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ABN 31 109 933 995

Appendix 4E- Preliminary Final Report
For the year ended 30 June 2019

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Name of entity

Bass Metals Limited

ABN

31 109 933 995

Results for announcement to the market

	\$
Revenue from ordinary activities	1,328,326
Loss from ordinary activities after tax attributable to members	7,550,809
Net loss for the period attributable to members	7,550,809

Dividend information	Amount per security	Franked amount per security
	Nil	Nil
Record date for determining entitlements to the dividend		Nil

Key ratios	2019	2018
Basic earnings per share (cents)	(0.29)	(0.22)
Net tangible assets per share (cents)	0.3	0.5

Previous corresponding period

The previous corresponding period is the 12 months ended 30 June 2018

Audit

This report is based on the consolidated financial statements which are in the process of being audited.

**PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Revenue from contracts with customers		1,328,326	38,770
Cost of sales		(3,340,010)	(971,928)
Gross loss		(2,011,684)	(933,158)
Other revenue	3	55,537	28,444
Other income	4	151,922	225,000
Administration expenses	5	(5,562,452)	(3,949,594)
Finance costs		(15,586)	(112,062)
Foreign currency gain		469,577	356,251
Loss before income tax from continuing operations		(6,912,686)	(4,385,119)
Income tax expense		-	-
Loss for the year from continuing operations		(6,912,686)	(4,385,119)
Loss after tax from discontinued operations		(638,123)	(63,059)
Loss for the year		(7,550,809)	(4,448,178)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(744,844)	(367,667)
Total comprehensive loss for the period, net of tax		(8,295,653)	(4,815,845)
Loss attributed to:			
Continuing operations		(7,657,530)	(4,752,786)
Discontinued operations	6	(638,123)	(63,059)
Total comprehensive loss attributed to:			
Equity holders of the parent entity		(8,295,653)	(4,815,845)
Earnings per share			
Basic and diluted loss per share from operations (cents)	7	(0.29)	(0.22)

The above preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,561,212	4,604,427
Trade and other receivables		789,163	424,998
Inventories		1,617,927	1,203,602
Other assets		109,841	57,497
Total Current Assets		4,078,143	6,290,524
NON-CURRENT ASSETS			
Restricted cash		10,801	18,300
Trade and other receivables		680,500	680,500
Property, Plant and equipment		5,472,453	5,265,782
Exploration and evaluation assets		1,786,942	894,146
Mine properties		5,700,438	5,489,100
Total Non-Current Assets		13,651,134	12,347,828
TOTAL ASSETS		17,729,277	18,638,352
CURRENT LIABILITIES			
Trade and other payables		1,816,108	753,705
Borrowings		412,420	18,300
Total Current Liabilities		2,228,528	772,005
NON-CURRENT LIABILITIES			
Borrowings	8	1,122,160	-
Provisions		1,113,324	1,113,324
Total Non-Current Liabilities		2,235,484	1,113,324
TOTAL LIABILITIES		4,464,012	1,885,329
NET ASSETS		13,265,265	16,753,023
EQUITY			
Issued capital		92,709,574	88,005,521
Reserves		229,435	917,806
Accumulated losses		(79,673,744)	(72,170,304)
TOTAL EQUITY		13,265,265	16,753,023

The above preliminary Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share Capital	Option Reserve	Compound Interest 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
Comprehensive income						
Loss for the period	-	-	-	-	(7,550,809)	(7,550,809)
Other comprehensive loss	-	-	-	(744,844)	-	(744,844)
Total comprehensive loss for the year	-	-	-	(744,844)	(7,550,809)	(8,295,653)
Transactions with owners, recorded directly in equity						
Shares issued during the period	4,835,875	-	-	-	-	4,835,875
Options – value of options exercised	183,998	(183,998)	-	-	-	-
Options – value of options expired	-	(47,369)	-	-	47,369	-
Convertible notes	-	-	287,840	-	-	287,840
Cost of shares issued for placement	(315,820)	-	-	-	-	(315,820)
Balance at 30 June 2019	92,709,574	918,983	287,840	(977,388)	(79,673,744)	13,265,265

	Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	74,219,238	1,150,350	135,123	(67,722,126)	7,782,585
Comprehensive income					
Loss for the period	-	-	-	(4,448,178)	(4,448,178)
Other comprehensive loss	-	-	(367,667)	-	(367,667)
Total comprehensive loss for the year	-	-	(367,667)	(4,448,178)	(4,815,845)
Transactions with owners, recorded directly in equity					
Shares issued during the period	14,708,722	-	-	-	14,708,722
Cost of shares issued for placement	(922,439)	-	-	-	(922,439)
Balance at 30 June 2018	88,005,521	1,150,350	(232,544)	(72,170,304)	16,753,023

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

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Cash flows from operating activities		
Receipts from customers	1,199,603	78,287
Research and development grant	147,954	-
Payments to suppliers and employees	(8,659,682)	(4,934,972)
Net cash used in operating activities	(7,312,125)	(4,856,685)
Cash flows from investing activities		
Purchase of property, plant and equipment	(801,560)	(3,592,740)
Payment for exploration and evaluation assets	(713,529)	(415,482)
Interest received	45,537	17,944
Payment for deferred acquisition	-	(400,000)
Net cash used in investing activities	(1,469,552)	(4,390,278)
Cash flows from financing activities		
Proceeds from issue of shares	4,695,007	12,036,241
Transaction costs on issue of shares	(310,959)	(544,874)
Proceeds from issue of convertible notes	1,370,000	1,428,000
Interest paid	(15,586)	(1,799)
Net cash from financing activities	5,738,462	12,935,868
Net increase in cash and cash equivalents	(3,043,215)	3,688,905
Cash and cash equivalents at the beginning of the period	4,604,427	933,822
Restricted cash	-	(18,300)
Cash and cash equivalents at the end of the period	1,561,212	4,604,427

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

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1. Summary of significant accounting policies

These preliminary consolidated financial statements and notes represent those of Bass Metals Ltd (the “Company”) and its Controlled Entities (the “Group”). Bass Metals Ltd is the Group’s ultimate Parent Company (the “parent entity”) and is a public company incorporated and domiciled in Australia.

(a) Basis of Preparation

This preliminary financial report has been prepared in accordance with the Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the of the Australian Accounting Standards Board , Urgent Issues Group Interpretations and the Corporations Act 2001.

As such, this preliminary financial report does not include all the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2019 and with any public announcements by Bass Metals Limited during the period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principle accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

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2. 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. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under the Accounting Standards are the same as those used in its financial statements, except expenses relating to discontinuing operations are not included in arriving at the operating loss of the operating segments. There have been no other changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment information for the reporting period is as follows:

2019	Graphite Mining \$	Exploration - Lithium \$	Other \$	Total \$
Revenue				
External customers	-	-	1,328,326	1,328,326
Interest income	-	-	45,537	45,537
Other income ¹	3,968	-	157,954	161,922
Inter- segment	1,330,246	-	(1,330,246)	-
Segment revenues	1,334,214	-	201,571	1,535,785
EBITDAIX*	(4,868,301)	(12,961)	(1,715,233)	(6,596,496)
Less depreciation & amortisation	(756,288)	(12,653)	(1,239)	(770,180)
Less interest	-	-	(15,586)	(15,586)
Less foreign currency gains/(losses)	(261,249)	(6,149)	736,975	469,577
Segment loss before tax	(5,885,839)	(31,764)	(995,083)	(6,912,686)
Segment assets	14,616,331	780,442	2,332,504	17,729,277
2018	Graphite Mining \$	Exploration - Lithium \$	Other \$	Total \$
Revenue				
External customers	1,439	-	37,331	38,770
Interest income	-	-	17,944	17,944
Other income	225,000	-	10,500	235,500
Inter- segment	37,331	-	(37,331)	-
Segment revenues	263,770	-	28,444	292,214
EBITDAIX*	(2,261,574)	(6,648)	(2,069,919)	(4,338,141)
Less Depreciation & Amortisation	(283,684)	(91)	(7,392)	(291,167)
Less interest	-	-	(112,062)	(112,062)
Less Foreign currency gains/(losses)	(62,442)	3,003	415,690	356,251
Segment loss before tax	(2,607,700)	(3,736)	(1,773,683)	(4,385,119)
Segment assets	12,967,509	353,637	5,317,206	18,638,352

Note 1: Includes R&D refund of \$147,954, sale of scrap metal of 3,968 and services income of \$10,000.

*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.

Reconciliation to Financial Statements

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

	2019 \$	2018 \$
Loss		
Total reportable segment operating loss	(6,912,686)	(4,385,119)
Discontinued operations, refer note 6	(638,123)	(63,059)
Loss for the period	(7,550,809)	(4,448,178)
Assets		
Total reportable segment assets	17,729,277	18,638,352
Group assets	17,729,277	18,638,352

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

	Revenue 2019 \$	Non-current assets 2019 \$	Revenue 2018 \$	Non-current assets 2018 \$
Madagascar	-	11,011,714	1,439	9,348,045
Mauritius	-	1,878,518	-	2,260,703
Australia	-	750,101	-	739,080
India	374,251	-	-	-
Europe	296,150	-	-	-
USA	657,925	-	37,331 ¹	-
Total	1,328,326	13,640,333	38,770	12,347,828

Note 1: Represents revenue from one customer.

Revenues from external customers have been identified based on the customer's geographical location. Non-current assets are allocated based on their physical location.

3. Other revenue

	2019 \$	2018 \$
Interest received	45,537	17,944
Rent and access fees received	10,000	10,500
	55,537	28,944

4. Other income

	2019 \$	2018 \$
Gain - Settlement gain ¹	-	100,000
Gain - VAT ²	-	125,000
Sale of Scrap metal	3,968	-
Research and development grant	147,954	-
Total other income	151,922	225,000

Note1: Relates to gain on settlement of the Graphmada acquisition.

Note2: Relates to VAT received that was previously written off as uncollectable at the date of acquisition of Graphmada.

5. Loss for the period

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

8 (a) Cost of sales

Direct mine operating expense	2,689,661	688,153
Depreciation expense	405,200	136,906
Inventory write down to net realisable value	245,149	-
Total cost of sales	3,340,010	825,059

8 (b) Administration expenses

Mine administration expense:

Depreciation	69,380	146,869
Amortisation	294,361	-
Employee benefits expense	877,549	575,109
Mine consultancy	235,345	67,218
Write off of plant & equipment	-	21,138
Repairs and maintenance	229,399	173,015
Other administration expenses	1,268,857	907,359
Total mine administration expenses	2,974,891	1,890,708

Corporate administration:

Employee benefits expense	1,253,499	792,939
Contracting & consulting expenses	119,301	157,655
Share based payment expense	-	-
Rental expenses	86,274	48,541
Legal expenses	21,450	61,754
Depreciation	1,239	7,392
Director fees	270,054	149,705
Travel expenses	312,094	361,067
Share registry, ASX	187,648	196,653
Other administration expenses	336,002	430,049
Total corporate administration expenses	2,587,561	2,205,755

Total administration expenses

5,562,452	3,949,594
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8 (c) Foreign currency (gain)/loss

Foreign currency (gain)/loss – realised	9,961	(1,974)
Foreign currency (gain)/loss – unrealised	(479,538)	(354,277)
Total foreign currency (gain)/loss	(469,577)	(356,251)

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6. 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 (see *loss after tax from discontinued operations*).

Expenses

	2019	2018
	\$	\$
Hellyer operating infrastructure – care & maintenance	638,123	63,059
Total expenses	638,123	63,059

7. Earnings Per Share

(Basic and diluted Earnings Per Share)

	2019	2018
	\$	\$
(Loss) for the period	(7,550,809)	(4,448,178)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,638,056,957	1,990,361,646
Basic and diluted (loss) per share (cents)	(0.29)	(0.22)

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.

8. Borrowings

Convertible notes

Non-Current

	2019	2018
	\$	\$
Balance at the beginning of the period	-	-
Convertible notes	1,122,160	-
	1,122,160	-

On 28 June 2019, the Group announced a capital raising of up to \$4 million (before issue costs) via a tranching 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 converts 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 \$1.4 million of the Convertible Notes which have been issued as an initial tranche 1 (being 176,250,000 Convertible Notes at \$0.008). The convertible notes have a fair value of \$1,122,160.