

ASX Announcement 17 October 2018

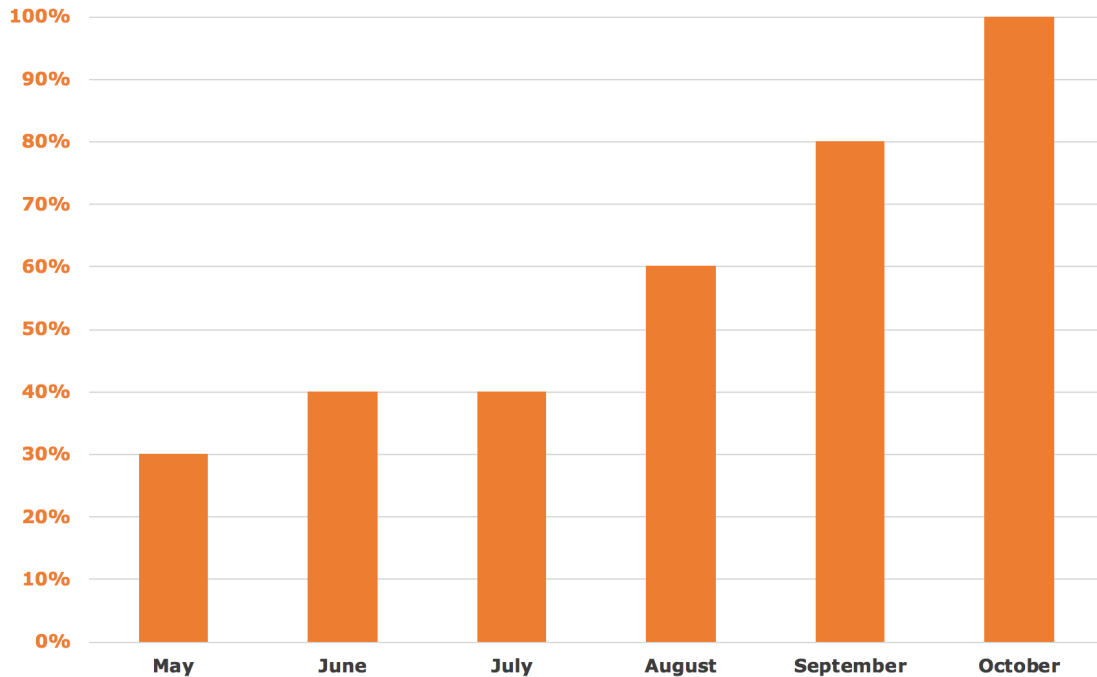
Graphmada Graphite Mine Operational Update

Bass Metals Limited (the "Company") is pleased to provide an operational update from its 100% owned, debt free, Graphmada Graphite mine.

OPERATIONS

The Graphmada Graphite Mine has continued to deliver impressive operational results post recommissioning including:

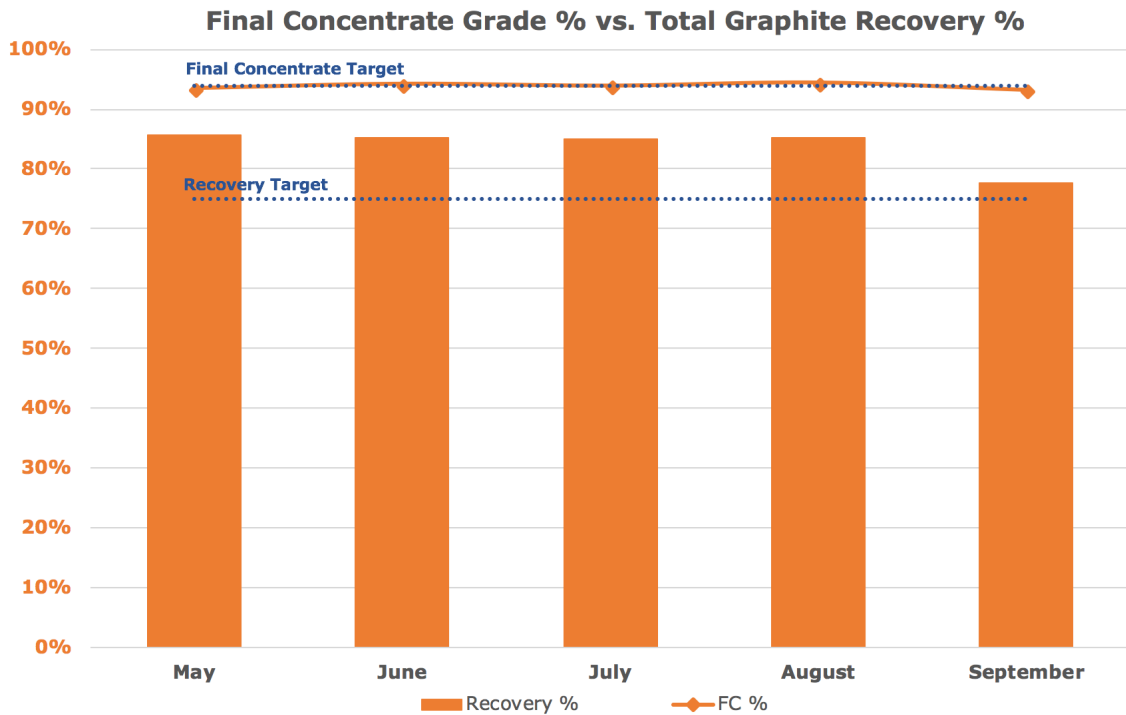
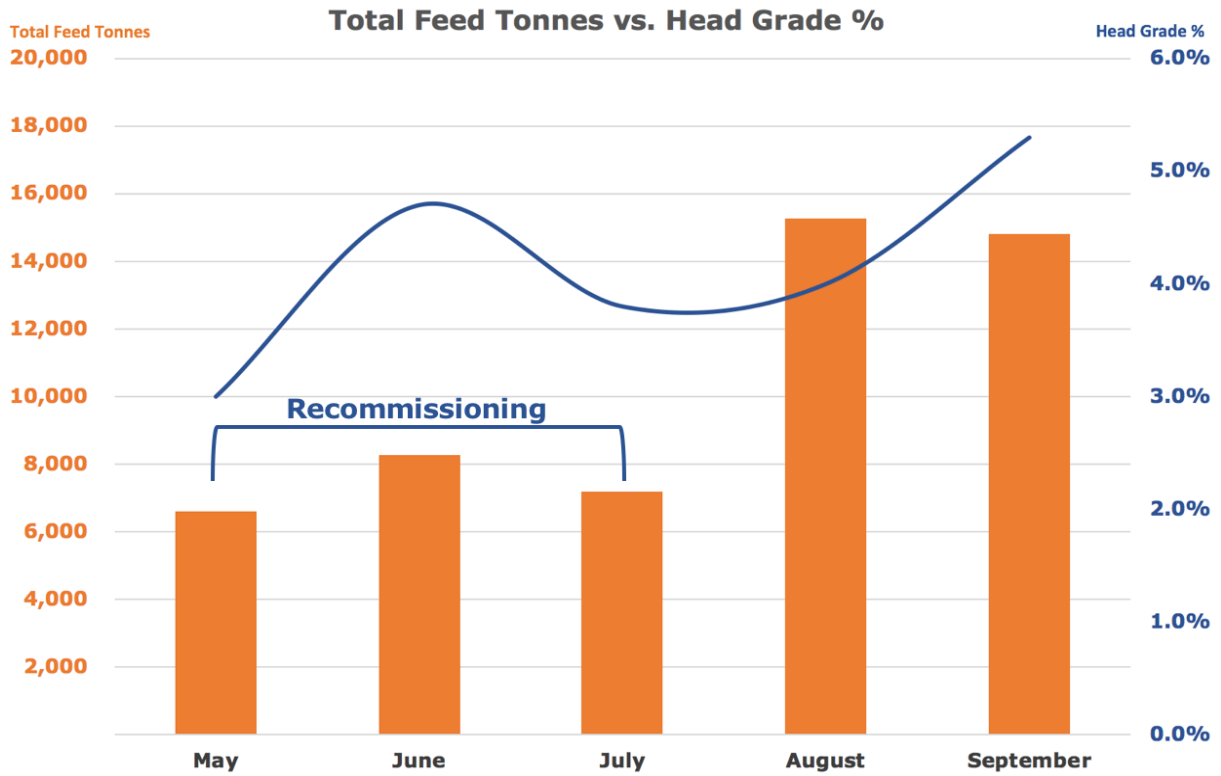
- The Process Plant has consistently processed ore above nameplate design of over 25tphr feed rate.
- The Process Plant has produced 1982 wet tonnes at an average recovery of ~83%.
- The Drying Plant has produced 1312 dry tonnes.
- The US\$ Cost per Tonne (C1) has reduced to US\$655 per tonne for September, with the Company targeting <US\$500 per tonne as production efficiencies continue to improve.
- Head Grade has consistently improved, averaging 5.8%.
- Final Concentrate Grade meeting target; with a variety of concentrates produced for different end market uses of between 90-95% fixed carbon (92-97% LOI).
- The volume of large flake concentrates is up 5% to average 45% of production.
- Graphmada continues to operate with no Lost Time Injuries (LTI) and recently achieved the considerable milestone of 500,000 hours worked without an LTI.

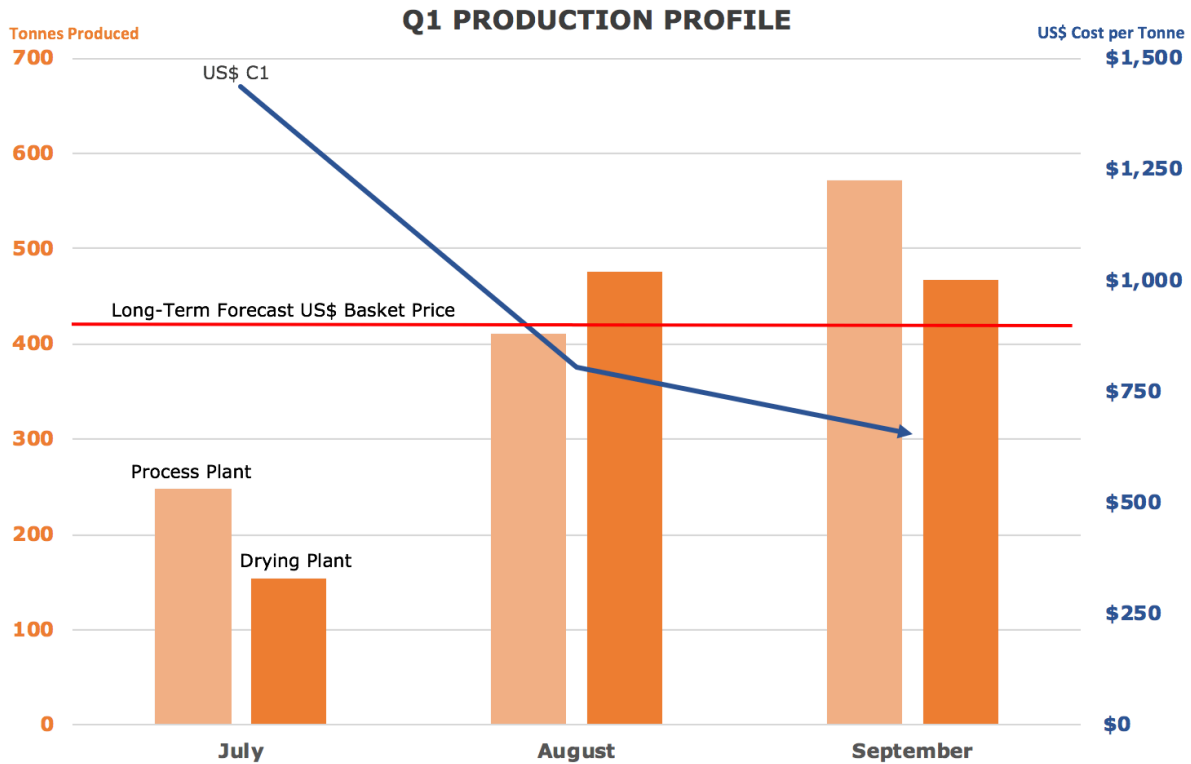
Process Plant Efficiency %

SALES

- Concentrates sold year to date were largely produced from the recommissioning process, which generated a greater percentage of fine flake concentrate.
- With the proportion of large flake concentrate growing month on month as production achieves stability and efficiency targets, future sales will be materially higher in value, with the Company maintaining its long-term guidance of US\$900 per basket tonne.
- The first of the post recommissioning production was shipped in September, with 100 tonnes shipped to European customers.
- Each month the Company holds discussions with a number of buyers, and its off-take partner in order to sell its inventory on an ongoing basis.

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EXPLORATION

The broader Phase 1 program of exploration at Millie's continues with various sampling programs, detailed mapping of historical workings and geological observations made across multiple prospects.

The Phase 2 maiden drilling program has progressed at the Millie's West prospect. The Company maintains its guidance to report results from the drilling program before the end of the calendar year, as planned.

MR TIM MCMANUS CEO:

“We’re very pleased with these outstanding results from Graphmada, and we now shift our focus to optimising our sales and revenues, predominately through achieving a larger flake size distribution in our concentrates.

With production now established at 500 tonnes per month we look forward to generating 500 tonnes per month in sales, ensuring Graphmada operations become cash flow positive.”

FOR MORE INFORMATION PLEASE CONTACT:

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ABOUT BASS METALS

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 mineable, 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 off-take 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, complemented by 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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This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology.

Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material.

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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.