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Bass Metals acquires Madagascar graphite mine for A\$5.5 million

ASX-listed Bass Metals has acquired the Madagascar-based Graphmada graphite mine from LSE-listed Stratmin Global Resources.

Bass Metals, a gold and base metal exploration company, has become the first Australian graphite miner after completing the acquisition for the cash generating and operating Graphmada mine from Stratmin Global Resources.

The terms of the transaction are expected to be completed in August with Bass Metals immediately being eligible for the mine's operations and cash flows which includes a tiered cash and scrip package based on production milestones being met, totalling an eventual A\$11.25 million in value plus a 2.5% net smelter royalty capped at \$5 million.

Proceeds from the capital raising will be assigned to immediately boost production at Graphmada and explore ways to extend the mine's output and mine life.

Bass Metals non-executive chairman Rick Anthon, says the acquisition and fund raising milestones delivered the company its objective to make the transition in just six months from entry into the graphite space in only December last year, to one of the world's and currently Australia's only ASX-listed new era crop of graphite miners.

Australian companies like Bass Metals are spearheading the push internationally to convert many promising overseas graphite deposits or historic mining operations, into emerging routes to market to service the

battery driven and rapidly expanding graphite and lithium sectors globally.

"The mine transaction positions Bass Metals as an immediate global play as Graphmada has existing supply contracts into Europe, India and the United States for high purity, large flake product via secure offtake deals with global graphite traders," says Anthon.

"Unlike many current graphite projects, Graphmada is a highly developed site and has been significantly derisked with an historic sunk cost of more than A\$16 million to date," he concludes.

Bass has also unveiled a new management to drive the company's graphite production and expansion strategy, Tim McManus as Chief Executive and David Round appointed Chief Financial Officer.

Long Madagascar history in graphite mining

Madagascar has a century old reputation as an exporter of high purity large flake crystalline graphite, now the preferred feedstock for lithium-ion battery manufacture.

Current mining by Graphmada's 130-strong workforce is from its Loharano deposit with a second deposit, Mahefedok, already under development and trial mining.

The two other known deposits, Mahela and Ambatofafana, are very close by with only the top 5-10 m of the four deposits assessed.

The Mahefedok deposit is potentially substantially greater in size than Loharano, with processing tests demonstrating a saleable product, some of which has already been sold.

Anthon says Bass Metals immediate priority was to expand production much higher in the near-term as Graphmada's product is well suited to the growing markets of batteries, space and nuclear technology.

Bass Metals announces capital raising

The company has secured firm commitments to raise approximately \$2 million in the accelerated institutional rights issue from eligible shareholders and new

investors.

Shares from the accelerated institutional component of the rights issue are expected to be issued on Thursday 14 July 2016 and will commence trading on a normal basis on the ASX the next day.

Tim McManus, Bass Metals new CEO, says that the company's board and management are encouraged by the support it has received from eligible institutional shareholders and wishes to thank them for their commitments.

"With our plans to improve existing production and commence expansion studies at Graphmada, we look forward to updating the market of our progress as we seek to deliver stable, long-term value for our shareholders and our Madagascan stakeholders," says McManus.

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