

ASX ANNOUNCEMENT 20 AUGUST 2018

BASS ACHIEVES SIGNIFICANT MILESTONE WITH FIRST GRAPHITE CONCENTRATE SALES FROM RECORD PRODUCTION AT GRAPHMADA MINE

Following the recent achievement of reaching nameplate capacity¹ at its 100% owned, debt free Graphmada Large Flake Graphite Mine, Bass Metals Limited (ASX: BSM) (**Bass** or the **Company**) is pleased to announce the first sales of concentrate from its new fully operational Graphmada Mine.

The reaching of nameplate capacity and now sales revenue leaves Bass within immediate proximity to its final Stage 1 objective:- positive cash flow from operations.

These milestones, which have been achieved free of lost time injuries, combined with a material cash balance following the recent strong support from major shareholders with the early exercise of options, provides a robust operational and financial platform for the Company.

Following Stage 1 reaching steady state production Bass will aim to accelerate its growth strategy of building Stage2 with a concentrate production capacity of 20,000 tonnes per annum and a Stage 3 expandable graphite facility. In parallel, the Company will continue its brownfield development program, with the aim to materially increase resource inventories in direct proximity to Graphmada's processing infrastructure.

Additionally, a comprehensive exploration program at Millie's Reward, a highly prospective lithium-in-spodumene discovery, is underway, with field access and logistics being finalised in order to commence a maiden drilling program.

¹ ASX announcement 8th August 2018: Bass achieves nameplate production at Graphmada Mine.

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First Sales

First sales of 100 metric tonnes of premium concentrates, have been made through an established off-take agreement into Europe and consist of a selection of the Company's product range, based on Flake Size Distribution and Fixed Carbon Grade.

Bass Metals Typical Graphite Concentrate Range:

Product Class	Mesh Size (ASTM E 11-87)	Microns	Fixed Carbon Grade
P3594	+ 35 mesh	> 500 microns	94%
P5094	+ 50 mesh	> 300 microns	94%
P8094	+ 80 mesh	> 180 microns	94%
P10094	+ 100 mesh	> 150 microns	94%
M10094	- 100 mesh	< 150 microns	94%

The prices achieved represent record pricing for concentrates above those previously sold from Graphmada. The price received for Jumbo Flake concentrates (i.e. P5094) of US\$1,700 per metric tonnes Free-On-Board (FOB) highlights the potential of Bass' product offering and its large proportion of premium larger flake concentrates.

Bass has a further 300 metric tonnes of saleable concentrates warehoused at the Port of Toamasina (Tamatave), with production from Graphmada consistently increasing saleable stock inventories. The Company is in the process of making regular ongoing sales from this inventory to provide sustainable cash flow.

This significant achievement, of first concentrate sales, marks another milestone in the Company's progression towards becoming a material producer of industrial mineral concentrates.

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Figure 1: Production of bagged premium concentrates for sale.

Record Production

In addition to record pricing received for its concentrates, the Graphmada Mine has broken a number of production records in recent weeks.

As previously announced², the Process Plant achieved nameplate production of 25 tonnes per hour (tphr) feed, an effective run-rate of 500 tonnes per month Process Plant production. Since this achievement the Process Plant has gone on to exceed nameplate production, reaching up to 35 tphr feed.

² ASX announcement 8th August 2018: Bass achieves nameplate production at Graphmada Mine.

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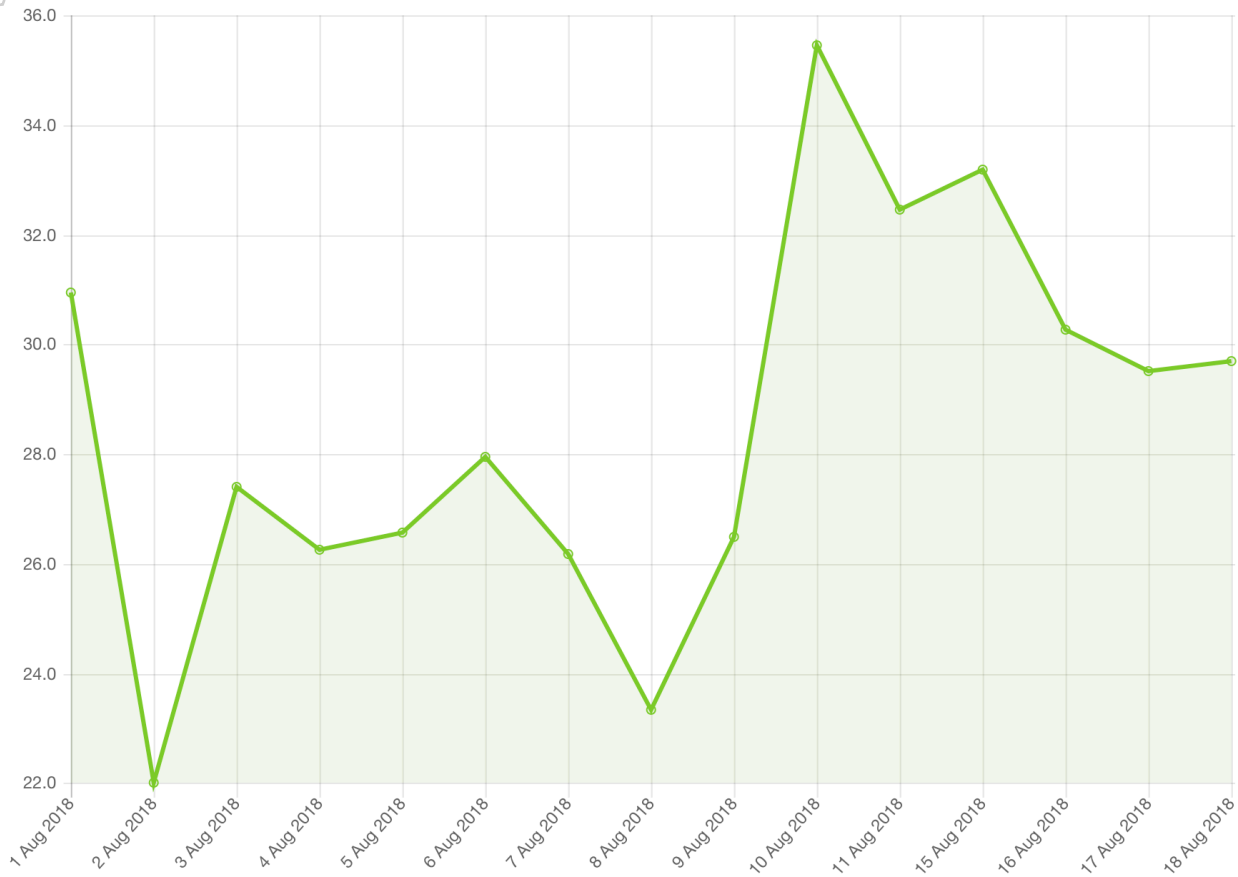


Figure 2: August feed rates averaging above nameplate 25tphr feed rate.

Over the long-term the Company believes it can sustainably operate above nameplate while maintaining greater than 94% Fixed Carbon, and with improved Flake Size Distribution.

Bass Metals Chief Executive Officer, Mr Tim McManus:

“Achieving first sales provides the Company cash flow and sets a strong foundation to our aim of establishing positive cash flow from our operations in 2018.

We are methodically setting a strong platform both operationally and financially for Bass to achieve its growth strategy both at Graphmada, with Stage’s 2 and 3 and at the highly prospective lithium project; Millie’s Reward.

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We look forward to further updating the market with results of our strong focus to build an industrial minerals company of significance.”

Bass Metals Executive Director, Mr Peter Wright:

“Achieving first concentrate sales is a significant and pleasing milestone in the Company’s trajectory to establishing itself as a material producer of industrial concentrates.

Avoiding debt in achieving our strategic objectives gives us a highly competitive all in sustaining cost of production (.). We now intend to build inventory and sales over the immediate period having achieved intended production rates.

We look forward to continuing our work towards delivering Stage 2 and Stage 3, while developing Millie’s Reward. I would like to thank all stakeholders for their ongoing support.”

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About Bass Metals Ltd.

Bass Metals Ltd. is a producer of industrial mineral concentrates post the successful Stage 1 commercial ramp up of production at its 100% owned and debt free 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, which is governed under a French legal system with a low Corporate Tax rate of 20% and a low 2% Mining Royalty.

The country 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 minable, saprolitic ore. Therefore, deposits, like those at Graphmada, have low operating costs and extremely low capital costs when compared to other African or Western deposits. The well-developed export infrastructure is also a significant aspect that makes working in Madagascar attractive.

The Graphmada Mine has 40-year mining permits and 20-year landholder agreements in place, with four premium quality, large flake, graphite deposits. With all associated mining infrastructure and logistics in place, the mine currently produces and sells a range of graphite concentrates into multiple market segments, to customers in Europe under an offtake agreement, and on order to customers in India, China and the United States.

Producing premium large flake concentrates at a time of rising prices, Bass as one of only two ASX listed producers, and one of only four publicly listed graphite producers globally, is working to expand production from 6,000 tonnes per annum (tpa) to beyond 20,000 tpa (Stage 2) and in addition, pursue a strategy to develop downstream Expandable Graphite production and technologies (Stage 3) for which our graphite concentrates are highly suitable.

With an established and growing production platform, complimented with the Company's prudent capital management, strong cash position, zero debt and sustainable cash flow, Bass is on a robust operational and financial platform to pursue and realise the considerable potential of exploring Madagascar and developing the Company's assets, such as the 100% owned highly prospective Millie's Reward lithium project which is being fast tracked via an extensive drilling program.

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Competent Person Statement

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

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

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