

## Prospectus

**Bass Metals Ltd**

**ACN 109 933 995**

The Offer is a non-renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 1 Existing Share at an issue price of \$0.012 per New Share with 1 free attaching New Option (exercisable at \$0.025 on or before 31 December 2018) for every 2 New Shares issued to raise \$5,520,338 before issue costs.

This prospectus is for:

- an offer to Eligible Retail Shareholders (**Retail Entitlement Offer**); and
- an offer of Shortfall Securities on terms set out in section 8.7 (**Shortfall Offer**).

The Offers are fully underwritten by Bizzell Capital Partners Pty Limited and Patersons Securities Limited. See section 8.5 for details.

**ASX Code:      BSM**

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares and New Options being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares and New Options offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## Important Notice

This Prospectus is dated 12 July 2016 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares and New Options offered under this Prospectus.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## Nature of this Prospectus

The New Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the company and the rights attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

## Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Closing Date on the Company's website at [www.bassmetals.com.au](http://www.bassmetals.com.au) or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Retail Shareholders and others will only be able to accept the Retail Entitlement Offer, or apply under the Shortfall Offer (as the case may be), by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.5 of this Prospectus for further information).

## Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

## Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

## Privacy

Please read the privacy information located in section 8.18 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

## Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in section 12.

## Enquiries

If you have any questions please call the Company Secretary on 0411 160 445 at any time between 9.00am and 5:00pm (AWST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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## Corporate Directory

### Directors

Rick Anthon (Non-Executive Chairman)  
Jeffrey Marvin (Non-Executive Director)  
David Premaj (Non-Executive Director)

### Chief Executive Officer

Tim McManus

### Company Secretary

David Round

### Registered Office

Ground Floor, 31 Ventnor Ave  
West Perth WA 6005

Telephone: (07) 3221 0783  
Email: david@bassmetal.com.au

### Auditor\*

Grant Thornton Audit Pty Ltd  
King George Central  
Level 18, 145 An Street  
Brisbane QLD 4000

### Website

www.bassmetals.com.au

### Share Registry\*

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Telephone: 1300 557 010

### Solicitors to the Offer

Kings Park Corporate Lawyers  
Level 2, 45 Richardson Street  
West Perth WA 6005

### Joint Lead Managers and Underwriters

Bizzell Capital Partners Pty Ltd  
Level 9, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4001

Patersons Securities Limited  
Level 23, Exchange Tower  
2 The Esplanade  
Perth WA 6000

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

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## 1 TIMETABLE TO THE OFFER

Results of Institutional Entitlement Offer announced and trading on ASX resumes	13 July 2016
Record date to determine Entitlement ( <b>Record Date</b> )	13 July 2016
Despatch of Prospectus and Retail Entitlement Offer opens	18 July 2016
Close of Retail Entitlement Offer ( <b>Closing Date</b> )	29 July 2016
Announce results of Retail Entitlement Offer	4 August 2016
Issue of New Shares and New Options under the Retail Entitlement Offer	8 August 2016
Quotation of New Shares and New Options under the Retail Entitlement Offer	9 August 2016

The timetable above is indicative only and may be subject to change. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

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## 2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Securities	Shares	Options
Existing Shares and Options <sup>1, 2</sup>	460,028,181	33,330,000
New Shares and New Options <sup>3</sup> offered under the Offer	460,028,181	230,014,091
Top-up placement <sup>4</sup>	125,000,000	62,500,000
Acquisition of Graphmada	75,000,000	0
Proposed issues <sup>5</sup>	73,090,367	63,387,553
Directors Options <sup>3</sup>	0	12,000,000
<b>Total</b>	<b>1,193,146,729</b>	<b>401,231,644</b>

<sup>1</sup> This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.

<sup>2</sup> See section 5.6 for a list of the Company's Options on issue.

<sup>3</sup> See section 9.2 for full terms and conditions of the New Options.

<sup>4</sup> The Joint Lead Managers will have the sole and exclusive right, but not obligation, to facilitate a top-up placement of up to \$1.5 million on the same terms as the rights issue at the conclusion of the Offer.

<sup>5</sup> See section 5.6 for details of proposed issue of securities.

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### 3 CHAIRMAN'S LETTER

Dear Shareholders

#### Non Renounceable Rights Issue

On behalf of the Company's board and management team, I invite you to take part in a Non Renounceable Rights Issue to raise approximately \$5,520,328 (**Rights Issue**). The Rights issue is fully underwritten by our Joint Lead Managers and Underwriters, Bizzell Capital Partners and Patersons Securities Limited, with 2 directors agreeing to sub-underwrite up to \$210,000. The details are included in this document.

As you may appreciate, Bass Metals Ltd has endured some challenges over the past and the Company's new Board has spent a great deal of time in establishing a clear vision and new direction for the Company's future.

Much work has been done in recent months in securing the Company's future and we believe our acquisition of the Graphmada Graphite mine in Madagascar will underpin a new and exciting direction under the Board and recently appointed experienced management team. Our management team has already, in conjunction with our supporting Advisors, outlined a plan for the development and expansion of the Graphmada project and we look forward to delivering on our short and long term plans.

Part of our future plan includes a substantial investment in operating plant and equipment and the funds we propose to raise from this Rights Issue will largely fund our investment in capital. This investment in capital will, we believe, help us to achieve substantial improvements and increases in production in the forthcoming year.

Our short term plans also include maintaining and establishing new trade partners, securing tenure and developing a program to reduce production costs. All of these factors will help us to develop this mine site to its full potential.

Full details of the Rights Issue are contained in this Prospectus which I encourage you to read. In particular, section 6 details the risks associated with an investment in the Company, including risks as to completion, future funding, operating and development and resource estimation and exploration.

For further information on the Company, you should consult your stockbroker or independent professional adviser. Additional detail about the Company will also be available on our website at [www.bassmetals.com.au](http://www.bassmetals.com.au)

We thank you in anticipation of your continued support.

Yours sincerely

Rick Anthon

Chairman

#### 4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information						
What is the Offer?	<p>1 New Share for every 1 Existing Share held on the Record Date at an issue price of \$0.012 per New Share, with 1 free attaching New Option (exercisable at \$0.025 on or before 31 December 2018) for every 2 New Shares issued.</p> <p>Application will be made for the New Shares to be quoted on ASX.</p> <p>The Offer will raise \$5,520,338 (before costs).</p> <p>The Offer comprises four parts:</p> <ul style="list-style-type: none"><li>(a) Institutional Entitlement Offer;</li><li>(b) Institutional Bookbuild;</li><li>(c) Retail Entitlement Offer; and</li><li>(d) Shortfall Offer.</li></ul>	Section 5.1						
Am I an Eligible Retail Shareholder?	<p>The Retail Entitlement Offer is only available to Eligible Retail Shareholders. Eligible Retail Shareholders are those Shareholders that:</p> <ul style="list-style-type: none"><li>(a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date;</li><li>(b) have a registered address in Australia or New Zealand;</li><li>(c) are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer; and</li><li>(d) are not an Ineligible Institutional Shareholder.</li></ul>	Section 8.4						
How will the proceeds of the Offer be used?	<p>The Company intends to use the funds raised from the Offer together with existing cash and receivables of \$2.2 million (as at 30 June 2016) broadly as follows:</p> <table border="1"><thead><tr><th>Use of funds</th><th>Amount (A'000)</th></tr></thead><tbody><tr><td>Tranche 1 cash payment to Stratmin</td><td>\$1,500</td></tr><tr><td>Exploration and expansion studies</td><td>\$700</td></tr></tbody></table>	Use of funds	Amount (A'000)	Tranche 1 cash payment to Stratmin	\$1,500	Exploration and expansion studies	\$700	Section 5.4
Use of funds	Amount (A'000)							
Tranche 1 cash payment to Stratmin	\$1,500							
Exploration and expansion studies	\$700							

Question	Response	Where to find more information
	Processing plant optimisation (6,000tpa)	\$700
	Mining and ancillary infrastructure	\$800
	Optimisation and expansion contingency	\$500
	Costs of the Offer	\$520
	General working capital	\$2,980
	Total	\$7,700
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <p>Completion risk - the acquisition of Graphmada is subject to certain conditions, including approval by Stratmin's shareholders. There is no guarantee that the proposed acquisition will complete or be successful. If completion does not occur, monies advanced (approximately \$410,000) may not be recoverable. Further, any delay in completion may have adverse consequences;</p> <p>Future funding risk - The Company will require additional funding to progress its projects beyond the planned development and other work programs outlines to date. There is no assurance that the Company will be able to access future funding on favourable terms or at all;</p> <p>Operating and development risk - Graphmada has historically operated at a loss. Whilst the Company is confident that its proposed plant upgrade and other measures will ensure Graphmada generates a profit, there is a risk that the Company may not be successful; and</p> <p>Resource Estimation and Exploration risks - The Mineral Resources for the Graphmada assets are estimates only and no assurance can be given that any particular recovery level of graphite will in fact be realised.</p> <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	Section 6
Is the Offer underwritten?	<p>The Offer is fully underwritten by Bizzell Capital Partners and Patersons Securities Limited to 460,028,181 New Shares or \$5,520,338.</p> <p>The underwriting is conditional upon certain conditions and terminating events customarily found in underwriting agreements for issuers in the Company's circumstances.</p>	Section 8.5

Question	Response	Where to find more information
Is the Offer subject to any conditions?	The Offer is not subject to any minimum subscription.	Section 8.2
What will be the effect of the Offer on control of the Company?	The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Securities placed in the Shortfall Offer.  No shareholder will increase their voting power in the Company to 20% or more under the Offer or Shortfall Offer.	Section 5.7
What are Shortfall Securities?	Any New Shares under the Offer that are not applied for by the Closing Date will become Shortfall Securities. The Shortfall Offer is an offer to issue Shortfall Securities and is a separate offer under this Prospectus.	Section 8.7
How do I apply for New Shares and Shortfall Securities under the Offer?	Applications for New Shares and Shortfall Securities can be made by Eligible Retail Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Securities applied for.	Section 7
Can I sell my Entitlements under the Offer?	No. The Offer is non-renounceable meaning your Entitlement is not transferable and there will be no trading of rights on ASX.	Section 8.6
How can I obtain further advice?	Contact the Company Secretary on 07 3221 0783 at any time during business hours until the Closing Date. Alternatively, consult your broker or other professional adviser.	

## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Overview of the Offer

The Company is seeking to raise \$5,520,338 before issue costs by offering Eligible Shareholders 1 New Share for every 1 Existing Share held as at the Record Date at a price of \$0.012 per New Share, with 1 free attaching New Option (exercisable at \$0.025 on or before 31 December 2018) for every 2 New Shares issued.

The Offer is fully underwritten by Bizzell Capital Partners Pty Limited and Patersons Securities Limited.

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The Offer comprises four parts:

- (a) Institutional Entitlement Offer - Eligible Institutional Shareholders were invited to take up all or part of their Entitlement, with the offer closing on 12 July 2016 and 58,259,548 New Shares subscribed for;
- (b) Institutional Bookbuild - Entitlements not taken up by Eligible Institutional Shareholders, together with the Entitlements that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors, with 103,910,902 New Shares subscribed for.
- (c) Retail Entitlement Offer - Eligible Retail Shareholders are being sent this Prospectus, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (d) Shortfall Offer - Entitlements not taken up by Eligible Retail Shareholders, together with the Entitlements that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer, will be offered under the Shortfall Offer.

This prospectus is for the Retail Entitlement Offer and the Shortfall Offer. The Prospectus will also allow Shares issued under the Institutional Entitlement Offer and Institutional Bookbuild to be offered for sale without disclosure.

## 5.2 The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to subscribe for 1 New Share for every 1 Existing Share held as at the Record Date at a price of \$0.012 per New Share, with 1 free attaching New Option (exercisable at \$0.025 on or before 31 December 2018) for every 2 New Shares issued.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1 Existing Share you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

New Shares issued under the Retail Entitlement Offer will be fully paid and will rank equally in all respects with Existing Shares.

The offer ratio and issue price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

## 5.3 Purchase of Graphmada Mauritius

As first announced on 4 April 2016, the Company has agreed to acquire 100% of Graphmada Mauritius, which owns a large flake graphite mine in Madagascar, from Stratmin Global Resources Plc. Funds raised under the Offer will be used for exploration and expansion studies, to increase production and for general working capital, as detailed below.

The material terms of the acquisition are as follows:

- (a) Consideration consists of:
  - (i) \$1.5 million cash payment (subject to certain adjustments relating to working capital and liabilities within Graphmada at completion) and 75 million Shares at completion;

- (ii) 2.5% net royalty capped at \$5 million;
- (iii) Shares with a total value of \$3 million using the 20 traded day VWAP upon the Company achieving a total production output of 1,250t of saleable (on arm's length terms) graphite concentrate over any given consecutive 3 month period prior to 31 December 2017; and
- (iv) Shares with a total value of \$5 million using the 20 traded day VWAP upon the Company achieving a total production output of 2,500t of saleable (on arm's length terms) graphite concentrate over any given consecutive 3 month period prior to 31 December 2018.

The deferred consideration referred to in 5.3(a)(iii) and (iv) is subject to shareholder approval and may be paid in cash in the event that shareholder approval is not obtained within 60 days of the respective milestone dates.

- (b) Completion is conditional upon:
  - (i) approval by the Company's Shareholders and Stratmin's shareholders respectively;
  - (ii) no material breach of warranties or terms of the agreement; and
  - (iii) the Company completing due diligence to its satisfaction, by no later than 4 September 2016.
- (c) The agreement contains warranties typical for a transaction of this nature.

#### 5.4 Use of funds

The Directors intend to apply the proceeds from the Offer together with existing cash and receivables of \$2.2 million (as at 30 June 2016) as follows:

Use of funds (approximately) <sup>1</sup>	Amount (A'000)
Tranche 1 cash payment to Stratmin	1,500
Exploration and expansion studies	700
Processing plant optimisation (6,000tpa)	700
Mining and ancillary infrastructure	800
Optimisation and expansion contingency	500
Costs of the Offer <sup>2</sup>	520
General working capital <sup>3</sup>	2,980
<b>Total use of funds</b>	<b>7,700</b>

#### Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 See section 10.5 for further details relating to the estimated expenses of the Offer, including fundraising expenses.

- 3 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

## 5.5 Statement of financial position

Set out in section 13 is the un-audited Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 31 March 2016 and prepared on the basis of the following assumptions:

- (a) the Offer was effective on 31 March 2016;
- (b) adjustments made to recognise any material matters within the Financial Statements between the 31 March 2016 and the proposed settlement date for the Offer;
- (c) no further Shares are issued (including by way of exercise of Options) other than all Shares offered under this Prospectus;
- (d) costs of the Offer are \$520,000.

The pro-forma Statement of Financial Position has been prepared in accordance with draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro-forma Statement of Financial Position have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

## 5.6 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued (including by way of exercise of Options) prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Amount	
	Number	%
Existing Shares	460,028,181	50.0
New Shares offered under this Prospectus	460,028,181	50.0
<b>Total Shares</b>	<b>920,056,362</b>	<b>100.0</b>

Options	Amount
Unlisted Options (exercise price \$0.015 expiry 31 December 2018)	33,330,000
New Options offered under this Prospectus (exercise price \$0.025 on or before 31 December 2018)	230,014,091
<b>Total Options following the Offer</b>	<b>263,344,091</b>

The terms of certain Options on issue may allow for the exercise price to change following a rights issue. The new exercise price for those Options will be announced following the ex date of the Offer.

In addition to the issue of securities under the Offer, the Company has also agreed to issue the following securities, subject to Shareholder approval to be sought at an extra ordinary meeting of Shareholders to be held on 18 August 2016.

	Shares	Options
Consideration to Stratmin	75,000,000	0
Conversion of loans and other security issues	73,090,367	64,687,883
Lead Manager and Underwriters	0	25,000,000
Directors, Management, Consultants	13,000,000	18,500,000
Placement to raise an additional \$1.5 million	125,000,000	62,500,000

None of the above securities will be issued prior to the Record Date and therefore will not participate in the Offer.

### 5.7 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

#### (a) Underwriter

The Underwriters have agreed to fully underwrite the Offers.

Bizzell Capital has a relevant interest in 521,722 Shares and is the registered holder of 1,650,000 options exercisable at 1.5 cents expiring on or before 31 December 2018. Patersons does not have a relevant interest in any Shares of the Company. The Underwriters are not a related party of the Company for the purposes of the Corporations Act.

Neither Bizzell Capital nor Patersons subscribed for securities in the Institutional Entitlement Offer or the Institutional Bookbuild. In the event that no Eligible Shareholders took up their rights under the Retail Entitlement Offer, at the completion of the Entitlement Offer, Bizzell Capital may have a relevant interest of 16.2% in the Company and Patersons may have a relevant interest of 16.1%. If Patersons terminates its underwriting obligation and Bizzell elects to perform and take up its underwritten amount, then Bizzell's relevant interest will increase to a maximum of 19.41% (assuming no shortfall is placed to sub-underwriters). If Bizzell terminates its underwriting obligation and Patersons elects to perform and take up its underwritten amount, then Patersons' relevant interest will increase to a maximum of 19.3% (assuming no shortfall is placed to sub-underwriters).

#### (b) Others

As the Offer is non-renounceable, the Company has not appointed a nominee for the purposes of section 615 of the Corporations Act and Shareholders may not rely upon item 10 of section 611 of the Corporations Act to have a voting power of 20% or more.

No shareholder will increase their voting power in the Company to 20% or more under the Offer.

#### (c) Dilution

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Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect assuming no further Shares are issued or options exercised:

Holder	Holding at Record Date			Holding following the Offer if no Entitlement taken up	
	Number	%	Entitlement	Number	%
1	40,000,000	8.70	40,000,000	40,000,000	4.35
2	20,000,000	4.35	20,000,000	20,000,000	2.17
3	10,000,000	2.17	10,000,000	10,000,000	1.09
4	5,000,000	1.09	5,000,000	5,000,000	0.54

## 6 RISK FACTORS

The New Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.1 Risk specific to the Offer

#### (a) Completion risk

As noted above, the acquisition of Graphmada is subject to the satisfaction or waiver of certain conditions, including approval by Stratmin's shareholders. Whilst the Directors are satisfied that this approval will be obtained, there is a risk that it may not, in which case the Company will not acquire Graphmada and the Company will lodge a supplementary prospectus and give accepting Eligible Retail Shareholders an opportunity to withdraw their acceptances.

There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced (approximately \$410,000) 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 by the end of August 2016. 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.

(b) Future funding

The funds raised by the Offer will primarily be used to develop the Graphmada graphite mine and for working capital.

In the ordinary course of operations and development, the Company is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company'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 the Company will have sufficient funding to support its operations. However, the Company will require additional funding to progress its projects beyond the planned development and other work programs outlined to date. There is no assurance that the Company 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.

(c) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.7(c) above.

(d) Control

The Directors have taken reasonable steps to ensure a reasonable distribution of voting power under the Offer, including the appointment of Bizzell Capital Partners and Patersons Securities Limited as Joint Lead Manager and Underwriters. However, assuming some shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

## 6.2 Company and industry risks

The risks outlined below are specific to the Company's operations.

(a) Going Concern

The Company's financial statements for the period ending 31 December 2015 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following things:

- (i) the ability of the Company to raise sufficient additional capital in the future;

- (ii) the successful sale of the tenements in Tasmania;
- (iii) the ability to achieve a financial return from its investment in Graphmada Mauritius; and
- (iv) recoverability of its settlement agreement with Lion Gold.

There is a risk that, if the Company cannot undertake the above initiatives, the Company may not continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial statements.

(b) Investment in Graphmada Mauritius

The Graphmada Graphite Mine is located in Madagascar, which is a less developed country than Australia, and has associated political, economic, legal and social risks. These various risks and uncertainties could include, but are not limited to, exchange rate fluctuations, potential for higher inflation, labour unrest, the risks of expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and restrictions on imports of equipment and consumables and on the use of foreign contractors.

Changes, if any, in mining or investment policies or shifts in political attitude in Madagascar may impact the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Madagascar may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company in Madagascar.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could impact on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Madagascar, the Directors may reassess investment decisions and commitments to assets in Madagascar.

(c) Operating and Development Risks

Due diligence undertaken by the Company has identified various risks with respect to Graphmada, including the following:

- (i) Graphmada has historically operated at a loss and been reliant upon loans and additional working capital to operate. Whilst the Company is confident

that its proposed plant upgrade and other measures will ensure Graphmada generates a profit, there is a risk that the Company may not be successful.

- (ii) Funds raised under the Offer will primarily be used to increase production capacity at the Graphmada Mine. The Company is yet to obtain quotes for the proposed work, and there is significant risk that the proposed budget may not be sufficient.
- (iii) The process plant foundations and wall structures are unstable and have a history of failure. There is a risk that any failure may have a significant adverse impact on Graphmada including injury and lost production.
- (iv) Graphmada's product is sold in spot markets, with fluctuations in amount received and timing. The Company will seek sales contracts for Graphmada's products, but there is a risk that the Company may not be successful in entering into such contracts.
- (v) Within Graphmada's tenure are tombs that have cultural significance to the local Mahefedok village. These tombs effectively sterilise an area of resource. Careful mine planning is required to ensure these tombs stay protected and local communities retain access. There is a risk that the Company may not be successful in doing so.

(d) Divestment of Que River Assets

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

A range of inquiries have recently been received by the Company in relation to these assets and the Board will assess the merits of any proposals they may receive and inform the market and their stakeholders as and when required. There is a risk that the Company may be successful in divesting its Tasmanian assets.

(e) Environmental activities, Tasmania

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

Environmental management at the Que River site focusses 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. There is a risk that the costs associated with these activities may exceed budget.

(f) Resource Estimation and Exploration Risks

The Mineral Resources for the Graphmada assets are estimates only and no assurance can be given that any particular recovery level of graphite will in fact be realised. The Company'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 the Company do not result in additional reserves, this may have an adverse effect on the Company's financial performance.

(g) Tenure

Interests in Graphmada's licences are governed by Madagascan 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, the Company has permits granted and pending. While the Company 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.

(h) LionGold settlement

During November 2015, the Company announced that it had entered into a deed of settlement with LionGold Corporation (**LionGold**) in relation to a legal dispute (**Settlement**). Under the terms of the Settlement, LionGold is to pay the Company \$2,500,000 in a series of staged payments commencing on 31 December 2015 and ending on 30 June 2016.

In June 2016, LionGold transferred its holding of 25,852,069 shares in A1 Consolidated Gold Ltd (**A1**) to the Company in partial satisfaction of LionGold's obligations under the Settlement. The value at the date of transfer of these shares was approximately \$450,000.

Since the date of transfer, the Company has sold 18,611,160 A1 Shares and received cash settlement proceeds of A\$578,232. At the date of this prospectus, the Company retains 7,250,909 shares in A1 valued at approximately \$225,000.

On 30 June 2016 LionGold proposed to issue the Company with SGD1,450,000 worth of LionGold shares as full and final settlement of the balance of funds owing. The Company is considering a draft deed of settlement with LionGold to conclude the matter.

As part of the Company's settlement with LionGold, the Company has chosen to recognise the full value of the remainder of the settlement. Whilst the Company is confident of recovery of all or a substantial value of the funds owed by LionGold, there exists some risk that the full value may not be realised.

(i) Recoverability of trade receivables

The amount of \$144,637 is owed to the Company by Ivy Resources Pty Ltd and is recorded as a trade receivable. Ivy Resources Pty Ltd currently disputes the accuracy of the value owed to the Company and discussions are ongoing in relation to its recoverability. There is some doubt that the full amount may be recovered in the future.

(j) Environmental Risks

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

(k) Third party risks

The operations of the Company will require involvement with a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance of the part of such third parties may materially harm the performance of the Company. It is not possible for the Company to predict or protect itself against all such risks.

(l) Key People

The responsibility of overseeing the Company's operations and strategic management depends substantially on its Directors and key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these persons cease their employment or involvement with the Company.

### 6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Share market conditions may adversely affect listed securities regardless of the operating performance of a particular company. The trading price of the Company'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 the Company's control.

Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

The Company has significant commodity and energy requirements and it relies on being able to fulfil 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 the Company.

Similarly, substantially all of the Company's revenues and cash flows are related to commodity markets. Therefore, the financial performance of the Company is exposed to fluctuations in commodity markets. The Company's commodity end market prices may be influenced by numerous factors and events which are beyond the control of the Company. The Company 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 the Company's cash flows.

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## 7 ACTIONS REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

### 7.1 What you may do

As an Eligible Retail Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) allow all or part of your Entitlement to lapse (see section 7.4).

### 7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

### 7.3 Subscribe for all of your Entitlement and apply for Shortfall Securities

Eligible Retail Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details of the manner in which Shortfall Securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

### 7.4 Allow all or part of your Entitlement to lapse

If you are an Eligible Retail Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to apply for New Shares, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

### 7.5 Payment methods

**BPAY**

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5:00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5:00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

***Cheque, bank draft or money order***

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Bass Metals Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.012 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following address by no later than 5:00pm (AEST) on the Closing Date:

**Mailing Address:**

Computershare Investor Services Pty Ltd  
GPO Box 505  
Melbourne Victoria 3001

**7.6 Entitlement and Acceptance Form is binding**

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque for the application monies, or by making a payment in respect of an Application by

BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Retail Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Retail Entitlement Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

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## 8 DETAILS OF THE OFFER

### 8.1 Shares offered for subscription

By this Prospectus the Company makes a non-renounceable pro rata offer to Eligible Retail Shareholders of 1 New Share for every 1 Existing Share held as at the Record Date at a price of \$0.012 per New Share with 1 free attaching New Option (exercisable at \$0.025 on or before 31 December 2018) for every 2 New Shares issued, to raise approximately \$5,520,338 before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Retail Entitlement Offer is only open to Eligible Retail Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares and New Options are summarised in section 9.

### 8.2 Minimum subscription

The Offer is not subject to a minimum subscription.

### 8.3 Acceptances

The Retail Entitlement Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

### 8.4 Entitlement to Offer

The Retail Entitlement Offer is only available to Eligible Retail Shareholders. Eligible Retail Shareholders are those Shareholders that:

- (a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not an Eligible Institutional Shareholder; and
- (d) are not an Ineligible Institutional Shareholder.

Shareholders that are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

### 8.5 Joint Lead Manager and Underwriter

Bizzell Capital Partners and Patersons Securities are acting as joint lead managers and will underwrite the issue to 460,028,181 Shortfall Securities or \$5,520,338 (**Underwritten Amount**).

The Joint Lead Managers will be paid a fee for managing and underwriting the Offer, details of which are set out in sections 10.3 and 10.5. All sub-underwriting fees will be paid by Bizzell Capital and Patersons.

Mr Rick Anthon, Non-Executive Chairman of the Company, has agreed to sub-underwrite the Offer for \$160,000.

Mr Jeffrey Marvin, Non-Executive Director of the Company, has agreed to sub-underwrite the Offer for \$50,000.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred in relation to the Offer.

Each Underwriter's obligations to underwrite the Offer are conditional upon the satisfaction or waiver of the following conditions precedent:

- (a) ASX not having indicated to the Company or the Underwriters that it will not grant permission for the official quotation of the New Shares and New Options offered under the Retail Entitlement Offer and Shortfall Offer (subject only to customary pre-quotation listing conditions) on or before 9 August 2016;
- (b) the Company allotting and issuing the Institutional Entitlement Offer securities and the Institutional Bookbuild securities in accordance with the Underwriting Agreement;
- (c) receipt by the Underwriters of the closing certificates in accordance with the Underwriting Agreement; and
- (d) receipt by the Underwriters of a notice specifying the number of Shortfall Securities in accordance with the Underwriting Agreement.

The Underwriting Agreement is also conditional upon the satisfaction or waiver by the Underwriter of certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, and agents against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) an Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to):
  - (i) the Company failing to comply with any of its obligations under the SPA or the acquisition not proceeding and completing in accordance with the terms of the SPA;
  - (ii) the S&P ASX 200 Index is, for one Business Day after the date of the Underwriting Agreement and prior to the allotment of New Shares, more than 7.5% below its respective level as at the close of ASX trading on the date of the Underwriting Agreement;
  - (iii) the trading price of Shares on ASX closes lower than the issue price for the Offer after the date of the Underwriting Agreement;
  - (iv) any material adverse change occurs in the assets, liabilities, Share capital, Share structure, financial position or performance, profits, losses or prospects of the Company and related body corporate (insofar as the position in relation to that body corporate affects the overall position of

the Company) from those disclosed in the Company's accounts, Prospectus or public announcements;

- (v) termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company or a related body corporate which have a material adverse effect on the Company;
- (vi) hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (vii) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Madagascar, Japan, China, the United Kingdom, the United States of America, any member of the European Union or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer any Shares or other securities on issue, the New Shares or that the success of the Offer is likely to be adversely affected;

#### **8.6 Rights Trading**

The Offer is non-renounceable. This means that the rights of Eligible Retail Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of rights on ASX. Eligible Retail Shareholders who choose not to take up their rights will receive no benefit and their shareholding in the Company will be diluted as a result.

#### **8.7 Shortfall**

Any New Shares not applied for under the Offer will become Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by completing the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in



circumstances which do not require the offer for Shortfall Securities or this Prospectus to be registered.

It is possible that there may be no Shortfall Securities available for issue. Each Joint Lead Manager has the right to nominate who is to receive Shortfall Securities following consultation with the Company.

The Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities or issue a lesser number of Shortfall Securities than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

#### **8.8 Offer outside Australia and New Zealand**

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

#### **8.9 Treatment of Ineligible Shareholders**

Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer. The Prospectus will not be sent to those Shareholders.

##### **(a) New Zealand**

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

##### **(b) Elsewhere**

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

## 8.10 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

## 8.11 Cleansing Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.012 per Shares together with one free attaching Option for every 2 Shares subscribed to raise up to approximately \$12 (before costs).

## 8.12 Purpose of the Cleansing Offer

The Company is seeking approval at its general meeting of 18 August 2016 for the issue of securities to certain persons. If approved by Shareholders, the securities (**Approved Issues**) will be issued at a time when the Company's securities have been suspended for more than 5 days in the 12 month period immediately before the issue, such that the Company cannot rely on a cleansing notice.

The purpose of this Prospectus with respect to the Cleansing Offer is to facilitate secondary trading in Australia of Securities to be issued by the Company pursuant to the Approved Issues by complying with section 708A(11) of the Corporations Act so that such Securities are able to be offered for sale in Australia within 12 months of their issue.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors where:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (a) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The purpose of this Prospectus with respect to the Cleansing Offer is to, among other things, comply with section 708A(11) of the Corporations Act so that the Securities issued pursuant to the Approved Issues are able to be offered for sale within 12 months of their issue. For this purpose, the Cleansing Offer will remain open for acceptance on the day on which the Securities are issued.

### 8.13 Issue of New Shares and New Options and application money

New Shares and New Options will be issued only after ASX has granted permission for the New Shares and New Options to be quoted. It is expected that New Shares and New Options will be issued by no later than 8 August 2016 and normal trading of the New Shares and New Options on ASX is expected to commence on 9 August 2016.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares and New Options are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

### 8.14 Quotation

The Company will apply for quotation of the New Shares and New Options offered by this Prospectus on ASX within 7 days from the date of the Prospectus. If ASX does not grant permission for the quotation of the New Shares and New Options offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares and New Options offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares and New Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or of the New Shares or New Options.

Quotation, if granted, of the New Shares and New Options offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares and New Options are dispatched.

### 8.15 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price (cents)	3.2	1.0	3.1
Date	30 June 2016	27 April 2016	30 June 2016

### 8.16 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

#### **8.17 Taxation and duty implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares and New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

#### **8.18 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

#### **8.19 Enquiries**

Any queries regarding the Offer should be directed to Mr David Round, Chief Financial Officer and Company Secretary on 07 3221 0783.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on 08 9323 2013.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## 9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 9.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company every member has one vote on a show of hands and one vote upon a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve.

The Directors may determine the method and time for payment of the dividend.

(c) Winding up

Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportion to the shares held by them. Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) distribute among Shareholders the whole or any part of the property of the Company; and
- (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.

(d) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia.

(e) Issue of further Shares

The Directors may, subject to any restrictions imposed by the Constitution, Listing Rules and the Corporations Act, allot, issue and grant options over further Shares, on such terms and conditions as they see fit.

(f) Directors

The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board.

Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.

(g) Variation of Shares and rights attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

(h) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) Listing Rules

Provided the Company remains admitted to the official list of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between the Constitution and the Listing Rules, the Company shall, subject to the Corporations Act, do all things necessary to change the Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of the Company held after the date on which the relevant amendment the Listing Rules comes into operation.

## 9.2 New Options

The free attaching Options to be issued pursuant to the Offer entitles the holder to subscribe for Shares on the following terms and conditions:

- (a) Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price before the Expiry Date (**Option**).
- (b) The Exercise Price of each Option is \$0.025 (**Exercise Price**).
- (c) An Option is exercisable at any time after the date of grant and on or before 5pm on 31 December 2018 (**Expiry Date**). Options not exercised by the Expiry Date lapse and will be cancelled.
- (d) The Company will at least 10 Business Days before the Expiry Date send notices to the Option holder stating the name of the Option holder, the number of Options

held and the number of securities to be issued on exercise of the Option, the exercise price, the due date for payment and the consequences of non-payment.

- (e) Each Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable.
- (f) After an Option is validly exercised, the Company must:
- (i) issue and allot the shares within 10 Business Days of the exercise of the Option; and
  - (ii) subject to the securities of the Company being listed on ASX and to any restrictions imposed on the Options or shares issued upon exercise of the Options under the Listing Rules of ASX, do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 3 Business Days after the date of issue and allotment of the shares.
- (g) Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in all respects.
- (h) Upon the issue of the Options, the Company is to apply to the ASX for the Options to be listed as a tradeable security on the ASX. At all times (pending the listing and upon listing), the Options may be transferred in the same manner as shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.
- (i) An Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
- (i) an Option has been exercised; and
  - (ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.
- (j) If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- (i) the number of shares which must be issued on the exercise of an Option will be increased by the number of shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (k) If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N + 1}$$

where

O = the old exercise price of the Option.

E = the number of underlying shares into which one Option is exercisable.

- P = the average market price per of share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

- (l) If there is a reorganisation of the issued capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of an Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

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## 10 ADDITIONAL INFORMATION

### 10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial report of the Company for the financial year ended 30 June 2015 to the issue of this Prospectus which required the Company to notify ASX of information about



specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the last financial report for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its 2015 annual financial report:

Date	Description of Announcement
07/07/2016	Appendix 3B
07/07/2016	Bass Metals Investor Presentation
07/07/2016	Mine acquisition and capital raising for Bass Metals
04/07/2016	Suspension from official quotation
04/07/2016	Response to ASX Price Query
30/06/2016	Trading Halt
30/06/2016	Bass set to become Australia's only Graphite Producer
01/06/2016	Patersons Research Note
26/05/2016	Bass successfully completes Due Diligence for Graphmada
29/04/2016	Quarterly Cashflow Report
29/04/2016	Quarterly Activities Report
04/04/2016	Bass to acquire 100% of operating Graphite Mine
01/04/2016	Trading Halt
15/03/2016	Half Year Accounts
29/01/2016	Quarterly Cashflow Report
29/01/2016	Quarterly Activities Report
05/01/2016	Appendix 3B
05/01/2016	Notice under S.708A
24/12/2015	Bass successfully completes Placement
04/12/2015	Update to Bass's Investment in Graphmada
30/11/2015	Results of Meeting
18/11/2015	Bass settles litigation with LionGold
11/11/2015	Change of Registered Office
04/11/2015	Section 708 Statement
04/11/2015	Appendix 3B
30/10/2015	Updated Quarterly Activities Report
30/10/2015	Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report
26/10/2015	Amendment to Notice of Annual General Meeting
26/10/2015	Bass fundraising update
26/10/2015	Notice of Annual General Meeting/Proxy Form
26/10/2015	Bass to sell Que River Assets
01/10/2015	Update to funding investment in Graphmada

Date	Description of Announcement
29/09/2015	Appendix 4G

Publicly available information about the Company's is available at [www.asx.com.au](http://www.asx.com.au).

## 10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holding		Entitlement	
	Shares	Options	New Shares	Options
Rick Anthon	Nil	Nil	Nil	Nil
Jeffrey Marvin	Nil	Nil	Nil	Nil
David Premaj	Nil	Nil	Nil	Nil

Remuneration paid to Directors in the two years prior to the date of this Prospectus		
Director	2016/2015 <sup>1</sup>	2015/2014 <sup>1</sup>
Rick Anthon <sup>1</sup>	\$33,000	\$45,000
Jeffrey Marvin <sup>2</sup>	\$33,750	Nil
David Premaj	\$45,000	Nil

<sup>1</sup> Mr Anthon's remuneration was paid to Anthon Consulting Pty Ltd, a company of which Mr Anthon is a director.

The Chairman is entitled to annual Director's fees of \$60,000 and non-executive Directors are entitled to \$45,000 each of Directors fees per annum.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors as they from time to time agree and in default of agreement then in equal shares.

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The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

### 10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers has acted as solicitors to the Offer and acquisition of Graphmada. In respect of this work, the Company will pay approximately \$90,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.]

Bizzell Capital Partners and Patersons Securities Limited will act as joint lead managers and underwriters to the Offer. In respect of this work, the fees payable to the Joint Lead Managers, which will be split evenly, will consist of a joint lead manager fee of \$60,000 and a management fee of 1% of the total amount raised under the Offer. The Joint Lead Managers will also receive an underwriting fee of 5% of the Underwritten Amount and 25,000,000 Options. Bizzell Capital Partners has received \$13,875 in fees for services to the Company from the Company in the 2 years prior to the date of this Prospectus. Patersons has received \$20,000 in fees and services provided to the Company in the past 2 years.

## 10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Kings Park Corporate Lawyers	Lawyers
Bizzell Capital Partners Pty Ltd	Joint Lead Manager and Underwriter
Patersons Securities Limited	Joint Lead Manager and Underwriter

## 10.5 Expenses of the Offer

The total estimated expenses of the Offer are as set out below:

Cost	(approximately) (\$)
Fundraising expenses	\$390,000
Legal fees	\$90,000
ASX fees	\$25,000
ASIC and other expenses	\$5,000
Printing, postage and other	\$10,000
<b>Total</b>	<b>\$520,000</b>

## 10.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

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**11 DIRECTORS' RESPONSIBILITY AND CONSENT**

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 12 July 2016



.....  
Signed for and on behalf of  
Bass Metals Ltd by  
David Round

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## 12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

<b>\$, A\$ or Dollars</b>	Australian dollars unless otherwise stated.
<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
<b>Application</b>	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares and New Options pursuant to this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Ltd.
<b>AWST</b>	Australian Western Standard Time
<b>Board</b>	the board of Directors.
<b>Business Day</b>	Monday to Friday inclusive, except any day that ASX declares is not a business day.
<b>Closing Date</b>	the date set out in section 1.
<b>Company or Bass Metals</b>	Bass Metals Ltd (ACN 109 933 995).
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Deeds</b>	the indemnity, insurance and access deeds between the Company and each of the Directors.
<b>Director</b>	a director of the Company.
<b>Eligible Institutional Shareholder</b>	an Institutional Investor who received an offer under the Institutional Entitlement Offer.
<b>Eligible Retail Shareholder</b>	as defined in section 8.4 of this prospectus.
<b>Eligible Shareholders</b>	a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form accompanying this Prospectus.

<b>Entitlement or Rights</b>	a Shareholder's entitlement to subscribe for New Shares and New Options offered by this Prospectus.
<b>Existing Share</b>	a Share issued as at 7:00pm (AEST) on the Record Date.
<b>Ineligible Institutional Shareholder</b>	an Institutional Investor who is not an Eligible Institutional Shareholder.
<b>Ineligible Retail Shareholder</b>	a Shareholder that is not an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.
<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder.
<b>Institutional Bookbuild</b>	the bookbuild sale process conducted after completion of the Institutional Entitlement Offer.
<b>Institutional Entitlement Offer</b>	the offer of New Shares and New Options to Eligible Institutional Shareholders as defined in section 5.1.
<b>Institutional Investor</b>	a person: <ul style="list-style-type: none"> <li>(a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or</li> <li>(b) in selected jurisdictions outside Australia, to whom an offer of securities may be made without registration, lodgment of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdictions (except to the extent to which the Company, at its absolute discretion, is willing to comply with such requirements).</li> </ul>
<b>Institutional Shareholder</b>	a Shareholder on the Record Date who is an Institutional Investor.
<b>Joint Lead Managers</b>	Bizzell Capital Partners Pty Ltd (ACN 118 741 012) and Patersons Securities Limited (ACN 008 896 311).
<b>Listing Rules</b>	the listing rules of the ASX.
<b>New Options</b>	Options offered under this Prospectus.
<b>New Shares</b>	Shares offered under this Prospectus.
<b>Offer</b>	as defined in section 5.1.
<b>Official List</b>	the official list of the ASX.
<b>Option</b>	an option to purchase a Share.
<b>Prospectus</b>	this Prospectus and includes the electronic prospectus.
<b>Record Date</b>	the date set out in section 1.

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<b>Retail Entitlement Offer</b>	the offer of New Shares and New Options to Eligible Retail Shareholders as defined in section 5.1.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd (ABN 48 078 279 277).
<b>Shareholder</b>	the registered holder of Shares in the Company.
<b>Shortfall Offer</b>	the offer of Shortfall Securities under this Prospectus.
<b>Shortfall Securities</b>	New Shares and New Options for which valid Applications have not been received by the Closing Date under the Offer.
<b>SPA</b>	the sale and purchase agreement dated on or about 6 July 2016 between Stratmin Global Resources plc and the Company in respect of the acquisition of Graphmada Mauritius.
<b>Underwriter</b>	Bizzell Capital Partners Pty Ltd (ACN 118 741 012) and Patersons Securities Limited (ACN 008 896 311).
<b>Underwriting Agreement</b>	the underwriting agreement between the Company and the Underwriter dated 12 July 2016.
<b>Underwritten Amount</b>	\$5,520,338 before costs.
<b>Underwritten Securities</b>	means 460,028,181 New Shares and 230,014,091 New Options.
<b>US Person</b>	has the meaning given to that term in Regulation S under the US Securities Act.
<b>US Securities Act</b>	the <i>United States Securities Act of 1933</i> , as amended.

## 13 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Bass Metals Ltd Proforma Balance Sheet	Actual As at 31-Mar-16	Material Transactions between 31/3/2016 an 18/8/2016	Rights Issue and Placement	Settlement with Stratmin	Conversion of Loans to Securities	Proforma at 18-Aug-16
<b>Current Assets</b>						
Cash	\$157,401	\$140,000	\$7,000,000	-\$1,500,000		\$5,797,401
Settlement Receivables	\$1,900,000	-\$450,000				\$1,450,000
Shares in Listed Company		\$250,000				\$250,000
Trade Debtors	\$144,612					\$144,612
Capitalised Exploration Assets for Sale <sup>1</sup>	\$3,220,530					\$3,220,530
<b>Total Current Assets</b>	<b>\$5,422,543</b>					<b>\$10,862,543</b>
<b>Non Current Assets</b>						
Bonds paid	\$680,980					\$680,980
Investment in Graphmada	\$1,060,825			\$7,500,000		\$8,560,825
Plant and Vehicles	\$27,389					\$27,389
<b>Total Non Current Assets</b>	<b>\$1,769,194</b>					<b>\$9,269,194</b>
<b>TOTAL ASSETS</b>	<b>\$7,191,738</b>					<b>\$20,131,738</b>
<b>Current Liabilities</b>						
GST	-\$26,794					-\$26,794
Employment Liabilities	\$137,219					\$137,219
Trade Creditors	\$84,571					\$84,571
Convertible Loans	\$184,236	\$500,000		\$0	-\$684,236	\$0
<b>Total Current Liabilities</b>	<b>\$379,233</b>					<b>\$194,997</b>
<b>Non Current Liabilities</b>						
Future Acquisition Liability				\$6,000,000		\$6,000,000
Mine Closure rehabilitation	\$694,243				\$0	\$694,243
<b>Total Non Current Liabilities</b>	<b>\$694,243</b>					<b>\$6,694,243</b>
<b>TOTAL LIABILITIES</b>	<b>\$1,073,475</b>					<b>\$6,889,239</b>
<b>NET ASSETS</b>	<b>\$6,118,263</b>					<b>\$13,242,499</b>
<b>Equity</b>						
Owner's/Shareholder's Capital	\$66,417,111		\$7,000,000	\$0	\$684,236	\$74,101,347
Capital Raising Costs	-\$3,483,477					-\$3,483,477
Option Reserve	\$78,750					\$78,750
General Reserve		\$350,000				\$350,000
Retained Earnings	-\$58,691,937					-\$58,691,937
Current Year Earnings	\$1,797,815	-\$300,000	-\$610,000			\$887,815
<b>TOTAL EQUITY</b>	<b>\$6,118,263</b>					<b>\$13,242,499</b>

<sup>1</sup> The Company is pursuing a sale of the capitalised exploration assets for sale. As at the date of this prospectus, it is not possible to reliably measure the recoverable value, and there exists a material uncertainty as to whether the Company will be able to realise the assets at face value. In preparing the audited accounts for 30 June 2016, a decision may be made to reduce the carrying value of the Company's Tasmanian Assets.

The above Proforma includes the total of the proposed Placement Value of \$1,500,000 and is indicative only.