Bass Metals Ltd.

ABN 31 109 933 995

Half-Year Report

For the period ended

31 December 2019

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CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Mr David Round

CHIEF EXECUTIVE OFFICER

Mr Tim McManus

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Perth WA 6000

STOCK EXCHANGE LISTINGS

ASX Ltd (Code: BSM and BSMOC)

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 Bass Metals Ltd ("the Company" or "Bass"), it's Controlled Entities ("the Group") for the half-year ended 31 December 2019 and the independent auditors report thereon.

Directors

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

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

Consolidated Entities

For the half-year ended 31 December 2019 and the comparative half year, the Company has four subsidiaries, Graphmada Mauritius (registered in Mauritius), Graphmada SARL (registered in Madagascar), Limada SARL (registered in Madagascar) and Bass Metals Holdings Pty Ltd (registered in Australia).

Review of Operations

Overview

The Group's primary activities during the reporting period were:

- Ongoing technical and operational improvements for Graphmada, focusing on raising the quality and volume of saleable product, to deliver a consistently higher-value product;
- Ongoing assessment of the Company's resources in Madagascar with a plan developed to establish an extensive drill and resource upgrade plan for Mahefedok and an initial extensive drill program for the Mahela Project;
- Extensive ongoing development, training and improvement to site operations;
- Extensive engagement continued with a range of parties whom have expressed strong demand for the Company's future production of concentrate;
- The continuation of sales to meet strong demand and sales expanded and made in to the Chinese market for the first time. The Company continues to supply product to India, Europe and the USA.
- The successful completion of the issue of Convertible Notes over the past 5 months to provide ongoing working capital and initial funding to meet costs for ongoing expansion and develop plans.

The Company is also currently undertaking an Expansion Project and a range of other tests and independent assessments currently in process. Upon the completion of drilling and the receipt of results and other test work, an assessment will be made on the timing of a proposed second Processing Plant which has the capacity to increase production to greater than 20,000 tonnes per annum.

DIRECTORS' REPORT (continued)

Community Engagement Program

The Group through its subsidiaries has implemented a Community Engagement Program called Graphmada Care. The program concentrates on the following principals of action:

- **Employment**: First priority is to hire and train local people, who spend their salaries in the local community.
- **Purchasing**: Prioritise sourcing equipment and supplies from local providers, creating economic advantages to the local community and indirect employment opportunities.
- **Education**: Provided materials and transport for the construction of a new school and initiated a school engagement program, encouraging children to attend with subsidised supplies.
- **Infrastructure**: school, building, road and bridge repair across the region.
- **Health**: Established a Primary Health Centre with a resident doctor and supplies to handle medical emergencies and primary diseases and also provide basic nutritional, health and sanitation training to the community. We have also commissioned water wells to provide quality drinking water for near-by villages.

Corporate Activities

During the half-year ended 31 December 2019, the Company received $3.9 million (before issue costs) from its capital raising 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.

The Capital Raising has provided the Company with additional working capital and also provided funding to allow the Company to continue to develop its expansion plans and further, invest in additional capital and plant and equipment that is required for further expansion.

DIRECTORS' REPORT (continued)

Issue of Convertible Notes

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.

During the reporting period, the Company received subscriptions from cornerstone investors for $3.9 million of Convertible Notes (for tranches two to six). Therefore, at reporting date, the Company has received subscriptions totaling $5.3 million of Convertible Notes since the capital raising was announced in June 2019.

Additionally, and subsequent to the year end, the Company announced on 17 February 2020 the issue of 81,250,000 Convertible Notes at an issue price of $0.008 each being $650,000 for tranche seven (being subscriptions of $450,000 received in advance during December 2019 and a further $200,000 that was received subsequent to the end of the reporting period, refer Events subsequent to the end of the reporting period on page 7).

Dividends

No dividends have been paid during the period and no dividends have been recommended by the Directors.

Result for the Financial Half-Year

The loss from ordinary activities after income tax expense for the Group was $4,585,265 (2018: $3,066,664 loss).

DIRECTORS' REPORT (continued)

Events Subsequent to Reporting Date

Subsequent to reporting date and up to and including the date of this report, the Company has received a further $200,000 from subscribers (for tranche seven) as part of the capital raising via a tranched issue of Convertible Notes to sophisticated and professional investors at an issue price of A$0.008 each (refer note 15 for details of the Convertible Notes). The details of the issue were released to the market on 17 February 2020.

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their review of the half year report for the period ended 31 December 2019. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

RA Anthon
Chairman
Brisbane, Queensland
13 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
Revenue from contracts with customers		806,569	283,606
Cost of sales	4a	(2,224,681)	(948,108)
Gross loss		(1,418,112)	(664,502)
Other revenue	2	2,131	27,429
Other income	3	8,085	-
Administration expenses	4b	(2,619,212)	(2,606,334)
Finance costs		(115,896)	(3,038)
Foreign currency gain/(loss)	4c	(121,517)	509,867
Loss before income tax from continuing operations		**(4,264,521)**	**(2,736,578)**
Income tax expense		-	-
Loss for the period from continuing operations		**(4,264,521)**	**(2,736,578)**
Loss after tax from discontinued operations	5	(320,744)	(330,086)
Loss for the period		**(4,585,265)**	**(3,066,664)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		44,774	(543,936)
Total comprehensive loss for the period, net of tax		**(4,540,491)**	**(3,610,600)**
Loss attributed to:			
Continuing operations		(4,219,747)	(3,280,514)
Discontinued operations		(320,744)	(330,086)
Total comprehensive loss attributed to:			
Equity holders of the parent entity		(4,540,491	(3,610,600)
Earnings per share	6		
Basic loss per share from operations (cents)			
- From continuing operations (cents)		(0.15)	(0.11)
- From discontinued operations (cents)		(0.01)	(0.01)
Total (cents)		(0.16)	(0.12)

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 31 DECEMBER 2019

	Note	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,256,588	1,561,212
Trade and other receivables	7	399,359	789,163
Inventories	8	1,443,897	1,617,927
Other assets		20,290	109,841
Total Current Assets		**3,120,134**	**4,078,143**
NON-CURRENT ASSETS			
Restricted cash		10,801	10,801
Trade and other receivables	7	680,500	680,500
Plant and equipment	9	5,152,789	5,472,453
Right-of-use assets	10	89,642	-
Exploration and evaluation assets	11	2,183,792	1,786,942
Mine properties	12	5,630,843	5,700,438
Total Non-Current Assets		**13,748,367**	**13,651,134**
TOTAL ASSETS		**16,868,501**	**17,729,277**
CURRENT LIABILITIES			
Trade and other payables	13	1,589,453	1,816,108
Lease liabilities	14	47,627	-
Borrowings	15	554,990	412,420
Total Current Liabilities		**2,192,070**	**2,228,528**
NON-CURRENT LIABILITIES			
Lease liabilities	14	43,464	-
Borrowings	15	4,316,116	1,122,160
Provisions	16	1,113,324	1,113,324
Total Non-Current Liabilities		**5,472,904**	**2,235,484**
TOTAL LIABILITIES		**7,664,974**	**4,464,012**
NET ASSETS		**9,203,527**	**13,265,265**
EQUITY			
Issued capital	17	92,393,194	92,709,574
Reserves	18	1,069,342	229,435
Accumulated losses		(84,259,009)	(79,673,744)
TOTAL EQUITY		**9,203,527**	**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 HALF-YEAR ENDED 31 DECEMBER 2019

2019	Share Capital	Option Reserve	Other Reserve	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	-	-	-	-	(4,585,265)	(4,585,265)
Other comprehensive income	-	-	-	44,774	-	44,774
Total comprehensive loss for the period	-	-	-	44,774	(4,585,265)	(4,540,491)
Transactions with owners, recorded directly in equity						
Shares issued during the period	-	-	-	-	-	-
Options - value of options exercised	-	-	-	-	-	-
Options - value of options expired	-	-	-	-	-	-
Convertible notes	-	-	795,133	-	-	795,133
Capital raising costs of convertible notes	(316,380)	-	-	-	-	(316,380)
Balance at 31 December 2019	**92,393,194**	**918,983**	**1,082,973**	**(932,614)**	**(84,259,009)**	**9,203,527**

2018	Share Capital	Option Reserve	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	-	-	-	(3,066,664)	(3,066,664)
Other comprehensive income	-	-	(543,936)	-	(543, 936)
Total comprehensive loss for the period	-	-	(543,936)	(3,066,664)	(3,610,600)
Transactions with owners, recorded directly in equity					
Shares issued during the period	4,230,516	-	-	-	4,230,516
Options - value of options exercised	183,998	(183,998)	-	-	-
Options - value of options expired	-	(47,369)	-	47,369	-
Cost of shares issued for placement	(288,330)	-	-	-	(288,330)
Balance at 31 December 2018	**92,131,705**	**918,983**	**(776,480)**	**(75,189,599)**	**17,084,609**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019 $	31 December 2018 $
Cash flows from operating activities		
Receipts from customers	943,435	213,631
Payments to suppliers and employees	(4,396,739)	(4,044,870)
Net cash used in operating activities	**(3,453,304)**	**(3,831,239)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(420,145)	(371,223)
Payment for exploration and evaluation assets	(396,850)	(344,564)
Payment for development activities	(56,163)	-
Interest received	2,131	22,429
Proceeds from sale of plant and equipment	13,573	-
Net cash used in investing activities	**(857,454)**	**(693,358)**
Cash flows from financing activities		
Proceeds from issue of shares	-	4,099,461
Transaction costs on issue of shares		(283,469)
Transaction costs on issue of convertible notes	(316,380)	-
Proceeds from issue of convertible notes	3,935,000	-
Proceeds from loan funds	432,000	-
Repayment of loan funds	-	(7,500)
Repayment of lease liabilities	(22,679)	-
Interest paid	(21,807)	(3,038)
Net cash from financing activities	**4,006,134**	**3,805,454**
Net decrease in cash and cash equivalents	**(304,624)**	**(719,143)**
Cash and cash equivalents at the beginning of the period	1,561,212	4,604,427
Restricted cash	-	7,499
Cash and cash equivalents at the end of the period	**1,256,588**	**3,892,783**

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information and statement of compliance

(a) Basis of Preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2019 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2019 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below and in Note 1(b).

The interim financial statements have been approved and authorised for issue by the Board of Directors on 13 March 2020.

New standards adopted as at 1 July 2019.

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 ‘Leases’

AASB 16 ‘Leases’ replaces AASB 17 ‘Leases’ along with the subsequent related interpretations. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 17 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 10%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	$
Total operating lease commitments disclosed at 30 June 2019	171,693
Recognition exemptions:	
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	-
Variable lease payments not recognised	(37,853)
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	133,840
Discounted using incremental borrowing rates	(20,070)
Operating lease liabilities	113,770
Reasonably certain extension options	-
Finance lease obligations	-
Total lease liabilities recognised under AASB 16 at 1 July 2019	113,770

(b) Changes in Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2019, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

Leases

As described in Note 1(a), the Group has applied AASB16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17 and IFRIC 4.

Accounting policy applicable from 1 July 2019
The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.
To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:
• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
• the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
• the Group has the right to direct the use of the identified asset throughout the period of use.
The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Accounting policy applicable before 1 July 2019

The Group as a lessee
Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(c) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019. The only exception is the estimate of the provision for income taxes and revenue recognition policy which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(d) Significant Events and Transactions

During the six month period ending 31 December 2019, the Company has received $3,895,000 from subscribers as part of the 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 (refer note 15 for details of the Convertible Notes).

The Capital Raising has provided the Company with additional working capital and also provide funding to allow the Company to continue to develop its expansion plans and further, invest in additional capital and plant and equipment that is required for further expansion.

(e) Going Concern

The interim financial report for the half year ended 31 December 2019 has been prepared on the basis of 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 period, the entity achieved a loss after tax of $4,585,265 (2018 loss: $3,066,664). Net operating cash outflows were $3,453,304 (2018 outflow: $3,831,239).

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;
- the successful sale of its Group's tenements in Tasmania;
- its ability to achieve a financial return from its subsidiary Graphmada Mauritius.

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.

(f) Segment Information

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.

During the six month period to 31 December 2019, there has been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

Six months to 31 December 2019	**Graphite Mining** $	**Exploration - Lithium** $	**Other** $	**Total** $
Revenue				
External customers	-	-	806,569	806,569
Interest income	-	-	2,131	2,131
Other income	8,085	-	-	8,085
Inter- segment	806,569	-	(806,569)	-
Segment revenues	**814,654**	**-**	**2,131**	**816,785**
EBITDAIX*	**(2,277,239)**	**(855)**	**(1,142,930)**	**(3,421,024)**
Less Depreciation & Amortisation	(584,817)	(8,457)	(12,810)	(606,084)
Less interest			(115,896)	(115,896)
Less Foreign currency gains/(losses)	(25,474)	(34)	(96,009)	(121,517)
Segment loss before tax	**(2,887,530)**	**(9,346)**	**(1,367,645)**	**(4,264,521)**
Segment assets	**14,393,467**	**771,119**	**1,703,915**	**16,868,501**

Six months to 31 December 2018	**Graphite Mining** $	**Exploration - Lithium** $	**Other** $	**Total** $
Revenue				
External customers	-	-	283,606	283,606
Interest income	-	-	22,429	22,429
Other income	-	-	5,000	5,000
Inter- segment	283,606	-	(283,606)	-
Segment revenues	**283,606**	**-**	**27,429**	**311,035**
EBITDAIX*	**(1,453,833)**	**(9,352)**	**(1,368,938)**	**(2,832,123)**
Less Depreciation & Amortisation	(405,667)	(4,518)	(1,099)	(411,284)
Less interest	-	-	(3,038)	(3,038)
Less Foreign currency gains/(losses)	(133,408)	(5,574)	648,849	509,867
Segment loss before tax	**(1,992,908)**	**(19,444)**	**(724,226)**	**(2,736,578)**
Segment assets	**13,914,235**	**764,973**	**4,704,182**	**19,383,390**

*EBITDAIX - Segment earnings before interest, taxes, depreciation, amortisation, impairment, and foreign currency gains/(losses).

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker.

The total presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
Loss		
Total reportable segment operating loss	(4,264,521)	(2,736,578)
Discontinued operations	(320,744)	(330,086)
Loss for the period	**(4,585,265)**	**(3,066,664)**
	31 December 2019	**31 December 2018**
Assets	$	$
Total reportable segment assets	16,868,501	19,383,390
Group assets	**16,868,501**	**19,383,390**

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue Six (6) months to 31 December 2019 $	Non-current assets 31 December 2019 $	Revenue Six (6) months to 31 December 2018 $	Non-current assets 31 December 2018 $
Madagascar	-	11,353,390	-	10,163,106
Mauritius	-	1,625,386	-	1,820,490
Australia	-	758,790	-	841,301
Germany	338,980	-	175,808	-
China	237,542		-	-
India	200,662	-	20,213	-
USA	29,385	-	87,585	-
Total	**806,569**	**13,737,566**	**283,606**	**12,824,897**

Revenues from external customers in the Group's domicile, Australia, as well as its major markets have been identified on the basis of the customer's geographical location.

2. Other revenue

	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
Interest received	2,131	22,429
Rent and access fees received	-	5,000
	2,131	27,429

3. Other income

	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
Sale of Scrap metal	8,085	-
Research and development grant	-	-
Total other income	**8,085**	-

4. Loss for the period

The loss for the period is stated after taking into account the following:

	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
4 (a) Cost of sales		
Direct mine operating expense	1,799,780	350,807
Depreciation expense	424,901	354,518
Inventory write down to net realisable value	-	242,783
Total cost of sales	**2,224,681**	**948,108**
4 (b) Administration expenses		
Mine administration expense:		
Depreciation expense	20,915	36,079
Amortisation of mine properties	139,001	19,588
Employee benefits expense	474,621	440,281
Mine consultancy	24,747	134,530
Repairs and maintenance	60,373	85,532
Other administration expenses	716,561	492,860
Total mine administration expenses	1,436,218	1,208,870
Corporate administration:		
Employee benefits expense	569,374	609,482
Contracting & consulting expenses	25,591	71,836
Share based payment expense	-	95,550
Rental expenses	30,425	19,909
Legal expenses	6,165	18,540
Depreciation	12,810	1,099
Depreciation of right-of-use assets	24,128	-
Director fees	173,473	105,059
Travel expenses	100,855	166,188
Share registry, ASX	92,617	112,632
Other administration expenses	147,556	197,169
Total corporate administration expenses	1,182,994	1,397,464
Total administration expenses	**2,619,212**	**2,606,334**
4 (c) Foreign currency (gain)/loss		
Foreign currency (gain)/loss – realised	16,439	(11,366)
Foreign currency (gain)/loss – unrealised	105,078	(498,501)
Total foreign currency (gain)/loss	**121,517**	**(509,867)**

5. 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.

Expenses

	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
Exploration expenditure expensed	-	-
Hellyer operating infrastructure – care & maintenance	320,744	330,086
Total expenses	**320,744**	**330,086**

6. Earnings Per Share

(Basic and diluted Earnings Per Share)	Six (6) months to 31 December 2019 $	Six (6) months to 31 December 2018 $
Loss for the period	(4,585,265)	(3,066,664)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,796,599,821	2,529,319,210
Basic and diluted loss per share (cents)	**(0.16)**	**(0.12)**

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.

7. Trade and Other Receivables

	31 December 2019 $	30 June 2019 $
Current		
Trade receivables	-	138,107
VAT receivable	334,899	729,017
Allowance for credit losses	-	(183,177)
Other receivables	64,460	105,216
	399,359	**789,163**
Non-current		
Other security deposits[1]	680,500	680,500
	680,500	**680,500**

Note 1: Security deposits and guarantees associated with the Tasmanian exploration assets held for sale.

8. Inventories

	31 December 2019 $	30 June 2019 $
Equipment spares and consumables	842,722	989,576
Ore stockpiles	75,705	3,906
Graphite in circuit	13,163	6,459
Graphite concentrate	512,307	617,986
	1,443,897	**1,617,927**

9. Plant & Equipment

The following tables show the movements in property, plant and equipment:

2019	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	52,653	-	108,539	-	161,192
Reclassification at cost to inventory	-	-	-	-	-
Reclassification at cost	14,955	-	(14,955)	-	-
Reclassification to mine properties	-	-	(13,243)	-	(13,243)
Disposals	-	(63,188)	-	-	(63,188)
Balance 31 December 2019	**4,604,013**	**1,449,553**	**155,454**	**854,962**	**7,063,982**
Depreciation and impairment					
Balance 1 July 2019	(829,928)	(502,321)	-	(174,519)	(1,506,768)
Depreciation	(334,253)	(96,736)	-	(36,093)	(467,082)
Reclassification to mine properties	-	-	-	-	-
Disposals	-	62,657	-	-	62,657
Balance 31 December 2019	(1,164,181)	(536,400)	-	(210,612)	(1,911,193)
Carrying amount 31 December 2019	3,439,832	913,153	155,454	644,350	5,152,789

2018	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	76,852	-	298,556	-	375,408
Reclassification at cost to inventory	-	-	(4,185)	-	(4,185)
Reclassification at cost	1,511,979	-	(1,578,746)	66,767	-
Reclassification to mine properties	-	-	(388,870)	(202,504)	(591,374)
Balance 31 December 2018	**4,355,558**	**1,056,596**	**176,474**	**597,929**	**6,186,557**
Depreciation and impairment					
Balance 1 July 2018	(478,845)	(443,157)	-	(218,924)	(1,140,926)
Depreciation	(306,138)	(58,246)	-	(27,312)	(391,696)
Reclassification to mine properties	-	-	-	85,675	85,675
Balance 31 December 2018	(784,983)	(501,403)	-	(160,561)	(1,446,947)
Carrying amount 31 December 2018	3,570,575	555,193	176,474	437,368	4,739,610

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

There were no material contractual commitments to acquire property, plant and equipment at 31 December 2019.

Property, plant and equipment pledged as security for liabilities

There is no fixed and floating charge over any of the assets in the Company.

10. Right-Of-Use Assets

	31 December 2019 $	30 June 2019 $
Gross carrying amount - office rent leases		
Balance 1 July 2019	-	
Additions	113,770	-
Depreciation	(24,128)	-
Carrying amount 31 December 2019	**89,642**	-

The Group has leases for office space in Perth and Brisbane. 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 14 for further details on the leases.

11. Exploration and Evaluation Assets

	31 December 2019 $	30 June 2019 $
Exploration and evaluation expenditure consist of:		
Exploration drilling – Mahefedok deposit Madagascar	899,456	815,492
Exploration drilling – Andapa deposit Madagascar	21,954	21,954
Exploration drilling – Mahela deposit Madagascar	545,960	233,074
Lithium mineralisation exploration permits in the Sahatany region in Madagascar	716,422	716,422
	2,183,792	**1,786,942**

12. Mine Properties

	31 December 2019 $	30 June 2019 $
Capitalised development and rehabilitation expenditure consist of:		
Acquisition of mining assets – Graphmada[1]	5,070,019	5,070,019
Capitalised rehabilitation costs – Graphmada[2]	419,081	419,081
Reclassification of deferred mining expenditure	575,106	505,699
Accumulated amortisation	(433,363)	(294,361)
	5,630,843	**5,700,438**

Note 1: Goodwill acquired on acquisition of Graphmada.
Note 2: Rehabilitation costs expected to be incurred upon closure of the Graphmada mine in Madagascar

13. Trade and Other Payables

	31 December 2019 $	30 June 2019 $
Current		
Unsecured liabilities:		
Trade Payables	1,351,188	1,439,582
Other payables	238,265	376,526
	1,589,453	**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

14. Lease liabilities

	31 December 2019 $	30 June 2019 $
Current		
Office rent leases	47,627	-
Non-Current		
Office rent leases	43,464	-
	91,091	-

The Group has leases for office space in Perth and Brisbane. 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 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	3 years	2	0	2	0

Future minimum lease payments at 31 December 2019 were as follows:

	Minimum lease payments due		
31 December 2019	**Within 1 year** $	**1-2 years** $	**Total** $
Lease payments	56,736	48,736	105,472
Finance charges	(9,109)	(5,272)	(14,381)
Net present values	**47,627**	**43,464**	**91,091**

15. Borrowings

Advances received

Current	31 December 2019 $	30 June 2019 $
Balance at the beginning of the period[1]	10,801	18,300
Over subscription funds received for shares[1]	-	-
Repayment of oversubscribed shares	-	(7,499)
Funds received in advance of issue of convertible notes	432,000	-
Funds settled upon issue of convertible notes	-	-
	442,801	**10,801**

Note 1: Over subscription of capital raising funds received from investors during the reporting period, to be refunded.

15. Borrowings (continued)

Short term borrowings Current	31 December 2019 $	30 June 2019 $
Balance at the beginning of the period	401,619	-
Borrowings for mobile mining equipment	-	492,669
Repayments	(288,147)	(92,874)
Exchange rate movement	(1,283)	1,824
	112,189	**401,619**
Total current borrowings	**554,990**	**412,420**

The Group purchased a dozer and two trucks in April 2019 from a local Madagascar Caterpillar dealer for the equivalent value of $492,669 (the purchase was denominated in Madagascar Ariary). The supplier has agreed to terms, including interest 13.5% per annum, that require the Group to make monthly instalment payments with the final payment due on 31 March 2020.

Convertible notes Non-Current	31 December 2019 $	30 June 2019 $
Balance at the beginning of the period	1,122,160	1,122,160
Convertible notes	3,099,867	-
Interest accrued settled upon issue of convertible notes	94,089	-
Convertible notes settled upon issue of shares	-	-
	4,316,116	**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.

At reporting date, the Company has received subscriptions from cornerstone investors for $5.3 million of the Convertible Notes (represented by the liability of $4.2 million and equity reserve of $1.1 million) which have been issued in six tranches (being 674,886,075 Convertible Notes at $0.008). During the period the Company settled the Convertible Note interest payable of $94,089 for the quarter ended 30 September 2019 by the issue of 11,761,075 Convertible Notes at $0.008. The Notes on issue have a fair value of $4,316,116 (June 2019: $1,122,160).

16. Provisions

	31 December 2019 $	30 June 2019 $
Non-Current		
Restoration and rehabilitation		
Tasmanian exploration assets	694,243	694,243
Graphmada:		
Provision for rehabilitation – acquisition of subsidiary	419,081	419,081
	1,113,324	**1,113,324**

17. Issued Capital

Shares issued and authorised are summarised as follows:

	31 December 2019	30 June 2019
	$	$
2,809,875,584 (30 June 2019: 2,809,875,584) fully paid ordinary shares	92,393,194	92,709,574

Ordinary shares

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.

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

	Six (6) months to 31 December 2019		Year to 30 June 2019	
	Number of Shares	$	Number of Shares	$
Balance at the beginning of the period	2,809,875,584	92,709,574	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
• Capital raising costs	-	(316,380)	-	(315,820)
Balance at the end of the period	**2,809,875,584**	**92,393,194**	**2,809,875,584**	**92,709,574**

18. Reserves

	Foreign Currency Translation Reserve $	Other Reserve $	Share Option Reserve $	Total $
Balance 1 July 2019	**(977,388)**	**287,840**	**918,983**	**229,435**
Convertible notes	-	795,133	-	795,133
Exchange differences on translating foreign operations	44,774	-	-	44,774
Before tax	44,774	795,133	-	839,907
Tax benefit/(expense)	-	-	-	-
Net of tax	44,774	795,133	-	839,907
Balance 31 December 2019	**(932,614)**	**1,082,973**	**918,983**	**1,069,342**

	Foreign Currency Translation Reserve $	Other Reserve $	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.

Share Option Reserve

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

Other Reserve
The Other Reserve relates to the convertible note conversion feature relating to the convertible notes issued by the Company.

19. 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% Li_2O;

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% Li_2O) 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% royalty based on the receipt of sales income less production and other associated costs. The agreement terminates on 1 January 2029 or upon total Royalty payments reaching $5,000,000, whichever occurs first.

The Company is currently in negotiation with Stratmin regarding any liability in relation the royalty. The Company has also sought clarification from Stratmin as to whether any assignment of this royalty has occurred.

Claim by former Director in Madagascar:

In November 2019, the Appellant Court of Madagascar allowed a claim by a former Director engaged by Graphmada SARL (Madagascar) in 2014 and 2015 and prior to the Company's acquisition of the Graphmada operations and entities.

In December 2019 the Appellant Court awarded the former Director a favourable judgement totalling A$151,000. The amount was paid into a trust account subject to the Company's appeal on this finding.

The claim was previously rejected by the Federal Court of Madagascar but subsequently upheld by the Appellant Court. The Company will be appealing against the Appellant Court judgement.

The Company is aware that the former Director may defend our appeal and also extend their claim for further costs. At this stage, these values can not be determined and are unlikely to be material.

Contingent Assets

No contingent assets exist at reporting date.

20. Share-based Payments

The following share-based payment arrangements existed at reporting date.

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

ESOP shares

	31 December 2019		30 June 2019	
	Number of Shares	Fair Value at date of grant $	Number of Shares	Fair Value at date of grant $
Outstanding at the beginning of the period	7,350,000	0.013	-	-
Granted	-	-	7,350,000	0.013
Outstanding at the end of the period	7,350,000	0.013	7,350,000	0.013

ESOP shares were issued pursuant to the Bass Metals Ltd Incentive Plan to incentivise and reward employees and are held in trust by Bass Metals Holdings Pty Ltd on behalf of the employees. The shares were issued for nil consideration. The ASX listed market price per share at the date of issue was $0.013, therefore the shares had a combined fair value of $95,550.

ESOP Unlisted Options

	31 December 2019		30 June 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)	0.05
Lapsed	-	-	(9,000,000)	0.032
Exercised	-	-	(1,000,000)	0.025
Outstanding at the end of the period	-	-	92,900,000	0.067
Exercisable at the end of the period[1]	**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 (June 2019: 40,400,000) ESOP Directors options issued and 52,500,000 (June 2019: 52,500,000) ESOP options issued to Group Executives.

ESOP listed Options

	31 December 2019		30 June 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
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.

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.

The Performance Rights will require Directors and Group Executives to achieve certain Key Performance Indicators as detailed in the Annual Financial Statements of the Group for the year ended 30 June 2019.

	31 December 2019 Number of Performance Rights	30 June 2019 Number of Performance Rights
Outstanding at the beginning of the period	30,200,000	55,000,000
Vested	-	(24,800,000)
Outstanding at the end of the period	**30,200,000**	30,200,000

(ii) Total Listed Options

	31 December 2019		30 June 2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	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
Exercisable at the end of the period	**302,226,884**	**0.050**	**302,226,884**	**0.050**

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

(iii) Total Unlisted Options

	31 December 2019		30 June 2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at the start of the year	92,900,000	0.067	144,254,220	0.057
Transfer to listed options	-	-	(31,000,000)	0.050
Exercised	-	-	(1,900,000)	0.018
Lapsed	-	-	(18,454,220)	0.022
Outstanding at the end of the period[1]	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 unlisted options outstanding at the end of the period represents 40,400,000 (June 2019: 40,400,000) ESOP Directors options and 52,500,000 (June 2019: 52,500,000) ESOP options issued to Group Executives.

21. Fair Value Measurement of Financial Instruments

21.1 Fair value hierarchy

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.

31 December 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
VAT receivable	-	-	334,899	334,899
Financial Liabilities				
Borrowing	-	-	4,871,106	4,871,106

31 December 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
VAT receivable	-	-	414,305	414,305
Financial Liabilities				
Borrowing	-	-	10,801	10,801

21.2 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.

The carrying amounts of the trade and other receivables, trade and other payables, deferred consideration payable and borrowings are considered to be a reasonable approximation of their fair value.

22. Events Subsequent to Reporting Date

Subsequent to reporting date and up to and including the date of this report, the Company has received a further $200,000 from subscribers (for tranche seven) as part of the capital raising via a tranched issue of Convertible Notes to sophisticated and professional investors at an issue price of A$0.008 each (refer note 15 for details of the Convertible Notes). The details of the issue were released to the market on 17 February 2020.

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Independent Auditor's Report

To the Members of Bass Metals Limited

Report on the review of the half year financial report

Qualified Conclusion

We have reviewed the accompanying half year financial report of Bass Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, except for the effects of the matters disclosed in the Basis of Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the half year financial report of Bass Metals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis of Qualified Conclusion

The Group has reported Mine Properties (Note 12: $5,630,843) and Plant and Equipment (Note 9: $5,152,789) in relation to the Group's activities in Madagascar. Under AASB 136 "Impairment of Assets" the entity shall perform an impairment test on an annual basis or whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the assets' recoverable amount.

At the date of this report, the Directors have not undertaken an impairment assessment in line with AASB 136. As such we have been unable to obtain sufficient appropriate audit evidence to support the Directors' assessment that the carrying value of the assets is at least equal to their recoverable amount. In the event that the carrying value of the assets exceeds their recoverable amount, it would be necessary for the carrying value of the assets to be written down to its recoverable amount.

Material uncertainty related to going concern

We draw attention to Note 1(e) in the financial report, which indicates that the Group incurred a loss of $4,585,265 during the half year ended 31 December 2019 and, as of that date, the Group's net operating cash outflows were $3,453,304. As stated in Note 1(e), these events or conditions, along with other matters as set forth in Note 1(e), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Grant Thornton

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bass Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 13 March 2020

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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 review of Bass Metals Limited for the year ended 31 December 2019, 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 review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 13 March 2020

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Bass Metals Ltd ("Company"):

   a. The consolidated financial statements and notes of Bass Metals Ltd are in accordance with the Corporations Act 2001, including:

      i. Giving a true and fair view of its financial position as at 31 December 2019 and of its performance, for the half-year ended on that date; and

      ii. Complying with Australian Accounting Standard AASB134 Interim Financial Reporting; and

   b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

RA Anthon
Chairman

Brisbane, Queensland
13 March 2020