



Bassari Resources Limited
ACN 123 939 042

Half Year Report - 30 June 2018

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

Your Directors submit the consolidated financial statements for the half year ended 30 June 2018 and the independent auditor's review report thereon and report as follows:

Directors

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

Mr Alex Mackenzie (Executive Chairman)	(appointed April 2013)
Mr Philip Bruce (Non-Executive Director)	(appointed September 2013)
Mr Peter Spivey (Non-Executive Director)	(appointed May 2016)

Principal activities

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

Result and Review of Operations

The loss for the Consolidated Entity after providing for income tax for the period amounted to \$807,000 (30 June 2017: \$753,000). The detailed Review of Operations follows this Directors' Report.

Subsequent events

There have been no significant events that have occurred subsequent to 30 June 2018 that require disclosure in the half-year report.

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2017/91. The company is an entity to which the Legislative Instrument applies. Amounts in the directors' report have been rounded off in accordance with the Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 30 June 2018 is provided with this report.

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



Alex Mackenzie
Executive Chairman
Melbourne
30 August 2018

BASSARI RESOURCES LIMITED

ACN 123 939 042

REVIEW OF OPERATIONS FOR THE HALF YEAR ENDED 30 JUNE 2018

MAKABINGUI GOLD PROJECT

The Makabingui Gold Project has been prepared for the start of early development activities and, in conjunction with the engineering firm Mincore, Bassari has refined its project execution plan and started to secure the availability of people and resources required to commence the project development.

Further, the first phase of the Makabingui Gold Project development continues with preparation of mining related activities for the commencement of pit development.

Subsequent to the completion of the infill-drilling program in 2017 and the site visit by international mining consultants, Mining Plus of the UK, the following activities have commenced or are in preparation:

- Detailed geological interpretation for mine planning and geotechnical design
- Mine site surveying of the open pit waste dumps, haul road and infrastructure areas
- Identification of consultants for the detailed block modelling/pit optimisation, scheduling hydrology/hydrological and geotechnical design and mine contractor tender preparation.

Mining Plus will be involved in these and other geological and mining related activities that are necessary to take the Makabingui Gold Project into production.

In addition to development activities, the geological team have identified the potential to increase resources adjacent to the planned pits through geophysical surveys and drilling programs. Proposals are being compiled to test these alongside preparing for detailed pit planning and mine development.

To commence development, Makabingui Gold Operation SA, the newly incorporated operations company for the project, has appointed an international construction manager who arrived at site in July 2018, together with two consultants from Mincore, Bassari's mining engineering consultants, to continue the pre-development phase of work at the plant site.

The purpose of this work is to provide a detailed briefing of the project requirements to the relevant staff and to:

- Commence site layout preparation work, including plant access and security and safety issue
- Confirm the in-country capability for the provision of construction materials and services
- Plan all requirements for pre-works
- Confirm the development plan and timetable

In relation to the planning, significant progress has been made with the development of the Makabingui Gold Project following the commencement of work by the Project Construction Manager in conjunction with our engineering consultants, Mincore.

A detailed early works plan and budget has been completed comprising:

- Upgrades of
 - o Camp, kitchens and shelters
 - o Raw water requirements
 - o Roads
- Identification of skilled tradesmen required
- Mill feed plan using conveyors
- Maps completed re
 - o Water storage dam
 - o Roads and buildings
- Budget cost estimates

KONKOUTO NORTH

The recently completed shallow RC drilling program confirmed the continuity and extension of the two main mineralised structures at the company's Konkouto North gold project.

The drilling returned encouraging near surface gold intercepts with the main intercepts listed below.

- 3m @ 14.1 g/t Au from 0m (RCM205)
- 3m @ 14.0 g/t Au from 6m (RCM175)
- 3m @ 3.3 g/t Au from 12m (RCM128)
- 6m @ 1.9 g/t Au from 15m and 3m @ 3.3 g/t Au from 42m (RCM144)
- 6m @ 1.6 g/t Au from 0m (RCM139)
- 3m @ 2.9 g/t Au from 21m (RCM146)
- 6m @ 1.4 g/t Au from 18m (RCM148)
- 3m @ 1.3 g/t Au from 39m (RCM137)
- 3m @ 2.3 g/t Au from 24m (RCM199)
- 3m @ 1.8 g/t Au from 3m (RCM202)

The results confirm the strike continuity of the two main mineralised structures previously intersected by earlier RC drill holes and trenches. The western NNE mineralised structure has been extended over 460m strike and the NNW mineralised structure has been defined over 850m strike. These mineralised zones are characterised by oxidised quartz veins and veinlets in sheared sedimentary package intruded by mafic intrusive and felsic dykes.

These results have further highlighted the potential to delineate economic gold deposits within the Moura Permit.

A total of 5,131 metres in 105 shallow RC holes was completed. Composite samples at regular intervals of 3m were collected and sent to Actlabs in Burkina for gold analysis. The holes have been drilled to a maximum depth of 50m.

Following up the success of this shallow drilling program the company will now plan an RC drilling program to further delineate the potential of the Konkouto deposit.

CORPORATE

Capital raising

Placements during the half year of 150,067,822 rights issue shortfall ordinary shares at \$0.017 (1.7 cents) per each ordinary share to raise \$2.551 million before costs to provide working capital and funds to further progress the development phase of the Makabingui Gold Project.

Forward-Looking Statement

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

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

As lead auditor for the review of Bassari Resources Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 30 August 2018

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	Consolidated	
		30 June 2018 \$'000	30 June 2017 \$'000
Revenue from continuing operations		11	6
Corporate expenses		(230)	(265)
Employment and consultant costs		(305)	(326)
Occupancy costs		(106)	(115)
Travel and accommodation		(92)	(92)
Reversal of impairment		-	39
Share based payments		(85)	-
Loss from continuing operations before income tax		(807)	(753)
Income tax expense relating to continuing operations		-	-
Net loss for the period		(807)	(753)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss in the future</i>			
Exchange difference on translation of foreign operation		2,111	788
Other comprehensive income for the period net of income tax		2,111	788
Net loss for the period is attributable to:			
Non-controlling interest		(32)	-
Owners of Bassari Resources Limited		(775)	-
		(807)	753
Total comprehensive income (loss) for the year is attributable to:			
Non-controlling interest		(32)	-
Owners of Bassari Resources Limited		1,336	35
		1,304	35
Earnings per share for loss attributable to owners of Bassari Resources Limited			
Basic earnings per share (cents)		(0.04)	(0.04)
Diluted earnings per share (cents)		(0.04)	(0.04)

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

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	30 June 2018 \$'000	31 December 2017 \$'000
CURRENT ASSETS			
Cash and cash equivalents		1,238	1,091
Trade and other receivables		77	111
TOTAL CURRENT ASSETS		1,315	1,202
NON CURRENT ASSETS			
Property, plant and equipment		10	-
Exploration and evaluation assets	3	57,363	53,754
TOTAL NON-CURRENT ASSETS		57,373	53,754
TOTAL ASSETS		58,688	54,956
CURRENT LIABILITIES			
Trade and other payables		1,751	1,924
Financial liabilities		700	700
Provisions		78	76
TOTAL CURRENT LIABILITIES		2,529	2,700
TOTAL LIABILITIES		2,529	2,700
NET ASSETS		56,159	52,256
EQUITY			
Contributed equity	8	76,012	73,420
Reserves		5,436	3,325
Accumulated losses		(25,264)	(24,489)
Equity attributable to the owners of Bassari Resources Limited		56,184	52,256
Non-controlling interest		(25)	-
TOTAL EQUITY		56,159	52,256

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

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	68,571	1,411	(22,996)	-	46,986
Loss for the period	-	-	(753)	-	(753)
Other comprehensive income	-	788	-	-	788
Total comprehensive income for the period	-	788	(753)	-	35
Issue of ordinary shares and other equity instruments, net of costs	2,255	-	-	-	2,255
Equity portion of convertible notes	-	(25)	25	-	-
Share based payments	-	20	-	-	20
Transactions with owners as owners	2,255	(5)	25	-	2,275
Balance at 30 June 2017	70,826	2,194	(23,724)	-	49,296
Balance at 1 January 2018	73,420	3,325	(24,489)	-	52,256
Loss for the period	-	-	(775)	(32)	(807)
Other comprehensive income	-	2,111	-	-	2,111
Total comprehensive income for the period	-	2,111	(775)	(32)	1,304
Issue of ordinary shares and other equity instruments, net of costs	2,592	-	-	-	2,592
Non-controlling investment in subsidiary	-	-	-	7	7
Transactions with owners as owners	2,592	-	-	7	2,599
Balance at 30 June 2018	76,012	5,436	(25,264)	(25)	56,159

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

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$'000	30 June 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4	3
Payments to suppliers and employees		(785)	(1,064)
Interest received		7	3
		<hr/>	<hr/>
Net cash used in operating activities		(774)	(1,058)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and evaluation expenditure		(1,568)	(1,872)
Payments for purchase of property, plant and equipment		(10)	-
		<hr/>	<hr/>
Net cash used in investing activities		(1,578)	(1,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		2,551	2,383
Issue costs		(44)	(128)
Non-controlling interest		7	-
		<hr/>	<hr/>
Net cash provided by financing activities		2,514	2,255
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held		162	(675)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of financial period		1,091	1,044
Effects of changes in foreign exchange rates on cash held		(15)	140
		<hr/>	<hr/>
Cash and cash equivalents at end of financial period		1,238	509
		<hr/>	<hr/>

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 30 June 2018 has been prepared in accordance with the Corporations Act 2001 and International Financial Reporting Standard (“IAS”) 34 ‘Interim Financial Reporting’.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2017 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

(a) Adoption of New and Revised Accounting Standards

The Group has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2018 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

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

(b) Rounding Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Legislative Instrument 2017/91 and in accordance with that Legislative Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(c) Going Concern

The Group has incurred a net loss after tax of \$807,000 for the half year ended 30 June 2018 (2017: \$753,000) and had cash outflows from operating and investing activities of \$2,352,000 (2017: \$2,930,000). The directors are aware that to advance the Group’s exploration and Makabingui development activities over the next 12 months additional funding will be required. At 30 June 2018 the Group had cash reserves of \$1,238,000 (31 December 2017: \$1,091,000) and net current liabilities, being current assets less current liabilities, of \$1,214,000 (31 December 2017: \$1,498,000). The Group’s ability to continue as a going concern is therefore dependent on the raising of funds sufficient to meet the Group’s expenditure forecasts.

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

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2018

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

- The Group has advised that it has signed a term sheet with Coris Bank International for that bank to provide debt funding of US\$12 million for the development of the Makabingui Gold Project through to production and first gold sales. Directors are in negotiation to finalise formal loan documentation to secure this funding.
- The Directors have prepared cash flow budgets that include cash outflows for the Makabingui Gold Project that can be deferred wholly or in part if insufficient capital is raised to fund that activity.
- The Group has the ability to raise additional capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Group has a history of successfully raising funds.

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

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

NOTE 2 CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries with non-controlling interests in accordance with the Group's accounting policy:

Subsidiary entities consolidated	Country of Incorporation	Ownership interest	
		30 June 2018	31 December 2017
Bassari Resources SARL	Senegal	100%*	100%*
Bassari Equipment Pty Ltd	Australia	100%*	100%*
Bassari Mauritius Holdings Ltd	Mauritius	100%*+	100%*+
Bassari Mauritius Holdings No 2 Ltd	Mauritius	100%*+	100%*+
Bassari Mauritius Equipment Ltd	Mauritius	100%*+	100%*+

* The proportion of ownership interest is equal to the proportion of voting power held.

+ Companies incorporated in February 2010 have been dormant from incorporation.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the Group's accounting policy:

Subsidiary entities consolidated	Country of Incorporation	Principal activities	Ownership interest		Non-controlling ownership interest	
			30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Makabingui Gold Operation SA.	Senegal	Gold mining	63% #	-	37%	-
Douta Mining SA	Senegal	Dormant	63%*	-	37%	-

Makabingui Gold Operation SA was incorporated in Senegal in April 2018.

* Douta Mining SA incorporated in Senegal in 2011.

NOTE 3 EXPLORATION AND EVALUATION ASSETS

	30 June	31 December
	2018	2017
	\$'000	\$'000
Costs carried forward in respect of areas of interest at cost	53,754	48,384
Expenditure incurred during the period	1,425	3,510
Reversal of impairment	-	41
Exchange translation difference	2,184	1,819
Total exploration and evaluation expenditure	57,363	53,754

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

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

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

Impairment of exploration assets

The status of all permits was reviewed at 30 June 2018, and impairment considered. The Group's expenditure plans are focussed upon developing the mining permit at Makabingui and the development of the Moura prospect.

NOTE 4 SUBSEQUENT EVENTS

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2018 that require disclosure in the half year report.

NOTE 5 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since 31 December 2017, which was reported as follows:

Senegal tax assessment

Bassari Resources Senegal SARL, a subsidiary of Bassari Resources Limited, has been subject to a review in Senegal in relation to taxes payable in that country. A notification of tax adjustment was received in September 2015, followed by confirmation of tax adjustment received in November 2015, claiming an amount equivalent to \$A16.4 million. Bassari is of the opinion that tax claimed by the administration is not valid as it fails to take into account tax exemptions applicable to the company. The Company has received legal advice that as an exploration company, and according to joint venture agreements signed and approved by the Senegalese Minister of Mines, Bassari benefits from a total tax exemption under Senegalese mining legislation.

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

NOTE 6 COMMITMENTS FOR EXPENDITURE

(a) Capital Expenditure Commitments

The Company has no capital expenditure commitments.

(b) Exploration Commitments

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

Name on Permit	Joint Venture Partner and Permit Holder	Permit Renewal Date	Remaining Expenditure Commitment	Permit Last Renewed
Moura #	Sengold Mining NL	27 February 2016	-	28.02.2016

Exploitation permit applied for.

NOTE 7 SEGMENT INFORMATION

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

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

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2018

NOTE 8 CONTRIBUTED EQUITY

	30 June 2018	31 December 2017
	\$000	\$000
(a) Ordinary shares		
Paid-up capital 2,229,118,060 (31 December 2017: 2,000,418,908) fully paid ordinary shares	76,012	73,420

Movement in ordinary share capital	No.	\$'000
At 1 January 2018	2,000,418,908	73,420
Rights Issue at 1.7 cents #	73,631,330	-
Rights Issue shortfall at 1.7 cents	52,640,171	895
Rights Issue shortfall at 1.7 cents	4,476,472	76
Rights Issue shortfall at 1.7 cents	9,758,824	166
Rights Issue shortfall at 1.7 cents	13,824,412	235
Rights Issue shortfall at 1.7 cents	42,932,649	730
Rights Issue shortfall at 1.7 cents	25,000,000	425
Placement at 1.7 cents	1,435,294	24
Shares issued in lieu of services provided	5,000,000	85
Costs of issue		(44)
Total for the financial period	228,699,152	2,255
At 30 June 2018	2,229,118,060	76,012

Funds received and included 31-12-2017

Movement in share options	No.	\$'000
At 1 January 2018	-	-
Option placement	155,637,510	-
Option rights issue	52,640,171	-
Option rights issue shortfall	4,476,472	-
Option rights issue shortfall	9,758,824	-
Option rights issue shortfall	13,824,412	-
Option rights issue shortfall	42,932,649	-
Option rights issue shortfall	25,000,000	-
Total for the financial period	304,270,038	
At 30 June 2018	304,270,038	

As part of the rights issue one free attaching option was offered, along with 82,006,180 share options placed with sophisticated investors. All share options have an exercise price of \$0.034 (3.4 cents) per share and expire on 30 September 2019.

NOTE 9 RESERVES

	30 June 2018	31 December 2017
	\$000	\$000
Foreign currency translation reserve (a)	5,291	3,180
Performance rights reserve (b)	145	145
	5,436	3,325

(a) Foreign Currency Translation Reserve

Nature and purpose of reserve

This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operation's functional currency is different from the Group's presentation currency. During the period the Group recognised a foreign currency gain of \$2,111,000.

(b) 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, during the half-year it was resolved to award long term performance rights to key personnel of the Group, and performance rights were awarded to 18 officers of the Group. The performance rights were issued in two tranches and details were as follows:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/Other	Balance at the end of the year
31/5/2017	31/5/2020	\$0.060	-	22,000,000	-	-	22,000,000
31/5/2017	31/5/2020	\$0.060	-	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	3 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

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2018

NOTE 10 NON-CONTROLLING INTEREST

	30 June 2018 \$000	31 December 2017 \$000
Issued capital	7	-
Reserves	-	-
Accumulated losses	(32)	-
	(25)	-

The non-controlling interest in Makabingui Gold Operation SA is 37%. 27% is held by the project partner WATIC and 10% is held by the government of Senegal.

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2018

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Alex Mackenzie
Executive Chairman

Melbourne
30 August 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bassari Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Bassari Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 (c) 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim*



Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'James Mooney'. Above the signature is a stylized, handwritten version of the BDO logo.

James Mooney
Partner

Melbourne, 30 August 2018