

29 January 2016

The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

December 2015 Quarterly Report of Activities

Please find following the December 2015 Quarterly Report of Activities and Cash flow for Bass Metals Limited ("Bass" or the "Company").

Quarterly highlights: -

- ***Bass completed the payment of GBP 500,000 to Stratmin in order to secure a strategic interest in the Stratmin owned Loharano Graphite mine in east Madagascar;***
- ***Bass successfully secures a right to buy up to 40% of the Loharano mine;***
- ***The Company successfully completes capital raisings of A\$389,000 in October 2015 and a further \$525,000 in December 2015;***
- ***In November 2015 the Company announced the successful settlement of its dispute with LionGold with Bass to receive \$2,500,000 in cash and shares;***
- ***The Board's refocus on the new strategic direction for the Company is supported by shareholders;***
- ***The Company has engaged Paterson's Securities, leading research house, to publish a report on the merits of the Loharano Graphite mine;***
- ***Bass continues to negotiate the divestment of its Tasmanian assets.***

Background to Strategic Investment in Graphite Asset

On 2 September 2015, Bass announced that it had entered into an agreement with AIM listed Stratmin Global Resources Plc (**Stratmin, AIM:STG**), to acquire a strategic interest in their Madagascan (Loharano) graphite operations which currently produce high quality graphite flake concentrate for sale to a large US based offtake partner.

The acquisition will occur via an investment in the Stratmin subsidiary company Graphmada Mauritius ("Graphmada"), which is the 100% owner of the Madagascan operating company, Graphmada S.A.R.L.

Further detail about the Company's strategic investment in the Graphite asset, its location and technical merits can be found in our announcement of 2 September 2015

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Update to investment in Graphmada

On 4 December 2015, the Company announced it had updated the terms of its investment in Graphmada Mauritius with Bass required to pay GBP 500,000 to secure a 6.25% (tranche 1) and a further GBP 1,500,000 (tranche 2) by 31 March 2016 in order to extend their investment to 25%. The Company now also holds a right to extend its investment to 40% in the future.

Completion of Placement & Investment in Graphmada

On 24 December 2015, the Company announced that it had completed the payment of Tranche 1 with the total of GBP 500,000 paid to Stratmin.

The completion of this payment followed the highly successful capital raising of \$525,000 managed by Bizzell Capital Partners, Brisbane.

Appointment of Research House

The Company recently appointed Paterson's Securities, Perth to undertake a detailed study and assessment of the technical and other merits of the Loharana Graphite Mine.

It is expected that a detailed research report will be published in the near future.

The Company's Directors look forward to reviewing the research report and shall notify the market of its publish as soon as this is possible.

Settlement with Lion Gold Corp

In November 2015, the Company notified the market that it had secured favourable settlement terms in relation to its previous dispute with Lion Gold.

The terms of the settlement require Lion Gold to pay a minimum of A\$1,150,000 in cash and a further A\$1,350,000 in cash and shares all before 30 June 2015.

The Company is pleased to report that to date they have received A\$300,000 in cash and further substantial funds are due to be received before the end of January 2016.

As recently announced and following the announcement of the Company's settlement with Lion Gold, the Company received a claim from a litigation funder for a portion of the settlement sums. The Company disputes the claim and intends to defend this.

Divestment of Que River Assets

Following the last quarter end, the Company announced that it had entered into a 3 month Exclusivity Period with private company Mancala Resources Pty Ltd ("Mancala") with the purpose of divesting its Que River Assets in Tasmania.

The Company recently received advice from Mancala that they do not intend, at this stage, to exercise their option to acquire the Company's Que River assets in Tasmania.

The Company continues to liaise with Mancala and other interested parties in relation to the potential divestment of its Tasmanian assets.

Environmental activities, Tasmania

The Company continued to comply with its Care and Maintenance plan for the Que River and other sites during the quarter.

Environmental management at the Que River site focussed on the rehabilitation of the surface areas of the site, with significant progress being achieved in 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.

Summary

The last quarter has been an exciting period in the refocus of the Company's strategic direction and the Board of Bass are pleased with the Company's progress.

We look forward to updating the market with further details about our short term achievements in the near future

Yours faithfully

Rick Anthon
Chairman

Contacts and information:

Stratmin Global Resources Plc - www.stratminglobal.com
Bass Metals Ltd – www.bassmetals.com.au

Rick Anthon Chairman: Bass Metals Ltd	david@bassmetals.com.au
Barbara Pesel Media & Investor Relations	03 9036 6900 barbara.pesel@peselandcarr.com.au
David Round Company Secretary	0411 160 445 david@bassmetals.com.au

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The Company's interests in mining tenement as at 31 December 2015 were as follows:

Tenement	Interest
EL48/2003 Mt Block ⁴	100%
EL28/2009 Lake Margaret ¹	75%
EL20/1010 Sock Creek ¹	75%
CML 103M/1987 Hellyer Mine Lease ^{2&4}	100%
CML 68M/1984 Que River Mine Lease ⁴	100%
ML 10W/1980 Access Easement to QRML	100%
RL11/1997 Mt Charter Retention ^{3&4}	100%

Notes:

1. Subject to joint venture with Clancy Exploration Limited.
2. 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.
3. RL11/1997 is owned by Bass, but HMO has a 100% interest in the existing gold resource and gold exploration rights through a Sublease Agreement. Bass retains all base metal exploration rights.
4. Intec Limited holds a 2.5% NSR Royalty over all Product from Bass' interests in RL11/1997, EL48/2003, CML68M/1984 and CML103M/1987.