

SALE OF TASMANIAN ASSETS

Bass Metals Limited (ASX: "BSM") (the "Company") is pleased to advise it has executed a conditional Terms Sheet whereby Bass shall dispose of all its tenements and mining related interests in Tasmania to NQ Minerals Plc ("NQM" - a company listed on the London AIM exchange).

The terms sheet between Bass and NQM provides that the agreement shall be conditional upon NQM acquiring the Hellyer Mining lease CML103M/1987 from a third party (the "transaction") and that NQM shall notify Bass of the completion of this event. Bass has now been informed that this event has been completed, though completion of this terms sheet and the sale is still conditional upon NQM achieving shareholder approval for the transaction from their shareholders. Following NQM achieving shareholder approval, Bass and NQM shall prepare and complete a Sale and Purchase agreement ("the agreement"). Completion of the agreement is subject to a period of due diligence which may be undertaken by NQM. It is proposed that completion of the agreement shall occur within 6 months from the signing of the Terms Sheet.

Bass tenements included in this terms sheet

The following tenements are included in the terms sheet between Bass and NQM –

1. EL48/2003 Mt Block,
2. CML 68M/1984 Que River Mine Lease (QRML),
3. ML 10W/1980 Access Easement to QRML,
4. Base metal rights on CML 103M/1987 Hellyer Mine Lease as defined under the Sublease Agreement.

Consideration

Bass shall receive the following benefits as part of this sale to NQM –

1. NQM shall pay to Bass a 1% Net Smelter Return on any future sales from the tenements for a period of 20 years from completion;
2. Bass shall be relieved of all future liabilities associated with all of the tenements and existing agreements;

3. Bass shall receive bonds and other refunds in relation to the tenements for approximately \$150,000; and

4. From the date of signing of the Terms Sheet and final completion of the Sale and Purchase agreement, NQM shall reimburse Bass for all costs incurred and associated with the Tasmanian assets that shall form part of the agreement.

Bass Metals CEO, Tim McManus, commented on this transaction that “the sale of the company’s Tasmanian assets provides a number of tangible benefits to the company and shareholders. In the short term, we reduce expenditure and additionally receive a substantial return of cash via bond funds. Additionally, the royalty stream from this agreement could ultimately provide an additional revenue stream to Bass”.

Furthermore, the transaction allows Bass to move forward and further concentrate on its primary strategy of delivering shareholder value via the current optimisation and expansion of the operating Graphmada Graphite Mine in parallel with continued exploration of our substantial tenement package in Madagascar.

Yours sincerely



Tim McManus
CEO

For more information, please contact:

Tim McManus

Chief Executive Officer

Phone: (07) 3221 0783

Email: admin@bassmetals.com.au

Please visit us at: www.bassmetals.com.au

ABOUT THE GRAPHMADA LARGE 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-off¹. These resources are to a depth of only 6 meters, and 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.

¹ 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

This document has been prepared by Bass Metals Limited (the "Company"). It should not be considered as an invitation or offer to subscribe for or purchase any securities in the Company or as an inducement to make an invitation or offer with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this document. This document is provided on the basis that neither the Company nor its officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the document and nothing contained in the document is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law.

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 and Mineral Resources 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.

Subsequent Public Reporting

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