

4 July 2016

Sandra Wutete  
ASX Compliance Pty Ltd  
Level 40 Central Park  
152-158 St Georges Terrace  
Perth WA 6000

Dear Ms Wutete

**Bass Metals Limited (Entity or Bass) – price query**

We refer to your letter of 30 June 2016 (**Price Query**) and reply as follows using the numbering in your letter:

- 1 *Is the Entity aware of any information concerning it that has not been announced to the market, which, if known by the market, could explain the recent trading in its securities?*

Bass notes the share trading from a low of \$0.014 to a high of \$0.032 on 30 June following its announcement released before the commencement of trading on 30 June 2016 titled 'Bass set to become Australia's only Graphite Producer' (**Presentation**). Bass expects that the trading on 30 June was in response to the Presentation and recent announcements including:

- (a) 4 April 2016: Bass to acquire 100% of operating Graphite Mine;
- (b) 26 May 2016: Bass successfully completes Due Diligence for Graphmada;
- (c) 1 June 2016: Patersons Research Note; and
- (d) 30 June 2016: Bass Set to become Australia's only Graphite Producer.

In addition to the above, on 29 June 2016 at 2.45pm Bass signed a mandate with Bizzell Capital Partners (**Bizzell**) and Patersons Securities Limited (**Patersons**) to act as joint lead managers and underwriters to a rights issue. As at 30 June 2016, the details of the rights issue were however incomplete with structure, timing and terms and conditions to be determined. Bass had also progressed (but not finalised) the agreement to acquire the remaining 93.75% interest in Graphmada Mauritius.

Though the information as to the rights issue and progress of Graphmada agreement could, if known by some in the market, explain the recent trading in

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the Entity's securities, Bass doubts this given the information was already largely in the market. In this regard we refer to Bass's announcement to ASX on 26 May 2016 that it was preparing investor presentations in relation to Graphmada with plans to undertake investor briefings in June with the assistance of Bizzell and Patersons. In the same announcement, Bass stated that final documentation relating to the acquisition was being prepared for execution. Subsequently, Patersons released a research note on 1 June 2016.

2 *If the answer to question 1 is "yes":*

(a) *Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?*

Bass is relying on Listing Rule 3.1A not to announce the information concerning the proposed rights issue and progress of the Graphmada agreement under Listing rule 3.1.

(b) *Can an announcement be made immediately?*

An announcement cannot be made immediately as both the rights issue and agreement to acquire Graphmada are incomplete.

Given the trading on the morning of 30 June 2016, and the suggestion that the information may have ceased to be confidential, the Company requested a trading halt pending a response to the Price Query.

(c) *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*

An announcement could not be made immediately upon receipt of the Price Query as the information was incomplete. An announcement detailing the rights issue and Graphmada agreement will be released when the Company is in a position to do so. As Bass is not currently in a position to do so, it has requested that its securities be placed in suspension pending the release of an announcement as to the rights issue and Graphmada agreement.

3 *If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?*

Not applicable.

4. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company is in compliance with the Listing Rules and in particular, Listing Rule 3.1.

Please contact me if you require further information.

Yours faithfully



David Round  
Company Secretary

**Contacts and information:**

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30 June 2016

Mr David Round  
Company Secretary  
Bass Metals Limited

*By email*

Dear Mr Round

**Bass Metals Limited (the “Entity”): ASX Price and Volume Query**

We have noted a change in the price of the Company’s securities from a closing price of \$0.011 on Monday, 27 June 2016, to an intraday high of \$0.032 today, 30 June 2016. We have also noticed an increase in the volume of trading in the Company’s securities over this period.

In light of the price increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
  - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?  
  
Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
  - b) Can an announcement be made immediately?  
  
Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
  - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:30 pm (WST) today, 30 June 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Sandra.Wutete@asx.com.au](mailto:Sandra.Wutete@asx.com.au) and [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[sent electronically without signature]*

Sandra Wutete  
**Senior Adviser, ASX Listings Compliance**

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