

QUARTERLY ACTIVITIES REPORT FOR MARCH 2017

HIGHLIGHTS

- Bass Metals Ltd continues to progress its strategy to optimise the Graphmada graphite mine, targeting higher revenues from superior concentrates and lower cost production from a 6,000 tonnes per annum run-rate.
- Mine health and safety improvements confirm compliance with the Madagascan National Mine Safety Framework. Bass plans further work to reach best practice international standards.
- Optimisation program sees major equipment items ordered and the decommissioned Rotary Dryer demolished and removed from site.
- New state of the art Dryer specifically constructed for large to jumbo flake graphite complete, with shipment from South Africa immanent.
- Bass continues production through product screening and sales, combined with efforts to diversify and expand its customer base.
- Graphmada Care program continues to significantly improve the region in which Bass operates.
- Outcropping large flake graphite mineralisation discovered at Andapa, hosted in soft, easily mineable, saprolitic mineralisation.
- Bass has signed a binding agreement, subject to successful due diligence, to purchase the Millie's Reward high grade, pegmatite hosted, lithium project also in Madagascar.

Bass Metals Limited (ASX: "BSM") (the "Company") is pleased to inform shareholders of its activities for the quarter. The Company continues to pursue its primary strategy of delivering shareholder value via the optimisation and expansion of the operating Graphmada Graphite Mine in parallel with continued exploration of our highly prospective tenement package in Madagascar.

GRAPHMADA GRAPHITE MINE

The Graphmada large to jumbo flake graphite mine is Bass Metals' flagship project, located in eastern Madagascar. With its purchase Bass has transitioned to become the only ASX listed producer of premium graphite concentrates, and only the third listed producer globally.

The Graphmada mine has 40 year mining permits in place, containing four premium quality, large flake, graphite deposits. Graphmada has significant potential for low capital intensity expansion and ongoing lowest quartile cost production. Bass is investing capital into Graphmada to optimise and expand production and improve the quality of final graphite concentrates. The Company has also made the strategic decision to, in parallel with the optimisation at Graphmada, actively explore and develop deposits in the immediate proximity to the mine, with a view to materially expanding existing resource inventories, and additionally the grander prospectivity of Madagascar as a whole.

MINE HEALTH AND SAFETY

Mine health and safety improvements confirmed by recent ministry visits has elevated Graphmada to a high level of compliance with the Madagascan National Mine Safety Framework. The Company is planning further work to reach best practice international standards.

A key element to achieving this milestone was the development of an internal health and safety program aligning to the national mine safety standards. As optimisation and refurbishment activities advance to completion, the team's solid focus remains on ensuring all activities are performed safely and efficiently.

PROCESS PLANT REFURBISHMENT

Recently completed metallurgical test work has been used to establish an optimal processing flow sheet to accommodate both Loharano and Mahefedok ore types. This testing has provided the Company with the opportunity to review contemporary liberation and purification technologies in conjunction with the latest and most sophisticated technologies.



Figure 1 - visit by Bass Management to equipment suppliers.

The Company is now pleased to announce it has made the significant investment in purchasing major equipment items for the process plant refurbishment based on this test work and the reviews of available technology. While the selection process of both the technologies and the providers has taken longer than first planned, the outcomes have seen significant reductions in both planned capital expenditure and potentially lower operating costs. These positive outcomes have been obtained without sacrifice of the Company's stated objective of targeting higher revenues from superior concentrates from a 6,000 tonnes per annum run-rate.

As a result of the selection process taking longer than expected and the opportunity to finish processing current stockpiles of high grade ore material, the de-commissioning of the major components of the processing plant is now to commence

in May, where numerous components will be removed to make way to accommodate the new flow sheet components on order. The Graphmada team is on track in this transition stage with detailed survey work completed and comprehensive engineering drawings finalised. This has allowed the commencement of the required civil works in order to be ready for equipment installation on arrival. The schedule of which is now set for August.

On completion of the civils work and appropriate concrete settling and curing processes, the new floatation cells will be installed to combine with the existing circuit. The newly developed floatation modules were designed to seamlessly connect to the existing circuit, which will be renovated and modernised to adapt to the expected superiorly liberated ore feed. These additional floatation circuits needed for improved recovery and higher throughputs are being engineered on site and are close to completion.

The mine's two very reliable 800KVA CAT generators have now been relocated to a newly built generator platform and are fully operational, running the existing plant and mine infrastructure.

DECOMMISSIONED ROTARY DRY AND NEW DRYER CONSTRUCTION

Bass recently decommissioned its rotary dryer, with demolition now complete. The new dryer is currently being packaged for shipment to site from South Africa. The Company continues production through product screening and sales to remain in a moderate cash generating state prior to the shutdown of production to allow for a successful optimisation and plant refurbishment.

TAILINGS STORAGE FACILITY

The Company is pleased to report it has also completed the final elements for the solution to long-term tailings storage management at Graphmada. The water quality discharged from the cleaner dams has been tested and found to be at a higher quality from the water drawn from the Loharano river for processing. The team is extremely proud of this achievement which demonstrates another milestone in achieving long-term stable operations and cash flow.

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Figure 2 – long-term tailings storage management at Graphmada.

PRODUCTION AND SALES

The Company has sold 114 tonnes for the quarter, securing increased pricing above its long-term average basket price to date. While production has slowed to allow for various optimisation activities, the planned ramp up to a steady state 500 tonnes per month, post the Company's significant capital investment, will see Graphmada cash flow positive in 2017.

MARKET UPDATE

The +80 and +50 mesh sized (large to jumbo) graphite flake market, while suffering temporarily from the Chinese export duty removal has recovered due to moderately tightening supply. This movement back to normal pricing for large to jumbo concentrates is also in part due to higher production and shipping costs in China. This combined with the growth of graphite consumption in the flame retardants industry, which is experiencing a significant uptake of expandable graphite products, looks to provide some stability in pricing in the medium term.

Growth in flame retardant demand is due partly to increasing construction activity globally, which generates the need for fire-proof insulation, cables, wires and interior

furnishings. Stricter health and safety regulations which have led to the demise of halogenated, bromine-based flame retardants in favour of less harmful, halogen-free materials have also boosted large flake graphite usage in this market segment.

Due to Chinese export volumes of uncoated spherical graphite reaching a five-year high late in 2016, up by 55% against the same period in 2012, -100 mesh fine graphite prices have fallen significantly.

The softening of fine flake or battery grade graphite prices highlights the competition between Chinese suppliers to win market share and demonstrates how new producers will have to be able to compete with China on price and be flexible with their production costs in order to secure buyers. For Bass Metals, the fact that a bulk of Graphmada's production sells into the larger flake markets means the Company is to a degree insulated from the likely overcapacity in the fine flake graphite market segment.

The Company also continues with its efforts to diversify and expand its customer base. In building better relations with existing customers, the Company has been developing new pathways to market to achieve a higher average basket price and diversified revenue stream. Bass is making significant inroads and is encouraged by recent enquiries and the responses to its ability to deliver large to jumbo flake premium graphite concentrates.

MAHEFEDOK DRILLING AND RESOURCE ESTIMATE

Bass is delivering on its aims to materially expand resources at the Graphmada large to jumbo flake graphite mine, while refurbishing the mine to deliver the goal of producing the highest quality concentrates using industry best practices.

Highly encouraging preliminary results¹ from the maiden drilling program identified significant intercepts of soft easily mineable saprolite mineralisation along the entire 2.8 km strike of the Mahefedok Deposit. All drill holes demonstrated graphite

¹ See announcement on the 12 April 2017 titled "Preliminary drill results delineate extensive graphite mineralisation at adjacent MAHEFEDOK deposit".

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mineralisation and a large number of holes returned significant mineralised intercepts above recent trial mining head grades at Mahefedok.

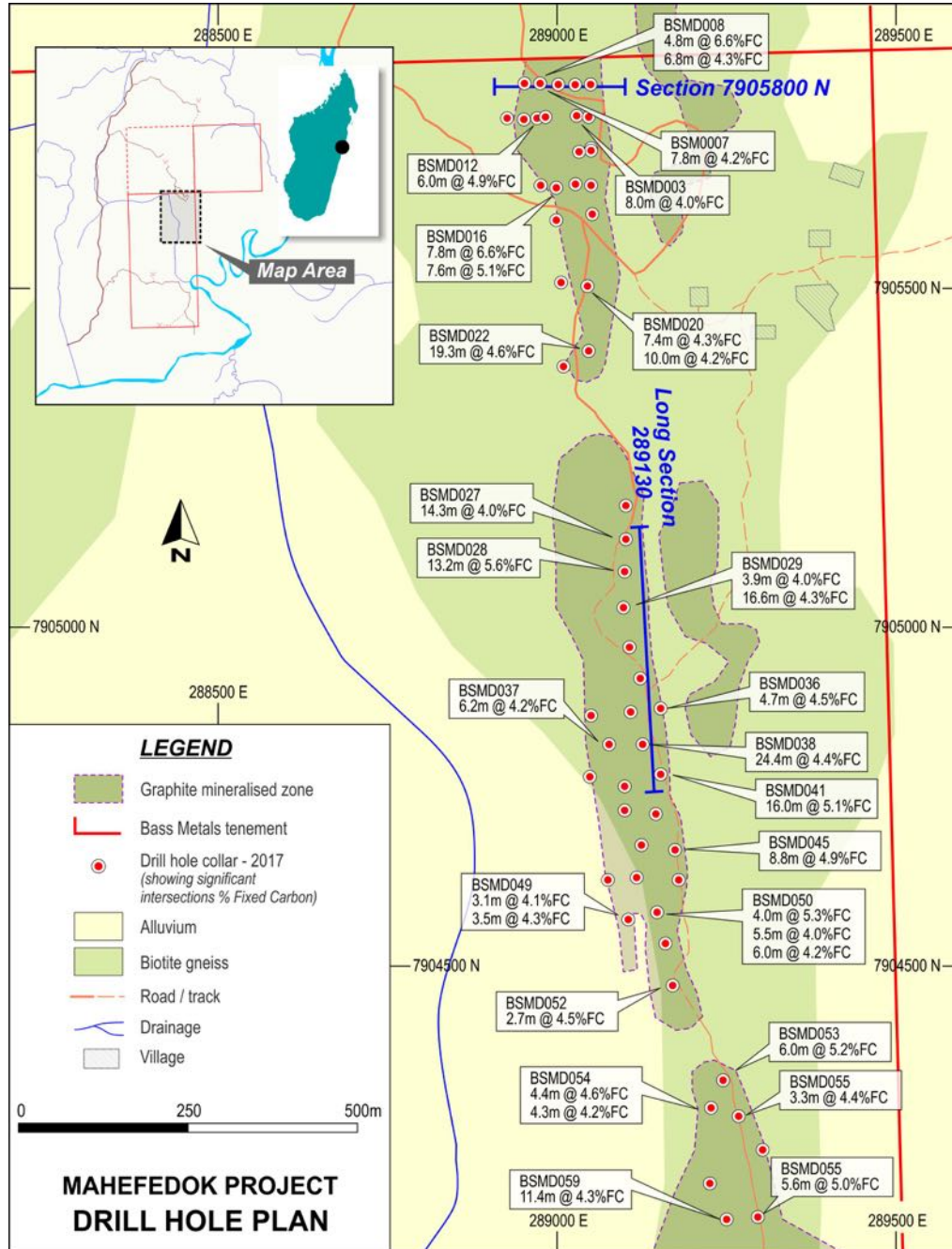


Figure 3 - Plan view of the preliminary Mahefedok drilling results.

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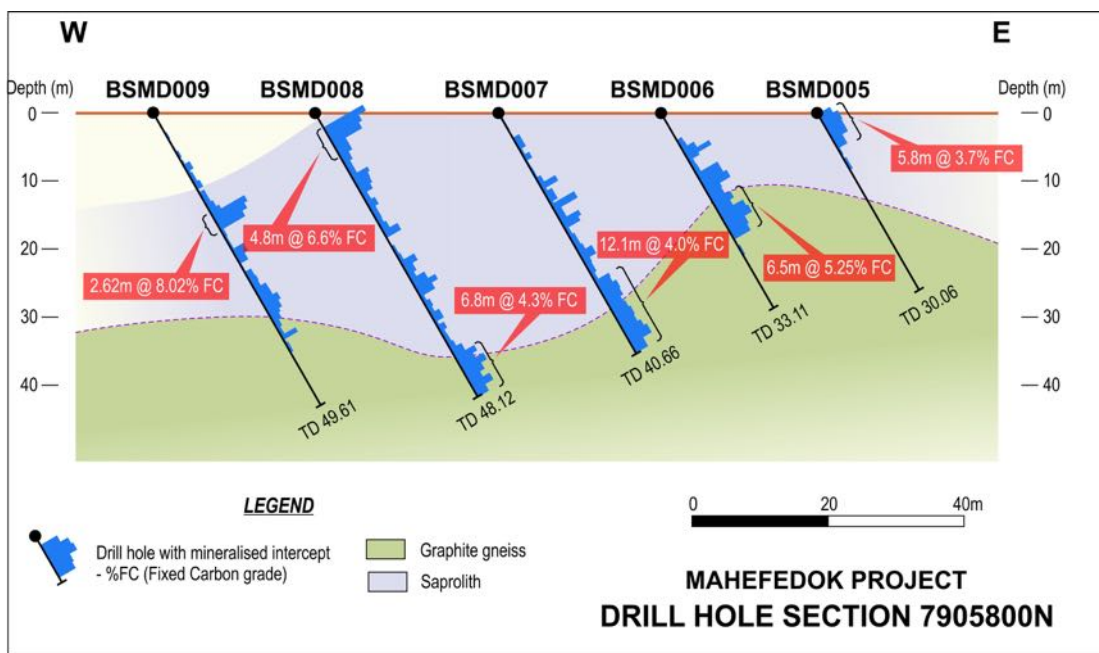


Figure 4 (above) - Cross-sectional view of the preliminary Mahefedok drilling results and Figure 5 (left)- Graphite bearing drill core from the Mahefedok drilling program.



These successful drilling results at Mahefedok are an important step towards providing additional shallow, easily mineable long-term ore feed directly adjacent to the current processing facilities at Graphmada.

The Company aims to estimate a Maiden JORC Resource² for the Mahefedok deposit as part of its expansion plans for Graphmada. Resource estimation works are ongoing and are scheduled for

² There is uncertainty that these exploration and evaluation works will be able to be reported as mineral resources or ore reserves in accordance with the 2012 edition of the JORC Code.

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completion next quarter. The Company then plans to undertake a detailed economic study on the expansion of Graphmada through the installation of a second processing plant.



Figure 6 - Drilling at the adjacent Mahefedok large to jumbo flake deposit.

ANDAPA DISCOVERY

During the quarter the Company realised a material exploration success in eastern Madagascar. The discovery, known as 'Andapa' is immediately south of the operating Antsirabe graphite mine, currently owned and operated by private Chinese mining interests.

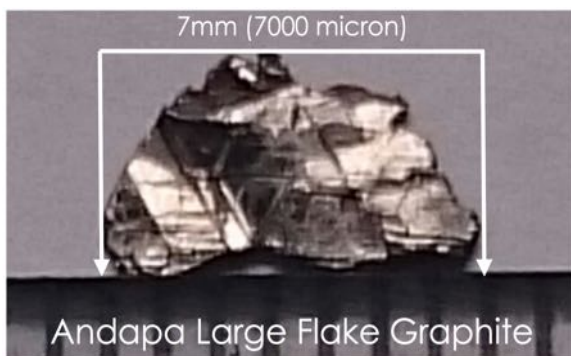


Figure 7 - A large flake of graphite recovered from Andapa.

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Exploration at the Andapa Project has demonstrated that the area contains at least three lenticular bodies of large flake graphite within the weathered profile. The three parallel striking graphitic units strike approximately northwest-southeast over strike distances varying between 1.3 km and 2.1 km.

A systematic exploration program will be planned over the three graphitic units, including an auger and pitting program with sampling. To be followed by a potential drilling and sampling program for grade estimation, flake size distribution and metallurgical testing.

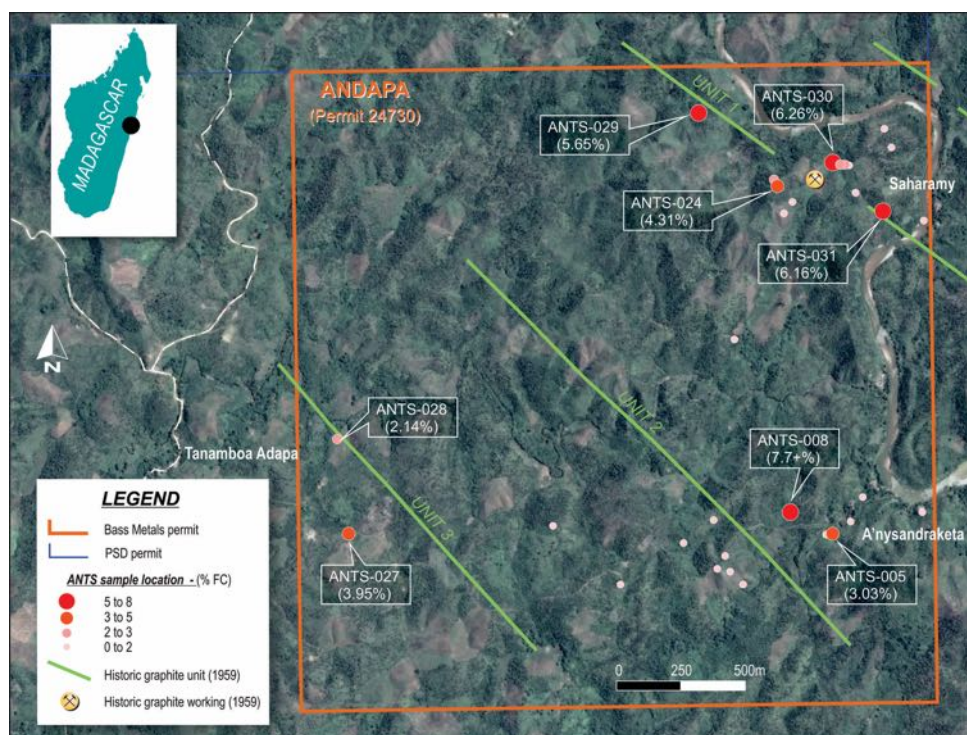


Figure 8 - Map showing selected sample results at the Andapa Project.

GRAPHMADA CARE PROGRAM

The Company continues to significantly improve the region in which it operates through the community engagement program: Graphmada Care. The program is based on the commitment by the Company to develop its business through strong local partnerships built on five pillars; education, health, production, transparency and empowerment.

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Achievements for the quarter include:

- The Graphmada Mine clinic was certified with a national certification of competency. The certification confirms the clinic is well equipped and in line with national standards.
- Land Ownership Certification program completed with over 1,900 parcels of land certified, a first for Madagascar.
- A fourth water well to provide clean water was commissioned, and a fifth for the hospital at Mahatsara commissioned subsequent to the quarter end.

SETTLEMENT WITH LIONGOLD CORP UPDATE

During the quarter the Company announced it received \$1,000,000 as a final settlement with LionGold Corp Ltd (“LionGold”). The final settlement receipt means Bass has received in excess of \$2,400,000 from Liongold as part of its settlement and the Company is pleased to conclude this matter and also add a substantial sum of funds to its existing cash reserves.

MANAGEMENT OF TASMANIAN ASSETS

During the quarter, the Company continues to comply with its Care and Maintenance Plan for its Tasmanian assets. Environmental management at the Que River site is focussed on the rehabilitation of the surface areas of the site, with significant progress being achieved in clean up, covering and re-seeding of previously disturbed areas. Daily field testing and environmental laboratory testing continued throughout the period as per the site’s Care and Maintenance Plan.

Subsequent to the quarters end, the Company announced³ it had executed a conditional Terms Sheet whereby Bass will, subject to the completion of due diligence, dispose of all its tenements and mining related interests in Tasmania to NQ Minerals Plc, a company listed on the London AIM exchange.

³ See announcement “Sale of Tasmanian Assets” 30 April 2017.

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MILLIE'S REWARD

Subsequent to the quarter end, Bass signed a binding agreement, subject to successful due diligence, to purchase the Millie's Reward high grade, pegmatite hosted, lithium project located in Madagascar.

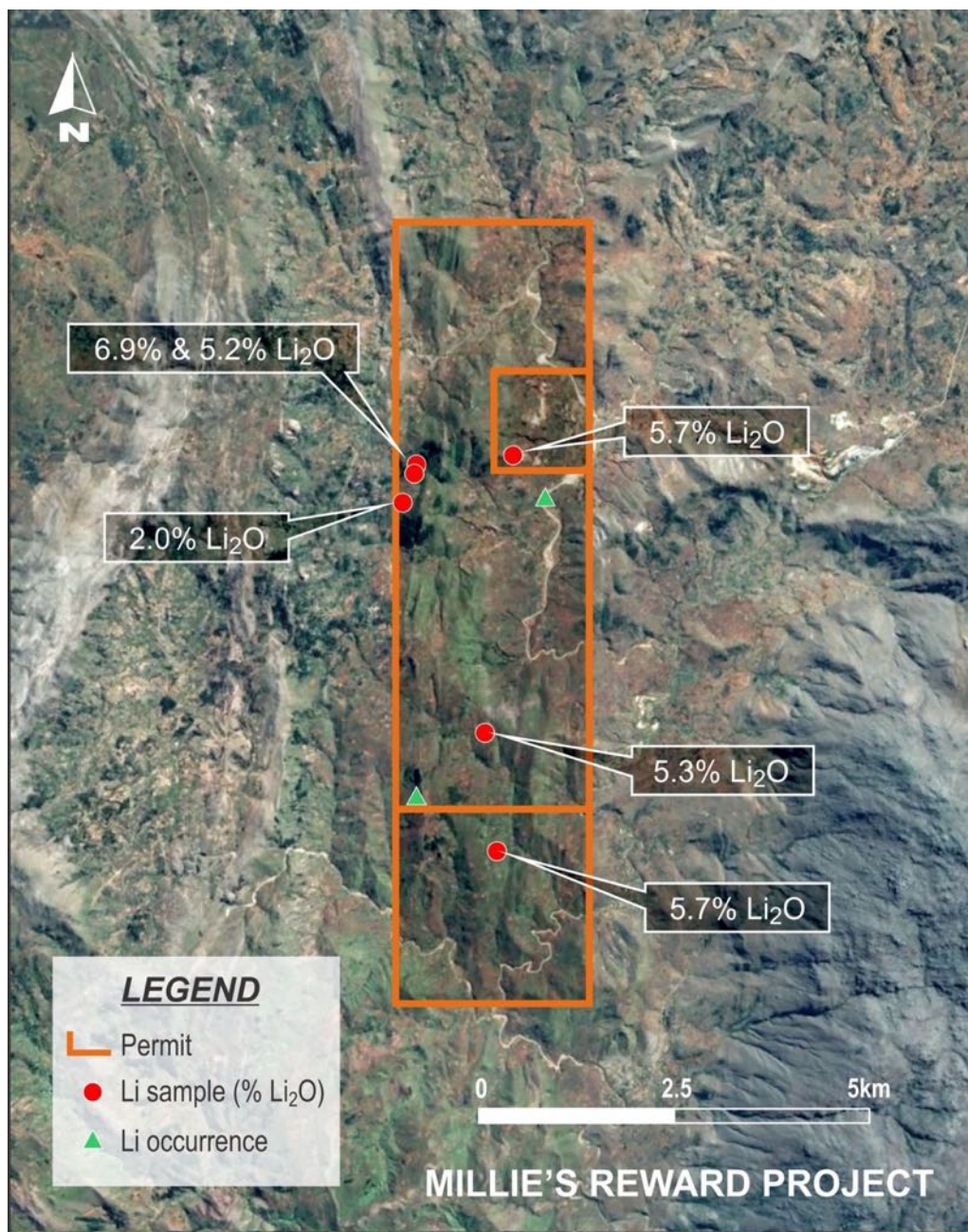


Figure 9 – Millie's Reward.

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SUMMARY

The last quarter has been a period of intense activity, optimising the Graphmada asset and commencing work on the Company's highly prospective exploration portfolio in Madagascar. The team at Bass are pleased with the Company's progress and remain on track to deliver a cash flow positive position in 2017.

Yours faithfully



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TENEMENT & PERMIT HOLDING AT QUARTER END

The Company's interests in mining and exploration tenements and permits at the end of the quarter were as follows:

Country	Region	Tenement / Permits	Interest
Australia	Tasmania	EL48/2003 Mt Block ²	100%
Australia	Tasmania	CML 103M/1987 Hellyer Mine Lease ^{1&2}	100%
Australia	Tasmania	CML 68M/1984 Que River Mine Lease ²	100%
Australia	Tasmania	ML 10W/1980 Access Easement to QRML	100%
Madagascar	Antsinanana	PE 25600 Loharano (East)	100%
Madagascar	Antsinanana	PE 26670 Mahefedok	100%
Madagascar	Antsinanana	PE 24730 Antsirabe (Andapa)	100%

Notes:

CML 103M/1987 is owned by HMO a 100% subsidiary of Ivy Resources Ltd. Bass has 100% interest in all of the existing base metal resources and base metal exploration rights through a Sublease Agreement.

Intec Limited holds a 2.5% NSR Royalty over all Product from Bass' interests in EL48/2003, CML68M/1984 and CML103M/1987.

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ABOUT THE GRAPHMADA JUMBO FLAKE GRAPHITE MINE

Bass Metals Ltd. is one of only five publicly listed graphite producers in the world. The company owns and operates the Graphmada large flake graphite mine, Bass' flagship project, located in eastern Madagascar. Madagascar has been a recognized producer and exporter of graphite since 1907 and sets the world standard for product quality and flake size.

The Graphmada mine has 40-year mining permits in place, containing four premium quality, large flake, graphite deposits hosted in weathered graphitic gneiss, a soft, easily minable rock that incurs low mining costs. With all associated mining infrastructure and logistics in place, the mine currently produces and sells a range of graphite concentrates into multiple market segments, to customers in India, the United States and Europe.



Generating revenue through ongoing lowest quartile cost production, the mine is currently being optimised by an experienced management team to 6000 tonnes per annum with improved final graphite concentrate grades, in order to grow cash margins.

Graphmada also has significant potential for low capital intensity expansion. Bass plans to invest capital to expand production to greater than 20,000 tonnes per annum of graphite concentrate sales by late 2018.

The Company has also made the strategic decision, in parallel with the optimisation at Graphmada, to actively explore and develop deposits in the immediate proximity to the mine, with a view to materially expanding existing resource inventories.

The Loharano deposit has provided the bulk of the feed to the Graphmada processing plant and has total JORC compliant Indicated and Inferred resources of 5.7Mt @ 4.1% Grade with a 2% cut-off⁴. This mineralization is known to go to depth with increasing grade, and is open in all directions.

With the Company having a strong community engagement program and being well down the path in achieving its optimisation plans and growing its resource inventory, the team at Bass is confident of its plans for expansion and its future value creation for shareholders.

⁴ These estimates were prepared and first disclosed by Stratmin Global Resource PLC under the JORC Code 2004. The estimates have not been updated to JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Reference is made to the Company's announcement of 2 September 2015, which provides further detail regarding this information.

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DISCLAIMER & CAUTIONARY STATEMENTS

DISCLAIMER

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FORWARD LOOKING STATEMENTS

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

COMPETENT PERSON STATEMENT

The information in this document that relates to Exploration Results is based on information compiled by Tim McManus, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company.

Tim McManus has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Tim McManus consents to the inclusion of the information in this document in the form and context in which it appears.

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