

ASX Announcement 26 March 2021

BASS METALS SIGNS BINDING TERM SHEET TO ACQUIRE THE SAN JORGE LITHIUM BRINE PROJECT IN ARGENTINA

HIGHLIGHTS

- Bass signs a binding term sheet to acquire Blackearth SA
- Blackearth SA holds an option agreement over the San Jorge Lithium Brine Project located in Catamarca province, Argentina
- San Jorge project consists of 15 granted exploration licenses covering 36,600 hectares
- All consideration to Blackearth SA payable in Bass shares
- Purchase of San Jorge project marks another milestone in positioning Bass as a fully integrated producer of key battery materials
- Bass has an extensive work program planned for the San Jorge project

OVERVIEW

Bass Metals Ltd (**Bass** or the **Company**) is pleased to announce that it has signed a binding term sheet to acquire Blackearth SA (**Blackearth**) which holds an option to acquire the San Jorge Lithium Project located in Catamarca province, Argentina, subject to a 30-day due diligence period.

Leading Global Investment house UBS has recently updated its forecast for both Lithium and Graphite demand and pricing and is now forecasting an 11-fold increase to 2030 in the amount of Lithium required and a 7-fold increase in the amount of Natural Graphite required to service this demand.

Bass has exposure to both of the commodities. Along with its considerable Graphite assets in Madagascar, Bass considers the San Jorge Project, located in the prolific lithium triangle, as a logical addition to its asset base and to its strategy to be an integrated supplier of both anode and cathode materials to the burgeoning world demand for both products.

Bass is progressing with its due diligence for the acquisition and following completion intends to conduct a considerable work program planned for San Jorge project over the course of 2021 and 2022.

THE SAN JORGE LITHIUM PROJECT

The San Jorge Lithium project is located in Catamarca province, Argentina, in the world-renowned Lithium Triangle. The Lithium Triangle is a prolific location accounting for over half of the world's annual lithium production.



Location of the San Jorge Project

The San Jorge project consists of 15 granted Exploration Licenses (EL's) covering some 36,000 hectares inclusive of the San Francisco Salar which covers some 2,800 hectares.

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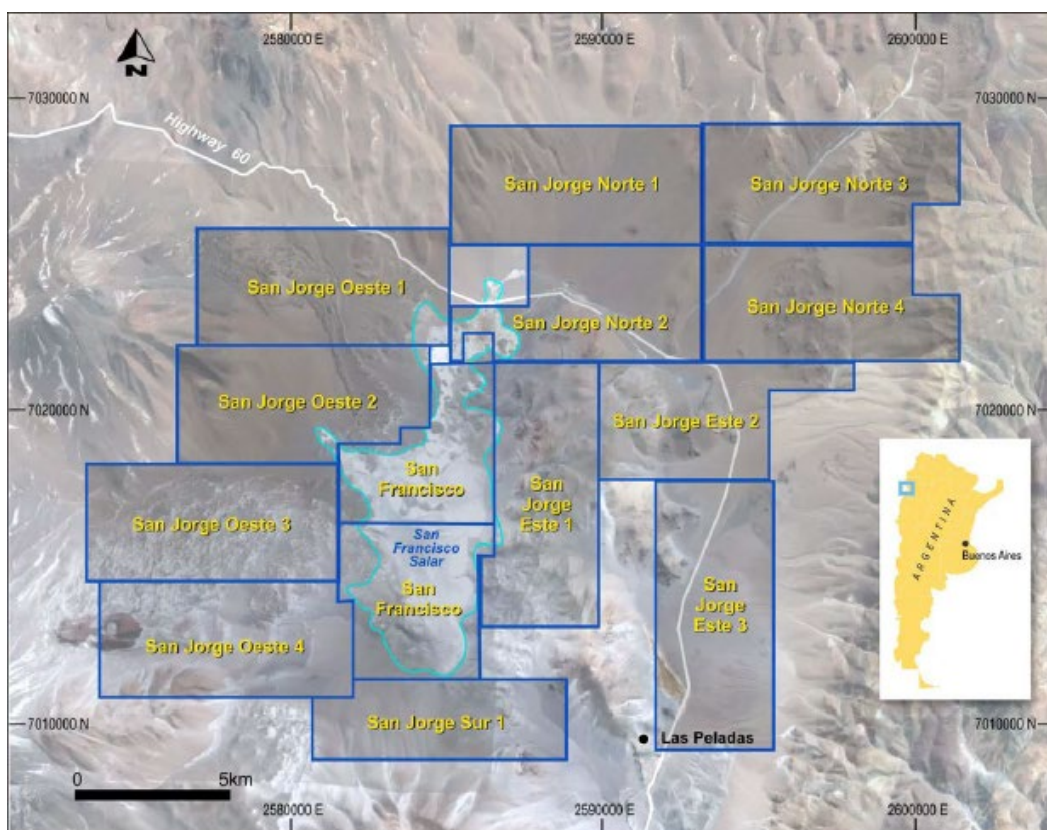


FIGURE - Map of exploration licenses covering the San Francisco Salar and surrounding basin.

The San Francisco salt lake basin developed through a combination of stratovolcanoes and the uplift of the older sediments. This created a central depression occupied by the salt lake.

Sediment subsequently eroded from these older sediments on the eastern side of the Salt Lake and partially filled the Salt Lake.

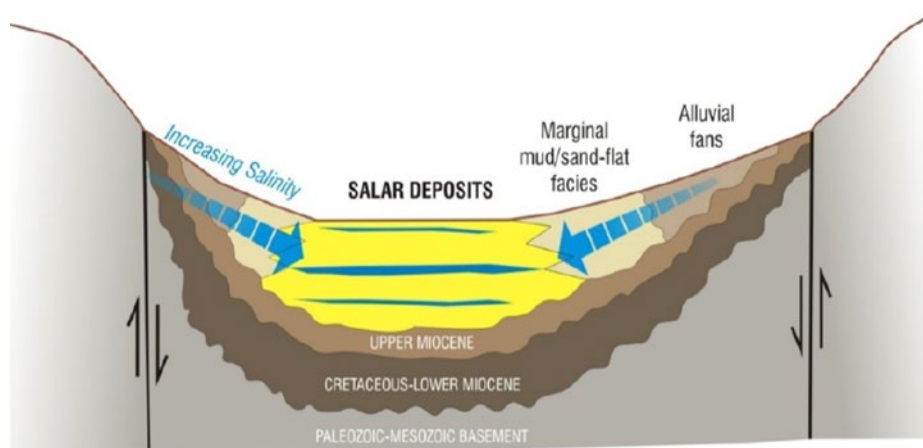


FIGURE - Potential shape and structure of resource at depth.

The San Jorge project has key compelling characteristics including:

- Well developed evaporite surface in the far north and northwest of the salar
- In other parts of the Salar salt crust is present between areas of the volcanic ash/sand/silt/clay cover on the surface of the Salt Lake. Halite is present in the west and central part of the Salt Lake.
- It is anticipated lithium brine will be most concentrated in the centre of the salar or in the south as it appears the most significant surface inflows may be from the north towards the salt lake.

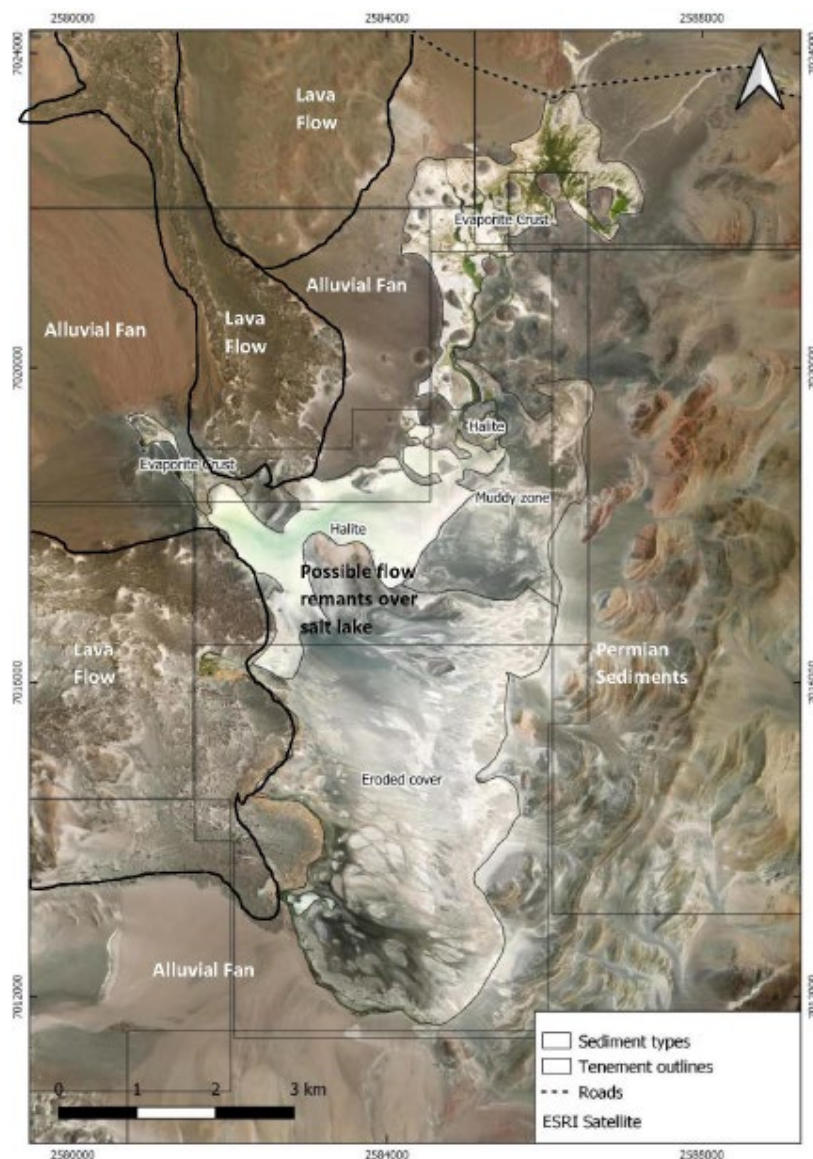


FIGURE - Interpreted zones of the salt lake. The Permian sediments are visible east of the salt lake outline, with several lava flows present immediately west of the salt lake.

TRANSACTION TERMS

Acquisition of Blackearth

The Company proposes to acquire Blackearth, which has an option agreement to acquire 100% of the interest in the San Jorge Project.

The acquisition of Blackearth is subject to a number of conditions customary in this type of transaction including completion of due diligence, the negotiation and execution of the formal transaction documentation and any necessary approvals in accordance with all applicable regulatory requirements, including the requirements of the Mining Acts and the ASX Listing Rules.

Subject to satisfaction of the conditions precedent and execution of formal transaction documentation, the maximum consideration which may be payable is outlined in the following table:

| Timing | Consideration |
|---|-----------------------------|
| On completion of acquisition ¹ | 150,000,000 shares |
| Milestone payments: | |
| 9 months after the grant of necessary permits to allow the Company to undertake exploration activities consisting of a geophysical survey, trenching, auguring, brine sampling and shallow drilling | 100,000,000 shares |
| Upon achieving an Inferred Mineral Resource (in accordance with the 2012 Edition of the JORC Code or equivalent) of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 250,000 tonnes at an Li grade of 200mg/L | AUD\$1,000,000 ² |
| Upon Bass achieving a Measured and Indicated Mineral Resource JORC Report of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 200,000 tonnes at an Li grade of 200mg/L | AUD\$1,000,000 ² |

¹ 60% of the initial consideration will be subject to voluntary escrow for a period of 12 months from the date of issue

² to be satisfied by the issue of Bass shares with the issue price being the greater of a 10% discount to 30 Day moving average share price and \$0.005 per share, subject to compliance with ASX listing rules chapter 7 and Guidance Note 19.

San Jorge Project

The terms of the option agreement to acquire the San Jorge Project are as follows:

| Timing | Stage | Investment USD\$ | Expenditure USD\$ | Equity Earned |
|----------------------------|-------|---------------------|----------------------|------------------|
| Initial fees - paid | 1&2 | \$120,000 | Nil | |
| Signing paid | 2 | \$100,000 | Nil | |
| 1 September 2021 | 3 | \$180,000 | \$50,000 | 10% |
| 1 March 2022 | 4 | \$180,000 | \$275,000 | 15% |
| 1 December 2022 | 5 | \$270,000 | \$375,000 | 25% |
| 1 December 2023 | 6 | \$500,000 | \$500,000 | 45% |
| 1 December 2024 | 7 | \$800,000 | \$750,000 | 70% |
| 1 December 2025 | 8 | \$950,000 | \$1,000,000 | 95% |
| Acquire balance of project | 9 | \$1,500,000 | \$50,000 | 100% |
| TOTAL | | \$4,500,000 | \$2,950,000 | 100% |

Note: Investment payments can be accelerated to increase equity at any time.

In summary, Bass is acquiring Blackearth for equity consideration only, with contingent consideration subject to the achievement of milestones. Cash contributions are payable to increase the equity owned in the Project over the next 5 years. These cash payments can be accelerated at the election of the option holder.

NEXT STEPS – IMMEDIATE EXPLORATION ACTIVITIES

Bass views the San Jorge Project as highly prospective and accordingly has planned an aggressive program for commencing in 2021 with a view to establishing a resource over the San Jorge Project.

The proposed program over the initial six months of exploration will consist of:

- A passive seismic geophysical survey across the salar to define the thickness of the salar sediments and to target drilling and assist future resource estimation;
- Electrical geophysics to map the extent of the brine body extending under gravel units around the salar;
- Shallow auger drilling and pit sampling to collect brine samples for assaying, to determine the shallow concentrations of lithium and other elements; and
- Possible targeted deeper drilling to obtain brine samples for evaluation of brine chemistry and to confirm the porosity and permeability characteristics to evaluate possible future production conditions.

LITHIUM AND GRAPHITE MARKET FUNDAMENTALS

Bass considers that there is a looming supply deficit in both the Lithium and Graphite markets.

The Battery Raw Materials report published by global investment banking leaders, UBS, on 4 March 2021 forecasts the global requirement for Lithium to grow from the current 435,000 tonnes per annum (tpa) to a global requirement of 4.4 million TPA by 2030.

UBS have lifted their price forecasts for Lithium Carbonate to US\$12500 and for Spodumene to \$US700/t. UBS is forecasting a substantial deficit at 2030 for Lithium.

The Bass strategy is to become an integrated producer of both lithium and graphite to cater to what it sees as an upcoming step change in both markets.

The UBS report forecasts the global demand for graphite to increase from its current market size of 849ktpa to an overall requirement of 5.9mt by 2030; an over seven fold increase. UBS also note a long term price forecast of US\$700 for -100 mesh concentrates @94-95%, which in more than double the price received by Bass for concentrates of this specification in the last 6 months of production at Graphmada in 2019.

In Graphite, Bass has significantly de-risked its capacity to deliver into the graphite market via the 100% owned Graphmada Graphite project which produced commercial concentrates over 20 months without penalty or rejection and established its product in all major markets.

In Lithium, Bass retains the highly prospective Millie's Reward spodumene project in Madagascar and has now materially expand its potential in Lithium with the option to acquire the San Jorge Project located in a highly prospective jurisdiction. Bass considers

the San Jorge Project as a significant progression in its aim to be a fully integrated producer of material to the battery supply chain.

RICK ANTHON, CHAIRMAN

Bass has long held a view that both the lithium and graphite markets will be in deficit post 2025 and this deficit will drive up prices in both commodities.

We are delighted to execute an agreement over the San Jorge Project as it has the potential to deliver significant value to the Company's shareholders.

The San Jorge Project is strongly complementary to the Company's existing Graphite and Lithium assets and positions Bass to become a wholly integrated producer of Graphite and Lithium delivering into the rapidly expanding global battery supply chain.

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This announcement has been approved by the Company's Disclosure Committee for release.

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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, Exploration Targets, and Mineral Resources 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.