

Bass takes on Graphmada

BASS Metals has taken control of the Graphmada large flake graphite mine in Madagascar from AIM-listed Stratmin Global Resources, after first farming-in to the project in September 2015.

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Graphite mining at Bass Metals' Graphmada mine in Madagascar.

The company is currently installing a vibrating magnetic separator at the project, the first step in a major overhaul and plant refurbishment program scheduled for the mine later this year.

Bass has engaged consultants to assess the replacement of a wood-fired rotary dryer as well as in designing the best configuration of the plant in order to increase throughput.

Company CEO Tim McManus said the program would help Graphmada become a significant supplier of graphite into traditional markets, with the capacity to expand into higher growth areas.

About 1500 product tonnes were sold from Graphmada in the 2015 calendar year, with a high proportion of the product being large flake graphite at 94% or greater purity, Bass said.

The company launched a rights issue in July to raise \$A5.5 million for exploration and expansion studies and to improve production capacity, with the closure date recently extended to August 26.

Stratmin shareholders approved the sale in late July, with Bass saying the acquisition means it is the only Australian Securities Exchange listed company able to produce and sell graphite concentrates.

Bass agreed to invest £2 million in mine operating subsidiary Graphmada Mauritius on September 2 last year, a deal which would have given it a 25% stake in the project.

The company had already paid £500,000 to acquire 6.25% by April 1, when the companies announced an agreement that would see Bass pay another \$A15.25 million to acquire the remaining 93.75% of the project.

The payments are to comprise \$1.5 million in cash, issue of shares worth \$8.75 million at three different stages and a net smelter royalty of 2.5%, capped at \$5 million, six months after the execution of the transaction.

Shares in Bass were up 1c, or 66.67% to 2.5c in afternoon trade.