefedok Deposit and potentially expanding the resource, for which the results were reported to the ASX 11 September 2019[4]. The Company now expects the results of the resource estimation works to be completed in early November.

[3] Reported to the ASX 11 September 2019 'Continued exploration success at Graphmada'.
[4] Reported to the ASX 11 September 2019 'Continued exploration success at Graphmada'.

Bass has also completed diamond drilling at Mahela during the quarter and is aiming to estimate a maiden Mineral Resource for the prospect by mid to late November, once all sample results have been received.

Bass continues to materially and aggressively explore its Permits within the region to realize Graphmada's true potential as a stand-alone large flake graphite producer.

As such, future works comprise of augering at the Ambatofafana Prospects to delineate mineralization boundaries in preparation for future diamond drilling, as well as following up on known extensions to resources and mineralization that remain open in all directions and to depth such as at Mahefedok and Mahela.

PROJECTS

In the June quarter the Company completed an internal expansion and downstream development study incorporating the significant intellectual property obtained from the recommissioning and optimising of operations.

The Company continues to optimise this study while it awaits the results of resource estimation works currently under way for the Mahefedok Deposit and on receipt of Mahela's drill results, the subsequent estimation of a maiden Mineral Resource for the prospect.

Consideration is also being given to recent corporate developments in the signing of a strategic MOU with leading downstream graphite processor Urbix Resources LLC (Urbix). This has potential to significantly improve not only the final concentrates produced from Graphmada but also improve the quality of feedstock for the Company's long stated aim to construct and operate an Expandable Graphite Plant in Madagascar.

CORPORATE

Urbix Resources Joint Venture

As outlined above, during the quarter, Bass was pleased to announce that it had signed a strategic MOU with leading downstream graphite processor Urbix.

The executed MOU provides Bass and Urbix 180 days to establish a Joint Venture (JV) for the processing of Bass' graphite concentrates into value added downstream products.

Bass and Urbix will work to establish the terms for establishing a downstream processing facility in Madagascar capable of producing a purified high value graphite product utilizing Urbix's propriety technology and Bass' Graphmada large flake graphite production.

The proposed JV will combine Urbix's expertise in the development of advanced and sustainable downstream graphite products with Bass' large flake graphite resources, producer status, technical knowledge, government relations and sales relationships.

Urbix's proprietary advanced technology includes environmentally and cost-conscious purification methods that are not reliant on environmentally unsustainable processes.

Urbix also holds significant intellectual property in a wide range of graphite applications including proprietary Li-ion battery cells, electrolyte, graphene products, cement, and other composites and energy storage materials.

Bass are in continual dialogue with Urbix and look forward to updating the market soon as to its progress.

India Agency Agreement

Early in the quarter, Bass signed an exclusive Agency Agreement with long established Industrial Minerals group Polo Queen Industrial And Fintech Limited (A Division of Polo Queen Minchems) ("Polo Queen") of Mumbai, India.

The Agency Agreement provides Polo Queen with an exclusive in country opportunity to market and sell Bass' concentrates from its wholly owned operations.

Bass sees the Agency Agreement as a unique competitive advantage to grow its graphite concentrate sales into the materially expanding Indian market, which has a rapidly growing and modernizing economy.

Over the last year, Bass has sold over 600mt into the Indian market and is experiencing growing demand for all of its concentrate specifications in India.

Finance

Bass entered into an agreement to raise up to A$4m (before costs) via a tranche issue of Convertible Notes with its corporate advisors Bizzell Capital Partners and Morgan's Corporate in June 2019 .

Bass received initial commitments for A$2.5, predominantly from existing shareholders, directors and senior management. Directors Rick Anthon, Jeff Marvin and Peter Wright subscribed for A$85,000 in the raising subject to shareholder approval.

Bass is pleased to announce that the Notes issue closed fully subscribed with an additional A$770k received post balance date of September 30 2019 (ASX 3b 16th October).

Post September 30 Bass sought and received approval to extend the Convertible notes issue from its existing A$4m to $A6.5m due to strong demand. Bass has placed an additional A$1.5m of notes over the month of October for settlement in November.

The additional funding allows Bass to retain a prudent level of working capital in pursuit of its substantial broader growth objectives, namely ongoing exploration and development in support of large scale operations and downstream integration.

Management and Divestment of Tasmanian Assets

The Company continued its care and maintenance activities in Tasmanian during the quarter. The Fossey and Que River projects continue to comply with their respective Care and Maintenance Plans.

The Company continues its divestment process for these assets and continues to engage with a number of interested parties.

SUMMARY

The Company continues to progress towards its objectives of establishing a robust operational platform from which to grow volumes at declining capital intensity and cost of production. Bass is pleased with the recently announced Urbix MOU which offers potential for a low capex pathway to value added products, building on the Company's operational achievements and broad product acceptance.

From a cash perspective Bass is anticipating a modest cash burn over the upcoming quarter with material cash flows from sales, material tax refunds for expenses already incurred over previous quarters and continued cost reductions.

Bass has completed a comprehensive drill program at Graphmada and looks forward to tabling the results over the coming weeks.

The team at Bass are excited to have proven sustainable operations are achievable and in the process significantly de-risked both its assets and the Company's sales channels. Bass continues to build value, optimise the quality of its concentrates and in developing significant downstream intellectual property in preparation for graphite's substantial role in the next generation of technologies and industrial uses.

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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 (under Renewal)	100%
Australia	Tasmania	CML 103M/1987 Hellyer Mine Lease 1&2	100%
Australia	Tasmania	CML 68M/1984 Que River Mine Lease2	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 Mineral Resources, Exploration Targets and 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.