



**Bassari Resources Limited**  
ACN 123 939 042

**Half Year Report - 30 June 2017**

**BASSARI RESOURCES LIMITED**  
**ACN 123 939 042**  
**DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017**

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Your Directors submit the consolidated financial statements for the half year ended 30 June 2017 and the independent auditor's review report thereon and report as follows:

**Directors**

The names of the Directors of Bassari Resources Limited in office at any time during or since the end of the period are as follows:

Mr Alex Mackenzie (Executive Chairman)  
Mr Philip Bruce (Non-executive Director)  
Mr Peter Spivey (Non-executive Director)

The principal activities of the group are the preparation for the development of the Makabingui Gold Project and exploration and resource definition within two contiguous permit areas located in Senegal – Moura and Sambarabougou – in order to commence production and to delineate additional mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation. The Group, following completion of permitting and funding requirements of its Makabingui Gold Project, will progress toward gold production.

**Result and Review of Operations**

The loss for the Consolidated Entity after providing for income tax for the period amounted to \$753,000 (30 June 2016: \$577,000). The detailed Review of Operations follows this Directors' Report.

**Subsequent events**

***Presidential decree***

Subsequent to the end of the half year, the Presidential Decree for the Makabingui Exploitation permit was signed by the President of Senegal and by the Prime Minister. The signing validates the terms of the Makabingui Exploitation Permit issued by the Mines Department on 28 November 2016.

***Debt funding term sheet***

Subsequent to the end of the half year the Bassari team in Senegal successfully negotiated a Term Sheet with Coris Bank International, a West African bank, for debt funding of the Makabingui Gold Project development through to production for an amount of US\$12 million.

***Capital raising***

Subsequent to the end of the half year the company announced the raising of additional funds by way of a placement of 18,704,414 ordinary shares at 1.7 cents each ordinary share, raising, \$317,975 before costs.

There have been no other significant events that have occurred subsequent to 30 June 2017 that require disclosure in the half year report.

**Rounding of Amounts**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2016/91. The company is an entity to which the Legislative Instrument applies. Amounts in the directors' report have been rounded off in accordance with the Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**Lead Auditor's Independence Declaration**

A copy of the auditor's independence declaration in relation to the review for the half-year ended 30 June 2017 is provided with this report.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Alex Mackenzie  
Executive Chairman

Melbourne  
12 September 2017

## **MAKABINGUI GOLD PROJECT**

### **Project optimisation studies continue**

The project team led by Mincore in Australia has continued its preliminary work for project infrastructure, mining and processing plant construction. Construction consultants have completed an inspection of the Makabingui development site and reported on opportunities for cost reductions and increased effectiveness.

### **Feasibility study upgrade**

The feasibility study upgrade has confirmed profitable high-grade production is possible from the four high-grade open pits in Phase 1 of the Makabingui Gold Project. Overall planning for the project is being optimised by Bassari's project management team. This study has provided more detail than the earlier study for financing the project.

### **Grade control infill drilling**

A detailed mine design will be undertaken following the completion of the 5,125m (4,534m completed to date) RC infill and resource grade control drilling program of the Makabingui Gold Deposit. This grade control program is on a 25m x 25m grid in Pits 1 and 2 and is confirming the continuity of the lodes on strike, to the North and at depth. Latest assay results received, (ASX announcements, 9 August 2017 and 26 April 2017) have returned very encouraging results.

### **US\$12 million bank funding term sheet negotiated**

The Bassari team in Senegal has successfully negotiated a Term Sheet with the Senegal division of Coris Bank International, a West African bank incorporated in Burkina Faso (ASX announcement 18 July 2017).

The term sheet outlines the key terms and indicative conditions of a US\$12 million funding facility for the development of the Makabingui Gold Project through to production.

Key features of the facility term sheet are:

- Amount: US\$12 million (approximately 7 billion FCFA) being the estimated project CAPEX
- Interest rate: 9.0% per annum
- Security: Standard security arrangements over assets of the Makabingui Gold Project and guarantees provided by Bassari

### **Makabingui Presidential Decree signed**

The Presidential Decree for the Makabingui Exploitation permit has been signed by the President of Senegal and counter signed by the Prime Minister. The signing validates the terms of the Makabingui Exploitation permit issued by the Mines Department and signed by the Minister of Mines & Geology in November 2016.

## **CORPORATE**

### **Capital raising**

Placements during the half year of 23,080,004 ordinary shares at \$0.03 (3 cents) per each ordinary share and 96,607,142 ordinary shares at \$0.0175 (1.75 cents) per ordinary share raised \$2.383 million before costs to provide working capital and funds to further progress the development phase of the Makabingui Gold Project.

Since the end of the half year the Company has raised by placement a further \$0.318 million at \$0.017 (1.7 cents) per ordinary share.

### *Forward-Looking Statement*

*This review of operations may include forward-looking statements. Forward-looking statements include, are not necessarily limited to, statements concerning Bassari Resources Limited planned operation program and other statements that are not historic facts. When used in this document, the words such as “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements. Although BSR believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements. BSR confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the report continue to apply and have not materially changed.*

### *Competent Persons Statement*

*The information in this report that relates to the Mineral Resources and Exploration Results has been reviewed and approved by Mr Moussa Diba who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Diba is the chief geologist of Bassari Resources Limited and has over 20 years' experience in the industry and has more than five years' experience which is relevant to the style of mineralisation being reported upon and 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”. Mr Diba consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

*The Mineral Resource information referred to in the report was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not changed since it was last reported.*

**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF BASSARI RESOURCES LIMITED**

As lead auditor for the review of Bassari Resources Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bassari Resources Limited and the entities it controlled during the period.



James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 12 September 2017

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated	
		30 June 2017 \$'000	30 June 2016 \$'000
<b>Revenue from continuing operations</b>		6	6
Corporate expenses		(265)	(168)
Employment and consultant costs		(326)	(285)
Occupancy costs		(115)	(91)
Travel and accommodation		(92)	(38)
Depreciation of non-current assets		-	(1)
Reversal of impairment		39	-
<b>Loss from continuing operations before income tax</b>		<b>(753)</b>	<b>(577)</b>
Income tax expense relating to continuing operations		-	-
<b>Loss for the period attributable to the owners of Bassari Resources Limited</b>		<b>(753)</b>	<b>(577)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss in the future</i>			
Exchange difference on translation of foreign operation		788	(66)
<b>Other comprehensive income for the period net of income tax</b>		<b>788</b>	<b>(66)</b>
<b>Total Comprehensive Income for the period attributed to the owners of Bassari Resources Limited</b>		<b>35</b>	<b>(643)</b>
<b>Earnings per share for loss attributable to owners of the Bassari Resources Limited</b>			
Basic earnings per share (cents)		(0.04)	(0.04)
Diluted earnings per share (cents)		(0.04)	(0.04)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Notes	30 June 2017 \$'000	31 December 2016 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		509	1,044
Trade and other receivables		54	60
<b>TOTAL CURRENT ASSETS</b>		<b>563</b>	<b>1,104</b>
<b>NON CURRENT ASSETS</b>			
Exploration and evaluation assets	3	50,910	48,384
<b>TOTAL NON-CURRENT ASSETS</b>		<b>50,910</b>	<b>48,384</b>
<b>TOTAL ASSETS</b>		<b>51,473</b>	<b>49,488</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,436	1,789
Financial liabilities		700	675
Provisions		41	38
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,177</b>	<b>2,502</b>
<b>TOTAL LIABILITIES</b>		<b>2,177</b>	<b>2,502</b>
<b>NET ASSETS</b>		<b>49,296</b>	<b>46,986</b>
<b>EQUITY</b>			
Contributed equity	8	70,826	68,571
Reserves		2,194	1,411
Accumulated losses		(23,724)	(22,996)
<b>TOTAL EQUITY</b>		<b>49,296</b>	<b>46,986</b>

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 January 2016</b>		<b>63,520</b>	<b>2,525</b>	<b>(19,137)</b>	<b>46,908</b>
Loss for the period		-	-	(577)	(577)
Other comprehensive income		-	(66)	-	(66)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(66)</b>	<b>(577)</b>	<b>(643)</b>
Issue of ordinary shares and other equity instruments, net of costs		1,594	-	-	1,594
<b>Transactions with owners as owners</b>		<b>1,594</b>	<b>-</b>	<b>-</b>	<b>1,594</b>
<b>Balance at 30 June 2016</b>		<b>65,114</b>	<b>2,459</b>	<b>(19,714)</b>	<b>47,859</b>
<b>Balance at 1 January 2017</b>		<b>68,571</b>	<b>1,411</b>	<b>(22,996)</b>	<b>46,986</b>
Loss for the period		-	-	(753)	(753)
Other comprehensive income		-	788	-	788
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>788</b>	<b>(753)</b>	<b>35</b>
Issue of ordinary shares and other equity instruments, net of costs		2,255	-	-	2,255
Equity portion of convertible notes		-	(25)	25	-
Share based payments		-	20	-	20
<b>Transactions with owners as owners</b>		<b>2,255</b>	<b>(5)</b>	<b>-</b>	<b>2,250</b>
<b>Balance at 30 June 2017</b>		<b>70,826</b>	<b>2,194</b>	<b>(23,724)</b>	<b>49,296</b>

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Note	30 June 2017 \$'000	30 June 2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		3	3
Payments to suppliers and employees		(1,064)	(403)
Interest received		3	3
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(1,058)</b>	<b>(397)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capitalised exploration and evaluation expenditure		(1,872)	(1,166)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,872)</b>	<b>(1,166)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity securities		2,383	1,596
Issue costs		(128)	(2)
		<hr/>	<hr/>
<b>Net cash provided by financing activities</b>		<b>2,255</b>	<b>1,594</b>
		<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(675)</b>	<b>31</b>
		<hr/>	<hr/>
Cash and cash equivalents at beginning of financial period		1,044	253
Effects of changes in foreign exchange rates on cash held		140	(39)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of financial period</b>		<b>509</b>	<b>245</b>
		<hr/>	<hr/>

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation and accounting policies**

This general purpose financial report for the half year ended 30 June 2017 has been prepared in accordance with the Corporations Act 2001 and International Financial Reporting Standard (“IAS”) 34 ‘Interim Financial Reporting’.

The half-year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2016 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

**(a) Adoption of New and Revised Accounting Standards**

The Group has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2017 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

**(b) Rounding Amounts**

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Legislative Instrument 2016/91 and in accordance with that Legislative Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**(c) Going Concern**

The Group has incurred a net loss after tax of \$753,000 for the half year ended 30 June 2017 (2016: \$577,000) and had cash outflows from operating and investing activities of \$2,930,000 (2016: \$1,563,000). The directors are aware that to advance the Group’s exploration and Makabingui development activities over the next 12 months additional funding will be required. At 30 June 2017 the Group had cash reserves of \$509,000 (31 December 2016: \$1,044,000) and net current liabilities, being current assets less current liabilities, of \$1,614,000 (31 December 2016: \$1,398,000). The Group’s ability to continue as a going concern is therefore dependent on the raising of funds sufficient to meet the Group’s expenditure forecasts.

These matters give rise to a material uncertainty that may cast significant doubt over the consolidated entity’s ability to continue as a going concern.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2017**

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The half year financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- In August 2017 the Company issued 18,704,414 fully paid ordinary shares at \$0.017 (1.7 cents) per share, raising \$0.318 million to fund working capital and development of the Makabingui Gold Project.
- The Group has advised that it has signed a term sheet with Coris Bank International for that bank to provide debt funding of US\$12 million for the development of the Makabingui Gold Project through to production and first gold sales. Directors are in negotiation to finalise formal loan documentation to secure this funding.
- The Directors have prepared cash flow budgets which include cash outflows for the Makabingui Gold Project which can be deferred wholly or in part if insufficient capital is raised to fund that activity.
- The Group has the ability to raise additional capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Group has a history of successfully raising funds.

On the basis that sufficient funding is expected to be raised to meet the Group's expenditure forecast, the directors consider that the Group remains a going concern and these financial statements have been prepared on this basis.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

**NOTE 2 CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>Class of shares</b>	<b>Percentage owned 2016</b>	<b>Percentage owned 2015</b>
<b>Subsidiary entities consolidated</b>				
Bassari Resources SARL	Senegal	Ordinary	100%*	100%*
Bassari Equipment Pty Ltd	Australia	Ordinary	100%*	100%*
Bassari Mauritius Holdings Ltd	Mauritius	Ordinary	100%*+	100%*+
Bassari Mauritius Holdings No 2 Ltd	Mauritius	Ordinary	100%*+	100%*+
Bassari Mauritius Equipment Ltd	Mauritius	Ordinary	100%*+	100%*+
Douta Mining SA	Senegal	Ordinary	63% ^	63% ^

- \* The proportion of ownership interest is equal to the proportion of voting power held.
- + Companies incorporated in February 2010 have been dormant from incorporation to 30 June 2017.
- ^ Douda Mining SA incorporated in Senegal in 2011.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2017**

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**NOTE 3 EXPLORATION AND EVALUATION ASSETS**

	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Costs carried forward in respect of areas of interest at cost	48,384	49,202
Expenditure incurred during the period	1,683	2,910
Depreciation capitalised	-	4
Reversal of impairment / (asset impairment)	39	(2,623)
Exchange translation difference	804	(1,109)
<b>Total exploration and evaluation expenditure</b>	<b>50,910</b>	<b>48,384</b>

The ultimate recoupment of capitalised expenditure in relation to each area of interest is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas the results of which are still uncertain.

Capitalised exploration and evaluation assets include costs incurred to secure the mining concessions for the permits.

Whilst the projects are not currently generating cash flow, the company is of the view that the 3 permits will contribute significant value in the future and that this value will be in excess of the current value of the capitalised costs.

***Impairment of exploration assets***

The status of all permits was reviewed at 30 June 2017, and impairment considered. The Group's expenditure plans are focussed upon developing the mining permit at Sambarabougou and development of the Moura prospect. Past expenditure incurred on the Bounsankoba permit was impaired at 31 December 2016. Upon review, it was noted an amount provided at 31 December was not payable and the amount of the impairment has been reversed.

**NOTE 4 SUBSEQUENT EVENTS**

***Presidential decree***

Subsequent to the end of the half year, the Presidential Decree for the Makabingui Exploitation permit was signed by the President of Senegal and by the Prime Minister. The signing validates the terms of the Makabingui Exploitation Permit issued by the Mines Department on 28 November 2016.

***Debt funding term sheet***

Subsequent to the end of the half year the Bassari team in Senegal successfully negotiated a Term Sheet with Coris Bank International, a West African bank, for debt funding of the Makabingui Gold Project development through to production and first gold sales for an amount of US\$12 million.

***Capital raisings***

Subsequent to the end of the half year the company announced the raising of additional funds by way of a placement of 18,704,414 ordinary shares at 1.7 cents per ordinary share, raising \$317,975 before costs.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2017 that require disclosure in the half year report.

**NOTE 5 CONTINGENT LIABILITIES**

Other than the change to the employee wrongful dismissal claim reported as a contingent liability at 31 December 2016 which at 30 June 2017 has been partially paid and the balance provided for in full in the financial report, there has been no change in contingent liabilities since 31 December 2016, which was reported as follows:

*Senegal tax assessment*

Bassari Resources Senegal SARL, a subsidiary of Bassari Resources Limited, has been subject to a review in Senegal in relation to taxes payable in that country. A notification of tax adjustment was received in September 2014, followed by confirmation of tax adjustment received in November 2014, claiming an amount equivalent to \$A16.4 million. Bassari is of the opinion that tax claimed by the administration is not valid as it fails to take into account tax exemptions applicable to the company. The Company has received legal advice that as an exploration company, and according to joint venture agreements signed and approved by the Senegalese Minister of Mines, Bassari benefits from a total tax exemption under Senegalese mining legislation.

The Directors are of the belief that the company's tax exemption is valid. The company is currently negotiating with the tax administration to resolve the matter.

**NOTE 6 COMMITMENTS FOR EXPENDITURE**

**(a) Capital Expenditure Commitments**

The Company has no capital expenditure commitments.

**(b) Exploration Commitments**

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity are required to meet the minimum expenditure requirements of the Senegal Department of Mining & Geology (DMG). Minimum expenditure commitments may otherwise be avoided by sale, farm out or relinquishment. There are no current minimum expenditure commitments.

<b>Name on Permit</b>	<b>Joint Venture Partner and Permit Holder</b>	<b>Permit Renewal Date</b>	<b>Remaining Expenditure Commitment</b>	<b>Commitment</b>
Moura #	Sengold Mining NL	27 February 2015	-	-
Sambarabougou *	W.A.T.I.C	28 November 2016	-	-

# Exploitation permit applied for.

\* Exploitation permit granted 28 November 2016, for a period of 5 years renewable.

**NOTE 7 SEGMENT INFORMATION**

The Group operated predominantly as an explorer with the view to identify and advance attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of AASB 8 *Segment Reporting*, on the basis that the chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2017**

**NOTE 8 CONTRIBUTED EQUITY**

	<b>30 June 2017 \$000</b>	<b>31 December 2016 \$000</b>
<b>(a) Ordinary shares</b>		
Paid-up capital 1,918,412,728 (31 December 2016:1,798,725,582) fully paid ordinary shares	<b>70,826</b>	<b>68,571</b>

<b>Movement in ordinary share capital</b>	<b>No.</b>	<b>\$'000</b>
<b>At 1 January 2017</b>	<b>1,798,725,582</b>	<b>68,571</b>
Share placement at 3 cents	23,080,004	693
Share placement at 1.75 cents	62,857,143	1,100
Share placement at 1.75 cents	12,857,142	225
Share placement at 1.75 cents	6,250,000	109
Share placement at 1.75 cents	14,642,857	256
Costs of issue		(128)
<b>Total for the financial period</b>	<b>119,687,146</b>	<b>2,255</b>
<b>At 30 June 2017</b>	<b>1,918,412,728</b>	<b>70,826</b>

**NOTE 9 RESERVES**

	<b>30 June 2017 \$000</b>	<b>31 December 2016 \$000</b>
Convertible note reserve (a)	-	26
Foreign currency translation reserve (b)	2,174	1,385
Performance rights reserve (c)	20	-
	<b>2,194</b>	<b>1,411</b>

**(a) Convertible Note Reserve**

**Nature and purpose of reserve**

This reserve records the value of the equity portion of convertible notes issued by the Company, in accordance with the measurement requirements of AASB 139. During the 2014 and 2015 financial years a total of 43,750,000 convertible notes were issued with a face value of 1.6 cents, and an interest rate of 8%. The notes can be converted at any time before maturity, which is 12 months from the date of issue. The equity portion of the convertible notes has been calculated using a notional interest rate of 12%, now reversed as notes have passed their expiry date.

**(b) Foreign Currency Translation Reserve**

**Nature and purpose of reserve**

This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operation's functional currency is different from the Group's presentation currency. During the period the Group recognised a foreign currency gain of \$788,000.

**(c) Performance Rights Reserve**

**Nature and purpose of reserve**

This reserve records the value of the performance rights issued by the Company, in accordance with the measurement requirements of AASB 139. At the Group's AGM, during the half-year it was resolved to award long term performance rights to key personnel of the Group, and performance rights were awarded to 18 officers of the Group. The performance rights were issued in two tranches and details were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ other	Balanced at the end of the year
31/05/2017	31/05/2020	-	22,000,000	-	-	22,000,000
31/05/2017	31/05/2020	-	22,000,000	-	-	22,000,000
			44,000,000	-	-	44,000,000

Tranche 1 vest upon the Group achieving a market capitalisation of \$70 million.

Tranche 2 vest upon the Group achieving a market capitalisation of \$105 million.

To value the performance rights the Group used Monte-Carlo simulation model to value the rights. The inputs and assumptions used in the valuation are as follows:

Input	Tranche 1	Tranche 2
Number of rights	22,000,000	22,000,000
Valuation Date	31 May 2017	31 May 2017
Vesting Period	3 years from date of issue	3 years from date of issue
Spot Price	\$0.02	\$0.02
Volatility	90%	90%
Vesting Condition	BSR achieving a market capitalisation of \$70,000,000 or more	BSR achieving a market capitalisation of \$105,000,000 or more
Estimated vesting period	2.14 years	3.94 years
Risk Free Rate	1.74%	2.04%
Dividend Yield	0%	0%
Value per performance right	\$0.0176	\$0.0177

**BASSARI RESOURCES LIMITED**  
**ACN 123 939 042**  
**DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2017**

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In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- 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 made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



**Alex Mackenzie**  
**Executive Chairman**

Melbourne  
12 September 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bassari Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bassari Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 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 consolidated entity's financial position as at 30 June 2017 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 Bassari Resources 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bassari Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bassari Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1c in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

## BDO East Coast Partnership



**James Mooney**  
Partner

Melbourne, 12 September 2017