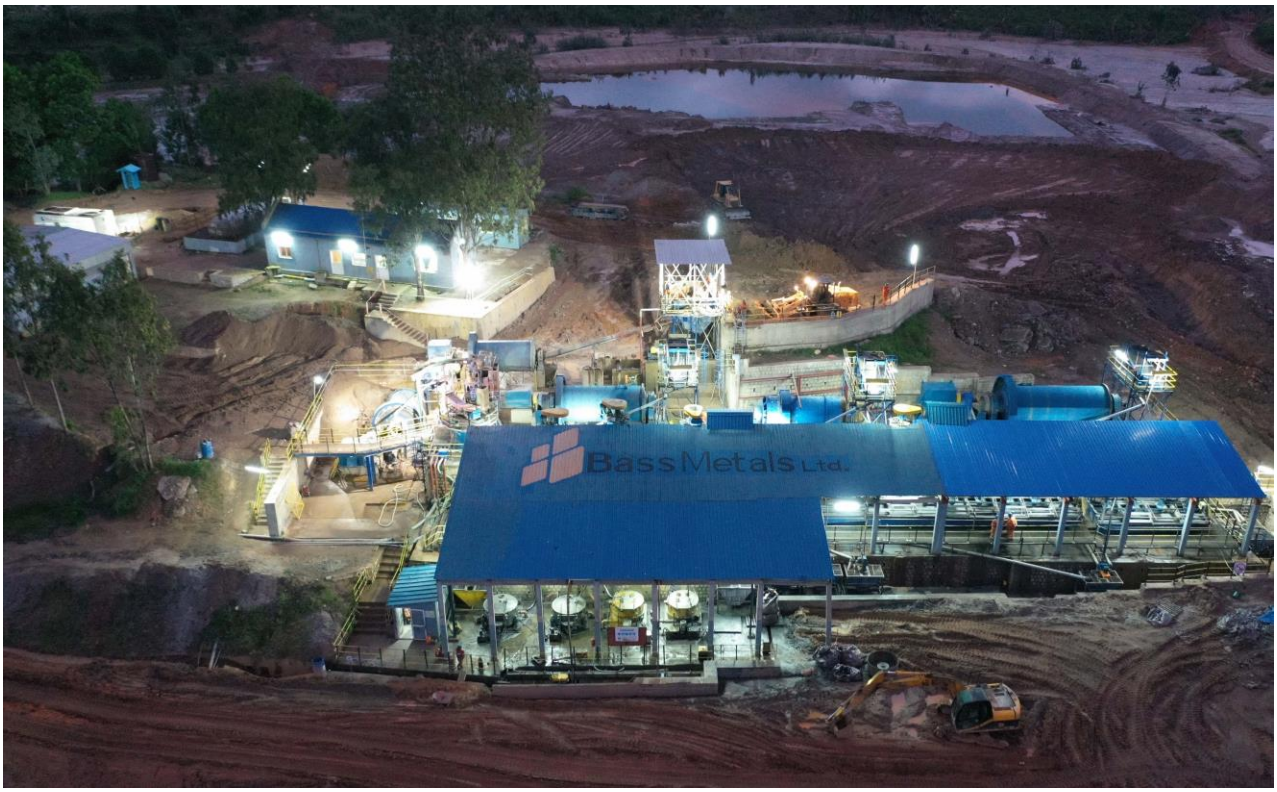
Bass Metals Ltd.

ABN 31 109 933 995



Annual Report

For the year ended

30 June 2020

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CORPORATE DIRECTORY

DIRECTORS

Richard Stacy Anthon - Non-Executive Chairman
Jeffrey Marvin – Non-Executive Director
Peter Wright – Executive Director

COMPANY SECRETARY

Angus Craig

CHIEF EXECUTIVE OFFICER

Tim McManus

REGISTERED OFFICE

Level 22, Matisse Tower
110 Mary Street
Brisbane, QLD, 4000

PO Box 15048
Brisbane, QLD, 4000

Telephone: (07) 3063 3233
Website: www.bassmetals.com.au
Email: admin@bassmetals.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone: 1300 552 270

AUDITORS

Grant Thornton Audit Pty Ltd
Level 43, Central Park
152 - 158 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

ASX Ltd (Code: BSM and BSMOC)

CHAIRMAN'S REVIEW

Dear Shareholders,

It is my pleasure to present Bass Metals Ltd.'s Annual Report.

Over the last four years, Bass Metals has made significant progress towards its objective of developing large-scale mining and processing operations at our wholly owned Graphmada Mine Complex in Madagascar.

During this period, Bass has met several key milestones, including:

- the total rebuild and recommissioning of the mine and supporting infrastructure;
- 18 months of continuous production
- establishing a consistent sales channels for Bass product
- developing an enviable record for the quality of our concentrates
- establishing a large and growing saprolite hosted resource
- gaining of detailed production experience
- maintaining an excellent safety and community relations record.

For the year ended 30 June 2020, our operations generated revenue of $1.4 Million from graphite sales to customers in China, India, Europe, and the United States, with the sale of 2,359 metric tonnes, a 30% increase on FY19 sales. This was pleasing given 2019 was our first year as a producer.

Bass undertook a planned suspension of mining activities in December 2019 due to forecast challenging monsoonal weather, with operations anticipated to resume in April 2020. Production activities, including drying and screening, continued into March 2020. However, with the onset of the Covid-19 pandemic in late March and the introduction in Madagascar of ongoing border controls and travel restrictions, the Board decided to suspend mining and production activities at Graphmada for the foreseeable future.

As a result of this closure the board immediately introduced significant cost reduction initiatives which included:

- a 75% reduction in workforce
- a 20-35% reduction in senior management and board remuneration
- a 90% reduction in fuel and other consumable costs
- a reduction of sustaining capital costs to the minimum necessary while Complex remains on a care and maintenance basis

The Company's strategy is now to capitalize on the significant investment made and progress achieved and position ourselves for an expansion of production when we are able to do so. We will also continue to explore and develop our mineral resources and pursue downstream product development through our well-established strategic relationships and continue to engage with potential new value-add relationships within the broader specialty carbons industry.

I want to thank all shareholders, large and small, for your ongoing support and wish you good health in these difficult times.

Yours sincerely,

Rick Anthon
Chairman

MINERAL RESOURCE STATEMENT

Mineral Resources at 30 June 2020 were the following:[1][2][3]

Total	Tonnes	Total Graphitic Carbon	Contained Graphite
Measured	0.4 Mt	4.1%	16 Kt
Indicated	4.0 Mt	4.3%	172 Kt
Inferred	9.9 Mt	3.9%	386 Kt
Total	14.3 Mt	4.0%	574 Kt

At year end, less than 500k tonnes (4%) of the stated Mineral Resource at Graphmada had been mined.

Technical SUMMARY (ASX LR 5.8.1)

The following summary presents a fair and balanced representation of the information contained within the Mineral Resource announcements which constitute the Mineral Resources stated above.

- The Company holds the Mineral Resources via exploitation permit number 26670 and 25600, which are 100% owned. The permit grants the exclusive rights for 40 years to explore and mine graphitic resources.
- The mineralization contains large flake graphite mineralized within both the weathered profile (regolith) and underlying crystalline graphitic gneisses (hard rock), broadly coinciding with regional graphite mineralization trends.
- Diamond and auger drilling have intersected the mineralization, which is distributed broadly within the known mineralization footprint. The mineralization broadly dips to the west at approximately 45° and consists of a broad mineralization profile that continues to depth.
- 24,040 samples from 2,161 auger holes (16,196 meters drilled) and 236 diamond holes (9,174 meters drilled) were prepared and split at the in-house Graphmada laboratory and analyzed by both the Graphmada in-house laboratory and a SANAS accredited laboratory for Fixed Carbon and Graphitic Carbon respectively.
- The estimate was classified as Measured, Indicated and Inferred on the basis of augering, surface mapping, drill hole sample assay results, drill hole logging, assigned density values based on core sample measurements, flake size distribution studies, and nearby mining and processing operations.
- Grade estimation was completed using the ordinary kriging estimation method and checked using inverse distance weighting to the power of two estimation.

[1] Reported in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2012') at a >3% cut-off and first released to the ASX 21/06/17 "Maiden Mineral Resource for Mahefedok Deposit" and further updated to the ASX 25/11/19 "Bass increases Mahefedok North graphite resource by 54%.

[2] Reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code 2004) at a >2% cut-off and first disclosed by Stratmin Global Resource PLC under the JORC Code 2004. Bass Metals notes that 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 should be made to the Company's announcement of 2/09/15, for further detail.

[3] See ASX Announcement 'Bass delivers outstanding increase in Mineral Resources' released on the 4/12/19.

DIRECTORS' REPORT

The Directors of Bass Metals Ltd (the **Company** or **Bass**) present their report together with the financial statements of the consolidated entity, being the Company and its Controlled Entities (the **Group**) for the year ended 30 June 2020.

Directors
The following persons were Directors of the Company during or since the end of the financial year:

Rick Anthon - Non-Executive Chairman
BA (ANU) LLB (ANU) MAICD
Appointed - 4 October 2013
Chair of Audit Committee

Mr Anthon has practiced extensively in corporate, mining and resources law for over 30 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, he has acted as non-executive director and chairman for a number of public resource companies over the last 25 years and has chaired audit and remuneration committees for those companies. Mr Anthon is currently General Counsel and Joint Company Secretary for Orocobre Ltd, Australia's premier Lithium producer.
Other Current Directorships: Laneway Resources Ltd
Previous directorships (last 3 years): Laneway Resources Ltd

Jeffrey Marvin - Non-Executive Director
Appointed – 12 June 2015
Member of the Audit Committee

Mr Marvin has over 20 years' experience working with corporate management and investors to bring International minerals companies to public markets. He specialises in early stage mineral company investment, corporate management and business restructuring. He is currently involved in minerals projects in Africa and Western Europe where he focuses on coal, manganese, copper, chrome and precious metals.
Other Current Directorships: Nil
Previous directorships (last 3 years): Nil

Peter Wright - Executive Director

Appointed – 2 September 2016

Mr Wright is currently an Executive Director of Bizzell Capital Partners Pty Ltd (BCP), a Brisbane based corporate advisory and funds management firm. Mr Wright has over 20 years' experience in financial markets with a focus on investment in the resources sector. As part of his role at BCP, Mr Wright has recently acted as the corporate advisor to Altura Mining Ltd, advising on capital markets, investor relations, acquisitions and divestments and industrial metals end markets. Most recently, Mr Wright has been advising the Company as part of BCP's role as Joint Lead Manager and Underwriter to the Company's recent capital raising.
Other Current Directorships: Laneway Resources Ltd
Previous directorships (last 3 years): Nil

David Round - Company Secretary
Appointed – 12 June 2015
Resigned – 24 April 2020

Angus Craig - Company Secretary
Appointed – 24 April 2020

Mr Craig is an experienced public company CFO and Company Secretary, with over 25 years of corporate experience across a range of industries and businesses. Mr Craig has experience in corporate governance, financial management, ASX related matters, equity funding and corporate transactions.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Bass Metals Ltd were:

	Ordinary Shares	Listed Options	Unlisted Options	Performance Rights[3]
Mr R Anthon[1]	56,746,331	8,300,000	22,400,000	-
Mr J Marvin	30,091,424	3,400,000	9,000,000	-
Mr P Wright[2]	46,600,000	3,800,000	9,000,000	-

Note 1: 46,046,331 shares and all options and all performance rights are held indirectly.
Note 2: Shares and options are held indirectly.
Note 3: Director performance rights had not vested at 30 June 2020 and expired on 15 August 2020.

COMPANY OVERVIEW

The Group is a producer of industrial mineral concentrates from its 100% owned Graphmada Large Flake Graphite Mine.

The Graphmada Mine is located in eastern Madagascar, a democratic island country in the Indian Ocean, off the coast of Southeast Africa, governed under a French legal system with a low Corporate Tax rate of 20% and a low 2% Mining Royalty.

Madagascar has produced benchmark quality graphite for over 100 years due to the high proportion of high purity, large flake, premium quality graphite in soft, easily mineable, saprolitic ore, providing for low operating costs and extremely low capital costs.

The Graphmada Mine Complex has 40-year mining permits and 20-year landholder agreements in place. With all associated mining infrastructure and logistics in place, the mine produced and sold a range of graphite concentrates into multiple market segments during the 2020 financial year. Major markets for the Company included Europe under an offtake agreement, India, China and the United States.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year focused on production and sale of graphite concentrates.

In addition, the Group continued with care and maintenance activities relating to its Tasmanian exploration and evaluation assets.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

Issue of Share Capital

On 2 June 2020, the Company completed the placement to institutional professional, sophisticated investors, and purchase plan to eligible shareholders by issuing 671.8 million shares at $0.0025 each raising $1,679,500.

Issue of Convertible Notes

On 28 June 2019, the Group announced a capital raising of up to $4 million (before issue costs) which was increased to $6.5m via a tranched issue of Convertible Notes to sophisticated and professional investors at an issue price of $0.008 each, with an interest rate of 15% per annum and a maturity date of 15 June 2021. Interest is payable half yearly in arrears and the interest may be paid in at the Company's election by the issue of further Convertible Notes. Each Convertible Note coverts into one ordinary share in the Company and is secured over the assets of the Company.

During the year, the Company received subscriptions from cornerstone investors for $4.6 million of the Convertible Notes which have been issued accordingly (being 580.6m Convertible Notes at $0.008). In addition, a further 59.5m convertible notes have been issued in lieu of interest payable.

REVIEW OF OPERATIONS

Result for the Financial Year

Consolidated net loss after tax for the Group was $12,628,151 (2019: $7,550,809 loss).

Dividends

No dividends have been paid during the period and no dividends have been recommended by the Directors (2019: nil).

Material operational and financial results

Production

During the year, the Company produced 1,836 wet tonnes of concentrate, at an average large flake distribution (>180 microns) of 42%. Bass produced a broad range of concentrates during the year ranging from 88% Fixed Carbon (FC) to 96% FC. During the year, the Company sold 2,359 tonnes of concentrate into China, Europe, the United States and India, with a 30% increase on 2019 sales.

Bass made the decision in December 2019, to suspend mining and front-end processing at Graphmada at the end of December, given a forecast of above average anticipated rainfall over the monsoon season, of a similar quantum to Q1 2019. Drying, screening and packaging operations continued through to March 2020, at which time operations were then subsequently suspended following Madagascar closing its borders due to the COVID-19 pandemic. The mine remains under care and maintenance.

Exploration and Development

Bass continued its exploration and development initiatives during the year, delivering a material upgrade in JORC Code (2012) classification for the Mahefedok Mineral Resource and completing a maiden Mineral Resource at the Mahela Deposit of 4.4Mt at 3.8% TGC, an outstanding 44% increase in total Mineral Resources for Graphmada, which now stands at 14.3mt at 4% TGC.

The Company continues to explore and develop Graphmada for large-scale mining and processing operations. Bass is currently conducting an extensive appraisal of the Lohorano - Mahela trend with a view to establishing this strike as one continuous deposit. Results to date and released to ASX have been encouraging with the recent Mangabe discovery (red to ASX announcement dated 16 July 2020)

Along with production and exploration, the team at Bass commenced feasibility studies for the expansion of operations, with a key focus on reducing operating costs and growing production to meet market demand at the lowest possible capital intensity. Post year end, feasibility works continue in parallel with exploration efforts.

The concentrates produced by the Company have the two main constituent properties for application to most advanced materials, being a large flake and clean concentrates. Bass is currently continuing test work and discussions with potential Joint Venture (JV) partners with a view to producing a range of advanced materials using Bass Concentrates. In addition, Bass signed a Term Sheet with Urbix Resources, broadening the scope of the proposed alliance to encompass the supply of additional critical minerals for the US energy market and signed a Memorandum of Understanding with Swinburne University of Technology to advance carbon materials research and product development.

Other Assets

The Company also completed the sale of its Hellyer base metal rights in December 2019 and Mt. Block permit in Tasmania for a total consideration of $360,000 plus return of its $114,000 security bond.

Capital Raisings

In June 2019, the Company announced a capital raising by a tranched issue of Convertible Notes with a face value of $0.008 each, with an interest rate of 15% per annum and a maturity date of 15 June 2021. Interest is payable half yearly in arrears and the interest may be paid at the Company' election by the issue of further convertible note. Each Convertible Note converts into one ordinary share in the Company and is secured over the Company's assets. In the 2019 year, $1.41 million was received for subscriptions to Convertible Notes, with a further $4.65 million received during the 2020 year.

In June 2020, the Company announced an equity raising by way of a $2.35 million share placement plus a share purchase plan to conduct further exploration at the emerging Mahela and Mangabe deposits, continue progress on mine development, a definitive feasibility study, mine maintenance and for working capital. A total of $1.68 million was received by the issue of 671.8 million shares, with $1.0 million received from the placement and $0.68 million from the SPP. Since year end, and following the approval of shareholders on 18 September 2020, a further 446 million shares have been issued at a price of $0.0025 per shares raising a further $1.115 million, with the balance of approximately $0.26 million expected to be received in October 2020.

COVID-19

A planned suspension of mining activities was undertaken in December 2019 due to forecast difficult monsoonal weather. Operations were anticipated to resume in April 2020. Production activities, including drying and screening, continued into March 2020. On 25 March 2020, Bass announced the suspension of mining and production activities at the Graphmada Mining Complex for the foreseeable future with the onset of the COVID-19 pandemic, which resulted in a myriad of restrictions being put in place by the Madagascan and other governments, including the movement of people and cargo.

Some activities are continuing both in Madagascar and Australia in compliance with regulatory guidance including exploration drilling and related activities, progress on mine development and the definitive feasibility study and mine maintenance. Cost management actions have been taken including:

- 75% reduction in workforce
- 20-35% reduction in senior management and board remuneration
- Reduction in fuel costs (largest cost) by greater than 90% with mining suspended
- Sustaining capital has been suspended.

Impairments

As noted above, the capacity to recommence production in the short term at Graphmada appears unlikely with the Company facing a multitude of logistical obstacles as a direct result of the COVID-19 pandemic and the ambiguity it is presenting all businesses. As a result of these factors and the uncertainty around timing of lifting of COVID-19 restrictions, and around the timing of re-commencement of production at Graphmada, the Company has taken the prudent step to take a non-cash impairment of $5.3 million on the exploration and evaluation assets, mine properties and plant and equipment.

The Company remains firmly of the view that there is significant upside in the valuation of this project. The Company has produced clean concentrates bereft of penalty elements and to specification and, over the course of its initial 20 month production program achieved an unblemished sales record with zero rejections or penalties incurred, with sales into all major graphite end markets.

Work is continuing the appraisal of the Mahela–Lohorano trend. To date, Bass has achieved outstanding results, including the recently announced Mangabe discovery which is located in the mid-point of the Mahela-Lohorano trend. Bass will continue with its drilling program with a view to increasing the resources along with progressing feasibility studies for a larger scale mining operation.

In addition, an impairment of $0.7 million has been taken on the Millie's Reward lithium project with no expenditure having been incurred on the project in 2020 nor is any expenditure projected for 2021 given the current uncertainty. The Company still considers the project to have significant value and will reassess its carrying value in due course. An impairment has also been recorded against a trade and other receivable for $0.3 million due to the period the receivable is outstanding, but the Company remains confident of recovery of this balance.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors and meetings of committees of the Directors held during the year ended 30 June 2020 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee[1]	
	A	B	A	B	A	B
Mr R Anthon	4	4	2	2	1	1
Mr J Marvin	4	4	2	2	-	-
Mr P Wright	4	4	2	2	1	1

A: Number of meetings eligible to attend
B: Number of meetings attended
Note 1: The directors met as the Nomination Committee on an as required basis during the year ended 30 June 2020.
Note 2: The current members of the Audit committee are Mr Anthon (Chairman) and Mr Marvin.

Likely developments and expected results

Having completed Stage 1, with a fully permitted and well-established asset, having produced and sold clean graphite concentrates, retained well-trained and experienced staff, and achieved a >50% growth in Mineral Resources over the last 2 years, the Company looks to Stage 2 with a fully de-risked asset as a foundation for expansion.

The likely developments in the operation of the Group and the expected results of those operations in future financial years are as follows:

- Continue exploration with the aim to materially add to Graphmada's existing Mineral Resources
- Complete feasibility studies for large scale mining and processing operations
- Apply for Large Project Status under Malagasy Mining Law
- Develop downstream purification, expandable graphite, graphene and other specialty carbon products
- Establish large scale mining and processing operations
- Establish production of specialty carbon products.

Shares issued during or since the end of the year as a result of exercise of options

No shares were issued during or since the end of the year as a result of exercise of options.

Performance rights issued

No performance rights were granted to directors or key management personnel during the financial year ended 30 June 2020.

Shares issued during or since the end of the year as a result of exercise of Management Performance Rights

No shares were issued during or since the end of the year as a result of exercise of Management Performance Rights.

Unissued shares under option

Unissued ordinary shares of Bass Metals Ltd under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares ($)	Number under option
Listed options:			
2 September 2016	31 December 2020	0.05	17,500,000
3 May 2017	31 December 2020	0.05	13,500,000
27 September 2018	31 December 2020	0.05	92,250,000
16 November 2018	31 December 2020	0.05	44,236,882
20 December 2018	31 December 2020	0.05	109,970,283
20 March 2019	31 December 2020	0.05	13,560,000
29 March 2019	31 December 2020	0.05	9,209,719
22 May 2019	31 December 2020	0.05	2,000,000
			302,226,884
Unlisted options:			
6 September 2016	31 December 2020	0.025	17,500,000
6 September 2016	31 December 2020	0.075	17,500,000
6 September 2016	31 December 2020	0.10	17,500,000
3 May 2017	31 December 2020	0.025	13,400,000
3 May 2017	31 December 2020	0.075	13,500,000
3 May 2017	31 December 2020	0.10	13,500,000
Total unlisted options			92,900,000
Total options			395,126,884

As at the date of this report, there were 395,126,884 unissued ordinary shares under options (2019: 395,126,884).

All options expire on the earlier of their expiry date or termination of the employee's employment. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Events arising since the end of the reporting period

Since the end of the reporting period, the Company has received a further $1.2 million from investors as part of the capital raising as announced on 2 June 2020, following receipt of approval of shareholder to issue further shares on 18 September 2020. There were no other significant events subsequent to the end of the reporting period.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful

breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Auditors Independence Declaration

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 32 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 24 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the group

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of the proceedings.

Remuneration Report (Audited)

The Directors of Bass Metals Ltd (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the Directors and other executives has been developed by the Board and takes into account market conditions and comparable salary levels for entities of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component if applicable. The Board believes that this remuneration policy is appropriate given the stage of development of the Group and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration framework has regard to shareholders' interests in the following ways:

- Focuses on sustained growth as well as on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

The remuneration framework has regard to executives' interests in the following ways:

- Rewards performance, capability and experience;
- Reflects competitive reward for contributions to shareholder growth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought as deemed appropriate. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Non-Executive Directors' interests with shareholder interests, Non-Executive Directors are encouraged to hold shares in the Company and may receive options as long-term incentive remuneration.

The Board has resolved that Director's fees, for the Chairman will be $60,000 per annum, effective 1 January 2020 and for Non-Executive Directors will be $45,000 per annum, effective 1 April 2011. Shareholders approved on 30 November 2010 the aggregate remuneration for all non-executive directors at an amount of $350,000 per annum. This amount does not include the value of options provided to Non-Executive Directors or committee member fees.

Any issue of shares, options or performance rights to Directors under the Bass Metals Ltd Employee Share and Option Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001.

From time to time Non-Executive Directors have undertaken specific tasks in addition to their role as Non-Executive Directors. The basis of remuneration for such tasks was agreed between the Non-Executive Director and the Company.

Executives

Executive Directors and executives receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.5%, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and are based on an executive's performance. In addition, long term incentives are received through participation in the Bass Metals Ltd Employee Share and Option Plan.

The Board has resolved that Director's fees for the Executive Director will be $105,000 per annum, effective 1 July 2020.

Valuation methodology

All remuneration paid to Directors and executives is valued at cost to the Group and expensed. Options are valued using the Black-Scholes methodology and performance rights are valued using the Monte Carlo Simulation methodology, both the options and performance rights are expensed at the date of grant.

Base Salary

Executive remuneration is structured as a "total employment cost" package comprising cash, leave benefits and superannuation, and is reviewed annually with regard to competitiveness and performance. There are no guaranteed salary increases fixed in any senior executive contracts.

Bass Metals Ltd Employee Share Loan Scheme

There are no Employee Share Loans granted at reporting date.

Relationship between the Remuneration Policy and Group Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based incentive based on performance milestones, and the second being the issue of options and shares to directors, executives and employees to encourage the alignment of personal and shareholder interests. The performance milestones are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The performance milestones target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each performance milestone is based on the Group's production plans and respective industry standards.

Performance in relation to the performance milestones is assessed annually, with bonuses being awarded depending on the degree to which the milestone has been achieved. Following the assessment, the performance milestones are reviewed by the Remuneration Committee in light of the desired and actual

outcomes, and their effectiveness in achieving the Group's goals and shareholder returns. The performance milestones are then set for the following year.

During each year directors and executives of the Group may be issued with performance rights, options and shares. The Board considers that this is an appropriate way to attract persons of experience and ability to the Group; foster and promote loyalty by providing an incentive to remain in the Group's employment for the long term; and to recognise the ongoing ability of key management personnel to contribute to the performance and success of the Group.

The Company has not granted any options or performance rights to directors or executives of the Group during the reporting period.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	**2020**	2019	2018	2017	2016
EPS (cents)	(0.45)	(0.29)	(0.22)	(0.85)	0.19
Dividends (cents per share)	-	-	-	-	-
Net (loss)/profit ($000's)	(12,628)	(7,551)	(4,448)	(9,904)	795
Share price ($)	$0.003	$0.008	$0.029	$0.009	$0.019

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of performance milestones and continued employment with the Group.

The objective of the reward scheme is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the performance conditions are evidenced by execution of contracts or agreements and whole of Board assessment and approval. The Board does not consider that performance conditions should include a comparison with factors external to the Group at this time.

The performance related proportions of remuneration paid during the year based on these targets are included in the remuneration table, refer to page 20.

Details of Key Management Personnel

The Group considers the following persons as key management personnel:

Chairman - Non-executive
Richard Anthon - Appointed 4 October 2013

Non-executive Director
Jeff Marvin - Appointed 12 June 2015

Executive Director
Peter Wright - Appointed 2 September 2016

Other Key Management Personnel
Tim McManus - Chief Executive Officer - Appointed 7 July 2016
David Round - Chief Financial Officer/ Company Secretary - Appointed 12 June 2015, resigned 24 April 2020
Angus Craig – Company Secretary – Appointed 24 April 2020

Refer to the remuneration table contained in the Directors' Report on page 20 for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020.

Related Party Transactions

During the year, the Group paid management, underwriting and placement fees to Bizzell Capital Partners ("BCP") as part of BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Executive Director) is an Executive Director of BCP. Total fees charged by BCP for the period was $306,235 including GST of which $294,777 including GST was settled by payment in cash.

Employment Contracts

The contract duration, period of notice and termination conditions for current key management personnel are as follows:

(i) Tim McManus, Chief Executive Officer ("CEO") of Bass Metals Limited

Commenced employment with the Group on 7 July 2016. His base salary is A$250,000 per annum, plus statutory superannuation. In addition, the Group may, at the Board's absolute discretion, pay the employee an annual cash bonus. In the event of a Corporate Action that results in a Change of Control Event, the employee will be entitled to a cash bonus, payable at completion of the change of control event, of 50% of the employee's total financial remuneration. Termination of the contract by the Group or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

Long Term Incentives – Performance Rights

The employee has been granted 20,000,000 Performance Rights. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- LTI (a) 8 million Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period. During the reporting period these Performance Rights vested and were exercised by the employee;
- LTI (b) 8 million Performance Rights for Graphmada Operations achieving cash flow positive results over three consecutive months; and
- LTI (c) 4 million Performance Rights will be allocated for the Group achieving a Market Capitalisation of $75m. During the previous reporting period these Performance Rights vested and were exercised by the employee.

Long Term Incentives- Unlisted Options

The employee has been granted 40,000,000 unlisted options, with the following exercise prices;

- 10 million options @ 2.5 cents
- 10 million options @ 7.5 cents
- 10 million options @ 10 cents

Long Term Incentives- Listed Options

- 10 million options @ 5 cents

All options will vest immediately and be exercisable on or before the 31st of December 2020 and are subject to the Group's Employee Share Option Plan term and conditions.

(ii) David Round Chief Financial Officer and Company Secretary ("CFO") of Bass Metals Limited.

Engaged on a contract basis on 12 June 2015, Mr D Round commenced permanent employment with the Group on 7 July 2016. His base salary is A$205,500 per annum plus statutory superannuation. In addition, the Group may, at the Board's absolute discretion, pay the employee an annual cash bonus. In the event of a Corporate Action that results in a Change of Control Event, the employee will be entitled to a cash bonus, payable at completion of the change of control event, of 50% of the employee's total financial remuneration. Termination of the contract by the Group or by the employee is 4 months' notice or at Bass Metals' election by payment in lieu of notice. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

Long Term Incentives – Performance Rights

The employee has been granted 15,000,000 Performance Rights. The Performance Rights will require the employee to achieve the following Key Performance Indicators:

- LTI (a) 6 million Performance Rights for achieving a total production of 1,250t of saleable graphite concentrate over any given 3 month period. During the reporting period these Performance Rights vested and were exercised by the employee;
- LTI (b) 6 million Performance Rights for Graphmada Operations achieving cash flow positive results over three consecutive months; and
- LTI (c) 4 million Performance Rights will be allocated for the Group achieving a Market Capitalisation of $75m. During the previous reporting period these Performance Rights vested and were exercised by the employee.

Long Term Incentives- Unlisted Options
The employee has been granted 30,000,000 unlisted options, with the following exercise prices;

- 7.5 million options @ 2.5 cents
- 7.5 million options @ 7.5 cents
- 7.5 million options @ 10 cents

Long Term Incentives- Listed Options

- 7.5 million options @ 5 cents

All options will vest immediately and be exercisable on or before the 31st of December 2020 and are subject to the Group's Employee Share Option Plan term and conditions.

(iii) Angus Craig
Appointed Company Secretary of the Group on 24 April 2020. Services are provided on a month by month basis at a rate of $4,000 per month plus GST.

No other Director or key management personnel are employed under a written contract of service.

Other than the Group executives, no other person is concerned in, or takes part in, the management of, or has authority and responsibility for planning, directing and controlling the activities of the Group. As such, during the financial year, the Group did not have any person, other than directors and Group executives that complied with the definition of "Key Management Personnel" for the purposes of AASB 124: Related Party Disclosures or "Company Executive" for the purposes of Section 300A of the Corporations Act 2001 ("Act").

Other Information

Voting and Comments made at the Group's last Annual General Meeting:

- The Board advise that all resolutions put to shareholders at the Group's 2019 AGM were passed.
- The Group received 64% "yes" votes on its Remuneration Report for the financial year ending 30 June 2019.
- The Group received no specific feedback on its Remuneration Report at the Annual General Meeting.

DIRECTORS' REPORT

Remuneration Report (Audited)

Compensation of Directors and Key Management Personnel for the year ended 30 June 2020
The following table discloses the remuneration of the key management personnel of the Group.

		Short-term employee benefits			Post-Employment benefits	Long term benefits – share based payments		Total	Performance based % of remuneration
		Cash salary and fees	Cash bonus	Non-monetary benefits[3]	Superannuation	Options	Performance rights		
		$	$	$	$	$	$	$	%
Executive Director									
Mr P Wright [1]	**2020**	**125,000**	**-**	-	-	**-**	**-**	**125,000**	-
	2019	105,000	15,937	-	-	-	-	120,937	13
Non- executive Directors									
Mr R Anthon [2]	**2020**	**67,500**	**-**	**-**	**-**	**-**	**-**	**67,500**	**-**
	2019	67,500	15,937	-	-	-	-	83,437	19
Mr J Marvin	**2020**	**45,000**	**-**	**-**	-	**-**	**-**	**45,000**	**-**
	2019	11,951	5,625	33,049	-	-	-	50,625	11
Other Key Management Personnel									
Mr T McManus (CEO)	**2020**	**277,500**	**-**	**-**	**26,363**	**-**	**-**	**303,863**	**-**
	2019	305,000	18,750	-	28,975	-	-	352,725	5
Mr D Round (Co. Sec.) [5]	**2020**	**222,750**	**-**	**-**	**21,161**	**-**	**-**	**243,911**	**-**
	2019	245,000	18,750	-	23,275	-	-	287,025	7
Mr A Craig (Co. Sec.) [5]	**2020**	**12,000**	**-**	**-**	**-**	**-**	**-**	**12,000**	**-**
	2019	-	-	-	-	-	-	-	-
Total	**2020**	**749,750**	**-**	**-**	**47,524**	-	-	**797,274**	**-**
	2019	734,151	74,999	33,049	52,250	**-**	**-**	894,749	8

Note 1: Mr P Wright Directors Fees were paid to Bizzell Capital Partners.
Note 2: During 2020 $67,500 (2019 $67,500) of Mr Anthon's short-term benefits (Director fees) listed above were paid to Anthon Consulting Pty Ltd of which Mr Anthon is a Director.
Note 3: During 2020, no shares were issued to Mr Marvin in lieu of director fees (2019 $33,049).
Note 4: Mr McManus's base salary was reduced from $305,000 per annum to $250,000 per annum effective from 1 January 2020. Mr Round's base salary was reduced from $245,000 per annum to $200,500 per annum effective from 1 January 2020.
Note 5: Mr Round resigned as Company Secretary on 24 April 2020 and ceased employment on 20 July 2020. Mr Craig was appointed Company Secretary on 24 April 2020.

DIRECTORS' REPORT

Remuneration Report (Audited)

Bonuses included in remuneration

No bonuses were included in remuneration during the year.

Listed and unlisted options included in remuneration

No options have been granted as remuneration during the reporting period.

Shares held directly and indirectly in the Group

The number of Shares held directly and indirectly in the Group are set out below.

2020	Balance at the start of the year	Granted as Remuneration	Received on exercise	Other Changes	Balance at the end of the year
Directors					
Mr R Anthon	48,746,331	-	-	-	48,746,331
Mr J Marvin	12,091,424	-	-	-	12,091,424
Mr P Wright	46,600,000	-	-	-	46,600,000
Group Executives					
Mr T McManus	21,408,257	-	-	-	21,408,257
Mr D Round	13,861,906	-	-	-	13,861,906
Mr A Craig	-	-	-	16,000,000	16,000,000
	142,707,918	**-**	**-**	**16,000,000**	**158,707,918**

Listed and unlisted options held directly and indirectly in the Group

The number of listed and unlisted options to acquire shares in the Company by each of the key management personnel of the Group; including their related parties are set out below. When exercised each option is convertible to one ordinary share in the Company.

Listed options:

2020	Balance at the start of the year	Lapsed	Exercised	Received on Conversion of Unlisted Options	Other Changes	Vested and Exercisable at the End of the Year
Directors						
Mr R Anthon	8,300,000	-	-	-	-	8,300,000
Mr J Marvin	3,400,000	-	-	-	-	3,400,000
Mr P Wright	3,800,000	-	-	-	-	3,800,000
	15,500,000	**-**	**-**	**-**	**-**	**15,500,000**
Group Executives						
Mr T McManus	10,000,000	-	-	-	-	10,000,000
Mr D Round	7,627,834	-	-	-	-	7,627,834
Mr A Craig	-	-	-	-	6,860,050	6,860,050
	17,627,834	**-**	**-**	**-**	**6,860,050**	**24,487,884**

DIRECTORS' REPORT

Remuneration Report (Audited)

Unlisted options:

2020	Balance at the start of the year	Lapsed	Exercised	Converted to Listed Options	Vested and Exercisable at the End of the Year
Directors					
Mr R Anthon	22,400,000	-	-	-	22,400,000
Mr J Marvin	9,000,000	-	-	-	9,000,000
Mr P Wright	9,000,000	-	-	-	9,000,000
	40,400,000	**-**	**-**	**-**	**40,400,000**
Group Executives					
Mr T McManus	30,000,000	-	-	-	30,000,000
Mr D Round	22,500,000	-	-	-	22,500,000
	52,500,000	-	-	-	**52,500,000**

Refer to note 28 for details of the grants and assumptions that were used in determining the fair value of unlisted options on the grant date.

Convertible notes held directly and indirectly in the Group

The number of convertible notes held directly and indirectly in the Group are set out below.

2020	Balance at the start of the year	Number of notes subscribed to	Interest[1]	Converted to ordinary shares	Balance at the end of the year
Directors					
Mr R Anthon	-	6,250,000	430,328	-	6,680,328
Mr J Marvin	-	1,250,000	86,066	-	1,336,066
Mr P Wright	-	3,125,000	215,164	-	3,340,164
Group Executives					
Mr T McManus	-	1,250,000	153,114	-	1,403,114
Mr D Round	-	625,000	76,557	-	701,557
Mr A Craig	-	12,500,00	1,070,449	-	13,570,449
	-	**25,000,000**	**2,031,678**	**-**	**27,031,678**

Note 1: Additional notes were issued in lieu of interest payments.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by each Key Management Personnel but not yet vested under the LTI plan as at 30 June 2020 are outlined below:

Performance Rights:

2020	Balance at the start of the year	Number granted as Remuneration	Number vested and exercised	Balance at the end of the year	Portion vested (%)	Portion un-vested (%)
Directors						
Mr R Anthon	9,000,000	-	-	9,000,000	0%	0%
Mr J Marvin	3,600,000	-	-	3,600,000	0%	0%
Mr P Wright	3,600,000	-	-	3,600,000	0%	0%
Group Executives						
Mr T McManus	8,000,000	-	-	8,000,000	0%	0%
Mr D Round	6,000,000	-	-	6,000,000	0%	0%
	30,200,000	**-**	**-**	**30,200,000**	**0%**	**0%**

DIRECTORS' REPORT

Remuneration Report (Audited)

Performance Rights included in remuneration

No Performance rights have been granted as remuneration during the period.

Refer to Note 28 for details on the key performance indicators and the assumptions that were used in determining the fair value of Performance Rights on the grant date.

(End of remuneration report)

Signed in accordance with a resolution of directors.

Rick Anthon
Chairman
Brisbane, Queensland
30 October 2020

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Bass Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bass Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 30 October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue from contracts with customers	5	1,422,333	1,328,326
Cost of sales	7a	(2,636,529)	(3,094,861)
Gross loss		(1,214,196)	(1,766,535)
Other income	6	567,686	207,459
Administration expenses	7b	(4,558,269)	(5,562,452)
Finance costs	7c	(569,028)	(15,586)
Foreign currency gain	7d	293,474	469,577
Impairment losses	7e	(6,287,069)	-
Write down of inventories		(447,087)	(245,149)
Loss before income tax from continuing operations		**(12,214,489)**	**(6,912,686)**
Income tax expense	8	-	-
Loss for the year from continuing operations		**(12,214,489)**	**(6,912,686)**
Loss after tax from discontinued operations	9	(413,662)	(638,123)
Loss for the year		**(12,628,151)**	**(7,550,809)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(299,761)	(744,844)
Total comprehensive loss for the period, net of tax		**(12,927,912)**	**(8,295,653)**
Loss attributed to:			
Continuing operations		(12,514,250)	(7,657,530)
Discontinued operations		(413,662)	(638,123)
Total comprehensive loss attributed to:			
Equity holders of the parent entity		**(12,927,912)**	**(8,295,653)**
Earnings per share			
Basic and diluted loss per share from operations (cents)	10	(0.45)	(0.29)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	11a	1,706,407	1,561,212
Trade and other receivables	12	335,670	789,163
Inventories	13	926,852	1,617,927
Other assets		76,171	109,841
Total Current Assets		**3,045,100**	**4,078,143**
NON-CURRENT ASSETS			
Restricted cash	11b	10,801	10,801
Trade and other receivables	12	566,500	680,500
Plant and equipment	15	4,601,544	5,472,453
Right of use assets	16	102,572	-
Exploration and evaluation assets	17	-	1,786,942
Mine properties	18	2,234,157	5,700,438
Total Non-Current Assets		**7,515,574**	**13,651,134**
TOTAL ASSETS		**10,560,674**	**17,729,277**
CURRENT LIABILITIES			
Trade and other payables	20	1,480,998	1,816,108
Borrowings	21	5,479,320	412,420
Lease liabilities	22	80,855	-
Liabilities directly associated with assets classified as held for sale	24	566,500	694,243
Total Current Liabilities		**7,607,673**	**2,922,771**
NON-CURRENT LIABILITIES			
Borrowings	21	-	1,122,160
Lease liabilities	22	26,793	-
Provisions	23	419,081	419,081
Total Non-Current Liabilities		**445,874**	**2,235,484**
TOTAL LIABILITIES		**8,053,547**	**4,464,012**
NET ASSETS		**2,507,127**	**13,265,265**
EQUITY			
Issued capital	25	93,931,109	92,709,574
Reserves	26	877,913	229,435
Accumulated losses		(92,301,895)	(79,673,744)
TOTAL EQUITY		**2,507,127**	**13,265,265**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital	Option Reserve	Other Components of Equity	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2019	**92,709,574**	**918,983**	**287,840**	**(977,388)**	**(79,673,744)**	**13,265,265**
Loss for the period	-	-	-	-	(12,628,151)	(12,628,151)
Other comprehensive loss	-	-	-	(299,761)	-	(299,761)
Total comprehensive loss for the year	-	-	-	(299,761)	(12,628,151)	(12,927,912)
Transactions with owners, recorded directly in equity						
Shares issued during the period	1,679,491	-	-	-	-	1,679,491
Convertible notes	-	-	948,239	-	-	948,239
Cost of shares issued for placement	(457,956)	-		-	-	(457,956)
Balance at 30 June 2020	**93,931,109**	**918,983**	**1,236,079**	**(1,277,149)**	**(92,301,895)**	**2,507,127**

	Share Capital	Option Reserve	Other Components of Equity	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2018	**88,005,521**	**1,150,350**	**-**	**(232,544)**	**(72,170,304)**	**16,753,023**
Loss for the period	-	-	-	-	(7,550,809)	(7,550,809)
Other comprehensive loss	-	-	-	(744,844)	-	(744,844)
Total comprehensive loss for the year	-	-	-	(744,844)	(7,550,809)	(8,295,653)
Transactions with owners, recorded directly in equity						
Shares issued during the period	4,835,875	-	-	-	-	4,835,875
Options – value of options exercised	183,998	(183,998)	-	-	-	-
Options – value of options expired	-	(47,369)	-	-	47,369	-
Convertible notes	-	-	287,840	-	-	287,840
Cost of shares issued for placement	(315,820)	-		-	-	(315,820)
Balance at 30 June 2019	**92,709,574**	**918,983**	**287,840**	**(977,388)**	**(79,673,744)**	**13,265,265**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,665,799	1,199,603
Research and development grant		269,999	147,954
Australian Taxation Office cashflow boost		50,000	-
Payments to suppliers and employees		(6,832,261)	(8,399,773)
Net cash used in operating activities	11c	**(4,846,463)**	**(7,052,216)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(535,205)	(801,560)
Payment for exploration and evaluation assets		(483,770)	(713,529)
Interest received		15,324	45,537
Proceeds from the sale of property, plant and equipment		13,575	-
Net cash used in investing activities		**(990,076)**	**(1,469,552)**
Cash flows from financing activities			
Proceeds from issue of shares		1,679,491	4,695,007
Transaction costs on issue of shares and convertible notes		(457,956)	(310,959)
Proceeds from issue of convertible notes		4,685,000	1,370,000
Payment / (refund) of oversubscriptions		116,500	-
Repayment of leases		(77,243)	-
Refund of security deposits		114,000	-
Interest paid		(35,930)	(15,586)
Net cash from financing activities		**6,023,862**	**5,738,462**
Net increase / (decrease) in cash and cash equivalents		**187,323**	**(2,783,306)**
Cash and cash equivalents at the beginning of the period		1,572,013	4,615,228
Exchange differences on cash and cash equivalents		(42,128)	(259,909)
Cash and cash equivalents at the end of the period		**1,717,208**	**1,572,013**
Restricted cash	11b	(10,801)	(10,801)
Cash and cash equivalents at the end of the period	11a	**1,706,407**	**1,561,212**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. General information and statement of compliance

These consolidated financial statements and notes represent those of Bass Metals Ltd (the "Company") and it's Controlled Entities (the "Consolidated Group" or "Group"). Bass Metals Ltd is the Group's ultimate Parent Company (the "parent entity") and is a public company incorporated and domiciled in Australia.

Financial information of the parent entity, Bass Metals Ltd, is presented in Note 36.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The Financial Report was approved by the Board of Directors on 30 October 2020.

The Consolidated general-purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2. Summary of Accounting Policies

Overall Considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Basis of consolidation

At reporting date, the Company has four subsidiaries, Graphmada Mauritius (registered in Mauritius), Graphmada SARL (registered in Madagascar), Limada SARL (registered in Madagascar) and Bass Metal Holdings Pty Ltd (registered in Australia).

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Two subsidiaries have a different reporting date other than 30 June, however they have provided financial information to allow the consolidated Group financial statements to be prepared based on a 30 June reporting date.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. There are no non-controlling interests in the Group during the year.

2. Summary of Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company. The functional currency of the Company subsidiaries Graphmada SARL, Graphmada Mauritius and Limada SARL is US Dollars being the currency which sales and material expenses are transacted. These subsidiary financial statements are translated into Australian Dollars in accordance with Australian Accounting Standards as detailed below.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. On consolidation, all monetary assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Non-monetary items are not retranslated at year-end and are measured at historical cost, these are translated into $AUD using the exchange rates at the date of the transaction. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate at the date of acquisition. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Segment reporting

Management currently identifies two service lines as the Group's operating segments and all other activities are reported within the segment other. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except that expenses relating to discontinuing operations (refer Note 9) are not included in arriving at the operating profit of the operating segments. In addition, non-current exploration and evaluation asset held for sale are assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2. Summary of Accounting Policies (continued)

Revenue

Revenue arises from the sale of graphite concentrate.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions with customers involving a range of the Group's graphite concentrate specifications. The total transaction price for a contract is based on the relative stand-alone market selling prices determined by reference to the carbon content, the graphite mesh or flake size and the current international USD graphite price.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities on the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of graphite concentrate
Sale of graphite concentrate is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods. This occurs when goods are physically collected from the Group's premises by or on behalf of the customer, or when the sea container containing the goods to be exported have been sealed for customs export purposes.

Interest income
Interest is reported on an accrual basis using the effective interest method.

Other Income
Other income is recognised as and when it is receivable and has been recorded as part of other receivables if it has not yet been received.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the mining process as well as directly related production costs based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Leases

Leases are recognised as a Right-Of-Use asset and a lease liability for most lease contracts with a lease term of more than 12 months unless the underlying asset is of low value.

2. Summary of Accounting Policies (continued)

Property, Plant and Equipment

Equipment is initially recognised at acquisition or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period which the Company expects the use of the asset.

The Group uses the units of production basis when depreciating specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

The useful lives used for depreciation and amortisation of assets included in property, plant and equipment are presented below:

- Buildings: 5 to 20 years
- Plant & equipment: 2 to 14 years
- Motor vehicles: 3 to 5 years

Material residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss and other comprehensive income within other income or other expenses.

Exploration and Evaluation

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been obtained, exploration and evaluation expenditure is charged to profit or loss and other comprehensive income as incurred if the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration and evaluation expenditure is capitalised in the year in which is occurred when the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

  (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  (ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

2. Summary of Accounting Policies (continued)

Accumulated costs in relation to an abandoned area are written off in full against profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mine Properties

Mine properties includes capitalised development expenditure, rehabilitation costs and accumulated amortisation.

Development expenditure
Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and expenditure transferred from the capitalised exploration and evaluation expenditure phase.

Development expenditure also includes goodwill paid on a business combination relating to a mining operation. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Rehabilitation costs
Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates for current costs and currently legal requirements and technology.

Any changes in the estimates are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Amortisation of Development expenditure and rehabilitation costs
Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves. Mine properties are tested for impairment in accordance with the following policy on *Impairment Testing of Non-Financial Assets.*

Impairment Testing of Non-Financial Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

2. Summary of Accounting Policies (continued)

Any impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments

2. Summary of Accounting Policies (continued)

fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.
Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of Financial Assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2. Summary of Accounting Policies (continued)

Income Taxes

Tax expense recognised in profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss and other comprehensive income in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-Current Assets and Liabilities Classified as Held-for-Sale and Discontinued Operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as “held for sale” and presented separately in the statement of financial position. Liabilities are classified as “held for sale” and presented as such in the statement of financial position if they are directly associated with a disposal group.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Assets classified as “held for sale” are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some “held for sale” assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as “held for sale”, the assets are not subject to depreciation or amortisation.

Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

2. Summary of Accounting Policies (continued)

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

The Group has determined that its Tasmanian Non-Current Exploration and Evaluation asset held for sale shall be designated in this category.

Equity and Reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include (a) Foreign Currency Translation Reserve which records the exchange differences arising from translation of financial statements of foreign operations into Australian dollars; (b) the Share Option Reserve which comprises costs associated with share-based payments (see Share-based Employee Remuneration); and (c) equity portion of convertible notes. Unrealised gains or losses are recognised in other comprehensive income and credited in the AFS reserve until the investments are derecognised.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non–monetary benefits and annual leave expected to be settled wholly with 12 months of reporting date are recognised in other payables and accruals in respect of employee services up to reporting date. They are measured at the amounts that are expected to be paid when the liabilities are settled.

Share-based Employee Remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (i.e.: profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss and other comprehensive income with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

2. Summary of Accounting Policies (continued)

Provisions, Contingent Assets and Liabilities

General

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of: (a) a past event; (b) it is probable that an outflow of economic resources will be required from the Group; and (c) amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Rehabilitation provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the Tax Office. In these circumstances the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST and VAT components of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Significant Management Judgement in Applying Accounting Policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

2. Summary of Accounting Policies (continued)

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Provision for Restoration and Rehabilitation

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of Useful Lives of Assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Exploration and Evaluation

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of an Australasian Joint Ore Reserves Committee Code (JORC) resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, plant and equipment and goodwill (mine properties – development asset) may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of financial profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change

2. Summary of Accounting Policies (continued)

- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

The Group estimates and reports mineral resources in line with the principles contained in the 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Convertible notes

The Group's convertible notes are treated as a compound financial instrument. A split accounting approach is adopted, where the debt component and the conversion option are accounted for separately. The debt component is initially recognised at its fair value. It is then amortised over its life using the effective interest method.

3. Changes in Accounting Policies

(a) New standards adopted by the Group

The Group has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of new and revised standards and interpretations has had no effect on the amounts reported for prior periods.

The Group applied AASB 16 from the initial date of application, 1 July 2019. AASB 16 replaces AASB 117 Leases (AASB 117) and related interpretations and is effective for financial periods beginning on or after 1 January 2019.

The Group's accounting policies have been amended as required, refer to the above section headed Leases in this note.

There are no other new standards and interpretations in issue which are mandatory for 30 June 2020 reporting periods that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

AASB 16 Leases

AASB 16 introduces a single lessee on-balance sheet accounting model, eliminating the distinction between operating and financing leases under AASB 117, and requires recognition of a Right-Of-Use asset and a lease liability for most lease contracts with a lease term of more than 12 months, unless the underlying asset is of low value.

AASB 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset.

Transitional approach on adoption of AASB 16

The Group adopted AASB 16 on the date of initial application, 1 July 2019, applying the modified retrospective approach permitted by the standard. Under this approach, ROU assets and lease liabilities are calculated as at 1 July 2019 for operating leases existing at 30 June 2019 and comparative information is not restated, with any cumulative effect of initially applying AASB 16 recognised as an adjustment to the opening balance of retained earnings on 1 July 2019. The comparative information continues to be reported under AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease (IFRIC 4).

Recognition of ROU assets and lease liabilities on the date of initial application

On adoption of AASB 16 on 1 July 2019, ROU assets of $184,891 were recognised and lease liabilities of $184,891 were recognised in borrowings and lease liabilities, with no cumulative effect recognised in accumulated losses.

3. Changes in Accounting Policies (continued)

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using asset and company-specific incremental borrowing rates at the date of initial application, 1 July 2019. The weighted average incremental borrowing rate applied was 10%.

The related ROU assets recognised were measured at an amount equal to the related lease liability recognised on 1 July 2019.

For leases previously classified as finance leases, the carrying amounts of the lease assets and lease liabilities immediately before transition on 30 June 2019, as measured under AASB 117, were carried forward as the carrying amounts of the ROU asset and lease liability at the date of initial application, 1 July 2019. The measurement principles of AASB 16 are applied to these leases from the date of initial application.

The reconciliation of the lease liabilities recognised on initial application of AASB 16 at 1 July 2019 to the total operating lease commitments recognised under AASB 117 as disclosed on 30 June 2019 is summarised below:

	$
Operating lease commitments disclosed as at 30 June 2019	207,608
Less: Variable lease payments not recognised	-
Operating lease liabilities before discounting	207,608
Impact of discounting future lease cash flows at the incremental borrowing rate at 1 July 2019	(22,717)
Additional lease liabilities recognised on adoption of AASB 16	184,891
Finance lease liabilities recognised as at 30 June 2019	-
Total lease liabilities recognised under AASB 16 at 1 July 2019	184,891
Of which:	
Current	77,243
Non-current	107,648
	184,891

Practical expedients applied

The Group has used the following practical expedients permitted by the standard when applying AASB 16 on the date of initial application to leases previously classified as operating leases:

- applying the optional exemptions to not recognise ROU assets and lease liabilities for leases with a remaining lease term of less than 12 months (short-term lease) as at 1 July 2019, or for leases for which the underlying asset is of low value. The lease payments will continue to be treated as an operating expenses accounted for on a straight-line basis over the remaining lease term;
- the exclusion of the initial direct costs of obtaining a lease from the measurement of ROU assets at the date of initial application; and
- the use of hindsight in determining the lease term when considering options to extend or terminate leases

Definition of a lease

For existing contracts on 1 July 2019, the Group elected to apply the practical expedient which allows AASB 16 to only be applied to contracts which were previously identified as leases under AASB 117 and IFRIC 4. Contracts that were not identified as leases before the date of initial application were not reassessed to determine whether a lease existed. The Group has applied AASB 16 to contracts entered into, or changed, on or after 1 July 2019.

3. Changes in Accounting Policies (continued)

Use of judgement and estimates

Judgement has been applied in determining the transition adjustments which includes:

- assessing the variability of future lease payments; and
- the determination of the lease term, incremental borrowing rates and which contractual arrangements represent a lease.

Refer to the above section entitled "Leases" in this note for further details on accounting judgements and estimates related to lease accounting.

Impact of adoption of AASB 16

The effects on financial statements of lessees following adoption of AASB 16 are summarised as follows:

- The recognition of assets and liabilities for almost all leases on the consolidated statement of financial position.
- The nature and timing of lease-related expenses change under AASB 16, as operating lease expenses, typically accounted for on a straight-line basis over the lease term, are replaced by the depreciation expense for ROU assets and the interest expense on lease liabilities.
- Equipment under finance lease arrangements previously presented as mine properties, property, plant and equipment is now presented in right-to-use assets. There has been no change in the amounts previously recognised under AASB 117.
- Leases previously classified as finance leases and presented in finance lease liabilities under AASB 117 are now presented in lease liabilities. There has been no change in the liabilities recognised.
- Cash flows from operating activities increase as the principal portion of the lease liability will move from operating cash flows to financing cash flows, with the net increase/decrease in cash and cash equivalents remaining unchanged.

Summary of the additional amounts recognised during the year following adoption of AASB 16:

	$
Consolidated statement of financial position	
Lease liabilities initially recognised on 1 July 2019	184,891
Additional lease liabilities recognised during the year	-
Additional lease principal repayments during the year	(77,243)
Additional lease liabilities at 30 June 2020	107,648
ROU assets initially recognised on 1 July 2019	184,891
Additional ROU assets recognised during the year	-
Additional depreciation and amortisation during the year	(82,319)
Net book value of additional ROU assets at 30 June 2020	102,572
Consolidated statement of comprehensive income	
Additional lease interest expense during the year	(15,012)
Additional depreciation and amortisation during the year	(82,319)
Operating lease payments replaced	92,255
Impact on profit before tax	(5,076)
Impact on income tax	-
Impact on profit after tax	(5,076)

3. Changes in Accounting Policies (continued)

(b) New standards not yet adopted by the Group

The Group has not elected to early adopt any issued standards and interpretations which are not mandatory for 30 June 2020 reporting periods. There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. Going Concern

The financial report for the year ended 30 June 2020 has been prepared based on going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Group reported a loss after tax of $12,628,151 (2019 loss: $7,550,809). Net cash operating cash outflows were $4,846,463 (2019 outflow: $7,052,216).

In addition current assets were $3,045,100 and current liabilities were $7,607,673 resulting in a net current ration deficit of ($4,562,573) (2019: positive current ration $1,849,615), resulting primarily from the classification of the convertible notes on issue as current liabilities as the convertible notes mature in June 2021 (refer note 21).

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

- the ability of the Group to raise sufficient additional capital in the future;
- its ability to achieve a financial return from its subsidiary Graphmada Mauritius; and
- its ability to negotiate and obtain approval for amendment to the convertible note terms of issue.

If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The Directors will continue to monitor the capital requirements of the Group on a go forward basis and will include additional capital raisings in future periods as required.

5. Segment reporting

Management currently identifies two service lines as the Group's operating segments and all other activities are reported within the segment other. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made based on adjusted segment operating results. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except expenses relating to discontinuing operations are not included in arriving at the operating loss of the operating segments. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group's revenue disaggregated by primary geographical markets is as follows:

	Year to 30 June 2020		
	Graphite Mining	**Exploration - Lithium**	**Total**
India	368,988	-	368,988
Europe	629,413	-	629,413
USA	423,932	-	423,932
Total	**1,422,333**	**-**	**1,422,333**

5. Segment reporting (continued)

Year to 30 June 2019			
	Graphite Mining	Exploration - Lithium	Total
India	374,251	-	374,251
Europe	296,150	-	296,150
USA	657,925	-	657,925
Total	**1,328,326**	**-**	**1,328,326**

Year to 30 June 2020			
	Graphite Mining	Exploration - Lithium	Total
Revenue at a point in time	1,422,333	-	1,422,333
Total	**1,422,333**	**-**	**1,422,333**

Year to 30 June 2019			
	Graphite Mining	Exploration - Lithium	Total
Revenue at a point in time	1,328,326	-	1,328,326
Total	**1,328,326**	**-**	**1,328,326**

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

Year to 30 June 2020			
	Graphite Mining	Exploration - Lithium	Total
Revenue			
From external customers	1,422,333	-	1,422,333
Discontinued operations	-	-	-
From other segments	11,160	-	11,160
Inter-segment	-	-	-
Segment revenues	**1,433,493**	**-**	**1,433,493**
Segment operating profit	**(12,013,826)**	**(741,865)**	**(12,755,691)**
Segment assets	**-**	**-**	**-**

Year to 30 June 2019			
	Graphite Mining	Exploration - Lithium	Total
Revenue			
From external customers	1,328,326	-	1,328,326
Discontinued operations	-	-	-
From other segments	3,968	-	3,968
Inter-segment	-	-	-
Segment revenues	**1,332,294**	**-**	**1,332,294**
Segment operating profit	**(7,084,413)**	**(31,764)**	**(7,116,177)**
Segment assets	**-**	**-**	**-**

5. Segment reporting (continued)

The Group's operating profit reconciles to the Group's profit before tax as presented in its financial statements as follows:

	2020	2019
Profit or Loss		
Total reportable segment operating profit	(12,755,691)	(7,116,177)
Other income not allocated	541,202	203,491
Discontinued operations, refer Note 9	(413,662)	(638,123)
Group operating profit	**(12,628,151)**	**(7,550,809)**
Group profit before tax	**(12,628,151)**	**(7,550,809)**

6. Other income

	2020 $	2019 $
ATO cashflow boost	50,000	-
Interest received	15,324	45,537
Rent and access fees received	92,501	10,000
Research and development grant	269,999	147,954
Sale of Scrap metal	11,160	3,968
Sundry income	959	-
Write back of rehabilitation provision	127,743	-
Total other income	**567,656**	**207,459**

7. Loss for the period

	2020 $	2019 $
The loss for the period is stated after taking into account the following:		
7 (a) Cost of sales		
Direct mine operating expense	2,177,349	2,689,661
Depreciation expense	459,180	405,200
Total cost of sales	**2,636,529**	**3,094,861**
7 (b) Administration expenses		
Mine administration expense:		
Depreciation	103,970	69,380
Amortisation	142,813	294,361
Employee benefits expense	911,975	877,549
Mine consultancy	25,256	235,435
Repairs and maintenance	70,923	229,399
Other administrative expenses	943,130	1,268,857
Total mine administration expenses	2,198,067	2,974,891
Corporate administration:		
Employee benefits expense	1,075,711	1,253,499
Contracting & consulting expenses	193,334	119,301
Rental expenses	36,417	86,274
Legal expenses	36,063	21,450
Depreciation	135,909	1,239
Director fees	237,500	270,054
Travel expenses	123,933	312,094
Share registry, ASX	124,264	187,648
Other administration expenses	397,071	336,002
Total corporate administration expenses	2,360,202	2,587,561
Total administration expenses	**4,558,269**	**5,562,452**
7 (c) Finance costs		
Interest expense	20,918	15,586
Interest on lease liabilities	15,012	-
Interest on convertible notes	533,098	-
Total finance costs	**569,028**	**15,586**
7 (d) Foreign currency (gain) / loss		
Foreign currency (gain) / loss - realised	(17,859)	9,961
Foreign currency (gain) - unrealised	(275,615)	(479,538)
Total foreign currency (gain) / loss	**(293,474)**	**(469,577)**
7 (e) Impairment losses		
VAT receivable	274,647	-
Property, plant and equipment	404,998	-
Exploration and evaluation assets	1,311,424	-
Mine properties	4,296,000	-
Total impairment losses	**6,287,069**	**-**

8. Income Tax Expense

The prima facie tax on loss before income tax is reconciled as follows:

	2020 $	2019 $
(a) The components of tax expense comprise:		
Current tax	-	-
Under provision in respect of prior years	-	-
	-	-
(b) Amounts recognised in equity		
Convertible note	370,823	-
	370,823	-
(c) The prima facie tax on loss before income tax at 27.5% (2019: 27.5%)	(3,472,742)	(2,281,305)
Non assessable income	(175,378)	(203,075)
Other assessable income	385,688	-
Non-deductible expenditure	1,916,258	254,093
Impact of different exchange rates	208,059	196,409
Deferred Tax Asset not brought to account	767,292	2,033,878
Income tax (benefit) attributable to loss from ordinary activities	(370,823)	-

Unrecognised temporary differences

At 30 June 2020, there are no unrecognised temporary differences associated with the Group's investments as the Group has no liability for additional taxation should unremitted earnings be remitted (2019: $Nil).

	2020 $	2019 $
(d) Deferred tax balances		
The following deferred tax assets and liabilities have been recognised: brought to account:		
Deferred tax asset – losses available	386,267	13,127
Deferred tax liability – prepayments	(15,443)	(13,127)
Deferred tax liability – convertible notes	(370,824)	-
Net recognised tax balances	-	-
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets comprise:		
Australian tax losses – revenue	14,066,039	14,613,619
Australian tax losses - capital	5,223,606	5,223,606
Madagascan tax losses – revenue	3,275,996	2,533,624
Mauritian tax losses – revenue	117,364	66,578
Capital raising costs	113,053	51,608
Accruals and Provisions	64,685	47,369
	22,860,743	**22,536,404**

Deferred tax asset not recognised is $22.9 million (2019: $22.5 million) which is represented by $19.5 million (2019: $19.8 million) from Australian based operations carried forward tax losses and undisclosed tax losses of $3.4 million (2019: $2.6 million) from overseas subsidiaries based on prior years lodged tax returns and the accounting losses for the periods to 30 June 2020.

8. Income Tax Expense (continued)

The deductible temporary differences and tax losses do not expire under current tax legislation. Madagascan Tax Losses expire after a period of 5 years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

9. Loss attributable to discontinued operations

The Company continues to seek a buyer for its Tasmanian capitalised exploration assets. This disposal group was fully impaired during 2017 and is, therefore, carried at nil value having been recognised as *Capitalised Exploration and Evaluation Assets Held for Sale* in the Statement of Financial Position.

During the current and prior year, care and maintenance expenses relating to this disposal group have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see *loss after tax from discontinued operations*).

Expenses

	2020 $	2019 $
Hellyer operating infrastructure – care & maintenance	413,662	638,123
Total expenses	**413,662**	**638,123**

10. Earnings Per Share

(Basic and diluted Earnings Per Share)	2020 $	2019 $
Loss for the period	(12,628,151)	(7,550,809)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,809,874,584	2,638,056,957
Basic and diluted loss per share (cents)	**(0.45)**	**(0.29)**

There is no dilutive potential for ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

11. Cash and Cash Equivalents

(a) Cash and cash equivalents include the following components:

	2020 $	2019 $
Cash at bank and in hand:		
	1,672,082	975,639
United State Dollars	2,653	337,086
Madagascar Ariary	31,672	248,487
	1,706,407	**1,561,212**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group deposits cash surpluses only with major banks of high-quality credit standing.

(b) Restricted Cash

As at reporting date $10,801, (2019: $10,801) of cash held remains restricted.

11. Cash and Cash Equivalents (continued)

(c) Reconciliation of cash flows from operations with loss after income tax

	2020 $	2019 $
Operating loss after income tax	**(12,628,151)**	**(7,550,809)**
Adjustments for:		
Depreciation & amortisation	841,872	770,180
Impairment losses	6,287,069	-
(Profit) / loss on the disposal of plant and equipment	(13,045)	-
Share based payments	-	95,550
Inventory write down to net realisable value	206,807	245,149
Plant and equipment written off	-	13,166
Write back of rehabilitation provision	(127,743)	-
Unrealised foreign exchange gain	(550,597)	(219,629)
Non cash settlement of administration expenses	-	12,641
Non cash settlement of convertible note accrued interest	533,098	-
Add: Finance expense (disclosed in financing activities)	35,930	15,586
Less: Finance income (disclosed in investing activities)	(15,324)	(45,537)
Net changes in working capital:		
Change in other current assets	21,134	(38,399)
Change in trade and other receivables	252,846	(374,165)
Change in inventories	484,268	(659,473)
Change in other financial assets - current	126,536	(13,946)
Change in trade and other payables relating to operating activities	(301,163)	697,470
Net cash used in operating activities	**(4,846,463)**	**(7,052,216)**

12. Trade and Other Receivables

	2020 $	2019 $
Current		
Trade receivables	141,453	138,107
VAT receivable	274,647	729,017
Allowance for credit losses	(274,647)	(183,177)
Other receivables[1]	194,217	105,216
	335,670	**789,163**
Non-current		
Other security deposits[2]	566,500	680,500
	566,500	**680,500**

Note 1: Other receivables includes approximately $146,000 representing the funds held in trust by the BMOI Bank in Madagascar in Graphmada SARL's name.

Note 2: Security deposits and guarantees associated with the Tasmanian exploration assets held for sale.

All amounts are short-term and non-interest bearing. The net carrying value of trade receivables is considered a reasonable approximation of fair value. As at reporting date, there were no trade receivables that were past due, but not impaired.

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty.

Information regarding credit, foreign exchange and liquidity risk exposure is set out in Note 28.

13. Inventories

	2020	2019
	$	$
Equipment spares and consumables	709,537	989,576
Ore stockpiles	77,176	3,906
Graphite in circuit	29,593	6,459
Graphite concentrate	110,546	617,986
	926,852	**1,617,927**

Total inventories are carried at the lower of cost and net realisable value

14. Financial Assets and Liabilities

Categories of financial assets and liabilities
Note 1 provides a description of each category of financial assets and liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

2020	Notes	Amortised cost	Assets at fair value through profit or loss (FVPL)	Debt fair value through other comprehensive income (FVOCI)	Equity fair value through other comprehensive income (FVOCI)	Total
		$	$	$	$	$
Financial assets						
Cash and cash equivalents	11a	1,706,407	-	-	-	1,706,407
Trade and other receivables - current	12	335,670	-	-	-	335,670
Trade and other receivables – non current	12	566,500	-	-	-	566,500
		2,608,577	**-**	**-**	**-**	**2,608,577**

2020	Notes	Derivatives used for hedging (FV)	Other liabilities (amortised cost)	Total
		$	$	$
Financial liabilities				
Trade and other payables	20	-	1,480,998	1,480,998
Borrowings	21	-	5,479,320	5,479,320
		-	**6,960,318**	**6,960,318**

14. Financial assets and liabilities (continued)

2019	Notes	Amortised cost	Assets at fair value through profit or loss (FVPL)	Debt fair value through other comprehensive income (FVOCI)	Equity fair value through other comprehensive income (FVOCI)	Total
		$	$	$	$	$
Financial assets						
Cash and cash equivalents	11a	1,561,212	-	-	-	1,561,212
Trade and other receivables - current	12	789,163	-	-	-	789,163
Trade and other receivables – non current	12	680,500	-	-	-	680,500
		3,030,875	-	-	-	3,030,875

2019	Notes	Derivatives used for hedging (FV)	Other liabilities (amortised cost)	Total
		$	$	$
Financial liabilities				
Trade and other payables	20	-	1,816,108	1,816,108
Borrowings	21	-	1,534,580	1,534,580
		-	**3,350,688**	**3,350,688**

15. Plant and Equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

2020	Plant & equipment	Motor Vehicles	Capital work in progress	Buildings & Infrastructure	Total
	$	$	$	$	$
Gross carrying amount					
Balance 1 July 2019	4,536,405	1,512,741	75,113	854,962	6,979,221
Additions	52,654	-	112,738	-	165,392
Reclassification at cost to inventory and spare parts	-	-	(790)	-	(790)
Reclassification at cost	72,229	-	(72,229)	-	-
Reclassification at cost to mine properties	-	-	(13,243)	-	(13,243)
Disposal	-	(63,187)	-	-	(63,187)
Balance 30 June 2020	**4,661,288**	**1,449,554**	**101,589**	**854,962**	**7,067,393**
Depreciation and impairment					
Balance 1 July 2019	(829,928)	(502,321)	-	(174,519)	(1,506,768)
Depreciation	(437,383)	(106,646)	-	(72,711)	(616,740)
Disposal	-	62,657	-	-	62,657
Impairment loss	(404,998)				(404,998)
Balance 30 June 2020	**(1,672,309)**	**(546,310)**	**-**	**(247,230)**	**(2,465,849)**
Carrying amount 30 June 2020	**2,988,979**	**903,244**	**101,589**	**607,732**	**4,601,544**

15. Plant and Equipment (continued)

2019	Plant & equipment $	Motor Vehicles $	Capital work in progress $	Buildings & Infrastructure $	Total $
Gross carrying amount					
Balance 1 July 2018	2,766,727	1,056,596	1,849,719	733,666	6,406,708
Additions	177,118	492,670	531,567	-	1,201,355
Reclassification at cost	1,592,560	943	(1,917,303)	323,800	-
Reclassification at cost to mine properties	-	-	(388,870)	(202,504)	(591,374)
Disposal	-	(37,468)	-	-	(37,468)
Balance 30 June 2019	**4,536,405**	**1,512,741**	**75,113**	**854,962**	**6,979,221**
Depreciation and impairment					
Balance 1 July 2018	(478,845)	(443,157)	-	(218,924)	(1,140,926)
Depreciation	(351,083)	(83,466)	-	(41,270)	(475,819)
Reclassification at cost to mine properties	-	-	-	85,675	85,675
Disposal	-	24,302	-	-	24,302
Balance 30 June 2019	**(829,928)**	**(502,321)**	**-**	**(174,519)**	**(1,506,768)**
Carrying amount 30 June 2019	**3,706,477**	**1,010,420**	**75,113**	**680,443**	**5,472,453**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets. There was no Plant and Equipment impairment losses recognised during the current or prior reporting periods

Property, plant and equipment pledged as security for liabilities
There is no fixed and floating charge over any of the assets in the Group.

16. Right-Of-Use Assets

	2020 $	2019 $
Gross carrying amount – office and warehouse rent leases		
Balance 1 July 2019	184,891	-
Additions	-	-
Depreciation	(82,319)	-
Carrying amount 30 June 2020	**102,572**	**-**

The Group has leases for office space in Perth and Brisbane and warehouse storage in Madagascar. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Refer also to Note 22 for further details on leases.

17. Exploration and Evaluation Assets

Exploration and evaluation expenditure consist of:

	2020 $	2019 $
Exploration and evaluation expenditure consist of:		
Exploration drilling – Mahefedok deposit Madagascar	-	815,492
Exploration drilling – Andapa deposit Madagascar	-	21,954
Exploration drilling – Mahela deposit Madagascar	-	233,074
Exploration drilling – Mangabe deposit Madagascar	-	-
Lithium mineralisation exploration permits in the Sahatany region in Madagascar	-	716,422
	-	**1,786,942**

Refer to Tenements Listing on page 78 for detail of the exploration licences held by the Group.

Movement in carrying amount:

Movement in the carrying amounts for mine development and rehabilitation expenditure between the beginning and the end of the current period:

	2020 $	2019 $
Carrying amount 1 July 2019	1,786,942	894,146
Expenditure incurred during the year	426,900	892,796
Transfer to mine properties	(902,418)	-
Impairment loss	(1,311,424)	-
Carrying amount 30 June 2020	**-**	**1,786,942**

Carry forward exploration and evaluation expenditure

The recovery of the costs of exploration and evaluation expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their subsequent development and exploitation or alternatively their sale.

Impairment and write-off

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management regularly evaluates the recoverability of exploration and evaluation assets.

18. Mine Properties

Capitalised development and rehabilitation expenditure consist of:

	2020 $	2019 $
Acquisition of mining assets – Graphmada	5,070,019	5,070,019
Capitalised rehabilitation costs – Graphmada[1]	419,081	419,081
Reclassification of deferred mining expenditure	504,472	505,699
Transfer from exploration and evaluation assets	902,418	-
Impairment loss	(4,296,000)	-
Accumulated amortisation	(365,833)	(294,361)
	2,234,157	**5,700,438**

Movement in carrying amount:

Movement in the carrying amounts for mine development and rehabilitation expenditure between the beginning and the end of the current period:

	2020 $	2019 $
Carrying amount 1 July 2019	5,700,438	5,489,100
Reclassification of deferred mining expenditure	-	505,699
Transfer from exploration and evaluation assets	902,418	-
Amortisation charge for the year	(72,699)	(294,361)
Impairment loss	(4,296,000)	-
Carrying amount 30 June 2020	**2,234,157**	**5,700,438**

Note 1: Rehabilitation costs expected to be incurred upon closure of the Graphmada mine in Madagascar, refer note 23.

19. Impairment Testing of Non-Current Assets

In accordance with the Group's accounting policies and processes, the Group performs its impairment assessment annually at 30 June. Non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment.

When indicators of impairment exist, a formal estimate of the recoverable amount is made. External and internal indicators of impairment as at 30 June 2020 included;

- long range planning and scheduling meeting the JORC 12 Compliances;
- increased expected future costs of production; and
- under-utilisation of the processing plant.

Due to the indicators above, the Group assessed the recoverable amounts of its major Cash-Generating-Unit ("CGU"), relating to the Co-O mining operations.

a) Impairment testing

i) Methodology
Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount being the value in use of the CGU has been estimated using the discounted cashflows method based on the Group's recoverable minerals.

Value in use is estimated based on discounted cash flows using market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements detailed in the Company's Life of Mine ("LOM") plan. The 2020 LOM plan utilises an estimated 6-year production timeframe based on the expansion of production to 40,000 tonnes of saleable concentrates per annum, utilising 100% Measured and 60% Indicated Mineral Resources estimated in accordance with the JORC Code 2012. No Inferred Mineral Resources were utilised in LOM planning.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as gold market prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

ii) Key Assumptions
The table below summarises the key assumptions used in the 30 June 2020 carrying value assessments. Comparison to the prior period has been provided.

Assumptions	Unit	2020 (2021-2026)	2019 (2020-2025)
Projected Average Graphite price	US$/ton	777	900
Projected Average C1 costs [1]	US$/ton	404	500
Pre-Tax discount rate (%)	%	14.8	10%
Mineral Resource (M&I only) [2]	Contained Graphite Tonnes (000's)	214	54
Production capacity per annum	Tonnes (000's)	20 – 40[3]	6

Note 1: C1 costs represents the cash cost of running the mining operation in Madagascar. These are production and local administration costs and excludes royalties, taxation, capital expenditure and exploration costs.

Note 2: The Company is currently completing a substantial infill drilling and drill program with the intention of materially increasing its Mineral Resource. The Contained Graphite only includes Measured and 60% of Indicated Mineral Resources.

Note 3: The Production Capacity increase would require a substantial investment by the Company before 40,000t annual production capacity could be achieved

Commodity prices
Commodity prices are estimated with reference to external, independent market forecasts and reviewed at least annually. The price applied is conservative and has taken into account observable market data.

19. Impairment Testing of Non-Current Assets (continued)

Discount rate
The future cash flows of the CGU are discounted by the estimated real after tax weighted average cost of capital ("WACC"), pursuant to the Capital Asset Pricing Model. The denominal pre-tax WACC has been derived from comparable company analysis, in addition to the WACC rate of the group's Co-O mining operations being the primary CGU.

Production activity and operating and capital costs
LOM production activity and operating and capital cost assumptions are based on the Group's latest five-year budget and expansion studies. Discounted cash flows include expected cost improvements and sustaining capital requirements. Estimated production is assumed consistent with the capacity constraint of the proposed Process Plant taken into account while assuming a constant recovery rate.

Resources and reserves
Mineral resource tonnes were based on the Group's JORC 2004 compliant Mineral Resource Statement detailed on page 5.

iii) Impacts

Due to the recoverable amount of the Group's mining operations CGU being less than the estimated carrying amount, an impairment charge was required for the year ending 2020 (2019: nil):

		2020			2019		
Description	**Note**	**Carrying amt $**	**Impairment $**	**Balance $**	**Carrying amt $**	**Impairment $**	**Balance $**
Plant & equipment	15	5,006,542	(404,998)	4,601,544	5,472,453	-	5,472,453
Exploration & evaluation assets	17	1,311,424	(1,311,424)	-	1,786,942	-	1,786,942
Mine properties	18	6,530,157	(4,296,000)	2,234,157	5,700,438	-	5,700,438
Total		12,848,123	(6,012,422)	6,835,701	12,959,833	-	12,959,833

b) Sensitivity Analysis
Variation movements in any key assumptions may result in a change to the estimated recoverable amount which may indicate an additional impairment to non-current assets.

The changes to estimated key assumptions would have the following approximate impact on the recoverable amount of the CGU in its functional currency that has been subject to impairment in the 30 June 2020 statutory accounts:

Assumption changes	2020 Effect on recoverable amount $
US $100 per tonne increase in graphite price	8,191,000
US $100 per tonne decrease in graphite price	(8,167,000)
1% increase in the discount rate	(867,000)
1% decrease in the discount rate	965,000
5% increase in operating costs	(1,691,000)

In addition to the above, the level of production activity is also a key assumption in the determination of recoverable amount. Should the Group recognise decreases/increases in processing capacity, changes in recoverable amount estimates may arise. Due to the number of factors that could impact production activity, assessment to sensitivity has not been determined for these factors.

The sensitivities above assume specific assumption moves are in isolation, whilst all other assumptions are held constant. A change in one of the assumptions may accompany a change in another assumption.

20. Trade and Other Payables

	2020	2019
	$	$
Current		
Unsecured liabilities:		
Trade Payables	989,155	1,439,582
Other payables	491,843	376,526
	1,480,998	**1,816,108**

Other payables are recognised when the Group has identified a present obligation from the result of past events. These amounts include employee payment obligations, professional fees and statutory obligations.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables and other payables are non-interest-bearing and are normally settled on 30 to 60-day terms. For other terms and conditions relating to related party payables refer Note 30. Information regarding credit, foreign exchange and liquidity risk exposure is set out in Note 28.

21. Borrowings

	2020	2019
Current	$	$
Oversubscription of investor funds to be refunded	10,801	10,801
Funds received in advance	116,500	-
Borrowings for mobile mining equipment	-	401,619
Convertible notes	5,352,019	-
	5,479,320	412,420

Funds received in advance represent funds received in advance of the conditional placement prior to 30 June 2020.

	2020	2019
Non-Current	$	$
Convertible notes	-	1,122,160
	-	**1,122,160**

On 28 June 2019, the Group announced a capital raising of up to $4 million (before issue costs) via a tranched issue of Convertible Notes to sophisticated and professional investors at an issue price of $0.008 each, with an interest rate of 15% per annum and a maturity date of 15 June 2021. Interest is payable half yearly in arrears and the interest may be paid in at the Company's election by the issue of further Convertible Notes. Each Convertible Note coverts into one ordinary share in the Company and is secured over the assets of the Company.

The Group's convertible notes are treated as a compound financial instrument. A split accounting approach is adopted, where the debt component and the conversion option are accounted for separately. The debt component is initially recognised at its fair value. It is then amortised over its life using the effective interest method.

During the year, the Company received subscriptions from cornerstone investors for $4.6 million of the Convertible Notes which have been issued accordingly (being 580.6m Convertible Notes at $0.008).

22. Lease liabilities

	2020 $	2019 $
Current		
Office and warehouse leases	80,855	-
Non-Current		
Office and warehouse leases	26,793	-
	107,648	**-**

The Group has leases for office space in Perth and Brisbane, as well as warehouse space in Madagascar. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The lease liabilities are unsecured.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Office building	2	1-2 years	2 years	2	0	2	0
Warehouse	2	1-2 years	2 years	2	0	2	0

Future minimum lease payments as at 30 June 2020 were as follows:

	Minimum lease payments due		
30 June 2020	**Within 1 year** $	**1-2 years** $	**Total** $
Lease payments	87,816	27,536	115,352
Finance charges	(6,961)	(743)	(7,704)
Net present values	**80,855**	**26,793**	**107,648**

23. Provisions

	2020 $	2019 $
Provision for rehabilitation	419,081	419,081
	419,081	**419,081**

24. Liabilities directly associated with assets classified as held for sale

	2020 $	2019 $
Tasmanian exploration assets	566,500	694,243
	566,500	**694,243**

25. Issued Capital

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value.

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by

management to control the capital of the Group since the prior year. There are no externally reported capital requirements.

The Group monitors capital on the basis of the carrying amount of equity plus debt (if any) less cash and cash equivalents as presented on the face of the statement of financial position.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2020 $	2019 $
Total equity	2,502,127	13,265,265
Cash and cash equivalents	(1,706,407)	(1,561,212)
Capital	795,720	11,704,053
Total equity	2,502,127	13,265,265
Borrowings	5,479,320	1,534,580
Overall financing	7,981,447	14,799,845
Capital-to-overall financing ratio	0.10	0.79

Ordinary shares

	2020 $	2019 $
3,481,675,735 (30 June 2019: 2,809,875,584) fully paid ordinary shares	93,931,109	92,709,574

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of fully paid ordinary shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The Group has no authorised share capital and the shares have no par value.

25. Issued Capital (continued)

The movement in ordinary shares during the financial period are as follows:

	2020 Number of Shares	2020 $	2019 Number of Shares	2019 $
Balance at the beginning of the period	**2,809,875,584**	**92,709,584**	**2,455,972,569**	**88,005,521**
Issued during the period				
Fair value of unlisted ESOP options exercised prior year			-	10,686
Listed Options exercised in Aug 2018 at $0.025			2,400,000	60,000
Unlisted Options exercised in Sep 2018 at $0.025			1,000,000	25,000
Listed Options exercised in Sep 2018 at $0.025			10,875	272
Placement in Sep 2018 to two suppliers in lieu of payment at $0.025			2,218,310	55,458
Listed Options exercised in Sep 2018 at $0.025			20,400,000	510,000
Listed Options exercised in Nov 2018 at $0.025			31,493,492	787,337
Unlisted Options exercised in Nov 2018 at $0.01			900,000	9,000
Performance rights vested in Nov 2018 at nil (Fair value of $173,312)			24,800,000	173,312
Placement to sophisticated investors in Dec 2018 at $0.0125			214,771,284	2,684,641
Listed Options exercised in Dec 2018 at $0.025			66,334	1,658
Placement to employees pursuant to the Bass Metals Incentive Scheme at nil (Fair value of $95,550)			7,350,000	95,550
Listed Options exercised in Dec 2018 at $0.025			64,000	1,600
Placement in Mar 2019 at $0.0125			44,428,720	555,359
Placement to Directors at $0.0125			4,000,000	50,000
Share placement plan at $0.0025	671,800,151	1,679,500		
Capital raising costs		(457,975)		(315,820)
Balance at the end of the period	**3,481,675,735**	**93,931,109**	**2,809,875,584**	**92,709,574**

Options and performance rights

Refer Note 28 for information relating to the Group employee option plan, including details of options issued, exercised and lapsed during the financial year. Refer to the remuneration report for information relating to share options issued to key management personnel during the financial year.

Total Listed Options

	2020 Number of Options	2020 Weighted Average Exercise Price $	2019 Number of Options	2019 Weighted Average Exercise Price $
Balance at the start of the year	302,226,884	0.050	478,966,580	0.025
Granted	-	-	271,226,884	0.050
Transfer from unlisted options	-	-	31,000,000	0.050
Exercised	-	-	(54,434,701)	0.025
Lapsed	-	-	(424,531,879)	0.025
Outstanding at the end of the period[1]	302,226,884	0.050	302,226,884	0.050
Exercisable at the end of the period	**302,226,884**	**0.050**	**302,226,884**	**0.050**

Note 1: Total listed options outstanding at the end of the period represents 269,226,884 (2019: 269,226,884) options issued under placement to investors, 2,000,000 (2019: 2,000,000) options issued to Directors as part of the investor placement, 13,500,000 (2019: 13,500,000) ESOP issued to Directors, and 17,500,000 (2019: 17,500,000) ESOP options issued to Group Executives.

26.Reserves

	Foreign Currency Translation Reserve $	Other components of equity $	Share Option Reserve $	Total $
Balance 1 July 2019	(977,388)	287,840	918,983	229,435
Convertible notes	-	948,239	-	948,239
Exchange differences on translating foreign operations	(299,761)	-	-	(299,761)
Before tax	(299,761)	948,239	-	648,478
Tax benefit/(expense)	-	-	-	-
Net of tax	(299,761)	948,239	918,983	877,913
Balance 30 June 2020	**(1,277,149)**	**1,236,079**	**918,983**	**877,913**

	Foreign Currency Translation Reserve $	Other components of equity $	Share Option Reserve $	Total $
Balance 1 July 2018	**(232,544)**	**-**	**1,150,350**	**917,806**
Options exercised	-	-	(183,998)	(183,998)
Options lapsed	-	-	(47,369)	(47,369)
Convertible notes	-	287,840	-	287,840
Exchange differences on translating foreign operations	(744,844)	-	-	(744,844)
Before tax	(744,844)	287,840	(231,367)	(688,371)
Tax benefit/(expense)	-	-	-	-
Net of tax	(744,844)	287,840	(231,367)	(688,371)
Balance 30 June 2019	**(977,388)**	**287,840**	**918,983**	**229,435**

Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Convertible notes
Relates to the equity portion of convertible notes issued by the Company.

Share Option Reserve
The Share Option Reserve records the items recognised as expense on valuation of employee share options and performance rights.

27.Commitments

	2020 $	2019 $
Not later than 1 year		
Exploration commitments (1)	436,808	285,103
Discontinued operation commitments (2)	34,642	602,000
Lease commitments (3)	-	77,383
Capital purchase commitments (4)	-	42,116
	471,450	**1,006,602**
Later than 1 year but not greater than 5 years		
Exploration commitments (1)	436,808	427,655
Lease commitments (3)	-	94,310
Discontinued operation commitments (2)	149,277	2,408,000
	586,085	**2,929,965**

(1) The Group must meet minimum expenditure commitments in relation to option agreements over tenements and to maintain those tenements in good standing.
(2) The Group has expenditure commitments in relation to care and maintenance activities and environmental management of its Hellyer operating infrastructure in Tasmania.
(3) The lease commitments includes office premises in Australia.
(4) Capital commitments relate to items of plant and equipment where funds have been committed but the assets not yet received.

28. Share-based Payments

The following share-based payment arrangements existed at 30 June 2020.

(i) Bass Metals Ltd Employee Share and Option Plan (ESOP)

The Bass Metals Ltd Employee Share and Option Plan ("ESOP" or "Plan") was approved by shareholders at an annual general meeting held on 30 November 2010. The directors of the Group administer the Plan and in their absolute discretion determine to whom the securities will be offered, the number to be offered and any performance criteria in relation to the options or performance rights issued under the Plan.

Options or performance rights may not be issued to a Director (or associate) or employee except where the relevant shareholder approval is provided pursuant to the Corporations Act 2001 and ASX Listing Rules.

No consideration is payable by an eligible person for a grant of an option or a performance right, unless the board decides otherwise. Subject to the rules of the Plan and to ASX Listing Rules, the Group (acting through the Board) may offer options or performance rights to any eligible person at such times and on such terms as the Board considers appropriate. Options issued under the Plan may be exercised or vest at any time during the period commencing on the issue date and ending no later than five years from the date of issue. Performance rights granted will only vest upon satisfaction of the performance condition and during the period that the performance condition was met.
Options or performance rights which have vested and have been issued under the Plan will automatically lapse in three months from the date of departure or such longer period as the board determines in the event that an eligible person either resigns voluntarily from employment with the Group or is dismissed in certain circumstances, unless otherwise agreed by the Board.

Options or performance rights issued under this Plan carry no dividend or voting rights.

On vesting of performance rights, shares will automatically be issued to the eligible person subject to compliance with the Group's Policy for Trading in Group Securities and the insider trading provisions of the Corporations Act 2001. Unless otherwise provided in the invitation to receive performance rights, no amount shall be payable by the eligible person on the automatic exercise of performance rights.

ESOP Unlisted Options	2020		2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the period	92,900,000	0.067	133,900,000	0.060
Transfer to listed ESOP options	-	-	(31,000,000)	0.050
Lapsed	-	-	(9,000,000)	0.032
Exercised	-	-	(1,000,000)	0.025
Outstanding at the end of the period	92,900,000	0.067	92,900,000	0.067
Exercisable at the end of the period	**92,900,000**	**0.067**	**92,900,000**	**0.067**

Note 1: Total ESOP unlisted options outstanding at the end of the period represents 40,400,000 (2019: 40,400,000) ESOP Directors options issued and 52,500,000 (2019: 52,500,000) ESOP options issued to Group Executives.

ESOP listed Options	2020		2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the period	31,000,000	0.05	-	-
Transfer from unlisted ESOP options	-	-	31,000,000	0.05
Outstanding at the end of the period	31,000,000	0.05	31,000,000	0.05
Exercisable at the end of the period	**31,000,000**	**0.05**	**31,000,000**	**0.05**

Note 1: Total ESOP unlisted options outstanding at the end of the period represents 31,000,000 ESOP Directors options.

28. Share-based Payments (continued)

The tables below summarise the details of the grants and assumptions that were used in determining the fair value of unlisted and listed options on the grant date.

Input Variable	Director Options C	Director Options D	Director Options E	Director Options F
Grant Date	3 May 2017	3 May 2017	3 May 2017	3 May 2017
Vesting Date	31 Aug 2017	31 Aug 2017	31 Aug 2017	31 Aug 2017
Expiry Date	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.012	$0.012	$0.012	$0.012
Expected Life (years)	3.67	3.67	3.67	3.67
Expected Volatility	213%	213%	213%	213%
Expected Dividend Yield	$0	$0	$0	$0
Expected Risk Free Rate	1.96%	1.96%	1.96%	1.96%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0065	$0.0049	$0.0041	$0.0035

Input Variable	Management Options A	Management Options B	Management Options C	Management Options D
Grant Date	2 Sept 2016	2 Sept 2016	2 Sept 2016	2 Sept 2016
Vesting Date	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016
Expiry Date	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Exercise Price	$0.025	$0.05	$0.075	$0.10
Share Price (at date terms agreed)	$0.014	$0.014	$0.014	$0.014
Expected Life (years)	3.38	3.38	3.38	3.38
Expected Volatility	100%	100%	100%	100%
Expected Dividend Yield	$0	$0	$0	$0
Expected Risk Free Rate	1.6%	1.6%	1.6%	1.6%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0079	$0.0063	$0.0054	$0.0048

28. Share-based Payments (continued)

Details of unlisted ESOP options over ordinary shares in the Company that are unexercised at the end of the year.

	Option	Number unexercised	Grant date	Value per option at grant date ($)	Value of options at grant date ($)	Number vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Directors									
Mr R Anthon	C	7,400,000	3 May 2017	0.0065	48,862	7,500,000	0.025	3 May 2017	31 Dec 2020
Mr R Anthon	E	7,500,000	3 May 2017	0.0041	30,509	7,500,000	0.075	3 May 2017	31 Dec 2020
Mr R Anthon	F	7,500,000	3 May 2017	0.0035	26,084	7,500,000	0.10	3 May 2017	31 Dec 2020
Mr J Marvin	C	3,000,000	3 May 2017	0.0065	19,545	3,000,000	0.025	3 May 2017	31 Dec 2020
Mr J Marvin	E	3,000,000	3 May 2017	0.0041	12,204	3,000,000	0.075	3 May 2017	31 Dec 2020
Mr J Marvin	F	3,000,000	3 May 2017	0.0035	10,434	3,000,000	0.10	3 May 2017	31 Dec 2020
Mr P Wright	C	3,000,000	3 May 2017	0.0065	19,545	3,000,000	0.025	3 May 2017	31 Dec 2020
Mr P Wright	E	3,000,000	3 May 2017	0.0041	12,204	3,000,000	0.075	3 May 2017	31 Dec 2020
Mr P Wright	F	3,000,000	3 May 2017	0.0035	10,434	3,000,000	0.10	3 May 2017	31 Dec 2020
Group Executives									
Mr T McManus	A	10,000,000	2 Sept 2016	0.0079	79,079	10,000,000	0.025	2 Sept 2016	31 Dec 2020
Mr T McManus	C	10,000,000	2 Sept 2016	0.0054	54,246	10,000,000	0.075	2 Sept 2016	31 Dec 2020
Mr T McManus	D	10,000,000	2 Sept 2016	0.0048	47,850	10,000,000	0.10	2 Sept 2016	31 Dec 2020
Mr D Round	A	7,500,000	2 Sept 2016	0.0079	59,310	7,500,000	0.025	2 Sept 2016	31 Dec 2020
Mr D Round	C	7,500,000	2 Sept 2016	0.0054	40,685	7,500,000	0.075	2 Sept 2016	31 Dec 2020
Mr D Round	D	7,500,000	2 Sept 2016	0.0048	35,887	7,500,000	0.10	2 Sept 2016	31 Dec 2020

Details of listed ESOP options over ordinary shares in the Company that are unexercised at the end of the year.

	Option	Number unexercised	Grant date	Value per option at grant date ($)	Value of options at grant date ($)	Number vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Directors									
Mr R Anthon	D	7,500,000	3 May 2017	0.0050	37,133	7,500,000	0.050	3 May 2017	31 Dec 2020
Mr J Marvin	D	3,000,000	3 May 2017	0.0050	14,853	3,000,000	0.050	3 May 2017	31 Dec 2020
Mr P Wright	D	3,000,000	3 May 2017	0.0050	14,853	3,000,000	0.050	3 May 2017	31 Dec 2020
Group Executives									
Mr T McManus	B	10,000,000	2 Sept 2016	0.0063	63,483	10,000,000	0.050	2 Sept 2016	31 Dec 2020
Mr D Round	B	7,500,000	2 Sept 2016	0.0063	47,612	7,500,000	0.050	2 Sept 2016	31 Dec 2020

28. Share-based Payments (continued)

Performance Rights

Under the ESOP, certain Directors and group executives may be granted a right to be issued a share in the future subject to the performance based vesting conditions being met.

Details of Performance Rights held by each Director and group executive that were granted but not yet vested under the LTI plan as at 30 June 2020 are outlined below:

2020	Balance at the start of the year	Number granted as Remuneration	Number vested	Other Changes	Balance at the end of the year	Portion vested (%)	Portion un-vested (%)
Directors							
Mr R Anthon	9,000,000	-	-	-	9,000,000	0%	0%
Mr J Marvin	3,600,000	-	-	-	3,600,000	0%	0%
Mr P Wright	3,600,000	-	-	-	3,600,000	0%	0%
Group Executives							
Mr T McManus	8,000,000	-	-	-	8,000,000	0%	0%
Mr D Round	6,000,000	-	-	-	6,000,000	0%	0%
	30,200,000	**-**	**-**	**-**	**30,200,000**	**0%**	**0%**

The remaining Performance Rights require Key Management Personnel to achieve the following Key Performance Indicators:

Key Performance Indicators		Performance Rights not yet vested held at the end of the year				
		Directors			Group Executives	
		R Anthon	J Marvin	P Wright	T McManus	D Round
KPI (B)	Graphmada Operations achieving cash flow positive results over three consecutive months	9,000,000	3,600,000	3,600,000	8,000,000	6,000,000

Group executive KPI'S vest independently of each other.

The Performance Rights were issued during the prior year on 3 May 2017 to Directors and Executive Management as part of their Long Term Incentive (LTI) are in accordance with the Company's Incentive Scheme ("Incentive Scheme"). The Company's Incentive Scheme was approved at a meeting of shareholders on 22 August 2016.

Performance Rights were issued as a retention strategy for key employees and provide for a component of the Directors and Executive Management Remuneration. The Rights granted have a zero exercise price. No Performance Rights will vest unless they meet the Key Performance Indicators (KPI), as detailed below. Upon satisfaction of the performance condition, the Performance Rights will vest during the period that the performance condition was met. All Performance Rights expire on 15 August 2020.

A summary of key terms of Performance Rights are as follows:
General Conditions

1) Performance Rights issued under the Incentive Scheme are for no consideration.
2) The vesting of Performance Rights is subject to the achievement of Key Performance Indicators ("Performance Milestones").
3) Performance Rights are only transferable or assignable upon the achievement of Performance Milestones.
4) Where the person who was initially offered the Performance Rights ceases to be an Eligible Participant and, at that time, there are Milestone Conditions in relation to those Performance Rights that are unsatisfied (and they are not waived), the Company may, subject to the Corporations Act and the Listing Rules, buy back and cancel or sell the Shares in accordance with clause 8.1 of this Plan.
5) The Performance Rights are valid for a term of approximately 3 years from the date of issue.
6) All shares issued upon exercise of the Performance Rights will rank equally in all respects with shares in the same class.
7) In the event of a capital reorganisation, the number of Performance Rights will be adjusted by the Board in accordance with the Corporations Act.

28. Share-based Payments (continued)

8) In the event of a bonus or rights issue, a participant, upon conversion of Performance Rights into shares, will enjoy all rights attaching to the shares of the Company.

9) In the event of a takeover, scheme or winding up, the Board is deemed to have waived all conditions applicable to an incentive security.

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Performance Rights on the grant date.

Input Variable	Performance Rights A	Performance Rights B	Performance Rights C
Grant Date	3 May 2017	3 May 2017	3 May 2017
Vesting Date	On achievement of Performance Condition	On achievement of Performance Condition	On achievement of Performance Condition
Expiry Date	15 August 2020	15 August 2020	15 August 2020
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Exercise Price	$0.00	$0.00	$0.00
Share Price (at date terms agreed)	$0.012	$0.012	$0.012
Expected Life (years)	3	3	3
Expected Volatility	213%	213%	213%
Expected Dividend Yield	$0	$0	$0
Expected Risk Free Rate	1.82%	1.82%	1.82%
Performance Conditions	As set out in Remuneration Report	As set out in Remuneration Report	As set out in Remuneration Report
Fair Value (average)	$0.0068	$0.00945	$0

Performance Right Methodology

The Groups Performance Rights link rewards for executives to the Company's strategy which drives the creation of long term shareholder wealth – the greater the performance of the Company, the greater the return to the executives; and vesting of Performance Rights only occurs with the successful achievement of performance conditions.

The Board determined that material increases to production, operational cash flow and growth in the Group's market capitalisation were the main three criteria that are most likely to increase shareholder wealth. Accordingly, the following Performance Rights and Criteria were established to align the Group's strategy for increased long term shareholder wealth, with the intention of rewarding and retaining the Group's Directors:

Groups Strategy for Shareholder wealth	Performance Rights KPI's (criteria)
Substantially Increase levels of Graphite Production at Graphmada and achieve material operational cost efficiencies.	Increase levels of Graphite Production to 1,250mt per month of Concentrate
Achieve substantial economies of scale from increases in Production.	Operations to be cash flow positive
Engage the market and drive the Group's growth proposition.	Increase the Group's market capitalisation to $75,000,000

28. Share-based Payments (continued)

Details of Performance Rights over ordinary shares in the Company not vested and unexercised at the end of the year are as follows:

	Grant date	Number unvested and unexercised	KPI	Value per Performance Right at grant date ($)	Value of Performance Right at grant date ($)	Date of issue	Date of expiry
Directors							
Mr R Anthon	3 May 2017	6,000,000	KPI (B)	0.00946	56,738	15 Aug 2017	15 Aug 2020
Mr R Anthon	3 May 2017	3,000,000	KPI (C)	0.00006	170	15 Aug 2017	15 Aug 2020
Mr J Marvin	3 May 2017	2,400,000	KPI (B)	0.00946	22,695	15 Aug 2017	15 Aug 2020
Mr J Marvin	3 May 2017	1,200,000	KPI (C)	0.00006	68	15 Aug 2017	15 Aug 2020
Mr P Wright	3 May 2017	2,400,000	KPI (B)	0.00946	22,695	15 Aug 2017	15 Aug 2020
Mr P Wright	3 May 2017	1,200,000	KPI (C)	0.00006	68	15 Aug 2017	15 Aug 2020
Group Executives							
Mr T McManus	3 May 2017	8,000,000	KPI (B)	0.00946	75,650	15 Aug 2017	15 Aug 2020
Mr D Round	3 May 2017	6,000,000	KPI (B)	0.00946	56,738	15 Aug 2017	15 Aug 2020

29. Financial Risk Management

(i)Financial Risk Management Policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial instruments consist of at call and short term deposits with banks, trade and other receivables, trade and other payables, loans and AFS financial assets.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. Currently, the Group does not apply any form of hedge accounting. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(ii)Financial Risk Exposures and Management

The main types of risks affecting the Group are market risk, liquidity risk and credit risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency, interest rate risk and commodity price risk. The Group's financial instruments affected by market risk include deposits, trade and other receivables, trade and other payables and accrued liabilities.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currencies. The Group manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

29. Financial Risk Management (continued)

The Group's transactions are usually carried out in either $AUD, $US-Dollars ($USD) and Malagasy Ariary (MGA). Exposures to currency exchange rates arise from:

- The Group's overseas trade receivables which are primarily denominated in $US-Dollars ($USD),
- Intercompany Loans provided by Bass to its subsidiaries which are all denominated in $US-Dollars ($USD),
- VAT receivable which are denominated in MGA,
- Trade and other payables are denominated in either $USD or MGA.
- The Group may also hold cash balances in $USD and MGA.

Foreign currency sensitivity

The following table demonstrates the Groups sensitivity to a 5% increase and decrease in the Australian Dollar against the relevant foreign currencies and the impact on the reported loss for the year. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Loss	Equity
	$	$
Year ended 30 June 2020		
+/- 5% Increase/(decrease) in $A/$US exchange rate	+/-1,135,621	+/-1,135,621
+/- 5% Increase/(decrease) in $A/MGA exchange rate	+/-13,336	+/-15,336
Year ended 30 June 2019		
+/- 5% Increase/(decrease) in $A/$US exchange rate	+/-1,001,159	+/-1,001,159
+/- 5% Increase/(decrease) in $A/MGA exchange rate	+/-24,128	+/-24,128

If the AUD had strengthened against the $USD, or MGA, by 5% then this would have increased the reported loss by the above amounts.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's cash deposits. The Group's convertible notes issued have a fixed interest rate and therefore have no exposure to the risk of change in market interest rates.

Interest rate sensitivity

Interest rate sensitivities have not been included in the financial report as the changes in the loss before tax due to changes in interest rate is not material to the results of the Group.

Commodity price risk

Commodity price risk arises from the sale of Graphite. The Group manages this risk arising from future commodity sales through sensitivity analysis, cash flow management and forecasting. The Group currently does not engage in the use of derivative financial instruments such as hedging.

29. Financial Risk Management (continued)

Commodity price sensitivity

The following table demonstrates the sensitivity to a 10% increase and decrease in the Graphite price, with all other variables held constant. 10% represents management's assessment of the possible change in the Graphite price.

	Loss $	Equity $
Year ended 30 June 2020		
+/- 10% Increase/(decrease) in graphite price	+/-142,233	+/-142,233
Year ended 30 June 2019		
+/- 10% Increase/(decrease) in graphite price	+/-132,833	+/-132,833

(b) Liquidity risk

As at 30 June 2020, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
2020	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Convertible notes	-	5,479,320	-	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
2019	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Convertible notes	-	-	1,122,160	-

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 $	2019 $
Classes of financial assets		
Carrying amounts:		
Trade receivables	141,453	138,107
Other receivables	194,217	105,216
Tasmanian assets -security deposits and guarantees	566,500	680,500
	902,170	923,823

There are no amounts of collateral held as security at 30 June 2020.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

In respect of trade and other receivables, the Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. All potential customers are

29. Financial Risk Management (continued)

assessed for credit worthiness considering their size, market position and financial standing. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

VAT, after expected credit losses, is receivable from the Government of Madagascar for the equivalent value of A$nil (2019: A$545,840) at reporting date. The receivable amount relates to VAT included on trade and other purchase transactions in Madagascar since acquiring the Graphmada operations. Whilst the Company is confident that it will receive the VAT in full, there is always an element of risk associated with recouping foreign taxes.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

At reporting date, the Group has certain trade receivables, other receivables and VAT receivable that have not been settled by the contractual due date but are not considered to be impaired. The amounts at reporting date analysed by the length of time past due, are:

2020	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate (%)	6%	5%	4%	93%	51%
Gross carrying amount ($)	178,655	46,401	101,035	364,765	690,856
Expected credit loss ($)	10,058	2,324	3,659	339,145	355,186

2019	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate (%)	11%	11%	25%	24%	19%
Gross carrying amount ($)	269,742	138,573	36,402	527,623	972,340
Expected credit loss ($)	30,997	15,135	9,147	127,899	183,177

The closing balance of trade and other receivables loss allowances as at 30 June 2020 reconciles with trade and other receivables loss allowance opening balance as follows:

	2020 $	2019 $
Loss allowance as at 1 July calculated under AASB 9	183,177	104,156
Amounts restated through opening retained earnings	-	-
Opening estimated credit losses 1 July 2019	183,177	104,156
Receivables written off during the year	(195,292)	(187,004)
Estimated credit losses provided in year	367,300	266,025
Expected credit loss at 30 June 2020	355,185	183,177

(iii) Net Fair Values

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

Financial instruments classified as other receivables – settlement proceeds, available held for sale financial assets (being listed securities) and VAT receivable are measured at fair value. In addition, the deferred consideration payable, borrowings (including convertible notes) are measured at fair value. No other financial assets or financial liabilities are measured at fair value.

The fair value of the Groups' financial instruments recognised in the financial statements approximates or equals their carrying amounts. For details on how fair values are calculated for each class of financial instrument refer to Note 2 of the Notes to the financial statements.

29. Financial Risk Management (continued)

(iv) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statements of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
VAT receivable	-	-	-	-
Financial Liabilities				
Borrowings	-	-	-	-

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
VAT receivable	-	-	545,840	545,840
Financial Liabilities				
Borrowings	-	-	-	-

Measurement of fair value of financial instruments
The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period and are outlined in Note 1.

30. Related Party Transactions

During the year, the Group paid management, underwriting and placement fees to Bizzell Capital Partners ("BCP") totalling $176,200 (2019: $177,989) of which $176,200 (2019: $177,989) was settled in cash and nil (2019: nil) was settled by issue of shares in relation to BCP's role as corporate advisors to the Group. BCP actively managed the capital raising programs for the Group and Peter Wright (Executive Director) is an Executive Director of BCP.

31. Transactions with Key Management Personnel

The Key management of the Group at 30 June 2020 are: Mr R Anthon, Mr J Marvin, Mr P Wright, Mr T McManus, Mr D Round and Mr A Craig. Key Management Personnel remuneration includes the following expenses:

	2020 $	2019 $
Short term employee benefits		
Salaries including bonuses	749,750	809,450
Post-employment benefits		
Superannuation	47,524	52,250
Share-based payments	-	33,049
Total remuneration	**797,274**	**894,749**

32. Remuneration of Auditors

	2020 $	2019 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit and review of the financial report	70,287	53,500
	70,287	**53,500**

33. Contingencies

Contingent Liabilities

Millie's Reward Lithium Project:
During 2017, the Company entered into a binding Term Sheet with Ruby-Red Madagascar SARL (a Company incorporated in Madagascar) and acquired two contiguous mining permits and the lithium mining rights for a third mining permit in Madagascar, that are prospective for pegmatite-hosted lithium mineralisation.
The consideration payable by the Company includes certain cash payments (refer to the Directors Report) and the requirement to issue Bass Metals Ltd shares to Ruby Red, contingent on the Company achieving the following milestones on the project:
a) $US50,000 in shares on the acquisition of the mining permits and completion of the transaction;
b) $US50,000 worth of shares upon establishing a JORC compliant resource of >5 million tonnes at >1.5% Li2O;
c) $US50,000 worth of shares upon the tabling of a feasibility study for Millie's Reward;
d) $US50,000 worth of shares upon first sales of either Direct Shipping Ore (DSO) or Chemical Grade (>6% Li2O) lithium concentrates.
In addition, the Company is required to pay to Ruby Red a 0.25% concentrate sales royalty on any future lithium concentrate or DSO sales from Millie's Reward for a period of 12 years from first concentrate or DSO sales, up to US$US2m.

Stratmin Global Resources Plc ("Stratmin"):
As part of the agreement to acquire the Graphmada mine, the Company is required to pay Stratmin a 2.5% sales royalty. The agreement terminates on 1 January 2029 or upon total Royalty payments reaching $5,000,000, whichever occurs first.

Contingent Assets

No contingent assets exist at reporting date.

34. Interests in Subsidiaries

Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principle place of business	Principle activity	Group portion of ownership interests	
			30 June 2020	30 June 2019
Graphmada Mauritius	Mauritius	Mining operation services	100%	100%
Graphmada SARL	Madagascar	Graphite mining	100%	100%
Limada SARL	Madagascar	Exploration	100%	100%
Bass Metals Holdings Pty Ltd	Australia	Investment holdings	100%	100%

35. Post-reporting Date Events

Since the end of the reporting period, the Company has received a further $1.2 million from investors as part of the capital raising as announced on 2 June 2020, following receipt of approval of shareholder to issue further shares on 18 September 2020. There were no other significant events subsequent to the end of the reporting period.

36. Parent Information

The following information has been extracted from the books of the parent, Bass Metals Ltd, and has been prepared in accordance with the accounting standards.

	2020 $	2019 $
Assets		
Current Assets	1,926,947	1,582,403
Non Current Assets[1]	7,723,456	14,481,234
Total Assets	9,650,403	16,063,637
Liabilities		
Current Liabilities	6,605,441	986,889
Non Current Liabilities	588,926	1,816,402
Total Liabilities	7,194,367	2,803,291
Net Assets	2,456,036	13,260,346
Equity		
Issued Capital	93,931,109	92,709,574
Compound Interest Reserve	1,236,079	287,840
Share Option Reserve	918,983	918,983
Accumulated Losses	(93,630,135)	(80,656,051)
Total Equity	2,456,036	13,260,346
Statement of Comprehensive Income		
Loss for the year[2]	(12,974,084)	(8,273,206)
Other comprehensive gain	-	47,369
Total comprehensive loss for the year	(12,974,084)	(8,225,837)

Note 1: Parent entity Non-Current Assets at 30 June 2020 includes: investment in subsidiary of $7,041,747 (2019: $7,041,747) and intercompany $US loans with subsidiaries with a net carrying value of $nil (2019: $6,650,204) - being $32,769,647 (2019: $28,590,204) receivable at cost less the provision for impairment of $32,769,647 (2019: $21,940,000). These are eliminated on consolidation.

Note 2: Parent entity loss for the current year includes:
An impairment expense of $10,829,647 (2019: $6,640,000) was recorded to write down the carrying value of net assets of the Parent entity to reflect the recoverable value of the Group assets. The impairment was applied against the loans receivable from subsidiaries.

Guarantees
Bass Metals Ltd has $66,500 (2019: $176,411) in bank guarantees relating to the Tasmanian assets which are offset by term deposits.

Grant Thornton

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Bass Metals Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Bass Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of Bass Metals Limited is in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended; and
b complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

We were unable to attend the 30 June 2020 inventory observation for the Group due to government international travel restrictions. As such we were unable to determine whether adjustments might have been necessary in respect to the inventory quantities on hand as at 30 June 2020.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial statements, which indicates that the Group incurred a net loss of $12,628,151 during the year ended 30 June 2020, and as of that date, the Group's current liabilities exceeded its current assets by $4,562,573. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of the Graphamada Graphite Project (Notes 15 and 18)	

At 30 June 2020 the carrying value of the Graphamada Project (GP) Cash Generating Unit (CGU) was $6,835,701 represented by Mine properties (Note 18) $2,234,157 and Plant and Equipment (Note 15) $4,601,544.
 	
Management as prescribed in AASB *136 Impairment of Assets* is required to undertake annual impairment testing.
Management test the CGU for impairment by comparing their carrying amounts against their recoverable amounts determined by either, the greater of its fair value less costs to sell and its value in use.
 	
This value of mine properties was considered a key audit matter due to the size of mine properties assets recorded and the level of estimates and judgements used by management within the assumptions in determining a value in use calculation.
 	
These assumptions included;
 	
• forecast mining production
• forecast graphite price
• forecasted production costs
• life of mine reserves
• discount rate
 	
These estimates and judgements required specific valuation expertise and analysis.
	Our procedures included, amongst others:
	
	• Enquiring with management to obtain and document an understanding of management's process relating to the assessment of impairment, including management's consideration of valuation techniques required by the accounting standards for determining the recoverable amount for the GP;
	• Obtaining the management reconciliation of capitalised mine properties and agreeing to the general ledger;
	• Evaluating the value-in-use models against the requirements of AASB 136, including consultation with our valuations experts;
	  ○ Scrutinising management's life-of-mine production schedules:
	  ○ Test the mathematical accuracy of the calculation formulas;
	  ○ Evaluate management's ability to perform accurate estimates;
	  ○ Test forecast cash inflows and outflows to be derived by the GP's assets; and
	  ○ Scrutinising discount rates, forecasted gold and foreign exchange rates applied to forecast future cash flows.
	• Evaluating the competence and objectivity of the experts used by management;
	• Engaging an independent auditors' expert to evaluate management's assessment of mineral resources including compliance with the JORC 2012;
	• Performing sensitivity analysis on the significant inputs and assumptions made by auditor's expert in preparing its calculation; and
	• Assessing the adequacy of financial report disclosures.

Grant Thornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Grant Thornton

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 23 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Bass Metals Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 30 October 2020

DIRECTORS DECLARATION

1. In the opinion of the Directors of Bass Metals Limited:

   a. the consolidated financial statements and notes of Bass Metals Limited for the year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of its financial position as at 30 June 2020 and of its performance, for the year ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      b. there are reasonable grounds to believe that the of Bass Metals Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

3. Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

Rick Anthon
Chairman

Brisbane, Queensland
30 October 2020

TENEMENTS LISTING

Lease	Country	Region	Status	BSM Interest	Applicant Holder
CML 68M/1984 Que River Mine Lease[2]	Australia	Tasmania	Granted	100%	Bass Metals Ltd
PE 25600 Loharano (East)	Madagascar	Antsinanana	Granted	100%	Graphmada SARL
PE 26670 Mahefedok	Madagascar	Antsinanana	Granted	100%	Graphmada SARL
PE 24730 Antsirabe (Andapa)	Madagascar	Antsinanana	Granted	100%	Graphmada SARL
PRE 4383	Madagascar	Antsirabe	Granted	100%	Graphmada SARL
PE 11545	Madagascar	Antsirabe	Granted	100%	Graphmada SARL
PE 39808	Madagascar	Antsirabe	Granted	Mineral rights	Graphmada SARL

Notes:

1. 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.

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

SHAREHOLDER INFORMATION

As at 30 September 2020

ORDINARY SHARES

Distribution of Shareholdings

Distribution schedule and number of holders of ordinary shares:

	Total holders	Ordinary Shares*	% Units
1 – 1,000	197	17,263	0.00
1,001 – 5,000	202	627,913	0.02
5,001 – 10,000	143	1,153,067	0.03
10,001 – 100,000	875	40,988,175	1.04
100,001 – and over	1,454	3,885,089,317	98.91
Total	2,871	3,927,875,735	100.00

*All ordinary shares carry one vote per share without restriction

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500 parcel at $0.0035 per unit	142,858	1,533	56,948,364

Largest Security Holders

Names of the 20 largest holders of Ordinary Shares (ASX Code: BSM) are listed below:

Name	No. of shares	%
ROOKHARP CAPITAL PTY LIMITED	188,345,426	4.80
MR PHILLIP ALEXANDER PURDIE + MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	180,395,454	4.59
FINN AIR HOLDINGS PTY LTD	124,983,323	3.18
CHOICE INVESTMENTS DUBBO PTY LTD	106,747,205	2.72
OCEANS74 SMSF PTY LTD <BC & A BARTELS S/F A/C>	97,192,611	2.47
MR PAUL AINSWORTH	90,000,000	2.29
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	89,488,340	2.28
JLGI SMSF PTY LTD <JLGI SUPERANNUATION FUND A/C>	88,544,044	2.25
CITICORP NOMINEES PTY LIMITED	70,491,711	1.79
ROW BOAT PTY LTD <THE ROWTHORNE SUPER FUND A/C>	63,920,700	1.63
MR JOHN STEPHEN FINNEMORE + MRS LEIGH ANN FINNEMORE <J & L FINNEMORE S/FUND A/C>	48,544,400	1.24
CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	42,000,000	1.07
MR JOHN GREGORY MANENTI	40,876,745	1.04
MR ASHLEY BAXTER	40,000,000	1.02
BT PORTFOLIO SERVICES LTD <WARRELL HOLDINGS S/F A/C>	40,000,000	1.02
MR GLENN FRANCIS WORTEL	38,100,000	0.97
MR BENJAMIN DUNN + MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	36,400,000	0.93
MACQUARIE RIVER HOLDINGS PTY LTD	36,000,000	0.92
MRS RENEE JAN DUNN	34,732,199	0.88
MR AKMAL REZKALLA	33,511,241	0.85
TOTAL	**1,490,273,399**	**37.94**
Remaining Holders Balance	**2,437,602,336**	**62.06**

Substantial Shareholders

No shareholders have lodged substantial shareholding notices which are current as at 30 September 2020.

LISTED OPTIONS

Distribution of Option holdings

Distribution schedule and number of holders of ordinary shares:

	Total holders	Options*	% Units
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	6	326,065	0.11
100,001 – and over	130	301,900,819	99.89
Total	136	302,226,884	100.00

*Options are exercisable at $0.05 on or before 31 December 2020

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500 parcel at $0.001 per unit	500,000	41	9,067,921

Largest Security Holders

Names of the 20 largest holders of Options (ASX Code: BSMOC) are listed below:

Name	No. of shares	%
ROOKHARP CAPITAL PTY LIMITED	30,040,000	9.94
BIZZELL CAPITAL PARTNERS PTY LTD	21,845,382	7.23
POLTICK PTY LTD	20,000,000	6.62
CHOICE INVESTMENTS DUBBO PTY LTD	15,195,969	5.03
MR PHILLIP ALEXANDER PURDIE + MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	11,711,513	3.88
FINN AIR HOLDINGS PTY LTD	11,451,000	3.79
MR TIM MCMANUS	10,000,000	3.31
OCEANS74 SMSF PTY LTD <BC & A BARTELS S/F A/C>	9,780,000	3.24
JLGI SMSF PTY LTD <JLGI SUPERANNUATION FUND A/C>	9,265,154	3.07
NAMBIA PTY LTD <ANTHON FAMILY A/C>	8,300,000	2.75
MR DAVID ROUND <DAVID ROUND FAMILY A/C/>	7,500,000	2.48
MR JOHN STEPHEN FINNEMORE + MRS LEIGH ANN FINNEMORE <J & L FINNEMORE S/FUND A/C>	6,547,200	2.17
SEVEN STARS PTY LTD	6,232,173	2.06
BAM OPPORTUNITIES FUND PTY LTD	6,000,000	1.99
PIVOT POINT 60 PTY LTD <PIVOT POINT SUPER FUND A/C>	5,500,000	1.82
HARTNELL NOMINEES PTY LTD <HOUSE TRADING A/C>	5,250,000	1.74
ROW BOAT PTY LTD <THE ROWTHORNE SUPER FUND A/C>	4,562,495	1.51
MRS RENEE JAN DUNN	4,416,100	1.46
PINEAPPLE PROJECTS PTY LTD <THE AJC SUPER FUND A/C>	4,250,000	1.41
JETAN PTY LTD	4,000,000	1.32
TOTAL	**201,846,986**	**66.79**
Remaining Holders Balance	**100,379,898**	**33.21**

UNLISTED CONVERTIBLE NOTES

Distribution of Convertible Note holdings

Distribution schedule and number of holders of convertible notes:

	Total holders	Convertible Notes	% Units
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	0	0	0.00
100,001 – and over	90	816,518,424	100.00
Total	90	816,518,424	100.00

Largest Security Holders

Names of the 20 largest holders of Convertible Notes are listed below:

Name	No. of shares	%
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	67,134,808	8.22%
BAM OPPORTUNITIES FUND PTY LTD	64,221,311	7.87%
ROOKHARP CAPITAL PTY LTD	58,118,322	7.12%
MR PHILLIP ALEXANDER PURDIE & MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	41,228,265	5.05%
BRAZIL FARMING PTY LTD	39,497,951	4.84%
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	35,629,325	4.36%
BIZZELL CAPITAL PARTNERS PTY LTD	23,375,180	2.86%
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	21,008,197	2.57%
HARTNELL NOMINEES PTY LTD <PLACEMENT A/C>	20,530,820	2.51%
JL GIBSON INVESTMENTS PTY LTD	18,019,869	2.21%
ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	16,837,368	2.06%
R & A SUPER CO PTY LTD <R & A SUPER FUND A/C>	16,664,337	2.04%
BEIRNE TRADING PTY LTD	13,687,214	1.68%
DOUGLAS FINANCIAL CONSULTANTS PTY LTD	13,687,214	1.68%
HANCROFT PTY LTD	13,687,214	1.68%
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	13,687,214	1.68%
MOORE & BADGERY PTY LTD	13,687,214	1.68%
TIGERSHARK INVESTMENTS PTY LTD <BF HATCHER HOLDINGS A/C>	13,687,214	1.68%
EDUKIDS PTY LTD	12,751,025	1.56%
SUREBET INVESTMENTS PTY LTD	12,751,025	1.56%
TOTAL	529,891,087	64.90%
Remaining Holders Balance	286,627,337	35.1%

DISCLAIMER AND 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.

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

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 Persons Statement

The information in this report that relates to Mineral Resource estimates is based on information reviewed by Tim McManus who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McManus has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking 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 (the JORC Code)". Mr McManus consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Bass Metals Ltd and its Controlled Entities ('the Group') have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2020 is dated as at 30 October 2020 and was approved by the Board on 30 October 2020. The Corporate Governance Statement is available on the company's website at www.bassmetals.com.au.

BassMetals Ltd.