ANNUAL REPORT

31 DECEMBER 2017

CORPORATE DIRECTORY

Board of Directors
Alex Mackenzie, Executive Chairman
Philip Bruce, Non-Executive Director
Peter Spivey, Non-Executive Director

Company Secretary
Ian Riley

Principal and Registered Office
Level 17
500 Collins Street
Melbourne Vic 3000
Telephone: +613 9629 9925
Facsimile: +613 9614 0550
Email: admin@bassari.com.au
Web: www.bassariresources.com

Auditor
BDO East Coast Partnership
Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne Vic 3008

Share Registry
Link Market Services
Level 9, 333 Collins Street
Melbourne Vic 3000
Telephone: +613 9615 9800
Facsimile: +613 8614 2903

Bankers
National Australia Bank
330 Collins Street
Melbourne Vic 3000

Solicitors
Quinert Rodda & Associates
Suite 1, Level 6
50 Queen Street
Melbourne Vic 3000

Australian Securities Exchange
Home Exchange- Melbourne
Victoria
ASX Code: BSR

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Corporate Governance
The Company's Corporate Governance Statement and Charters can be accessed on the Bassari website www.bassariresources.com

DIRECTORS' REPORT

The Directors of Bassari Resources Limited ("the Company" or "Bassari") submit herewith their report on the consolidated entity ("the Group"), consisting of Bassari Resources Limited and the entities it controlled at the end of, and during, the financial year ended 31 December 2017.

In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names and details of Directors in office during the period and up to the date of this report, unless otherwise stated, are:

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

Alexander Seaforth Mackenzie – appointed April 2013

Alex graduated as a chartered accountant in 1971 and for many years worked at Price Waterhouse concentrating on the mining sector. From 1985 Alex has been a consultant to the mining industry and has held directorships in a number of mining companies operating in Senegal, Ghana, Ecuador and Australia. In 1993 he identified the potential of a drilling and feasibility program at Sabodala in Senegal. Since that time he has worked predominantly in Senegal promoting and developing that country's mineral resource industry.

Alex identified the gold and resource potential in the Birimian mining belt in Senegal and was directly responsible for identifying not only the potential of the Sabodala gold deposit but the Grande Cote Zircon deposit, then inviting and assisting Mineral Deposits Limited to Senegal to review and ultimately acquire and successfully develop the Sabodala gold project and Grand Cote Zircon project. He later negotiated the joint ventures on the permits that now form Bassari.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Financial development
Interests in shares:	62,033,002
Interests in options:	5,144,051
Interests in performance rights:	4,000,000

Philip Francis Bruce BE (Mining) FAusIMM, MAICD – appointed September 2013

Philip has over 35 years mining industry experience in Australia, Africa and Indonesia on gold, platinum and base metals operations and senior corporate management. He has served on a number of listed company boards in Australia and Canada and contributed significantly in their management and growth.

Other current directorships:	Latrobe Magnesium Limited
Former directorships (last 3 years):	Hill End Gold Limited (resigned 21-12-2017)
Special responsibilities:	Mining and geological technical advice
Interests in shares:	43,331,990
Interests in options:	1,764,706
Interests in performance rights:	4,000,000

Peter Spivey BSc, Post Grad Diploma Extractive Metallurgy, GDAFI – appointed May 2016

Peter, a resident of Senegal, is a successful mine developer and operator having started in the industry in 1981 in Australia. He is a metallurgist by background with post graduate business qualifications. Most of Peter's work has been in the gold sector, but he has also worked in iron ore and mineral sands projects.

DIRECTORS' REPORT (cont'd)

Since 1988 Peter has held a variety of senior positions in Indonesia, Tanzania and most recently working in Senegal and several neighbouring West African countries. He was Chief Operating Officer ("COO") and then Chief Executive Officer of Cluff Gold (now Amara Mining) from 2010 to 2014, and oversaw the development of Senegal's first modern large-scale gold mine, Sabodala, as Mineral Deposits' COO from 2005 to 2009. He also held senior roles with Placer Dome and Resolute Ltd.

A key attribute of Peter's is his ability to assemble and develop high quality and effective teams of expatriates and national workers during construction and leading into the operational phases of new major African gold mines. Peter has a well-established network of contacts throughout the industry, from debt and equity providers of finance, through to service providers, contractors and consultancy groups, and also within many mining companies.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Project development
Interests in shares:	106,666
Interests in options:	Nil
Interests in performance rights	4,000,000

COMPANY SECRETARY

Ian Riley was appointed to the position of Company Secretary in January 2010. Ian is a qualified chartered accountant with over 25 years' experience as a principal in medium sized chartered accounting firms and more recently established his own consulting practice to provide assurance and advisory services. Ian specialised in managing small to medium sized listed public companies, mainly mineral and oil exploration, and was involved in the preparation of valuations and independent expert reports for mergers, acquisitions and capital raisings.

Ian is responsible to the Board for all budgetary and management reporting, taxation and statutory financial reporting. Ian is a Chartered Accountant and Registered Company Auditor.

FORMER PARTNER OF THE AUDIT FIRM

No audit or former audit partners are directors or officers of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the group are to develop and bring to production the Makabingui Gold Project which is located within the Sambarabougou permit and to further progress exploration and resource definition within two permit areas, Moura and Sambarabougou, located in Senegal in order to identify mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation. In addition, the Group, following a scoping study and two feasibility studies of its high grade Makabingui Gold Project is moving to become a gold producer.

OPERATING RESULTS

The consolidated loss for the Group for the year amounted to $1.493 million (2016:$3.859 million).

FINANCIAL POSITION

The net assets of the consolidated entity have increased by $5.270 million to $52.256 million at 31 December 2017 (2016: $46.986 million). The major movements were:

- Share issues during the year raised $3.597 million (net of costs);
- A rights issue, for which shares were allotted after the year end had received subscriptions of $1.252 million before the year end; and
- A gain arising on the translation of foreign operations of $1.795 million.

The consolidated entity had a working capital deficit, being current assets less current liabilities, of $1.498 million as at 31 December 2017 compared to $1.398 million at 31 December 2016.

DIRECTORS' REPORT (cont'd)
REVIEW OF OPERATIONS

Overview

Bassari Resources Limited is an Australian ASX-listed company focused on discovering and developing profitable gold resources in the Birimian Gold Belt in south-eastern Senegal, West Africa. Bassari has targeted Senegal in view of its great under explored potential, the high prospectivity of the Birimian Gold Belt and Senegal's stable economy and support for the mining industry.

The Company is focused on developing the Makabingui Gold Project by initially targeting four high grade pits and upgrading the existing gravity plant to treat hard rock.

The Company's permits cover an area of approximately 590km² over the Birimian Gold Belt (Figure 1). Drilling to date has identified significant gold mineralisation over a strike length of 60 kilometres with early resource expansion targets at Makabingui South, Konkoutou, Konkoutou North and Missira.

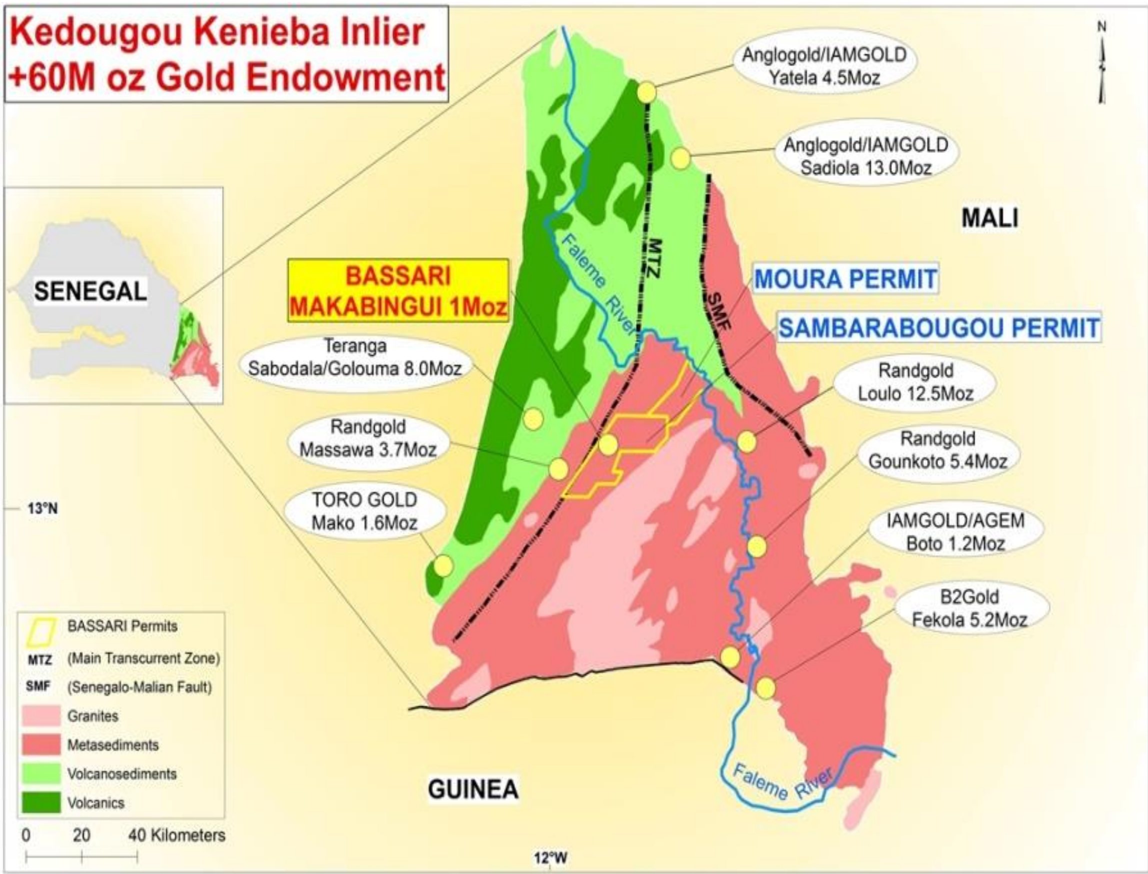

Figure 1. Kedougou-Kenieba Inlier

Makabingui Gold Project

Permits

On 28 November 2016, the Makabingui Exploitation Permit was granted and signed for the Bassari/WATIC joint venture, incorporating all key terms of the five year renewable Exploitation Permit. The terms of the Permit were validated in July 2017, by Presidential Decree, signed by the President of Senegal and countersigned by the Prime Minister. The Permit area has absorbed the previous area of the permit for the Douta Alluvial project, granted in 2010.

DIRECTORS' REPORT (cont'd)

Feasibility Study Results

The Makabingui Gold Project currently hosts a Mineral Resource (Note 1), which comprises 11.9 million tonnes averaging 2.6 g/t gold for a contained 1 million ounces of gold classified into the Indicated and Inferred Resource categories.

An initial open pit mining phase will be extended to mine deeper gold resources by open pit or underground methods and further open pits are expected to be developed within the tenements and along strike.

The Makabingui Gold Project ore is free milling, accordingly ore treatment will be low cost, conventional gravity and Carbon in Leach (CIL) processing circuit. The existing gravity plant at the Douta site is to be upgraded at low cost to include a CIL plant.

An initial independent feasibility study was completed in 2014 which showed a low cost, highly profitable operation with significant free cash flows. In 2017 a second study was commissioned, which confirmed the conclusions reached in 2014.

The results for the August 2017 Makabingui Open Pit Bankable Feasibility Study and the earlier Underground Scoping Study are presented on an entire project basis with Bassari (through its 100% owned local subsidiary Bassari Resources Senegal SARL) holding 70% interest in the Sambarabougou Exploitation Permit.

This Open Pit Feasibility Study was managed by Bassari, with input from a number of specialist independent consultants covering key disciplines. The study provides a detailed assessment of the technical and economic viability for the initial development phase of the Makabingui Gold Project.

Note 1 - Prepared and disclosed under the JORC Code 2004 and remains unchanged

The 2017 Open Pit Bankable Feasibility Study for the initial open pit mining phase delivered outstanding results:

Makabingui initial stage high grade Open Pit Project Feasibility Study summary at US$1,200/oz gold price (currently US$1,300+/oz):

- *Mined ounces* — ***180,000 ounces***
- *Production (recovered gold)* — ***174,000 ounces***
- *Average annual gold production* — ***50,000 ounces***
- *Average gold grade to the mill* — ***>5.6 g/t gold at 1.3g/t cut-off grade***
- *High processing recovery* — ***>95%***
- *Processing rate* — ***300ktpa***
- *Initial project mine life* — ***3.4 years***
- *Cash Cost (C1)* — ***US$678/oz***
- *Low additional capital* — ***US$13M***
- *NPV (8% discount rate)* — ***US$62M***
- *Pre-capex free cash flow (after tax)* — ***US$90M***
- *Payback from production start* — ***<12 months***

Mine Development

The development proposal is to commence mining operations utilising existing infrastructure, equipment and 300ktpa gravity processing plant from four high grade open-cut pits. Pits 1 & 2 have a planned first stage then a cutback, and all pits will be drilled for extensions at depth and along strike. The total of 180,000 ounces of mined gold within the 1M ounce gold resource (refer Figures 2 & 3) includes 22,000 ounces from Inferred Resources. The contained ounces and average grade for each pit are:

• Pit 1 – 460K tonnes at **7.5 g/t gold** for		**111,000 ounces**
• Pit 2 – 410K tonnes at **3.8 g/t gold** for		**51,000 ounces**
• Pit 3 – 50K tonnes at **3.1 g/t gold** for		**5,000 ounces**
• Pit 4 – 67K tonnes at **5.9 g/t gold** for		**13,000 ounces**
	Total	**180,000 ounces**

DIRECTORS' REPORT (cont'd)

While the initial open pits may be extended, an Underground Study has provided an assessment of the potential for mining the deeper resource from access declines within the pits to commence on completion of initial mining operations. The underground study is based mostly on Inferred Resources in the final design and only included the resources beneath Pit 1. The study assumed that the existing infrastructure and a 300ktpa processing plant would be utilised, however a larger facility is expected as the project scope grows.

Makabingui High Grade Underground Scoping Study at US$1,200/oz gold price:

(The Underground Scoping Study does not constitute an addition to the Ore Reserves referred to above)

- *Mined ounces* — ***120,000 ounces (additional to open pits)***
- *Average gold grade to the mill* — ***>7.0 g/t gold***
- *Mine life extension* — ***~2.5 years***
- *Estimated Revenue* — ***US$144M***
- *Estimated OPEX* — ***US$56M***
- *Estimated CAPEX* — ***US$35M***
- *Processing recovery* — ***95%***
- *Cut-off-grade* — ***3g/t gold***

Project Financing

Bassari has reached agreement with the Senegal division of Coris Bank International, a West African bank incorporated in Burkina Faso, and signed a Term Sheet for the funding of the Makabingui Gold Project.

Key features of the facility Term Sheet are:

- US$12 million (approximately 7 billion FCFA) being the estimated funding to commence the project.
- Interest rate of 9% per annum.
- Standard security arrangements over assets of the Makabingui Gold project and supporting guarantees to be provided by Bassari Resources Limited.

The debt facility is in keeping with Bassari's objective of improving shareholder leverage as the Project progresses towards the production and processing stage.

Project Activity

Bassari completed a 4,000+ metre grade control infill drilling program designed to advance the understanding of gold mineralisation of the Makabingui Gold Project within the previously identified pits and to assist with final pit design and identify potential extensions.

The RC drilling program was undertaken on a 25m x 25m grid in Pits 1 and 2 and confirmed gold mineralisation occurring along the previously interpreted plunge of the high grade mineralised zones on the main host structures associated with cross faults. The results of the drilling after analysis of assays highlighted the very strong prospectivity of extension of the Makabingui mineralisation to the south and in parallel shears.

Further drilling is to be undertaken as mining progresses adjacent to the planned pits and for new zones of gold mineralisation adjacent to Pits 1-4 and elsewhere within the Exploitation Licence.

DIRECTORS' REPORT (cont'd)

Bassari Project and Permit locations

Bassari holds a 70% interest in two contiguous permits; Sambarabougou Exploitation Permit and Moura, covering approximately 590km² in a central location of the highly prospective Birimian Kenieba Inlier. The permits are located approximately 630km east of Senegal's capital city of Dakar and about 70km north east of the town of Kedougou, and span 60km strike length of parts of a major crustal shear zone, the Main Transcurrent Shear Zone (MTZ), a well-defined gold mineralised structural corridor. The Kenieba Inlier hosts several multi-million ounce gold deposits and extends into the bordering countries of Mali and Guinea (refer Figure 2).

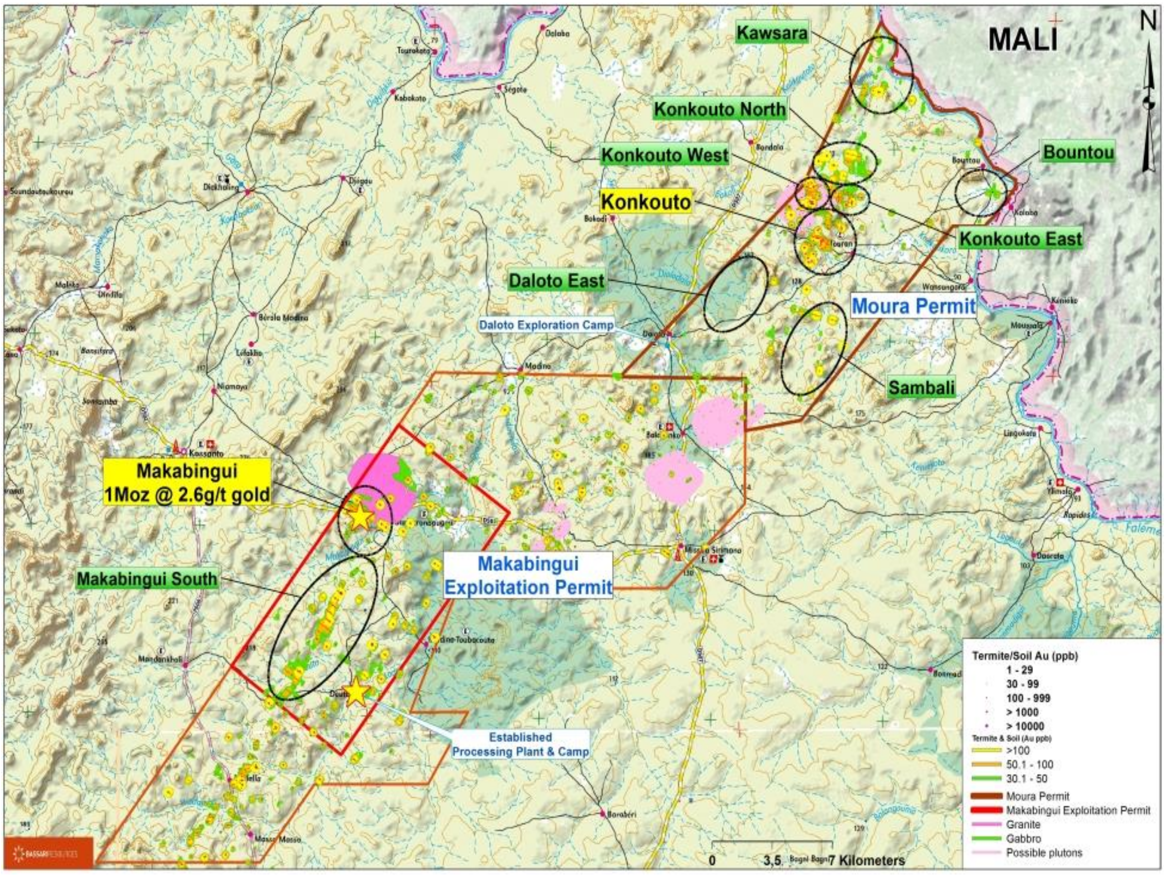

Figure 2. Bassari's Permits with Project and Permit Locations

STRATEGIC EXPLORATION PACKAGE

Bassari is extremely positive about the much larger exploration potential that exists within close proximity to both the Makabingui Gold Project and also within Moura.

Previous artisanal activity within the Makabingui Project area south of the existing resource has identified potential for multiple new areas of mineralisation within a significant NE trending shear zone, and further highlights the prospectivity of Makabingui (refer Figure 3). Previous broad spaced drilling (both RAB and RC) has returned significant gold intercepts which combined with the level of previous artisanal activity highlight the strong prospectivity.

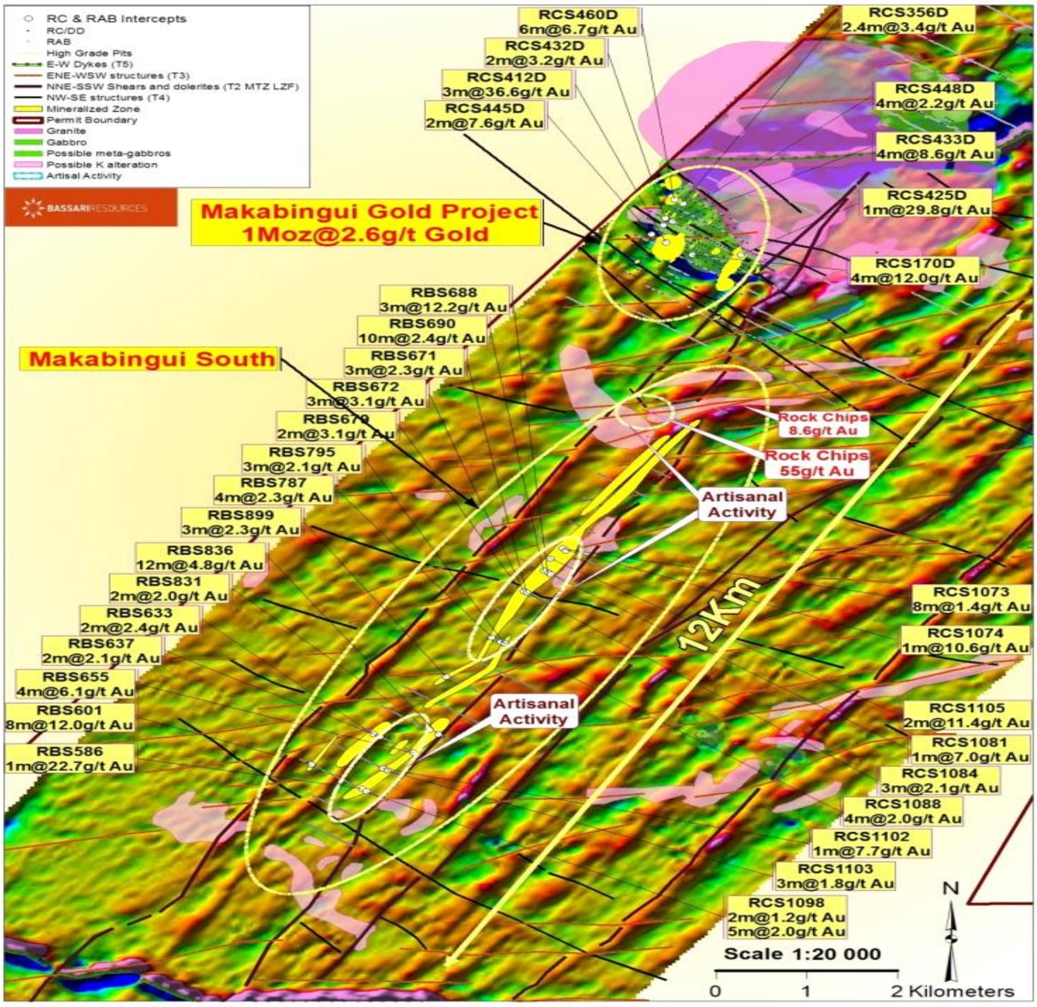

Figure 3. Makabingui & NE Trending Mineralised Zone

MOURA EXPLORATION PERMIT (Bassari 70%)

To the north of Bassari's Makabingui Exploitation Permit is Moura which contains numerous gold prospects, including Konkoutou, Konkoutou North, Kawsara, Bountou, and Sambali Prospects (Figure 4).

The prospects outlined in the Moura Permit are supported by interpreted prospective structural zones highlighted by the soil geochemical survey results.

Drilling has been undertaken in the Konkoutou area and additional drilling is planned to delineate resources in the Moura area.

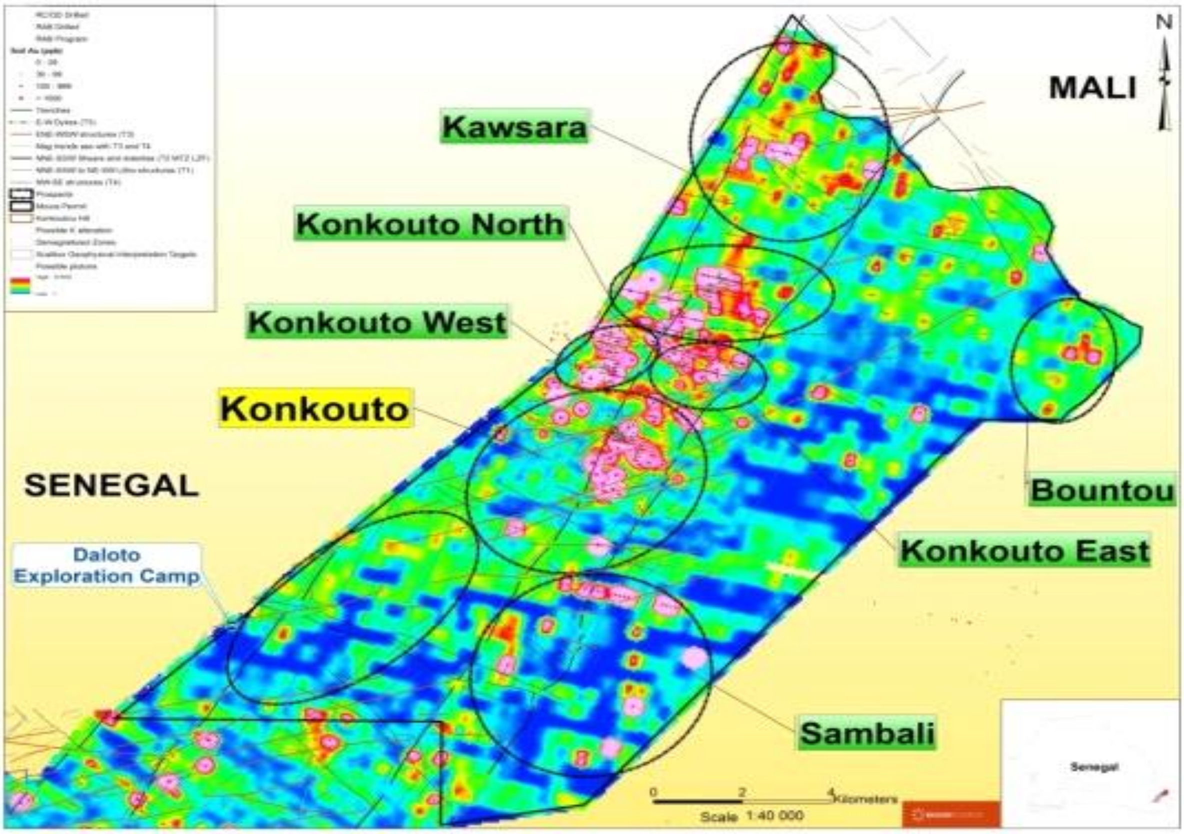

Figure 4 – Moura Permit – Prospect Location Map

Konkoutou Area Gold Prospects

The Konkoutou area is located approximately 35 kilometres north east of the Makabingui Gold Project and is outlined by a large soil geochemical anomaly and interpreted structures.

A total of 4,100+ metres of reverse circulation (RC) and diamond drilling (DD) were completed at the Konkoutou Hill and Konkoutou North prospects, following up drilling programs conducted in 2012 and 2016, which had highlighted significant zones of gold mineralisation.

Konkoutou Hill

Konkoutou Hill is approximately 700 metres long and 100 metres wide (Figure 5) and numerous artisanal workings and drill logs show mineralised quartz veins and stockwork quartz-carbonate veins and veinlets hosted by a metasedimentary greywacke unit. Structurally, Konkoutou Hill is hosted by secondary NW-SE thrust zones which are in a NE-SW trending mineralised shear zone and the area contains many mineralised quartz veins. Although this project is the most advanced of the eight identified prospects in the Moura permit and is defined by strong, wide soil samples of 2.0km x 0.5km, the mineralised structures are part of a much larger zone of gold mineralisation occurring in a series of stacked structures.

The drilling program at Konkoutou Hill confirmed the continuity of the high grade structures to a relatively shallow depth over a strike length of approximately 450m on a 40m x 40m grid.

DIRECTORS' REPORT (cont'd)

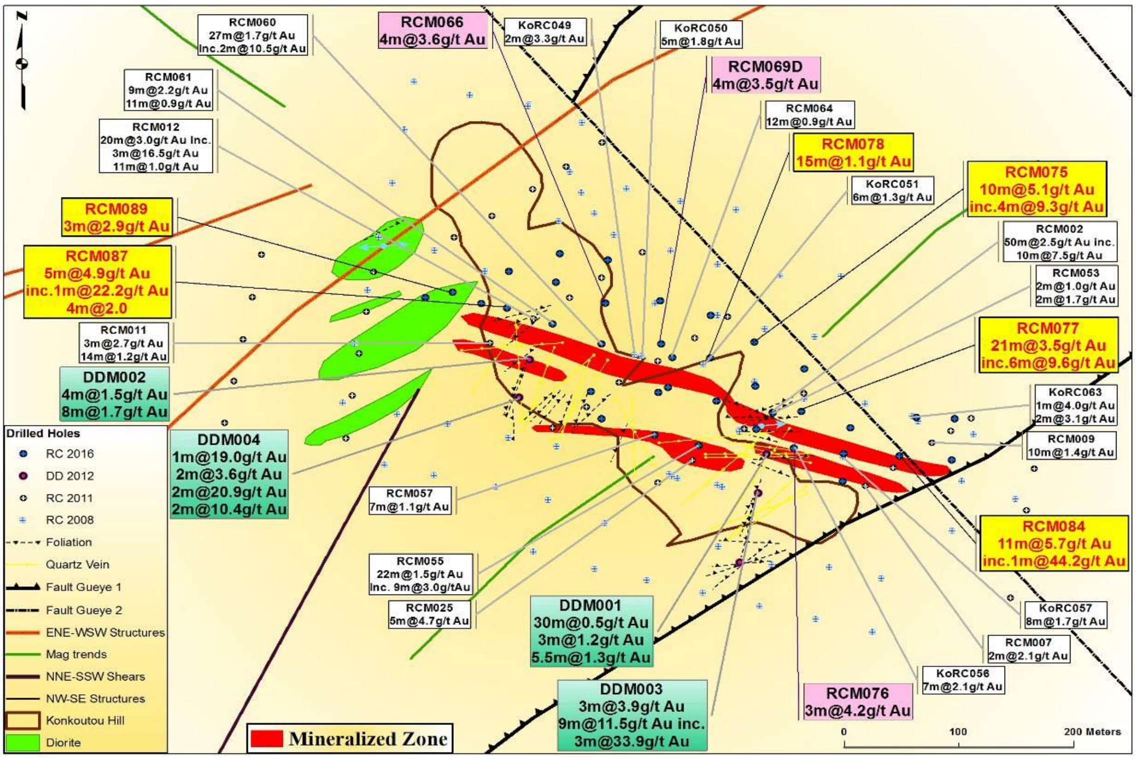

Figure 5. Konkoutou Hill Gold Project with main gold intersections

Konkoutou North

The Konkoutou North prospect is located approximately 5km to the northeast of the Konkoutou Hill prospect and the mineralised zone has a strike length of approximately 1 kilometre and width of 300m. Wide spaced drilling was carried out over one kilometre along the prospect and results confirmed the strike and depth continuity of the high grade mineralisation as hosted by the Konkoutou North structures previously mapped and assayed form rock and trenching samples.

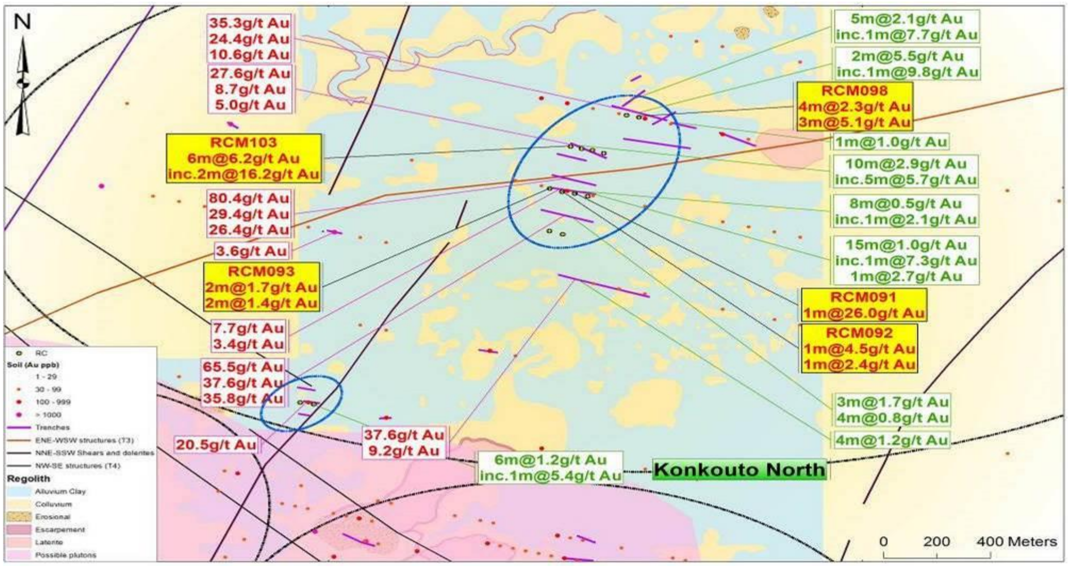

Figure 6. Konkoutou North

Forward-Looking Statements

This release may include forward-looking statements. Forward-looking statements include, are not necessarily limited to, statements concerning Bassari Resources Limited ('BSR') 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 announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

Competent Person's Statement

The information in this announcement 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 announcement 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 materially changed since it was last reported.

CORPORATE

CAPITAL RAISING

During the year the Company raised capital via the issue of a shares as follows: -

- In January, 23,080,004 ordinary shares were issued at $0.03 (3 cent) per each ordinary share;
- In April and May 96,607,142 ordinary shares were issued in 4 tranches at $0.0175 (1.75 cents) per ordinary share;
- In August 18,704,414 ordinary shares were issued at $0.017 (1.7 cents) per ordinary share; and
- In October and November 63,301,766 ordinary shares were issued in two tranches at $0.017 (1.7 cents) per ordinary share.

The issues raised $3.777 million before costs to provide working capital and funds to further progress the development phase of the Makabingui Gold Project and advance a drilling program at Konkoutou on the Moura permit.

A further $1.252 million was raised from subscriptions to a rights issue, the shares for which were allotted after the year-end. On 2 January 2018 the Company issued 73,631,330 ordinary shares at $0.017 (17 cents) per ordinary share. Subsequently the Company has issued from the rights issue shortfall, 148,632,528 ordinary shares at $0.017 (1.7 cents) per ordinary share, each with a free attaching option, raising $2.527 million.

DIRECTORS' REPORT (cont'd)

DIVIDENDS

During the financial year, no dividends were paid (2016: $Nil). The Directors have not recommended the payment of a dividend.

SHARES

At the date of this report, 2,222,682,766 ordinary shares were on issue.

SHARE OPTIONS

At the date of this report, there were 304,270,038 unissued ordinary shares of the Company under option. No shares were issued during the year on conversion of options.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year other than the capital issues noted previously in this report.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years, except for:

• On 2 January 2018 the Company issued 73,631,330 ordinary shares at $0.017 (1.7 cents), on closure of the rights issue. The Company also issued 155,637,510 attaching options with the ordinary shares.

• On 17 January 2018 the Company issued 52,640,171 ordinary shares at $0.017 (1.7 cents), along with 52,640,171 free attaching options, raising $921,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

• On 2 February 2018 the Company issued 4,476,472 ordinary shares at $0.017 (1.7 cents), along with 4,476,472 free attaching options, raising $78,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

• On 16 February 2018 the Company issued (9,758,824 ordinary shares at $0.017 (1.7 cents), along with 9,758,824 free attaching options, raising $165,900 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

• On 2 March 2018 the Company issued 13,824,412 ordinary shares at $0.017 (1.7 cents), along with 13,824,412 free attaching options, raising $235,015 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

• On 19 March 2018 the Company issued 42,932,649 ordinary shares at $0.017 (1.7 cents), along with 42,932,649 free attaching options, raising $729,855 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

• On 21 March 2018 the Company issued 25,000,000 ordinary shares at $0.017 (1.7 cents), along with 25,000,000 free attaching options, raising $425,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

INDEMNITIES AND INSURANCE – OFFICERS

In addition to the amounts disclosed for remuneration of Directors and Key Management, Bassari pays a premium each period in respect of Directors and Officers insurance. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

INDEMNITIES AND INSURANCE – AUDITOR

The Company has not, during or since the financial year end, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2017, and the number of meetings attended by each director was:

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
A S Mackenzie	8	8	8
P F Bruce	8	8	8
P Spivey	8	8	8

The Company has no separate audit or remuneration committee at present, with both committees consisting of all directors. Therefore, meetings above include a meeting of the audit and remuneration committees. The role of the audit committee is undertaken by the Board of Directors.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

During the year BDO East Coast Partnership, the Company's auditor, has not provided any other services in addition to their statutory duties. In relation to services provided in the prior year, the Directors were satisfied that the provision of these non-audit services by the auditor (or by another person or firm on the auditor's behalf) was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable are as follows:

	2017 **$**	**2016** **$**
Audit or review of financial reports of the entity		
BDO East Coast Partnership	46,840	45,519
Taxation services	-	1,000
Firms not related to the lead auditor • audit services	13,285	14,775
Total remuneration	60,125	61,294

BDO East Coast Partnership continues in office in accordance with the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under Section 307C of the *Corporations Act* 2001 is included on page 23 of the financial report.

LIKELY DEVELOPMENTS

Other than as provided elsewhere in this financial report, there is no further disclosure regarding the likely developments of the operations of the Company in future financial years, other than the Company's continuing efforts to develop the Makabingui Gold Project and further its exploration activities as described in the Review of Operations.

ENVIRONMENTAL REGULATION

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

AUDITED REMUNERATION REPORT

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives, general managers and secretaries of the Parent and the Group.

Policy for determining the nature and amount of key management personnel remuneration

Remuneration Committee

The Remuneration Committee comprising the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a period basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value; and
- Differentiation of individual rewards commensurate with contribution to overall results according to individual accountability, performance and potential.

There is no direct relationship between KMP remuneration and the entity's performance for the last 5 years as measured by dividends paid, changes in the share price and any return of capital.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Executive and Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Pursuant to the Company's Constitution, the Directors of the Company are entitled to receive remuneration for their services as Directors in such amount which in aggregate does not exceed an amount per annum fixed by the Company in general meeting from time to time. Currently, the aggregate amount is fixed at $250,000 per annum. At present, the Company has determined to pay the Executive Chairman $60,000 and Non-Executive Directors $40,000 per annum each.

The Executive Chairman receives a consultancy fee on normal commercial terms and conditions for services provided to the Company, pursuant to a consulting agreement for performing executive service for the company.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above.

A Director is entitled to be reimbursed travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the company in accordance with the company's Constitution.

In the 31 December 2017 financial year, share based payments in the form of performance rights over ordinary shares were granted under the LTI plan to directors (2016: Nil). There are no options currently (2016: Nil) on issue.

Where employment ceases prior to the vesting of the share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group or death. In the event of a change of control of the Group, the performance period end date will be brought forward to the date of the change of control and options will vest over this shortened period.

The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The aim of the Directors is to increase shareholder wealth through successfully achieving its primary objectives. During exploration these objectives are not linked to company earnings. Instead the successful discovery of gold resources and reserves is intended to drive shareholder wealth. Thus an increase in shareholder wealth will give rise to an increase in total director remuneration. No other remuneration is linked to performance conditions.

Senior Management and Executive Director Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company;
- Ensure total remuneration is competitive by market standards; and

- The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:
  - Fixed remuneration component
  - Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

In the 31 December 2017 year no payments were made (2016: $Nil).

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPIs) in line with the achievement of the Company's objectives.

On an annual basis, after consideration of performance against KPIs, the Remuneration Committee, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within 3 months after the reporting date.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period. No STI is available to be carried forward into the future years.

Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

Structure

LTI grants to executives are delivered in the form of performance rights converting to ordinary shares. On 31 May 2017, pursuant to resolutions passed at the Annual General Meeting of the Company, a Performance Rights Plan "(Plan") was established for Directors and Executives.

The Plan Committee established under the rules of the Plan administers the Plan pursuant to the Plan rules.

During the year, the Plan granted 22 million Tranche 1 Rights and 22 million Tranche 2 Rights to executives approved by the Committee. Of the total number of Rights granted, 8 million Tranche 1 Rights and 8 million Tranche 2 Rights were granted to directors and KMP's.

Rights are exercisable upon the Company achieving predetermined performance hurdles:

- Tranche 1 – Bassari achieving a market capitalisation of $70 million on or before 31 May 2020; and
- Tranche 2 – Bassari achieving a market capitalisation of $105 million on or before 31 May 2022.

In the year ended 31 December 2016, no new share based payments were granted under the LTI plan to executives.

Where employment ceases prior to the vesting of the performance rights, share rights are forfeited unless cessation of employment is due to termination initiated by the Group or death. In the event of a change of control of the Group, the performance period end date will be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period. The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge their exposure to rights, options or shares granted as part of their remuneration package.

Key Management Personnel – Directors and Executives

Name	Position Held
Alexander S Mackenzie	Executive Director
Philip F Bruce	Non-Executive Director
Peter Spivey	Non-Executive Director
Ian Riley	Company Secretary/CFO

The above Directors and Company Secretary are also the group and company executives.

Key Management Personnel - Service Contracts

Company Secretary/CFO

The Company has entered into an agreement with Ian Riley that provides for Mr Riley to be contracted by the Company as Company Secretary/CFO for a period of 12 months and to be remunerated at the rate of $155,000 per annum. The contract which can be terminated by either party with one month's notice, provides for renewal of a further term of 12 months.

Use of remuneration consultants

The Company has not made use of remuneration consultants during the current or prior financial years.

Voting and comments made at the Company's 31 May 2017 Annual General Meeting ('AGM')

At the 31 May 2017 AGM, 98.91% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' REPORT (cont'd)

Remuneration of key management personnel

The remuneration for each Director and each of the executive officers of the consolidated entity during the year was as follows:

Remuneration for the year ended 31 December 2017

	Short term employee benefits			Post employment benefits	Long-term Benefits		Share based Payments	% of value of remuneration	Total	% performance related
	Salary & Fees $	Cash Bonus $	Non Monetary benefits $	Superannuation $	Incentive Plans $	Long-service leave $	Performance Rights $	Performance Rights %	$	
Non-executive directors										
P F Bruce (i)	40,000						13,167	24.8	53,167	24.8
P Spivey (ii)	140,995						13,167	8.5	154,162	8.5
Subtotal non-executive directors	180,995						26,334		207,329	
Executive directors										
A S Mackenzie (iii)	250,296						13,167	5.0	263,463	5.0
Subtotal executive Directors	250,296						13,167		263,463	
Total Directors	431,291						39,501		470,792	
Non-Director key management										
I D Riley	155,000						13,167	7.8	168,167	7.8
Total Non-Director key management	155,000						13,167		168,167	
Total key management	586,291						52,668		638,959	

(i) Remuneration includes Director's fee of $40,000.

(ii) Remuneration includes Director's fee of $40,000 and consulting fees of $100,995 are paid to Peter Spivey Consulting Services, an entity in which P Spivey holds a financial interest, for in country (Senegal) consulting services on normal commercial terms.

(iii) Remuneration includes Chairman's fee of $60,000 and consulting fees of $190,296 are paid to MA Consulting, a company in which A Mackenzie holds a financial interest, for in country (Senegal) consulting and advisory services on normal commercial terms.

Remuneration for the year ended 31 December 2016

	Short term employee benefits			Post employment benefits	Long-term Benefits		Share based Payments	% of value of remuneration	Total	% performance related
	Salary & Fees $	Cash Bonus $	Non Monetary benefits $	Superannuation $	Incentive Plans $	Long-service leave $	Options $	Options %	$	
Non-executive directors										
P F Bruce (iv)	46,600	-	-	-	-	-	-	-	46,600	-
P Spivey (v)	154,597	-	-	-	-	-	-	-	154,597	-
Subtotal non-executive directors	201,197	-	-	-	-	-	-	-	201,197	-
Executive directors										
A S Mackenzie (vi)	199,540	-	-	-	-	-	-	-	199,540	-
Subtotal executive Directors	199,540	-	-	-	-	-	-	-	199,540	-
Total Directors	400,737	-	-	-	-	-	-	-	400,737	-
Non-Director key management										
I D Riley	155,000	-	-	-	-	-	-	-	155,000	-
Total Non-Director key management	155,000	-	-	-	-	-	-	-	155,000	-
Total key management	555,737	-	-	-	-	-	-	-	555,737	-

(iv) Remuneration includes Director's fee of $40,000 and consulting fees of $6,600.

(v) Remuneration includes Director's fee of $40,000 and consulting fees of $114,597 are paid to Peter Spivey Consulting Services, an entity in which P Spivey holds a financial interest, for in country (Senegal) consulting services on normal commercial terms.

(vi) Remuneration includes Chairman's fee of $60,000 and consulting fees of $139,540 are paid to MA Consulting a company in which A Mackenzie holds a financial interest, for in country (Senegal) consulting and advisory services on normal commercial terms. Remuneration includes amounts paid and payable.

- **Options and Rights Holdings**

No options were held directly, indirectly or beneficially by company directors and key management personnel ("KMP") at any time during the 2017 and 2016 financial years. During the 2017 financial year (2016 Nil), performance rights were granted to company directors and KMP's in two tranches. Each director and KMP received 2 million Tranche 1 and 2 million Tranche 2 performance rights.

2017	Balance as at 1 January 2017	Received as Remuneration	Performance Rights Exercised	Net Change Other	Balance as at 31 December 2017
Directors					
A S Mackenzie	-	4,000,000	-	-	4,000,000
P Spivey	-	4,000,000	-	-	4,000,000
P Bruce	-	4,000,000	-	-	4,000,000
KMP					
I Riley	-	4,000,000	-	-	4,000,000
TOTAL	-	16,000,000	**-**	-	16,000,000

Tranche 1 vests 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**
Total number of rights	22,000,000	22,000,000
Valuation Date	20 April 2017	20 April 2017
Vesting Period	3 years from date of issue	5 years from date of issue
Spot Price	$0.018	$0.018
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	$0.0155	$0.0157

DIRECTORS' REPORT (cont'd)

- **Shareholdings -** Number of shares held, directly, indirectly or beneficially, by company Directors and key management personnel.

2017	Balance as at 1 January 2017	Received as Remuneration	Options Exercised	Net Change Other	Balance as at 31 December 2017
Directors					
A S Mackenzie	55,755,186	-	-	1,133,765	56,888,951
P Spivey	106,666	-	-	-	106,666
P Bruce	41,567,284	-	-	-	41,567,284
KMP					
I Riley	2,433,778	-	-	-	2,433,778
TOTAL	99,862,914	**-**	**-**	1,133,765	100,996,679

Remuneration Options

No options were granted for the year ended 31 December 2017 and 31 December 2016. Performance rights were granted during the year (2016 Nil) to company directors and key management personnel as shown in the table above.

No shares were issued upon the exercise of remuneration options or performance rights.

Additional Information

The earnings of the consolidated entity for the five years to 31 December 2017 are summarised below:

	31 Dec 2017 $000	31 Dec 2016 $000	31 Dec 2015 $000	31 Dec 2014 $000	31 Dec 2013 $000
Revenue	7	17	21	25	25
Total loss before income tax	(1,493)	(3,859)	(1,337)	(1,676)	(1,703)
Total loss after income tax	(1,493)	(3,859)	(1,337)	(1,676)	(1,703)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

Share price at financial year end (cents per share)	1.4	3.0	1.0	1.3	0.8
Basic earnings per share (cents per share)	(0.08)	(0.23)	(0.10)	(0.16)	(0.25)

End of Audited Remuneration Report

DIRECTORS' REPORT (cont'd)

ROUNDING

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 Corporation 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 Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

Alex Mackenzie
Executive Chairman

Melbourne, 26 March 2018

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

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

As lead auditor of Bassari Resources Limited for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 26 March 2018

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		$'000	$'000
Revenue from continuing operations	10	7	17
Corporate expenses		(415)	(343)
Employment and consultant costs	11	(766)	(557)
Occupancy costs		(213)	(189)
Travel and accommodation		(147)	(115)
Depreciation of non-current assets		-	(2)
Impairment of assets		-	(2,670)
Reversal of impairment		41	-
Loss from continuing operations before income tax		**(1,493)**	**(3,859)**
Income tax expense relating to continuing operations	12	-	-
Loss from continuing operations		**(1,493)**	**(3,859)**
Loss for the year attributable to the owners of Bassari Resources Limited		**(1,493)**	**(3,859)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss in the future			
Exchange difference on translation of foreign operation		1,795	(1,114)
Other comprehensive income for the year net of income tax		1,795	(1,114)
Total Comprehensive Income for the year attributed to the owners of Bassari Resources Limited		**302**	**(4,973)**
Earnings per share for loss from continuing operations attributable to the owners of Bassari Resources Limited			
Basic earnings per share (cents)	13	(0.08)	(0.23)
Diluted earnings per share (cents)	13	(0.08)	(0.23)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017	2016
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	2	1,091	1,044
Trade and other receivables	5	111	60
TOTAL CURRENT ASSETS		**1,202**	**1,104**
NON CURRENT ASSETS			
Exploration and evaluation assets	3	53,754	48,384
TOTAL NON-CURRENT ASSETS		**53,754**	**48,384**
TOTAL ASSETS		**54,956**	**49,488**
CURRENT LIABILITIES			
Trade and other payables	6	1,924	1,789
Financial liabilities	7	700	675
Employee entitlements		76	38
TOTAL CURRENT LIABILITIES		**2,700**	**2,502**
TOTAL LIABILITIES		**2,700**	**2,502**
NET ASSETS		**52,256**	**46,986**
EQUITY			
Contributed equity	8	73,420	68,571
Reserves	9	3,325	1,411
Accumulated losses		(24,489)	(22,996)
TOTAL EQUITY		**52,256**	**46,986**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Contributed Equity	Reserve	Accumulated Losses	Total
		$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January 2016		**63,520**	**2,525**	**(19,137)**	**46,908**
Loss for the year		-	-	(3,859)	(3,859)
Other comprehensive income		-	(1,114)	-	(1,114)
Total comprehensive income for the year		**-**	**(1,114)**	**(3,859)**	**(4,973)**
Issue of ordinary shares and other equity instruments	8	5,051	-	-	5,051
Equity portion of convertible notes		**-**	-	-	-
Transactions with owners as owners		**5,051**	**-**	**-**	**5,051**
Balance at 31 December 2016		**68,571**	**1,411**	**(22,996)**	**46,986**
Loss for the year		-	-	(1,493)	(1,493)
Other comprehensive income		-	1,795	-	1,795
Total comprehensive income for the year		**-**	**1,795**	**(1,493)**	**302**
Issue of ordinary shares and other equity instruments	8	4,849	-	-	4,849
Reversal of equity portion of convertible notes		**-**	(26)	-	(26)
Share based payments – performance rights	9	**-**	145	-	145
Transactions with owners as owners		**4,849**	**119**	**-**	**4,968**
Balance at 31 December 2017		**73,420**	**3,325**	**(24,489)**	**52,256**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4	9
Payments to suppliers and employees		(1,658)	(1,314)
Interest received		3	8
Net cash used in operating activities	2	**(1,651)**	**(1,297)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and evaluation expenditure		(3,303)	(2,910)
Net cash used in investing activities		**(3,303)**	**(2,910)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		5,029	5,101
Issue costs		(180)	(50)
Net cash provided by financing activities		**4,849**	**5,051**
Net (decrease) / increase in cash and cash equivalents held		**(105)**	**844**
Cash and cash equivalents at beginning of financial year		**1,044**	**253**
Effects of changes in foreign exchange rates on cash held		**152**	**(53)**
Cash and cash equivalents at end of financial year	2	**1,091**	**1,044**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The financial statements cover Bassari Resources Limited and controlled entities as a consolidated entity for the financial year ended 31 December 2017. Bassari Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Separate financial statements for Bassari Resources Limited as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however limited financial information for Bassari Resources Limited as an individual entity is included in Note 17.

The financial statements were authorised for issue by the Directors on 26 March 2018.

The financial report is presented in Australian currency.

The address of the registered office and principal place of business of the company is:

Level 17
500 Collins Street
Melbourne VIC 3000

Going Concern

For the year ended 31 December 2017, the Consolidated Entity made a loss after tax of $1,493,000, and had net cash outflows from operating activities of $1,651,000 and net cash outflows from exploration activities of $3,303,000. At 31 December 2017, the Company has net current liabilities of $1,498,000 and held cash and cash equivalents of $1,091,000.

Management has prepared cash flow projections for a period of twelve months from the date of approval of the financial report.

The ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through debt or equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

Notwithstanding the above, the directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities through the normal course of business for the following reasons:

- Subsequent to the end of the financial year, the Group issued 148,632,528 ordinary shares at $0.017 (1.7 cents) each, each with a free attaching option exercisable at $0.034 (3.4 cents) each on or before 30 September 2019, raising an additional $2,256,753 before costs. Funds are to be applied to working capital and to further progress the Makabingui Gold Project development.
- The company is currently negotiating with a number of interested parties to provide funding for the Makabingui Gold Project.
- The Group has prepared cash flow budgets which include additional cash outflows for operational and project studies, which can be deferred in part if there are delays in raising capital or insufficient capital is raised to fund forecast expenditure.
- The Group has a history of successfully raising funds. The Company has the ability to raise further capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A.

On the basis that sufficient funding is expected to be raised to meet the Group's expenditure forecasts, 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 to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might be necessarily incurred should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for profit oriented entities. Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with International Financial Reporting Standards as adopted in Australia ensures that the financial report complies with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2017, and the comparative information presented in these financial statements for the year ended 31 December 2016.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Consolidation

The consolidated financial statements comprise the financial statements of Bassari Resources Limited and its subsidiaries at each period end ("the Group"). Subsidiaries are entities over which the Group has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the entity. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

(b) Segment Reporting

The Consolidated Entity has adopted AASB 8 *Operating Segments* whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The principal business and geographical segment of the Company is mineral exploration within Senegal, West Africa. The Company has its head office in Australia, which represents a non-material reportable segment.

The Board of Directors review internal management reports at regular intervals that are consistent with the information provided in the consolidated statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining allocation of resources.

(c) Foreign Currency Translation

The functional and presentation currency of Bassari Resources Limited and its Australian subsidiaries is Australian dollars ($A). Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the financial reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries are CFA Franc (FCFA). At reporting date, the assets and liabilities of the overseas subsidiary is translated into the presentation currency of Bassari Resources Limited at the closing rate at the end of the financial reporting period and income and expenses are translated at the weighted average exchange rates for the period. All resulting exchange differences are recognised as other comprehensive income and in a separate component of equity (foreign exchange translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

(d) Employee entitlements

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non–monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the financial reporting period are recognised in liabilities in respect of employees' services rendered up to the end of the financial reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Entitlement Provisions.

Long service leave

Liabilities for long service leave are recognised as part of the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees during the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the financial reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(e) Rounding Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/DirectorsReport) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

2. CASH AND CASH EQUIVALENTS

	2017 $'000	2016 $'000
Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	1,091	1,044
Other financial liabilities	-	-
	1,091	1,044
Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(1,493)	(3,859)
Non cash flows in loss		
Depreciation	-	2
Impairment of non-current assets	-	2,671
Reversal of impairment of non-current assets	(41)	-
Share based payments	145	-
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(50)	36
(Decrease)/Increase in trade payables	(250)	(146)
Increase/(Decrease) in provisions	38	(1)
Cash flows from operations	**(1,651)**	**(1,297)**

Cash at banks bear floating interest rates between 1.0% and 0% (2016: 1.1% and 0%).

Accounting policy

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, over short term highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

3. EXPLORATION AND EVALUATION ASSETS

	2017	2016
	$'000	**$'000**
Costs carried forward in respect of areas of interest at cost	48,384	49,202
Expenditure incurred during the year	3,510	2,910
Depreciation capitalised	-	4
Assets impaired	-	(2,623)
Reversal of impairment	41	-
Exchange translation difference	1,819	(1,109)
Total exploration and evaluation expenditure	53,754	48,384

Accounting policy

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recouped through the successful development of the area or sale, or where exploration and evaluation activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the period in which the decision to abandon the area is made. In addition, a provision is raised against exploration and evaluation expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable. Any such provision is charged against the results for the period.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the entity's rights of tenure to that area of interest are current.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of the relevant stage. Provisions are made for the estimated costs of restoration relating to areas disturbed during the mines operation up to reporting date but not yet rehabilitated. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with relevant clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates of the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that any restoration will be completed within one year of abandoning the site.

Exploration and evaluation expenditure is assessed for impairment if facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

For the purposes of impairment testing, exploration and evaluation expenditure is allocated to cash- generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Critical accounting estimates, assumptions and judgements

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 mining concession costs comprise costs incurred to secure the mining concessions for the two permits in Senegal.

Whilst the projects are not currently generating cash flow, the Company is of the view that the two 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 31 December 2017, and impairment considered. The Group's expenditure plans are focussed upon developing the mining permit at Sambarabougou and the development of the Moura prospect. Costs previously capitalised on the Bounsankoba permit were fully impaired as at 31 December 2016 upon Bassari relinquishing the tenement.

4. COMMITMENTS FOR EXPENDITURE

Capital Expenditure Commitments

The Company has no capital expenditure commitments.

- **Exploration Commitments**

The Company has no commitments for exploration expenditure. Prior year exploration permits have been converted into Exploitation Permits or are under application for an Exploitation Permit.

Name on Permit	Joint Venture Partner and Permit Holder	Remaining Expenditure Commitment	3-Year Expenditure Commitment	Permit last renewed
Moura	Sengold Mining NL (Applicant)	Nil	Nil	28.02.2016
Sambarabougou (Makabingui)	W.A.T.I.C	Nil	Nil	28.11.2016

5. TRADE AND OTHER RECEIVABLES

CURRENT

	2017 $'000	2016 $'000
Sundry receivables	111	60

6. TRADE AND OTHER PAYABLES

	2017	2016
	$'000	$'000
CURRENT		
Trade and other payables	1,924	1,789

Accounting policy

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

7. FINANCIAL LIABILITIES

	2017	2016
	$'000	$'000
CURRENT		
Convertible notes	700	675

Accounting policy

Convertible notes are accounted for as the aggregate of (i) a liability component and (ii) and equity component.

At initial recognition, the fair value of the liability component of the convertible note is determined using a market interest rate for an equivalent non-convertible note. The remainder of the proceeds is allocated to the conversion option as an equity component, recognised in the Statement of Changes in Equity.

Transaction costs associated with issuing the convertible notes are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished in conversion or maturity.

Detail of convertible notes

During the year $56,000 (2016: $56,000) was charged to profit or loss in relation to interest on the convertible note facility. Interest has been accrued.

The convertible notes have been issued in a number of tranches. All the Notes were issued with a face value of $0.016 (1.6 cents) and an interest rate of 8%, payable quarterly. The details and the terms are as follows:

Issue date	Number issued	Total face value of notes issued	Debt portion of Note (i)	Redemption date of Note (ii)
	$'000	$'000	$'000	
21/11/2014	21,875	350	350	21/11/2015
13/01/2015	3,125	50	50	13/01/2016
09/02/2015	6,250	100	100	09/02/2016
02/04/2015	6,250	100	100	02/04/2016
11/06/2015	6,250	100	100	11/06/2016
	43,750	**700**	**700**	

(i) A market rate of 12% has been used in calculating the Net Present Value of future cash flows to determine the debt portion of the Notes.

(ii) The maturity of the notes is 12 months from the date of issue, which dates have now expired. Accordingly, the current liability recognises the full amount repayable to the noteholder, should the noteholder elect not to convert.

Critical accounting estimates, assumptions and judgements

The carrying value of the convertible notes is equal to the face value of the notes as the notes are now beyond the original conversion date. Initially, the carrying value was equal to the net present value of the liability, calculated using a discount rate of 12%. A change in this rate would result in a different carrying value, along with different amounts recorded for the equity portion of the convertible notes and the resulting interest charge.

8. CONTRIBUTED EQUITY

	2017	2016
Ordinary shares	**$000**	**$000**
Paid-up capital		
2,000,418,908 (2016: 1,798,725,582) fully paid ordinary shares	73,420	68,571
At 31 December 2015	1,479,839,774	63,520
Share placement at 1.0 cent	3,275,000	33
Share placement at 1.0 cent	2,500,000	25
Share placement at 1.0 cent	14,000,000	140
Share placement at 1.0 cent	15,000,000	150
Share placement at 1.0 cent	42,804,700	428
Share placement at 1.0 cent	20,500,000	205
Share placement at 1.0 cent	10,000,000	100
Share placement at 1.0 cent	51,500,000	515
Share placement at 2.2 cent	35,257,349	776
Share placement at 2.2 cent	50,454,546	1,110
Share placement at 2.2 cent	70,000,122	1,540
Share placement at 2.2 cent	3,594,091	79
Costs of issue	-	(50)
Total for the financial period	318,885,808	5,051
At 31 December 2016	**1,798,725,582**	**68,571**
Share placement at 3.0 cent	23,080,004	693
Share placement at 1.75 cent	62,857,143	1,100
Share placement at 1.75 cent	12,857,142	225
Share placement at 1.75 cent	6,250,000	109
Share placement at 1.75 cent	14,642,857	256
Share placement at 1.7 cent	18,704,414	318
Share placement at 1.7 cent	54,466,471	926
Share placement at 1.7 cent	8,835,295	150
Rights issue at 1.7 cents #	-	1,252
Costs of issue	-	(180)
Total for the financial period	201,693,326	4,849
At 31 December 2017	**2,000,418,908**	**73,420**

\# A Pro-rata Rights issue was offered to eligible shareholders pursuant to a prospectus dated 27 November 2017, to raise up to $4.25 million. At the close of the offer, $1.252 million was raised from subscriptions to a rights issue, the shares for which were allotted after the year-end. On 2 January 2018 the Company issued 73,631,330 ordinary shares at $0.017 (1.7 cents) per ordinary share.

Accounting policy

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of new shares or options are recognised directly in equity as a reduction of the share or option proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Rights attached to equity holdings

(a) Ordinary Shares

Fully paid ordinary shares carry one vote per share and carry rights to dividends.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. This is subject to the prior entitlements of the cumulative redeemable preference shares which are classified as liabilities. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

At 31 December 2017 there were no partly paid shares outstanding.

(b) Options

The Company had no options outstanding at the end of the financial year or the previous financial year and no options were exercised or lapsed during the financial year or the previous financial year.

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs.

9. RESERVES

	2017	2016
	$'000	**$'000**
Convertible note reserve (a)	-	26
Foreign currency translation reserve (b)	3,180	1,385
Performance rights reserve (c)	145	-
	3,325	1,411

(a) Convertible Note Reserve

(i) **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 AAS 139. During previous financial years 21,875,000 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%. The equity portion of the notes was reversed as the convertible notes expired.

(ii) **Movements in Reserve**

	2017 $'000	2016 $'000
Balance at the beginning of the year	26	26
Reversed upon expiry	(26)	-
Balance at end of year	-	26

(b) Foreign Currency Translation Reserve

(i) 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.

(ii) Movements in Reserve

	2017 $'000	**2016 $'000**
Balance at the beginning of the year	1,385	2,499
Movement during the year	1,795	(1,114)
Balance at end of year	3,180	1,385

(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 AAS 139. At the Group's AGM 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	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
31/5/2017	`31/5/2020	$0.00	-	22,000,000	-	-	22,000,000
31/5/2017	31/5/2022	$0.00	-	22,000,000	-	-	22,000,000
			-	44,000,000	-	-	44,000,000

Tranche 1 vests 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	20 April 2017	20 April 2017
Vesting Period	3 years from date of issue	5 years from date of issue
Spot Price	$0.018	$0.018
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	$0.0155	$0.0157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

10. REVENUE

	2017 $'000	2016 $'000
Interest revenue from bank deposits	3	8
Other revenue	4	9
	7	17

Accounting policy

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

11. LOSS FOR THE YEAR

	2017 $'000	2016 $'000
Loss before income tax has been determined after:		
Employee benefits:		
Salaries, wages, on-costs and consultant fees	614	550
Share based payments	145	-
Superannuation – defined contribution	7	7
	766	557

12. INCOME TAXES

	2017 $'000	2016 $'000
Income tax recognised in profit or loss	-	-
Tax expense comprises: Current tax expense	-	-
Deferred tax expense relating to the origination and Reversal of temporary differences	-	-
Total tax expense	-	-

The prima facie income tax expense on pre-tax accounting losses from operations reconciles to the income tax expense in the financial statements as follows:

	2017 $'000	2016 $'000
Loss from operations	**(1,493)**	**(3,859)**
Income tax calculated at 27.5% (2016 – 30%) Income tax of other members of the tax consolidated group (net of inter- Company transactions	(411)	(1,158)
Add tax effect of:		
Non-deductible expenses/(non-assessable items)	134	840
Less tax effect of:		
Unused tax losses not recognised as deferred tax assets	277	318

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out below occur:

	2017 $'000	2016 $'000
Tax losses (revenue or operating losses) – Australia	3,903	3,959
Tax losses (capital)	-	-
	3,903	3,959

Tax losses have been adjusted for prior income tax returns lodged. Tax losses, Australia, are calculated at 27.5% (2016: 30%).

Accounting policy

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect their accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Critical accounting estimates, assumptions and judgements

The benefit of the tax losses has not been brought to account at 31 December 2017 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

(a) The Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;

(b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and

(c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

Australian tax losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

13. EARNINGS PER SHARE

	2017	2016
	$'000	**$'000**
• Earnings used in the calculation of basic and diluted EPS	(1,494)	(3,859)
• Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	1,906,366,476	1,660,953,220
• Basic earnings per share	**Cents per share**	**Cents per share**
From continuing operations	(0.08)	(0.23)
Total basic earnings per share attributable to owners of Bassari Resources Limited	**(0.08)**	**(0.23)**
• Diluted earnings per share		
From continuing operations	(0.08)	(0.23)
Total diluted earnings per share attributable to owners of Bassari Resources Limited	**(0.08)**	**(0.23)**

The Company made losses during the current and comparative years and, consequently, there is no dilutive in effect.

Accounting policy

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to members of Bassari Resources Limited by the weighted average number of ordinary shares outstanding during the financial period. The weighted average number of issued shares outstanding during the financial period does not include shares issued as part of an Employee Share Loan Plan that are treated as in-substance options.

Diluted earnings per share
Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

14. DIVIDENDS

During the financial year, no dividends were paid. The directors have not recommended the payment of a dividend.

15. CONTINGENT LIABILITIES

Senegal tax assessment
Bassari Resources Senegal SARL, a subsidiary of Bassari Resources Limited, has been subject to a review in Senegal of 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 $A16.7 million. Bassari has received advice and 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.

16. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2017	Percentage owned 2016
Bassari Resources Senegal 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 31 December 2017.

^ Douta Mining SA was incorporated in Senegal in 2011.

17. PARENT ENTITY INFORMATION

	Parent Entity	
	2017	**2016**
	$'000	**$'000**
Information relating to Bassari Resources Limited		
Financial position		
Current assets	1,096	1,038
Non-current assets	51,007	47,274
Total assets	52,103	48,312
Current liabilities	(1,239)	(1,326)
Non-current liabilities	-	-
Total Liabilities	(1,239)	(1,326)
Net assets	50,864	46,986
Contributed equity	79,751	74,902
Reserves	145	26
Accumulated losses	(29,032)	(27,942)
Total equity	50,864	46,986
Financial performance		
Total revenue	3	8
Loss for the year	(1,090)	(5,127)
Comprehensive loss for the year	(1,090)	(5,127)

The parent company has not entered into any guarantees with its controlled entities or associates.

Capital Commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Operating rental lease

There are no commitments in relation to operating leases at the reporting date.

Finance Leases

There are no commitments in relation to finance leases.

Contingent Liabilities

The parent entity is not subject to any liabilities that are considered contingent upon events known at balance date.

18. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the consolidated entity's operations in Senegal and Australia. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been through the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments are cash flow interest rate risk. The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimize the potential impacts of these risks on the results of the group where such impacts may be material.

	2017	2016
	$'000	$'000
Financial Assets		
Cash and cash equivalents	1,091	1,044
Other receivables	111	60
Total Financial Assets	**1,202**	**1,104**

Financial Liabilities		
Loans and payables	2,624	2,464
Total Financial Liabilities	**2,624**	**2,464**

(b) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is that a financial instrument's value will fluctuate as a result of changes in market interest rates, relates primarily to cash as disclosed in note 2. At balance date the consolidated entity had the following mix of financial assets and liabilities that were subject to interest:

	2017	2016
	$'000	**$'000**
Cash and cash equivalents	1,091	1,044
Financial liabilities	(700)	(675)
Net Financial (Liabilities)/Assets	**391**	**369**

The consolidated entity's exposure to interest rate risk, as well as potential opportunities, are constantly reviewed, and consideration given to available products and the relative benefits of available fixed and variable instruments. The following sensitivity analysis is based on the interest rate risk/opportunity in existence at balance date.

At the period end date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2017	2016
Judgments of possible movements:	**$'000**	**$'000**
+1% (100 basis points)	4	4
-1% (100 basis points)	(4)	(4)

(c) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group's main credit risk is associated with bank default. However, the Group invests most of its cash with financially sound Australian banking institutions. The group's maximum credit risk is $1,091,000 (2016: $1,044,000)

(d) Fair Values

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents and financial liabilities: The carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables: The carrying amount approximates fair value because of their short term to settlement.

Borrowings – convertible notes: The carrying amount approximates fair value because of their short term nature. Fair value is calculated upon recognition and interest charged on fair value.

(e) Liquidity Risk Management

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments.

Ultimate responsibility for liquidity risk management rests with the Board of directors which has built an appropriate liquidity risk framework for the management of the group's short, medium and long-term funding and liquidity management requirements.

Trade and other payables are contractually due within 6 months.

Loans received are short term and are repayable within 12 months of receipt.

(f) Commodity Price Risk

The Group is exposed to Commodity Price Risk. The risk arises from is activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The consolidated entity does not hedge its exposures.

19. AUDITOR'S REMUNERATION

During the year the auditor of the Company and its related practices earned the following remuneration:

	2017 $	2016 $
Audit or review of financial reports of the entity		
BDO East Coast Partnership	46,840	45,519
Taxation services	-	1,000
Firms not related to the lead auditor Audit services	13,285	14,775
Total remuneration	**60,125**	**61,294**

The auditor did not receive any other benefits.

20. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years, except for:

- On 2 January 2018 the Company issued 73,631,330 ordinary shares at $0.017 (1.7 cents), on closure of the rights issue. The Company also issued 155,637,510 attaching options with the ordinary shares.
- On 17 January 2018 the Company issued 52,640,171 ordinary shares at $0.017 (1.7 cents), along with 52,640,171 free attaching options, raising $921,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.
- On 2 February 2018 the Company issued 4,476,472 ordinary shares at $0.017 (1.7 cents), along with 4,476,472 free attaching options, raising $78,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.
- On 16 February 2018 the Company issued (9,758,824 ordinary shares at $0.017 (1.7 cents), along with 9,758,824 free attaching options, raising $165,900 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.
- On 2 March 2018 the Company issued 13,824,412 ordinary shares at $0.017 (1.7 cents), along with 13,824,412 free attaching options, raising $235,015 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.
- On 19 March 2018 the Company issued 42,932,649 ordinary shares at $0.017 (1.7 cents), along with 42,932,649 free attaching options, raising $729,855 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.
- On 21 March 2018 the Company issued 25,000,000 ordinary shares at $0.017 (1.7 cents), along with 25,000,000 free attaching options, raising $425,000 before costs, for working capital purposes. Shares were issued from the rights issue shortfall.

21. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties except in relation to the transactions stated below. Transactions with related parties:

- **Director Related Entities**

Consulting fees of $190,296 (2016: $139,540) were paid to MA Consulting a company in which Mr Alex Mackenzie holds a financial interest. The fees were paid on normal commercial terms, for in country (Senegal) consulting and advisory services provided, and are included as remuneration in the remuneration report.

Consulting fees of $100,995 (2016: $114,597) were paid to Peter Spivey. The fees were paid on normal commercial terms, for in country (Senegal) consulting services provided, and are included as remuneration in the remuneration report.

No loans were made to directors or director-related entities during the year.

- **Consolidated Entities**

Details of controlled entity companies are shown in Note 16.

Advances to/(from) controlled entities net of provisions at balance date by Bassari Resources Limited are as follows:

	2017 **$**	**2016** **$**
Bassari Resources Senegal SARL	44,695,179	44,138,137
Bassari Equipment Pty Ltd	1,113,866	1,113,866
Douta Mining SA	-	-

Repayment of amounts owing to the Company at 31 December 2017 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. The Company has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Bassari Resources Limited during the financial year:

Mr Alex Mackenzie
Mr Philip Bruce
Mr Peter Spivey

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Ian Riley

Compensation

The aggregate compensation made to directors and other key management personnel of the consolidated entity is set out below:

	2017 **$**	**2016** **$**
Short-term employee benefits	586,291	555,737
Share based payments	52,668	-
	638,959	**555,737**

23. NEW STANDARDS AND INTERPRETATIONS

(a) *New, Revised or Amending Accounting Standards and Interpretations Adopted*

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the year.

There have been no significant new and revised Standards and amendments thereof and Interpretations effective for the year that are relevant to the Group.

(b) New, Revised or Amending Accounting Standards and Interpretations Not Yet Effective

The following are standards, amendments to standards and interpretations most applicable to the Group that are not yet mandatory and have not been applied in these financial statements:

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement, which becomes mandatory for the Group's 31 December 2018 financial statements.

The Group has not yet determined the full effect of the above amendments to standards and interpretations, however at this stage, as the Company's financial instruments disclosures are not significant, it is not expected to be material.

DIRECTORS' DECLARATION

- In the opinion of the directors of Bassari Resources Limited (the Company):

  (a) The financial report and the Remuneration Report included in the Directors' Report, designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001;

  (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- The financial statements and notes comply with International Financial Reporting Standards, as discussed in Note 1; and

- This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2017.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the directors.

Alex Mackenzie
Executive Chairman

Melbourne, 26 March 2018

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bassari Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bassari Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 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 group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
The company has incurred significant exploration and evaluation expenditures which have been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the company, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset may exceed its recoverable amount. *AASB 6: Exploration for and Evaluation of Mineral Resources* contains detailed requirements with respect to both the initial recognition of such assets and ongoing requirements to continue to carry forward the assets. Note 3 to the financial statements contains the accounting policy and disclosures in relation to exploration and evaluation expenditures.	Our audit procedures included: • Obtaining independent searches that the company has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure; • Confirming whether the rights to tenure of the areas of interest remained current at the reporting date as well as confirming that rights to tenure are expected to be renewed; • Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of impairment indicators, commodity prices and the stage of the Group's project; • Reviewing budgets and challenging assumptions made by the entity to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned; • Reviewing ASX announcements and minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest.

Contingent Liability - Senegalese Tax Claim

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2017, the notes to the financial report include disclosures relating to a contingent liability arising from claims by the Senegalese tax authorities for back taxes being owed by the group. We focused on this area as a key audit matter due to the nature of the item and its potential material impact on the financial report of Bassari Resources Limited. Note 15 to the financial statements contains the disclosures in relation to contingent liabilities.	Our audit procedures included, amongst others: • Evaluating of the supporting documentation used by management to support the disclosure of the item as a contingent liability rather than a liability in line with the requirements *of IAS 37: Provisions, Contingent Liabilities and contingent Assets;* • Consulting with the Groups' legal representatives and a review of written representation in relation to the tax claim; • Assessing the adequacy of the Groups' disclosures in respect of contingent liabilities.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Bassari Resources Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

James Mooney
Partner

Melbourne, 26 March 2018

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by Australian Securities Exchange Limited in respect of listed public companies only.

1. SHAREHOLDING

The issued capital of the company as at 23 March 2018 was 2,222,682,766 ordinary fully paid shares.

(a) Distribution of shareholder numbers at 23 March 2018:

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 - 1000	90	3.85	8,469	0
1,001 – 5,000	66	2.83	227,715	0.01
5,001 – 10,000	101	4.33	799,521	0.04
10,001 – 100,000	833	35.67	41,053,870	1.85
100,001 and over	1,245	53.32	2,180,593,191	98.11

(b) There were 596 shareholders with a total shareholding of 8,633,384 ordinary shares who held less than a marketable parcel.

(c) The name of the substantial shareholder listed in the holding company's register as at 23 March 2018 is:

Name	Number of Shares Held	%
Ten Luxton Pty Ltd	150,000,000	6.75

(d) 20 Largest Shareholders – Ordinary Shares at 23 March 2018:

Rank	Name	Number of Shares Held	%
1	Ten Luxton Pty Ltd	150,000,000	6.75
2	BCM International Limited	117,648,352	5.29
3	UBS Nominees Pty Ltd	50,302,252	2.26
4	Diazill Pty Limited	43,331,990	1.95
5	Advanced Tactics SMSF Limited	43,056,123	1.94
6	Peter Henderson Pty Ltd	41,294,118	1.86
7	Senegal Nominees SARL	39,223,930	1.76
8	Neville Jeffery & Christine Grace Noble	38,035,700	1.71
9	ACN 106 289 589 Pty Ltd	34,488,888	1.55
10	Shipbark Pty Ltd	32,050,000	1.44

11	Navigator Australia Ltd.	31,726,215	1.43
12	Mr John Henry Matterson	31,000,000	1.39
13	HSBC Custody Nominees (Australia)	29,087,455	1.31
14	Mr David Kenneth Swan	23,375,346	1.05
15	Rundal Holdings Pty Ltd	20,519,384	0.92
16	Mr Robert Barry Stuart	19,139,423	0.86
17	Mr Carlos Goncalves	18,303,577	0.82
18	Mrs Tamila Kharchenko	16,000,000	0.72
19	Garry Temple Pty Ltd	15,993,750	0.72
20	Jensid Pty Ltd	15,000,000	0.67

(e) 20 Largest Optionholders – Options at 23 March 2018:

Rank	Name	Number of Shares Held	%
1	Peter N Henderson Pty Ltd	39,294,118	12.91
2	Mr John Henry Matterson	36,000,000	11.83
3	Neville Jeffery & Christine Grace Noble	20,000,000	6.57
4	Advanced Tactics SMSF Limited	15,900,000	5.23
5	Jensid Pty Ltd	15,000,000	4.93
6	HSBC Custody Nominees (Australia)	14,663,866	4.82
7	Timothy Hooker & Associates	12,000,000	3.94
8	Shipbark Pty Ltd	10,000,000	3.29
9	Peter Neil Henderson	10,000,000	3.29
10	Mr Carlos Goncalves	8,255,955	2.71
11	Mr Lamine Diouf	8,162,386	2.68
12	Mr Carlos Goncalves & Mrs Rita Goncalves	7,613,530	2.50
13	Mr Robert Barry Stuart	6,625,604	2.18
14	Mincore Pty Ltd	6,000,000	1.97
15	Mr Ian David Hagtharp & Mrs Linda Jane Lloyd	5,882,353	1.93

16	Mr David Kenneth Swan	5,294,119	1.74
17	Senegal Nominees SARL	5,144,051	1.69
18	Mr Paul Galbraith	4,999,831	1.64
19	Mr Harold Ignatius Williams	4,818,181	1.58
20	Mr Barry Lipscombe & Mrs Frances Lipscombe	4,553,999	1.50

2. TENEMENT SCHEDULE

Name on Permit	Joint Venture Partner and Permit Holder	Date Exploration/ Exploitation* Permits Granted/ Renewed	Joint Venture % held by Bassari
Moura	Sengold Mining NL	28.02.2016	70%
Sambarabougou – Makabingui	W.A.T.I.C	28.11.2016	70%