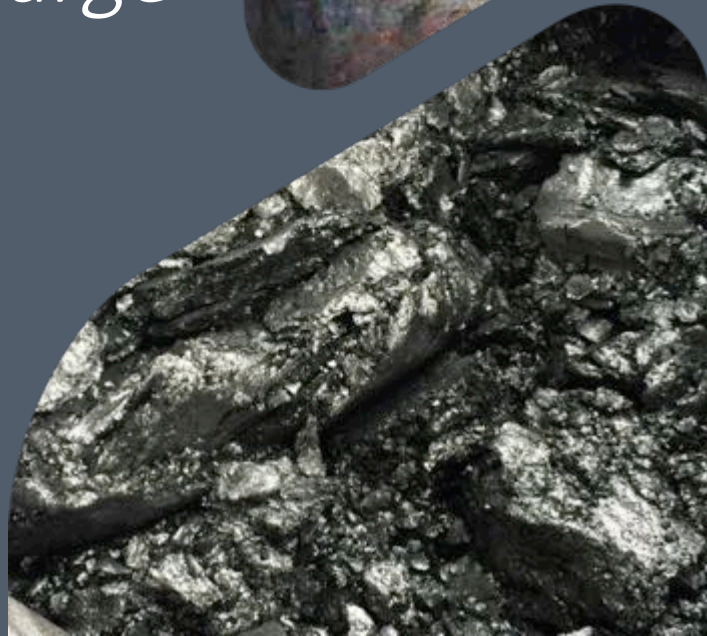




**Bass Metals** Ltd.

*Transitioning to become  
Australia's only ASX listed large  
flake graphite producer*

July 2016



# Disclaimer & Cautionary Statements



## Disclaimer

This presentation has been prepared by Bass Metals Limited (“Bass” or the “Company”). It should not be considered as an invitation or offer to subscribe for or purchase any securities in the Company or as an inducement to make an invitation or offer with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this presentation. This presentation is provided on the basis that none of Bass nor its respective officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the presentation and nothing contained in the presentation is, or may be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law.

The presentation contains forward looking information and prospective financial material which is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved. All references to future production, production targets and resource targets and infrastructure access are subject to the completion of all necessary feasibility studies, permitting, construction, financing arrangements and infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Exploration Results, as well as the Competent Persons' Statements. All persons should consider seeking appropriate professional advice in reviewing the presentation and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the presentation nor any information contained in the presentation or subsequently communicated to any person in connection with the presentation is, or should be taken as, constituting the giving of investment advice to any person.

## Forward Looking Statements

This presentation may contain certain forward looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Bass Metals Ltd's control. Actual events or results may differ materially from the events or results expected or implied in any forward looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward looking statements will be or are likely to be fulfilled. Bass Metals Ltd. undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation (subject to securities exchange disclosure requirements). The information in this presentation does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this presentation constitutes investment, legal, tax or other advice.

## Competent Person Statement

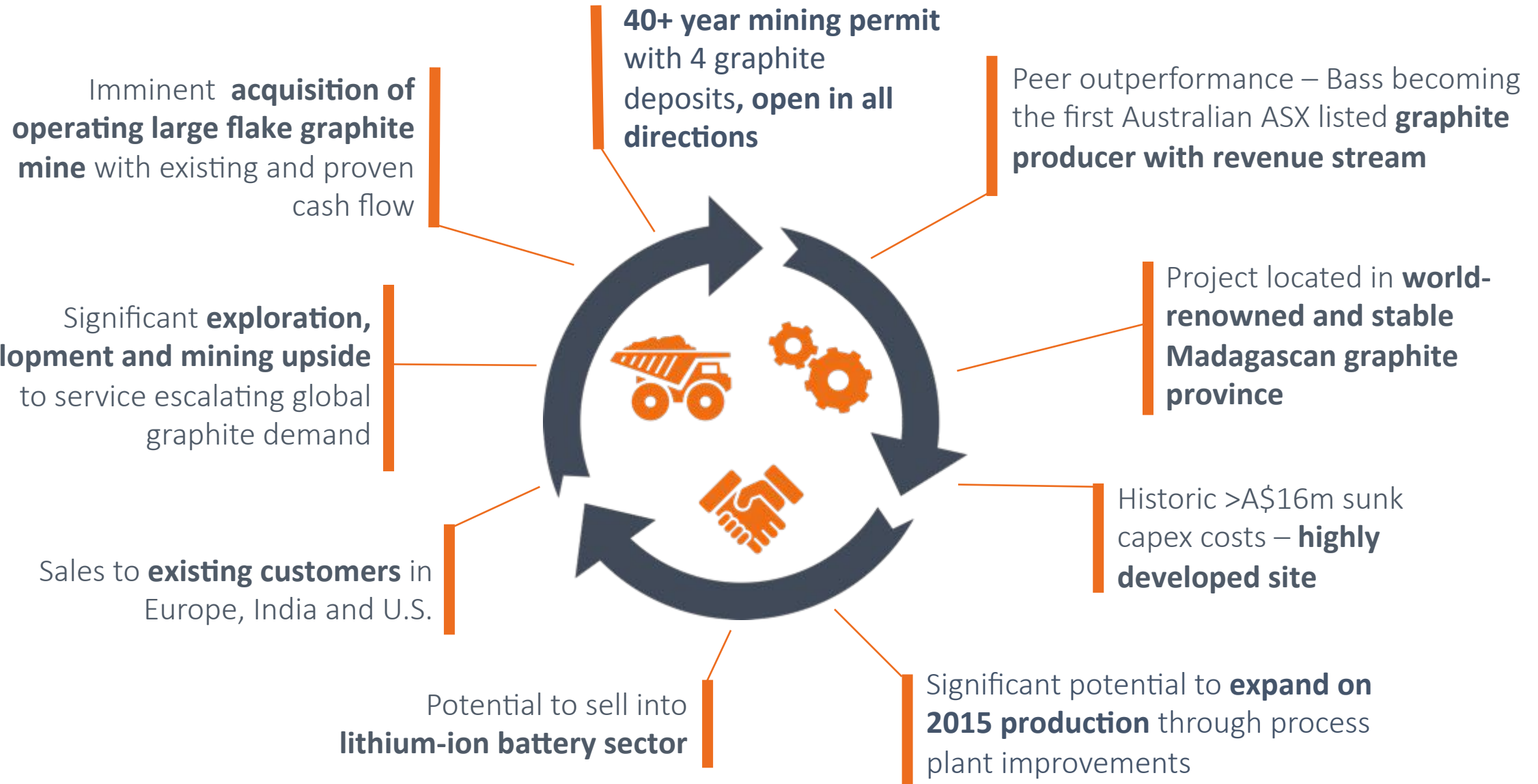
The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation prepared and compiled by Mr Jannie Leeuwner and Mr. Jonathan Robbeson, for Exploration Results and Mineral Resources respectively. Mr Jannie Leeuwner – BSc (Hons) Pr.Sci.Nat. MGSSA, a full-time employee of Vato Consulting LLC. Mr. Leeuwner is a registered Professional Natural Scientist (Pr.Sci.Nat. - 400155/13) with the South African Council for Natural Scientific Professional (SACNASP). Mr. Jonathan Robbeson – BSc (Hons1), MEconGeol, (CP Geo), is a full time employee SymAudire Pty Ltd and is a registered Chartered Professional (Geology) with the Australian Institute of Mining and Metallurgy (AusIMM – 304542), both, as mining consultants, have been paid at usual commercial rates for the work which was completed for Stratmin Global Resources Plc and Bass Metals Ltd. Mr. Leeuwner and Mr. Robbeson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Leeuwner and Mr. Robbeson consent to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

## Subsequent Public Reporting

The information for the JORC Mineral Resource Summary is extracted from the ASX Announcement “Strategic investment in producing graphite asset” released 2 September 2015, which is available to view on [www.asx.com.au](http://www.asx.com.au). Bass Metals Ltd. confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

# At a Glance

For personal use only



# Executive Summary

Bass Metals Ltd (“Bass”) set to become (Q3 2016) the only **ASX Listed producer of graphite**, with immediate cash flow, by acquiring the producing Graphmada Large Flake Graphite mine in Madagascar, from Stratmin Global Resources Plc (“Stratmin”).



## Why Graphmada?

- ✓ Operating asset, with established cash flows and potential for lower operating costs.
- ✓ Established international markets with high purity, large flake product sold into India, Europe and the U.S., with potential exposure to lithium-ion battery demand.
- ✓ Asset has been significantly de-risked with a large amount of capital spent establishing operations (>A\$16m).
- ✓ Significant development potential, both near-mine and regionally, with mineralisation open to depth and along strike, across four known deposits.
- ✓ Staged acquisition aligned with value creation milestones (material expansions in production).
- ✓ Stable and supportive jurisdiction with security of tenure for 40 years.



# Corporate Snapshot



## Rick Anthon – Non-Executive Chairman

30 years experience in both corporate and commercial law, is a director of a number of resource companies, and is currently manager of Corporate and Legal at Orocobre Ltd, Australia's premier Lithium producer.

## Jeffrey Marvin – Non-Executive Director

20 years working with corporate management and investors to bring international mineral projects to public markets.

## David Premraj – Non-Executive Director

Principal of Singapore based Consolidated Minerals Pte Ltd, a privately held company with a global portfolio of metals and mining investment projects.

## Tim McManus – Chief Executive Officer

25 years' as a mining professional with significant experience at senior management level across all facets of project assessment, development and operations. Previous roles include CEO of ASX listed Elementos Ltd, Chief Geologist for Xstrata, MD of Scorpion Energy.

## David Round – Chief Financial Officer & Company Secretary

An accountant with extensive resource sector experience as CFO and Company Secretary to a number of resource development and mining companies.

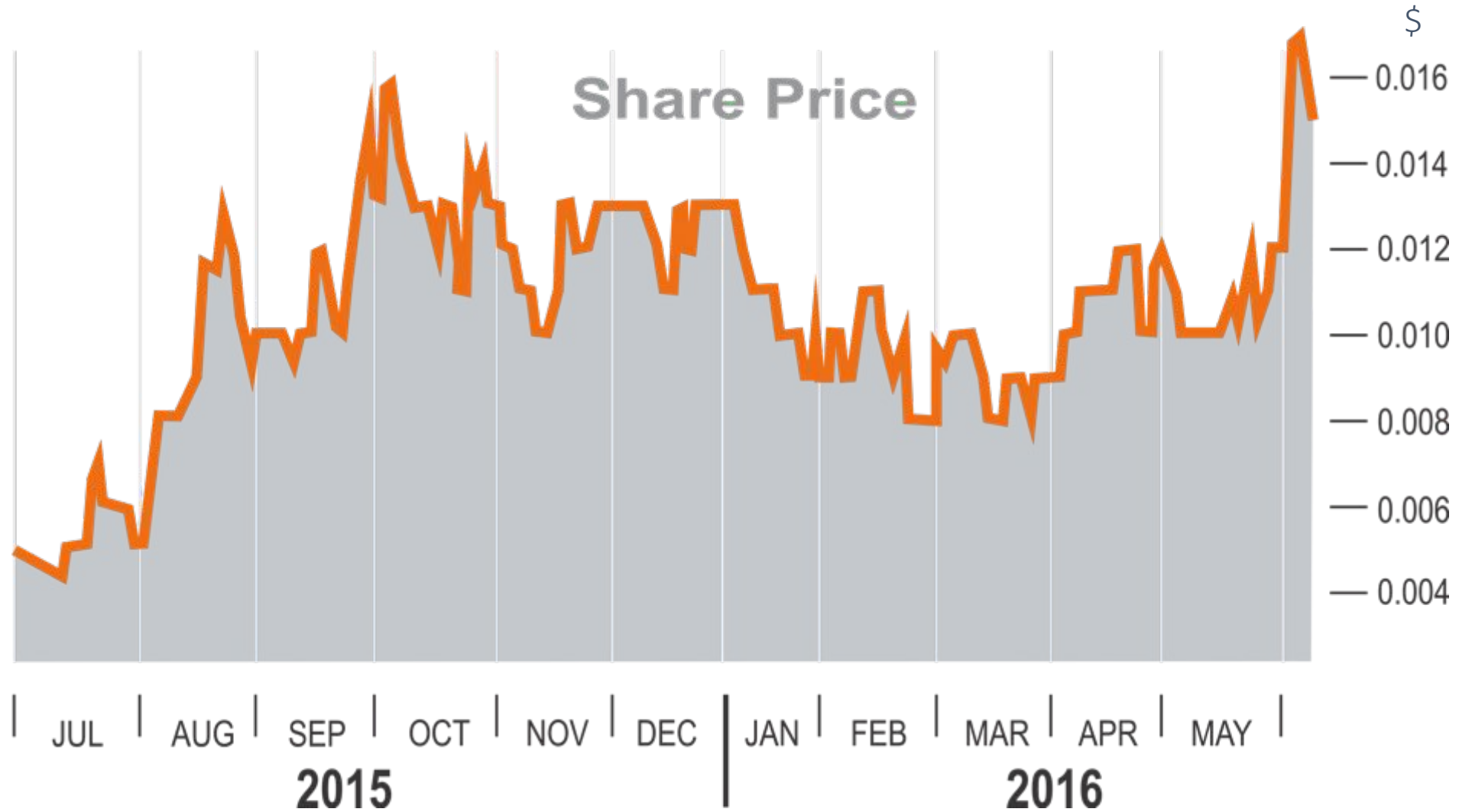


<sup>1</sup> Unlisted options excisable at \$0.015, expiring on 31 December 2018.

<sup>2</sup> Inclusive of cash 30 June 2016, receivables as per ASX announcement 18<sup>th</sup> November 2015 and the Company's half year report announced 15 March 2016.

# Share Price

For personal use only



# Our Potential

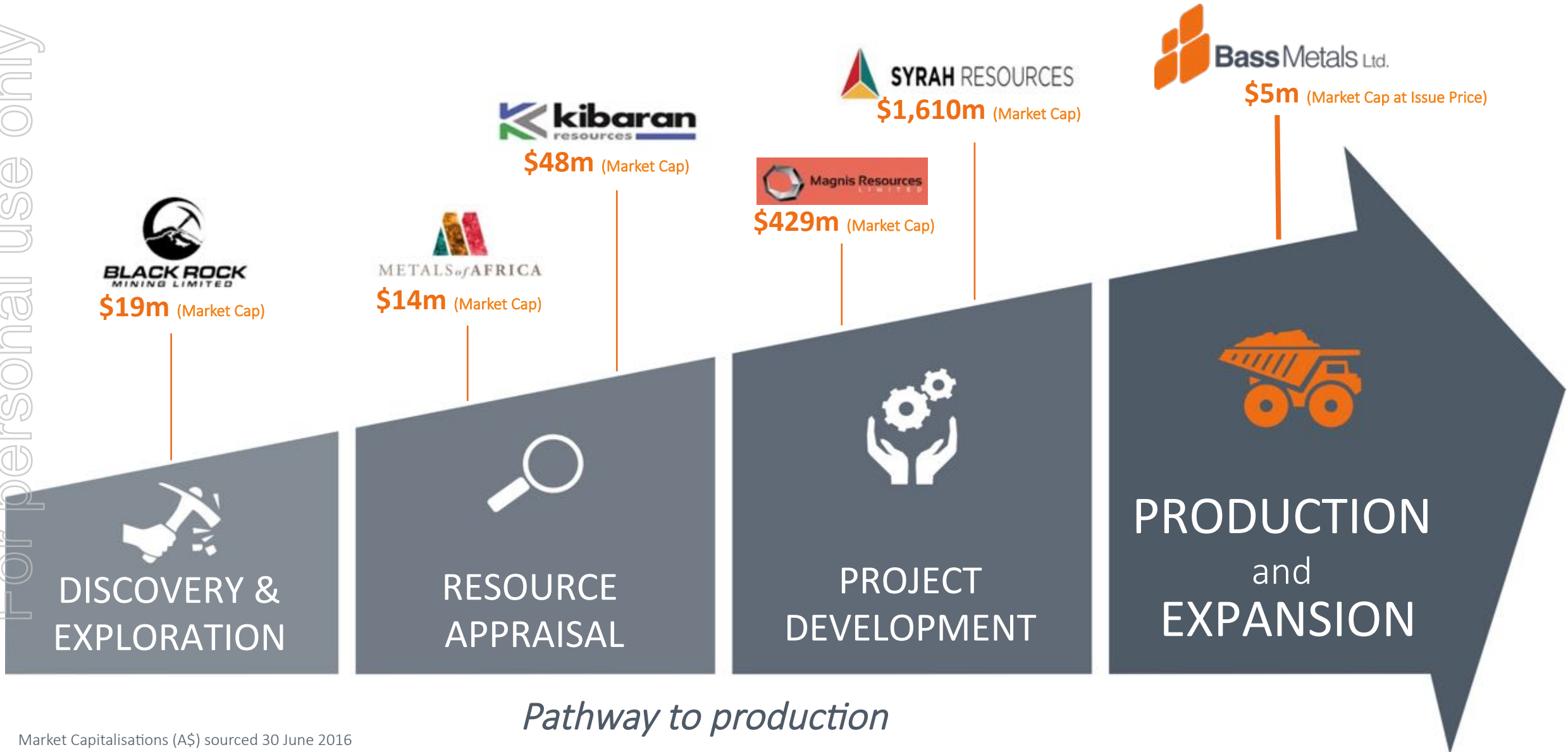
Transitioning to become Australia's **only** ASX listed large flake **graphite** producer

- ✓ Producing mine
- ✓ 40+ year mining permit
- ✓ Sales agreements in place
- ✓ Low cost entry
- ✓ >A\$16m CapEx already invested
- ✓ Low cost production
- ✓ Significant potential for expansion



# Our Potential

For personal use only



*Pathway to production*



# Deal Structure

Bass owns 6.25% of Graphmada Mauritius (“Graphmada”), purchased from Stratmin for A\$1m in December 2015.

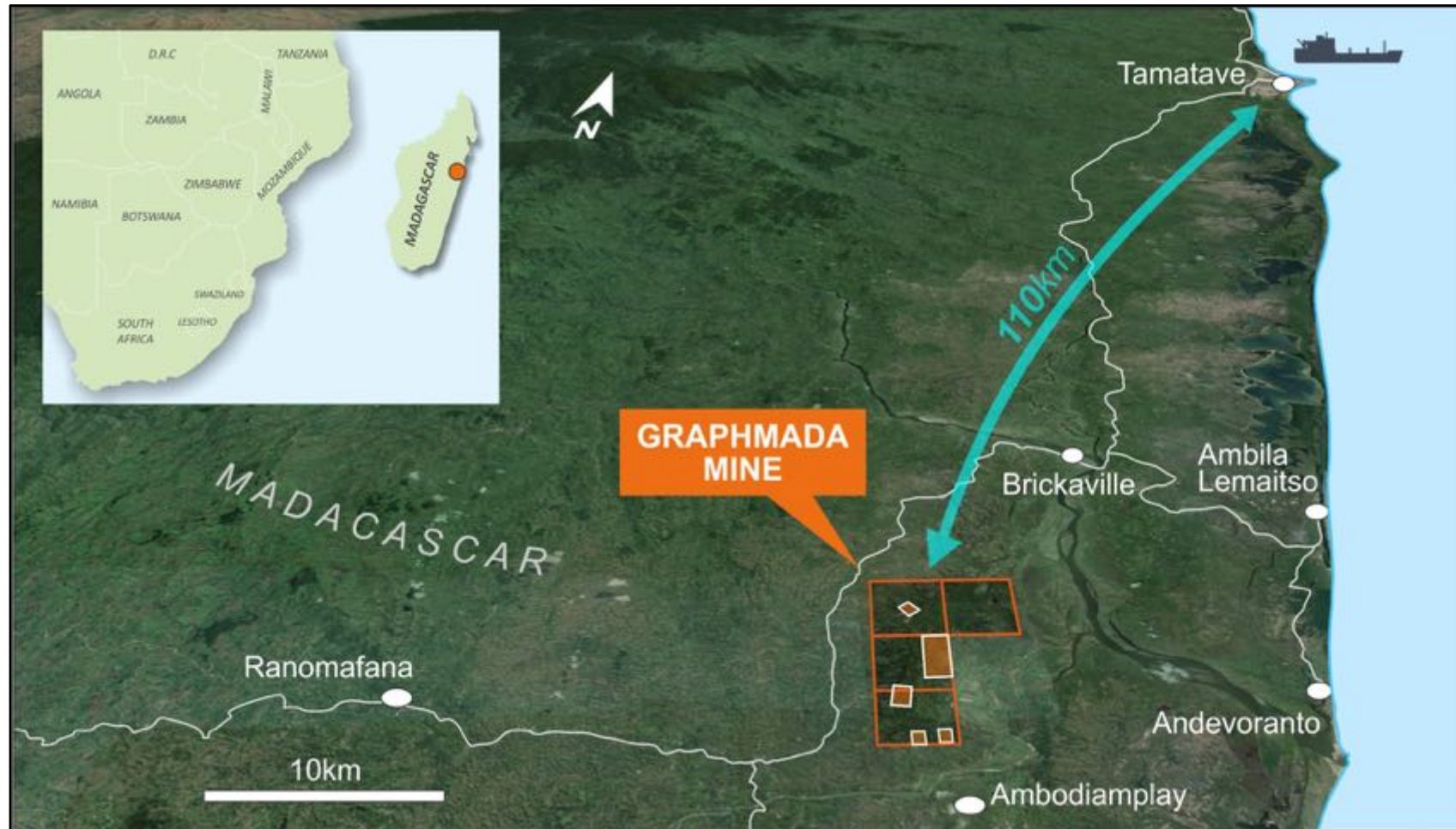


- Bass can secure<sup>1</sup> the remaining 93.75% of Graphmada by completing Tranche 1 conditions:
  - Payment of A\$1.5m
  - Issue A\$750k worth of Bass ordinary shares to Stratmin at 1 cent per share
  - Grant to Stratmin a Net Royalty of 2.5% with payments not to exceed A\$5m.
- In addition, will make two further payments (“Tranches 2 and 3”) on the achievement of substantial production milestones:
  - A further A\$3m worth of Bass ordinary shares on achieving production of 1,250 tonnes of graphite concentrate over 3 consecutive months on or before 31 December 2017 (“Tranche 2”); and
  - A further A\$5m worth of Bass ordinary shares on achieving production of 2,500 tonnes of graphite concentrate over 3 consecutive months on or before 31 December 2018 (“Tranche 3”).
- Tranches 2 and 3 shares shall be issued to Stratmin based on the Company’s Volume Weighted Average Price in the 20 traded days immediately prior to the achievement of the above production output values.

<sup>1</sup> Completion of the transaction being subject to obtaining shareholder approval by Bass and Stratmin, and Bass successfully funding the acquisition.

# Location

Madagascar has produced **benchmark quality graphite** for over 100 years due to a high proportion of high purity, large flake crystalline graphite, which is the **preferred feed for lithium-ion battery** manufacture.

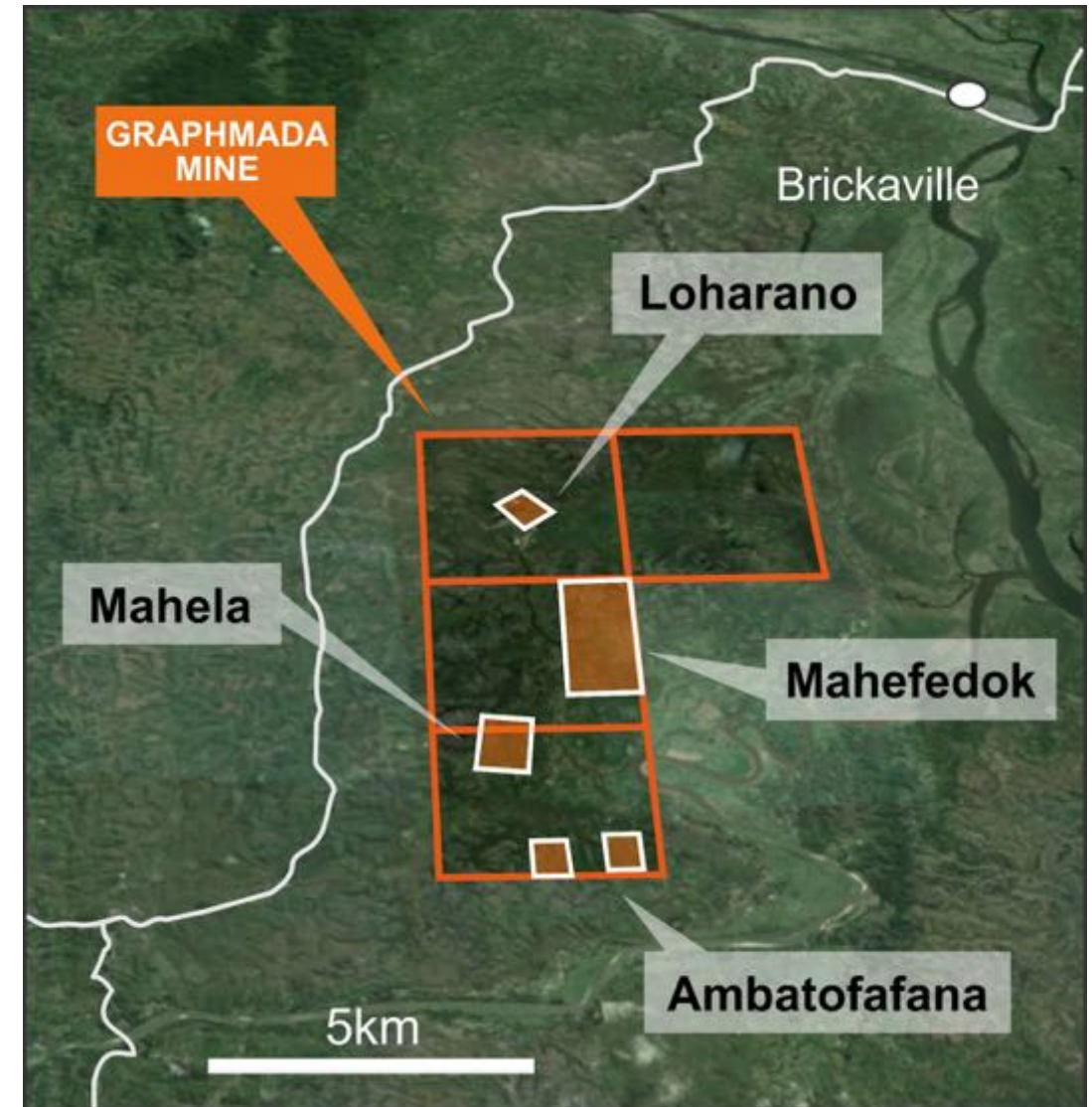


Location of Graphmada

# Graphmada Overview

For personal use only

- Graphmada is an **operating mine** with existing customers in the U.S., India and Europe.
- Graphmada has 4 known deposits within its permits:
  - **Loharano** - currently mining
  - **Mahefedok** - under development / trial mining
  - **Mahela** - to be developed
  - **Ambatofafana** - to be developed
- The 130 strong workforce utilises modern facilities and infrastructure:
  - On-site doctor and pharmacy,
  - Housing and offices,
  - Water and communications,
  - State-of-the-art analytical laboratory.



Graphmada permits



# Geology & Resources

For personal use only

- At Graphmada, graphite is hosted in both weathered regolith (~30m depth) and the underlying graphitic gneiss.
- Only the top 5-10m of the Graphmada deposits have been assessed, with results to date showing the graphite grade **increases with depth** and all mineralisation is **open along strike and to depth**.

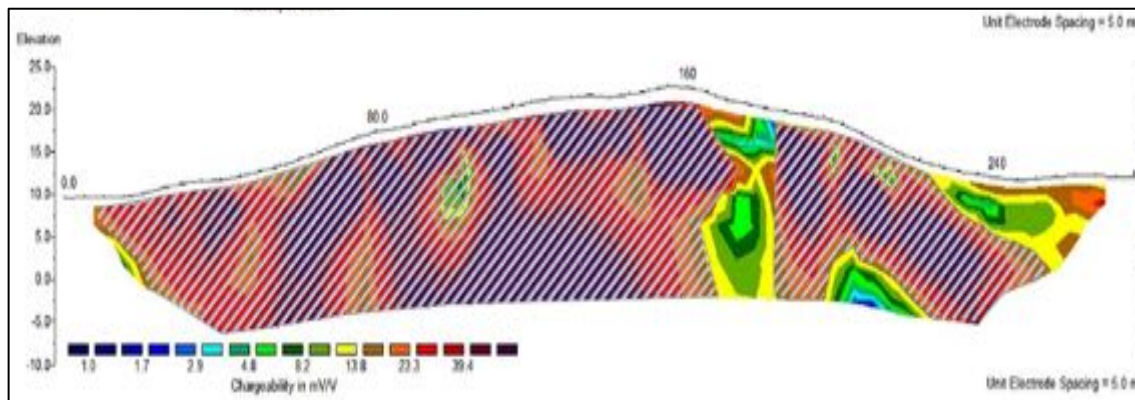
Below is the JORC Mineral Resource for the Loharano Deposit only. These resources **represent only the top 5m** of the deposit.

Loharano Deposit	Tonnage	Grade (Cutoff 2%)	Contained Graphite
Indicated	0.4 Mt	5.1 %	22 Kt
Inferred	5.3 Mt	4.0 %	213 Kt
<b>Total Resources<sup>1</sup></b>	<b>5.7 Mt</b>	<b>4.1 %</b>	<b>235 Kt</b>

Table subject to rounding errors

<sup>1</sup> These estimates were prepared and first disclosed by Stratmin under the JORC Code 2004. The estimates have not been updated to JORC Code 2012 on the basis that the information has not materially changed since it was last reported. A Competent Person has not done sufficient work to classify the estimates as mineral resources or ore reserves in accordance with the 2012 edition of the JORC Code and it is uncertain that following evaluation and/or further exploration work that they will be able to be reported as mineral resources or ore reserves in accordance with the 2012 edition of the JORC Code. Reference is made to the Company's announcement of 2 September 2015 which provides further detail regarding this information.

Mahefedok Deposit – Zone 2 Induced Polarization (IP) Survey

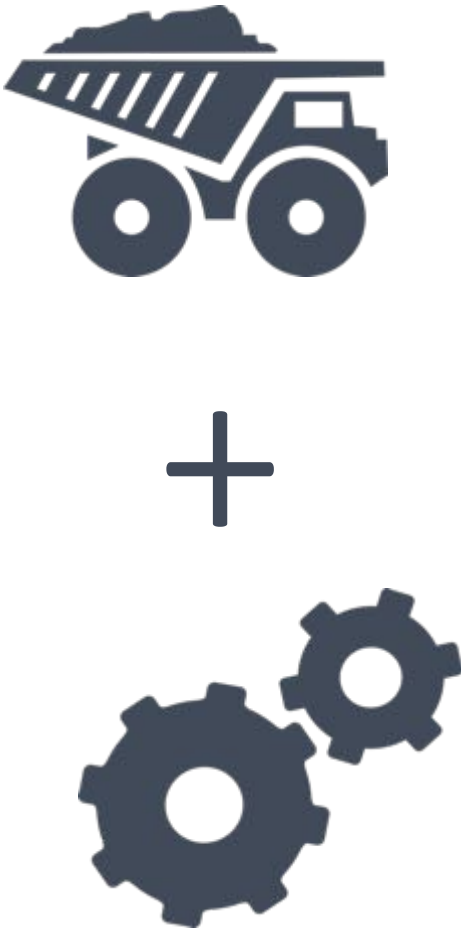


High IP chargeability indicating potential graphite mineralisation to depth



# Mining & Processing Operations

For personal use only



Graphmada flotation



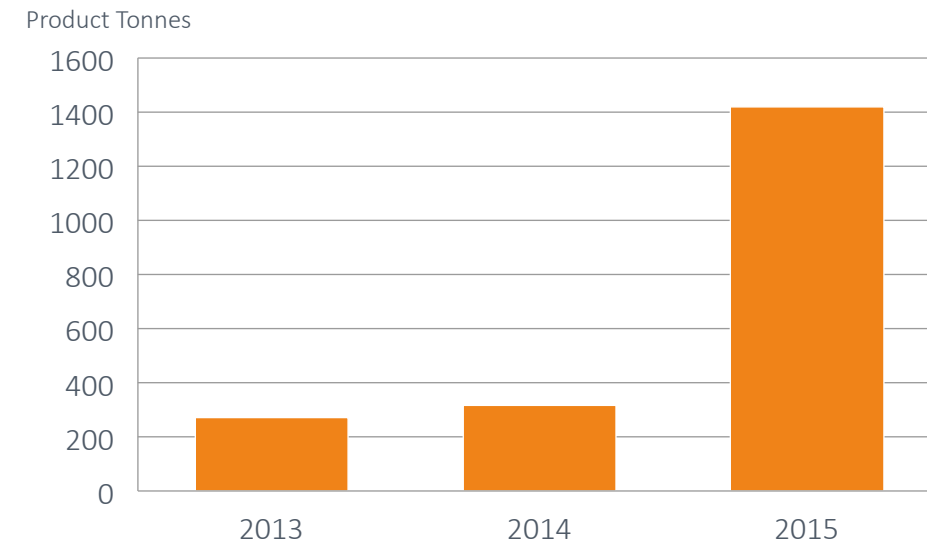
Mining at Loharano

# Mining & Processing Operations

For personal use only

- Established operations with shallow, **low cost mining** and potential to lower costs further.
- Benefits from **significant historical capital investment** by Stratmin (>A\$16m).
- **Established 6000tpa plant** with analytical laboratory and supporting infrastructure.
- **Improving production** volumes and grade.
- Plan to **substantially increase production**.
- Attractive **large crystalline flake size**.

Graphmada Production

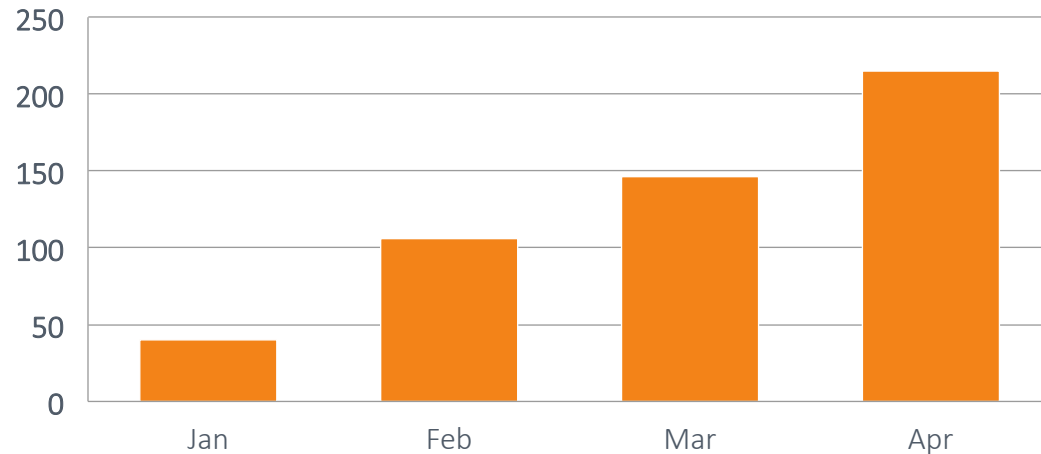


# Logistics and Export

For personal use only

- After drying and packaging on-site, the product is transported 110km by sealed highway to the main export port of Madagascar at Tamatave.
- The high-value >94% TCG<sup>1</sup> product is then exported to Europe, India and the U.S.

Graphmada 2016 Export Tonnes



<sup>1</sup> Total Carbon Content

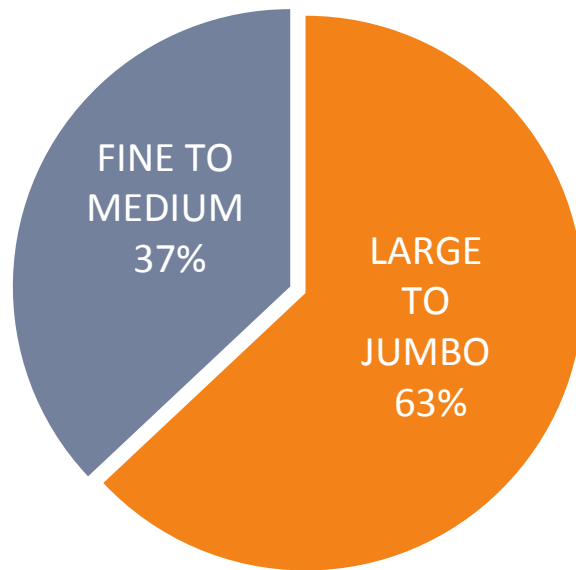


Port of Tamatave

2015 product sales into the U.S., Europe and India

Of ~1500 tonnes.

Graphmada Product  
Sold in 2015

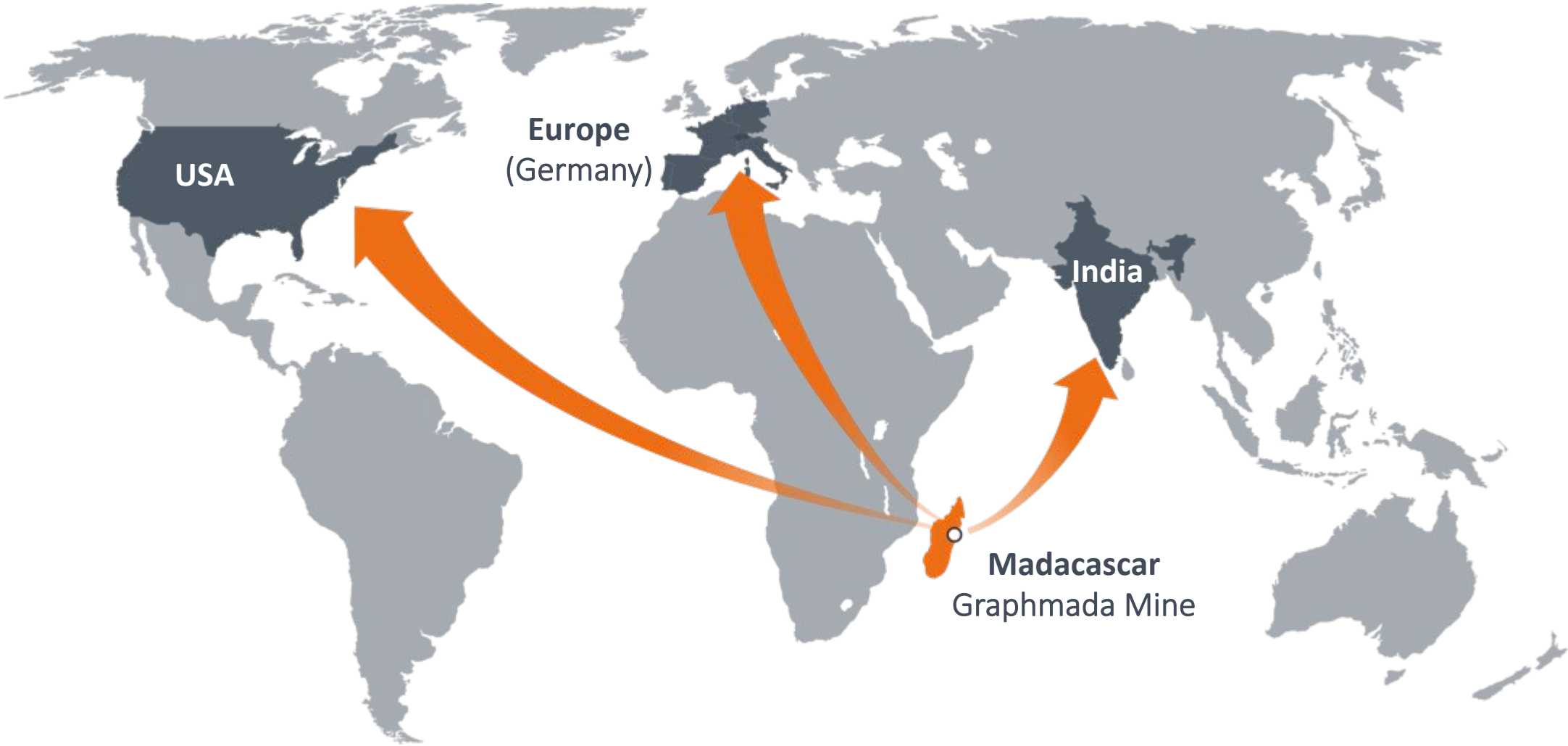


Graphmada is a dependable supplier to traditional markets where its product quality is well sought after. Its product quality and desirable crystalline flake structure provides upside into **new and growing markets** such as the **battery, space and nuclear technology** sectors.



# Existing Sales Markets

For personal use only



Graphmada's large flake product is ideally suited to the **high growth Lithium-Ion Battery** market.



- **Battery-grade graphite** requires **very high purity levels** and also needs to be **spheroidised**; converting the flat graphite flakes into potato-like shapes, which pack more efficiently. These properties are important for producing the high electrical conductivity that is required during anode operation.
- Spheroidising the graphite flakes also reduces their size, a process known as micronisation. Battery-grade materials require an average diameter of ~10-30 microns. However, starting purity levels tend to decrease with flake size, so large flake material >180 microns (+80 mesh) or greater is typically used. **Large flake graphite** also **reduces wastage**, ensuring a greater proportion of the graphite is used in **anode production**, which **reduces costs**.



# Future Market & Sales

For personal use only

Graphmada's product quality and flake size potentially enables high utilisation in spherical graphite production, allowing for low cost, highly efficient anode production for lithium-ion batteries.

Class	Size (microns)	Avg. Size Distribution %		Indicative Pricing
		 Balama <sup>1</sup>	 Graphmada <sup>2</sup>	
Large - Jumbo	>180	20%	97%	US\$2000-1000
Medium - Fine	<180	80%	3%	US\$700-400



Graphmada Product

<sup>1</sup> Syrah Resources Balama Feasibility Study May 2015.

<sup>2</sup> Asbury Graphite Mills Inc. sizing results: Taken from the Creo Design Competent Person's JORC Report: Independent Technical Report on the Loharano Deposit.



# Mahefedok: Immediate Expansion

For personal use only

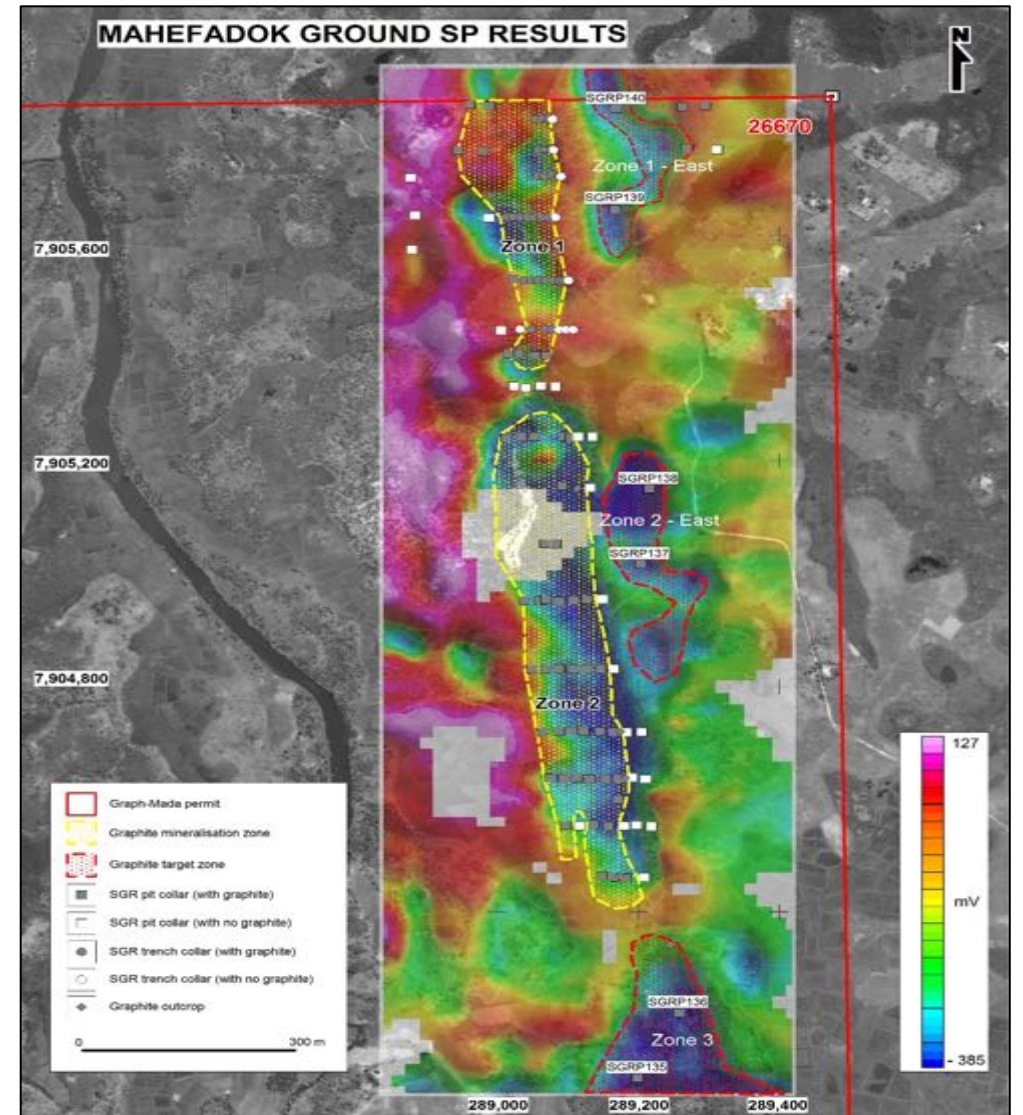
Bass plans to undertake feasibility studies to expand operations to mine Mahefedok, a **deposit potentially substantially larger than the size** of Loharano.

Trial mining and processing has **demonstrated a saleable product**, with some product already sold.

Bass plans to ultimately **establish a second processing plant** designed to expand current production to realise deal metrics.



Graphite mineralisation (~10%TGC) - Mahefedok Deposit.



Mahefedok self-potential (SP) geophysical survey results



# Key Points

For personal use only

## Takeaways

- ✓ Becoming Australia's only ASX listed graphite producer.
- ✓ Operating asset, with established cash flows and potential for lower operating costs.
- ✓ Established markets with benchmark purity and flake size product sold into India, Europe and the U.S., with exposure to lithium-ion battery demand.
- ✓ Asset has been significantly de-risked with a large amount of capital spent establishing operations (>A \$16m).
- ✓ 40+ year mining permit with 4 graphite deposits, open in all directions.
- ✓ Significant exploration, development and mining upside to service escalating global graphite demand.

## Catalysts

- Complete transaction to acquire 100%.
- Substantial plant upgrade.
- JORC 2012 compliant Mineral Resources & Reserves for Loharano and Mahefedok deposits.
- Installation of a second processing plant, significantly increasing production capacity.
- Commencement of mining at Mahefedok.
- Downstream partnering, strategic alliances and value addition i.e. micronisation plant for battery grade graphite.

# Capital Raising & Use of Funds



For personal use only

SOURCES	A\$ Million
Cash and Receivables as at 30 June 2016	\$2.2m
Rights Issue Proceeds	\$5.5m
<b>Forecast cash and receivables (Post Capital Raising)</b>	<b>\$7.7m</b>

SUMMARY OF USE OF FUNDS	A\$ Million
Tranche 1 cash payment to Stratmin Global Resources PLC	\$1.5m
Exploration & Expansion Studies	\$0.7m
Processing Plant Optimisation	\$0.7m
Mining and Ancillary Infrastructure	\$0.8m
Optimisation and Expansion Contingency (20%)	\$0.5m
Expenses of Offer	\$0.2m
Working Capital <sup>1</sup>	\$3.3m
<b>Total use of funds</b>	<b>\$7.7m</b>

Table contains rounded figures

<sup>1</sup> If the proceeds of the Capital Raising are less than as stated, the amount for Working Capital will be reduced accordingly. Additionally, to the extent there is any liability which crystallises in respect of the Company's Tasmanian metal assets, the Company may redirect available funds (including Working Capital) to satisfy the liability if required. Any further funds raised by the Joint Lead Managers through the conditional placement (up to \$1.5 million) will increase the working capital.

# Detailed Use of Funds

Bass Metals is undertaking a Non-Renounceable Rights Issue to raise sufficient capital to **optimise existing production and expand operations.**

DETAILED USE OF FUNDS	A\$ Million
Exploration and Expansion Studies	\$0.7m
Drilling	\$0.5m
JORC compliant assessment and reporting	\$0.3m
Processing Plant Optimisation (6000tpa)	\$0.7m
Raw material preparation and feed	\$0.1m
Primary and secondary wet milling	\$0.3m
Flotation Cells	\$0.1m
Dryer	\$0.1m
Blending and screening	\$0.1m
Mining and Ancillary Infrastructure	\$0.8m
Mining equipment	\$0.4m
Engineering, fabrication and construction	\$0.3m
Power and electrical	\$0.1m
Total Optimisation & Expansion Contingency (20%)	\$0.5m
<b>Total use of funds</b>	<b>\$2.7m</b>

Table contains rounded figures



# Offer Details



- **Capital Raising** to raise up to ~A\$7 million via Joint Lead Managers, Bizzell Capital Partners Pty Ltd and Paterson's Securities Limited.
- A non-renounceable rights issue on the basis of one (1) new share for every one (1) existing share held at the record date at a price of 1.2¢ per share ("**Rights Issue**") to raise up to approximately \$5.5m.
- In addition, the Rights Issue is to be accompanied by a **one (1) free attaching option** for every two (2) new shares subscribed for, exercisable at 2.5¢ with a 2.5 year expiry.
- **Issue Price of 1.2 cents** represents:
  - 60% discount to the last traded price
  - 51% discount to the 5 day VWAP<sup>1</sup>
  - 48% discount to the 15 day VWAP
  - 43% discount to the 30 day VWAP
- Additionally, the Joint Lead Managers may place up to \$1.5m worth of securities to eligible investors on the same terms as the Rights Issue, subject to any necessary shareholder approval.

<sup>1</sup>Volume Weighted Average Price.



# Capital Structure



Capital Structure	Shares	Options
Shares on Issue	460,028,181	33,330,000
Consideration to Stratmin	75,000,000	0
Proposed Rights Issue	460,028,181	230,014,091
Conversion of loans and costs to securities	73,090,367	64,687,553
Issue of Directors Options	0	6,000,000
<b>Total at 18 August 2016</b>	<b>1,068,146,729<sup>1</sup></b>	<b>334,031,644<sup>1</sup></b>

<sup>1</sup> Excludes a potential placement of A\$1.5m if the Joint Lead Managers to the raising (Patersons Securities Limited and Bizzell Capital Partners Limited) exercise their right to undertake an additional placement, subject to any necessary shareholder approvals.

# Proposed Timetable



For personal use only

Event	Date
Announcement of Rights Issue Voluntary suspension continues	Thursday 7 July
Institutional Offer opens	Thursday 7 July
Institutional Offer closes	Tuesday 12 July
Announce results of Institutional Offer Lodge Prospectus Suspension lifted Trading resumes on an ex-entitlement basis	Pre-open Wednesday 13 July
Record Date	7:00pm AEST Wednesday 13 July
Settlement of Institutional Offer	Thursday 14 July
Quotation of Shares issued under Institutional Offer	Friday 15 July
Last date to send offer documents to eligible retail holders Last date for retail offer to open	Monday 18 July
Last day to extend Retail Offer Retail Offer closes	Tuesday 26 July Friday 29 July
Announce indicative results of retail offer	Tuesday 2 August
Announce results of retail offer	Thursday 4 August
Issue of New Shares under Retail Offer	Monday 8 August
Quotation of New Shares under Retail Offer and New Options under Institutional and Retail Offer	Tuesday 9 August
Shareholders Meeting	Thursday 18 August

<sup>1</sup> This timetable is indicative and subject to change at the discretion of the Company and the Joint Lead Managers.

# Key Risks



Bass Metals Limited (Bass) is subject to a number of risk factors both specific to its business and of a general nature. Bass's business, financial condition and the results of its operations could be materially and adversely affected by the occurrence of any of the risks associated with the business. As a result, the traded price of Bass's shares could decline and shareholders could lose all or part of their investment. The risks outlined should not be considered exhaustive of the risks faced by Bass and its investors but these and other risks could have a material impact on the financial performance of Bass and the value of Bass shares.

## Operating and Development Risks

There are significant risks associated with the operating and expansion of a mine. The ability of Bass to meet operating and capital expenditure estimates or achieve production targets as planned cannot be assured. For example, development and expansion projects may require approvals, permits or licenses (including environmental licenses) that may not be received on a timely basis, on acceptable terms or at all. There is no guarantee that Bass will be able to comply with all conditions imposed on those approvals and licenses in a cost-effective manner. Decisions regarding development and expansion projects may be subject to the successful outcome of operational reviews, test work, studies and trial mining.

There is a risk that the Company will not be able to economically mine current or future mineral reserves discovered in order to produce a satisfactory commercial return. The assets of Bass (as with others in the sector) are subject to uncertainty inherent with resource estimation, development and production, grade, recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters. If faced by Bass, these circumstances could result in Bass not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Bass's financial and operational performance.

## Resource Estimation and Exploration Risks

The Mineral Resources for Bass's assets are estimates only and no assurance can be given that any particular recovery level of graphite will in fact be realised. Bass's estimates comply with the JORC Code, however Mineral Resources and Ore Reserves are expressions of judgment based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates by nature are imprecise and involve assumptions. Additionally, even estimates that are valid when made may change significantly when new information or new techniques become available.

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if the exploration activities undertaken by Bass do not result in additional reserves, this may have an adverse effect on the Company's financial performance.

# Key Risks



## Tenure

Interests in a project's tenements are governed by laws and regulations and are granted for a certain period of time. The grant and ongoing validity of each license, lease and permit is subject to the holder complying with expenditure, reporting and other conditions. In this regard, Bass has permits granted and pending. While Bass believes pending permits will be granted once it fulfills the final conditions (which it intends to), there is no guarantee this will occur in a timely fashion or at all.

## Land Access and Native Title Rights

The tenements in which Bass has an interest may be subject to landowner and/or native title claims or other access restrictions. Bass may need to resolve such access arrangements, prior to entering on land to carry out activities, through the provision of monetary compensation, compensation for damage to land and commitments to restore the land. In particular, the permits for Bass's Graphmada mine are subject to negotiated access arrangements with landowners. While Bass expects the agreements to be upheld, there is no guarantee that all necessary parties will maintain these arrangements, that Bass has these.

## Risks to Achieving Production (including increased production)

Whilst Bass considers there to be a reasonable basis for the production forecasts at its projects, the forecasts are subject to a number of factors, many of which cannot be foreseen and are beyond the control of Bass. These factors may cause the production forecasts not to be achieved or to be achieved later than expected.

## Environmental Risk

The operations of Bass are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, Bass's activities are expected to have an impact on the environment, particularly in relation to mining and production. It is Bass's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

## Share Market, Commodity Price Volatility and Foreign Exchange Rate Risk

Bass has significant commodity and energy requirements and it relies on being able to fulfill those requirements at a cost which does not negatively impact on its cash flows. A number of factors (such as rising oil prices, macro-economic factors such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar), as well as general global economic conditions and political trends) may lead to an increase in commodity and energy costs which may materially adversely affect the earnings of Bass. Similarly, substantially all of Bass's revenues and cash flows are related to commodity markets. Therefore, the financial performance of Bass is exposed to fluctuations in commodity markets. Bass's commodity end market prices may be influenced by numerous factors and events which are beyond the control of Bass. Bass is an Australian business that reports in Australian dollars. Revenue is derived from the sale of products in US dollars, therefore movements in the US\$/A\$ exchange rate or the Malagasy Ariary/A\$ may adversely or beneficially affect Bass's cash flows. Share market conditions may adversely affect listed securities regardless of the operating performance of a particular company. The trading price of Bass's securities may rise or fall depending on numerous factors impacting on market conditions and investor attitudes including the general economic outlook nationally and globally, interest rates, inflation, capital supply and other matters outside of Bass's control.

# Key Risks



## Funding Risks

In the ordinary course of operations and development, Bass is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Bass's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Subject to successful completion of the capital raising, it is expected that Bass will have sufficient funding to support its operations. However, Bass will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that Bass will be able to access future funding on favourable terms or at all. Additionally, to the extent there is any liability which crystallises in respect of the Company's Tasmanian metal assets, the Company may apply the proceeds of the exercise of options on issue and the Offer proceeds (including by reallocating working capital) to satisfy the liability if required.

## Sovereign and Political Risk

Possible sovereign risks associated with operating in Madagascar include, without limitation, changes in the terms of mining legislation, changes in the foreign ownership requirements in Madagascar, changes to royalty arrangements, changes to taxation rates and concessions, expropriation by the government or private entities and changes in the ability to enforce legal rights. Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of and may affect industry profitability as well as Bass's capacity to explore and mine. At present, Bass is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation, competition policy, environment and lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Bass's plans or its rights and obligations in respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Bass. Any of these factors may, in the future, adversely affect the financial performance of Bass and the market price of its shares. No assurance can be given regarding future stability in Madagascar or any other country in which Bass may, in the future, have an interest.

## Completion Risk

The Company entered into a share purchase agreement on the 7<sup>th</sup> of July 2016 to acquire the remaining issued share capital of Graphmada from Stratmin. The successful completion of the acquisition will be subject to receiving the necessary approvals and funding. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. Further, the Company's expenses associated with the transaction, including legal fees, may increase as the Company assesses its legal position and whether to attempt to enforce such legal rights, should the need arise. Further, it is anticipated that completion of the acquisition will occur on 19<sup>th</sup> of August. However, there is a risk that the Company will not be able to complete the acquisition within the identified timeframe. Any delay in completion may have a material adverse effect on the Company.





**Bass Metals** Ltd.

ASX: BSM

Email: [admin@bassmetals.com.au](mailto:admin@bassmetals.com.au)

Phone: (07) 3221 0783

Post: PO Box 1048, West Perth WA 6904

[www.bassmetals.com.au](http://www.bassmetals.com.au)

