

INSTITUTIONAL OFFER CLOSES SUCCESSFULLY AS PART OF A FULLY UNDERWRITTEN CAPITAL RAISING

Highlights

- Successful completion of the accelerated institutional component of the non-renounceable rights issue, with firm commitments to raise ~\$1.9m (before expenses).
- The institutional (accelerated) component is part of a now fully underwritten capital raising announced on Thursday 7 July 2016 to raise up to \$7m.
- The retail component of the rights issue will open on Monday 18 July 2016.

Bass Metals Limited ("Bass" ASX: "BSM") is pleased to announce the successful completion of the accelerated institutional component of the non-renounceable rights issue announced on Thursday, 7 July 2016. Bass has secured firm commitments to raise \$1,946,045 (before expenses) in the accelerated institutional component from eligible shareholders and new investors. Shares from the accelerated institutional component of the rights issue are expected to be issued on Thursday 14 July 2016 and will commence trading on a normal basis on the ASX the next day.

The institutional (accelerated) component is part of the overall capital raising announced on Thursday 7 July 2016 to raise up to \$7m. The capital raising consists of a fully underwritten one for one non renounceable Rights Issue to raise \$5.5m and up to a further \$1.5m will be raised if the Joint Lead Managers (Bizzell Capital Partners Pty Ltd and Patersons Securities Limited) exercise their right to undertake an additional placement, subject to any necessary shareholder approvals. The Rights Issue is fully underwritten by Bizzell Capital Partners Pty Ltd and Patersons Securities Limited.

All shares to be issued under the rights issue and additional placement are at \$0.012 per share with 1 free attaching option exercisable at \$0.025 on or before 31 December 2018 for every 2 new shares issued.

Funds raised will be used to immediately improve existing production and commence expansion studies at the Graphmada large flake graphite mine, on completion of the mine acquisition, as well as provide working capital.

Retail Offer

The retail component of the rights issue will open on Monday 18 July 2016 and close at 6pm Friday 29 July 2016 (unless otherwise extended). Shareholders who hold shares at 7.00pm AEST Wednesday 13 July 2016 will be eligible to participate in the retail entitlement offer. Eligible shareholders will be sent a prospectus on or around Monday 18 July 2016 together with a personalised entitlement and acceptance form. For further details of the rights issue and your eligibility to participate, please refer to the offer prospectus lodged with ASX today.

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Shares to trade on an 'ex basis'

Please be advised that the securities of Bass will resume trading today on an 'ex-entitlement' basis and so new investors will not be able to participate in the entitlement offer.

Bass' CEO, Mr Tim McManus:

"The Company's Board and Management are encouraged by the support it has received from eligible institutional shareholders and wishes to thank them for their commitments. The team looks forward to progressing with the retail component of the rights issue, to complete the raising, in order to implement its strategy to become the pre-eminent ASX Listed graphite producer."

"With our plans to improve existing production and commence expansion studies at Graphmada, we look forward to updating the market of our progress as we seek to deliver stable, long-term value for our shareholders and our Madagascan stakeholders."

For more information, please contact:

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ABOUT THE GRAPHMADA LARGE FLAKE GRAPHITE MINE

Madagascar has been a recognised producer and exporter of graphite since 1907 and sets the world standard due to its high proportion of high quality, large flake graphite. The Graphmada Large Flake Graphite Mine is situated in eastern Madagascar, approximately 100km by sealed highway from the export port of Tamatave.



The Graphmada Mine hosts four known deposits. Current mining is from the Loharano deposit, with the Mahefedok deposit undergoing trial mining. The Mahela and Ambatofafana deposits are still to be explored to

their full potential.

The graphite at Graphmada is hosted in both weathered regolith and underlying graphitic gneiss, with the grade of graphitic carbon increasing with depth. All mining to date has been very shallow and low cost, with the mining horizon from 1.5m below surface to a depth of 6-8m. However, the graphite bearing regolith is known to go to depths of >30 metres, to the underlying hard rock mineralisation. All mineralisation is open along a strike, of approximately 1.5km and to depth.

The 130 strong workforce utilises modern facilities and infrastructure, with an on-site doctor, pharmacy, housing, offices, communications and a state-of-the-art analytical laboratory in place.

Also installed on site is a 6,000 product tonne per annum processing plant, with a drying and packaging facility.

Bass plans to improve and expand its production through a low capital and timely expansion to easily leverage increasing market demand.

There are sales agreements in place, with well-established markets and a solid customer base.

Production from Graphmada totalled ~1,500 product tonnes for calendar 2015, with a high proportion being large flake graphite with

>94% purity. With consistency of sales and an established brand, Bass is poised to build a market leading position, with

increased graphite demand.



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