



**Bassari Resources Limited**  
ACN 123 939 042

**Half Year Report - 30 June 2019**

Your Directors submit the consolidated financial statements for the half year ended 30 June 2019 and the independent auditor's review report thereon and report as follows:

### **Directors**

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

Mr Alex Mackenzie (Executive Chairman)	
Mr Peter Spivey (Non-Executive Director)	
Mr Ian Riley (Executive Director)	Appointed 26 June 2019
Mr Philip Bruce (Non-Executive Director)	Resigned 25 June 2019.

### **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, having completed permitting and funding requirements for its Makabingui Gold Project, are progressing toward production.

### **Result and Review of Operations**

The loss for the Group after providing for income tax for the period amounted to \$941,000 (30 June 2018: \$807,000). The Group raised \$7.8 million from loan financing for investment in further the Makabingui Gold Operation. The detailed Review of Operations follows this Directors' Report.

### **Subsequent events**

In September 2019 the Company issued 15,928,573 ordinary shares at \$0.014 (1.4 cents) per share, raising \$223,000 for additional working capital.

Other than the matter referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2019 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.

**BASSARI RESOURCES LIMITED**

**ACN 123 939 042**

**DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2019**

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**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 2019 is provided with this report.

This report is made in accordance with a resolution of the directors, pursuant to section 307(c) of the Corporations Act 2001.



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

Melbourne  
13 September 2019

## **BASSARI RESOURCES LIMITED**

**ACN 123 939 042**

**REVIEW OF OPERATIONS FOR THE HALF YEAR ENDED 30 JUNE 2019**

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### **MAKABINGUI GOLD PROJECT**

The Makabingui Gold Project is in the development phase and, in conjunction with the engineering firm Mincore, Bassari has refined its project execution plan and has secured people and resources required to commence the project development. Significant progress has been made to bring the Makabingui Gold Project into production. Activities include:

#### **Project funding**

Funding provided by Coris International Bank - Senegal, the project loan financier, has seen funds drawn down to 30 June 2019 approximate \$7.7 million.

#### **Equipment purchases**

Project financing provided has enabled significant equipment orders to be placed for production start-up.

Purchases include:

- Ball Mill
- Tertiary crusher
- Agitators
- Cyclones
- Screens
- Air compressors
- Magnets and metal detectors
- Elution, electrowinning, heaters and kilns
- Furnace and calcine ovens
- Bolted CIL tanks and welded tanks
- 60T mobile crane
- Fabricated steelworks

#### **Mine Plan**

The completion by the mining consultants, Mining Plus of the UK of the new mine design, which includes finalising the block modelling, pit optimisation, mine design and mine scheduling.

The new mine design recommends we commence mining with starter pit two (2) followed by pit one (1) in preference to the original plan of a large open pit one, two, three and four.

#### **Grade control drilling**

First pass grade control drill hole planning according to the new starter pits design was completed. The plan is to commence grade control drilling in August on a 10M x 10M pattern then reduce to a 10M x 5M pattern for evaluation. A drilling contractor has been selected and a contract is being finalised.

#### **Mine site preparation and mine layout**

Clearing of the mine permit boundary fence has been completed with the fencing 90% complete. Mine ROM pad and mine waste dump locations have been finalised with the haul road from the ROM pad to the channel also completed. In addition, important dam repairs have been completed.

**BASSARI RESOURCES LIMITED**  
**ACN 123 939 042**  
**REVIEW OF OPERATIONS FOR THE HALF YEAR ENDED 30 JUNE 2019**

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**Accommodation and access roads**

Security accommodation was completed for the 30 man security team. Camp extensions are continuing, increasing the current 120 person capacity at Douta camp by a further 20 places and upgrading and increasing the kitchen and laundry capacity.

Works have been completed on the development of the mine access road to the Douta village after approval by the Douta villagers.

**Plant and processing facilities construction**

- Clearing of the tailings dam storage facility area completed;
- Contractor for partial dismantling of gravity circuit has been agreed, with a purchase order placed for these works; and
- Power load estimations for the camp and processing plant generators have been finalised to allow purchase orders to be prepared.

**MOURA EXPLORATION**

**Konkouto and Konkouto Hill**

A drilling program has been designed to follow up mid 2018 drilling results with the aim of defining preliminary resource estimates at both prospects. Programs designed include 1,000 metres of diamond drilling and 3,500 metres of reverse circulation drilling.

**CORPORATE**

**Changes of Directors**

On 25 June 2019, Philip Bruce resigned as a director and Ian Riley was appointed to fill the vacancy.

**Change of Address**

The company moved office on 15 July 2019, and from this date the office address and principal place of business is:

Suite 1204  
Level 12, 530 Little Collins Street  
Melbourne Vic 3000  
Telephone: +61 3 9629 9925

*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.*

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF BASSARI RESOURCES LIMITED

As lead auditor for the review of Bassari Resources Limited for the half-year ended 30 June 2019, 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.

**BDO East Coast Partnership**



Wai Aw  
Partner

Melbourne, 13 September 2019

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Notes	Consolidated	
		30 June 2019 \$'000	30 June 2018 \$'000
<b>Revenue from continuing operations</b>		1	11
Corporate expenses		(197)	(230)
Employment and consultant costs		(601)	(305)
Occupancy costs		(57)	(106)
Travel and accommodation		(87)	(92)
Share based payments		-	(85)
<b>Loss from continuing operations before income tax</b>		<b>(941)</b>	<b>(807)</b>
Income tax expense relating to continuing operations		-	-
<b>Net loss for the period</b>		<b>(941)</b>	<b>(807)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss in the future</i>			
Exchange difference on translation of foreign operation		71	2,111
<b>Total other comprehensive income for the period net of income tax</b>		<b>71</b>	<b>2,111</b>
<b>Total comprehensive income</b>		<b>(870)</b>	<b>1,304</b>
<b>Net loss for the period is attributable to:</b>			
Non-controlling interest		(80)	(32)
Owners of Bassari Resources Limited		(861)	(775)
		<b>(941)</b>	<b>(807)</b>
<b>Total comprehensive income/(loss) for the period is attributable to:</b>			
Non-controlling interest		(79)	(32)
Owners of Bassari Resources Limited		(791)	1,336
		<b>(870)</b>	<b>1,304</b>
<b>Earnings per share for loss attributable to owners of the Bassari Resources Limited</b>			
Basic loss per share (cents)		(0.04)	(0.04)
Diluted loss per share (cents)		(0.04)	(0.04)

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

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	30 June 2019 \$'000	31 December 2018 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		521	86
Trade and other receivables		108	100
<b>TOTAL CURRENT ASSETS</b>		<b>629</b>	<b>186</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	2,304	8
Mine and development assets	4	59,708	-
Exploration and evaluation assets	5	5,967	61,223
<b>TOTAL NON-CURRENT ASSETS</b>		<b>67,979</b>	<b>61,231</b>
<b>TOTAL ASSETS</b>		<b>68,608</b>	<b>61,417</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,687	2,591
Financial liabilities	6	8,540	700
Provisions		100	97
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,327</b>	<b>3,388</b>
<b>TOTAL LIABILITIES</b>		<b>11,327</b>	<b>3,388</b>
<b>NET ASSETS</b>		<b>57,281</b>	<b>58,029</b>
<b>EQUITY</b>			
Contributed equity	11	77,153	77,153
Reserves	12	7,449	7,257
Accumulated losses		(27,248)	(26,387)
Equity attributable to the owners of Bassari Resources limited		57,354	58,023
Non-controlling interest	13	(73)	6
<b>TOTAL EQUITY</b>		<b>57,281</b>	<b>58,029</b>

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

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2018</b>	<b>73,420</b>	<b>3,325</b>	<b>(24,489)</b>	<b>-</b>	<b>52,256</b>
Loss for the period	-	-	(775)	(32)	(807)
Other comprehensive income	-	2,111	-	-	2,111
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,111</b>	<b>(775)</b>	<b>(32)</b>	<b>1,304</b>
Issue of ordinary shares and other equity instruments, net of costs	2,592	-	-	-	2,592
Non-controlling investment in subsidiary	-	-	-	7	7
<b>Transactions with owners as owners</b>	<b>2,592</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2,599</b>
<b>Balance at 30 June 2018</b>	<b>76,012</b>	<b>5,436</b>	<b>(25,264)</b>	<b>(25)</b>	<b>56,159</b>
<b>Balance at 1 January 2019</b>	<b>77,153</b>	<b>7,257</b>	<b>(26,387)</b>	<b>6</b>	<b>58,029</b>
Loss for the period	-	-	(861)	(80)	(941)
Other comprehensive income	-	70	-	1	71
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>70</b>	<b>(861)</b>	<b>(79)</b>	<b>(870)</b>
Issue of ordinary shares and other equity instruments, net of costs	-	-	-	-	-
Performance rights expense	-	122	-	-	122
<b>Transactions with owners as owners</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>
<b>Balance at 30 June 2019</b>	<b>77,153</b>	<b>7,449</b>	<b>(27,248)</b>	<b>(73)</b>	<b>57,281</b>

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

**BASSARI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Note	30 June 2019 \$'000	30 June 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1	4
Payments to suppliers and employees		(1,344)	(785)
Interest received		-	7
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(1,343)</b>	<b>(774)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capitalised exploration, evaluation and development expenditure		(3,857)	(1,568)
Payments for purchase of property, plant and equipment		(2,295)	(10)
Interest payments		(76)	-
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(6,228)</b>	<b>(1,578)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity securities		-	2,551
Issue costs		-	(44)
Proceeds from borrowings		7,840	-
Non-controlling interest		-	7
		<hr/>	<hr/>
<b>Net cash provided by financing activities</b>		<b>7,840</b>	<b>2,514</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents held</b>		<b>269</b>	<b>162</b>
		<hr/>	<hr/>
Cash and cash equivalents at beginning of financial period		86	1,091
Effects of changes in foreign exchange rates on cash held		166	(15)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of financial period</b>		<b>521</b>	<b>1,238</b>
		<hr/>	<hr/>

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

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation and accounting policies**

This general purpose financial report for the half year ended 30 June 2019 has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 '*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 2018 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2019 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 2019 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

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

**(b) Rounding Amounts**

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

**(c) Going Concern**

The Group has incurred a net loss after tax of \$941,000 for the half year ended 30 June 2019 (2018: \$807,000) and had cash outflows from operating and investing activities of \$7,571,000 (2018: \$2,352,000). 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 2019 the Group had cash reserves of \$521,000 (31 December 2018: \$86,000) and net current liabilities, being current assets less current liabilities, of \$10,698,000 (31 December 2018: \$3,202,000), including a loan liability due to Coris Bank of \$7.607 million. 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 Group's ability to continue as a going concern.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

- The Group has a funding arrangement with Coris Bank International for that bank to provide debt funding of up to Fcfa 7 billion (approximately US\$12 million) for the development of the Makabingui Gold Project through to production and first gold sales.
- The Directors have prepared cash flow budgets which include cash outflows for the Makabingui Gold Project which can be deferred wholly or in part if insufficient capital is raised to fund that activity.
- The Group has the ability to raise additional capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Group has a history of successfully raising funds.

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

Should the Group 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 Group 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 2019	31 December 2018
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 subsidiaries with non-controlling interests in accordance with the Group's accounting policy:

Subsidiary entities consolidated	Country of Incorporation	Principal activities	Ownership interest		Ownership interest	
			30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
Makabingui Gold Operation SA	Senegal	Gold mining	63% #	63%	27%	27%
Douta Mining SA	Senegal	Dormant	63% ^	63%	27%	27%

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

^ Douta Mining SA incorporated in Senegal in 2011.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**NOTE 3 PROPERTY PLANT AND EQUIPMENT**

	<b>Plant &amp; equipment</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
Opening balance	-	-	8	8
Additions	1,545	430	321	2,296
Disposals	-	-	-	-
Depreciation charged	-	-	-	-
Foreign exchange variance	-	-	-	-
Closing balance	<u>1,545</u>	<u>430</u>	<u>329</u>	<u>2,304</u>

During the period the Group has acquired assets, primarily plant and equipment and office equipment in relation to the development of the processing plant and mining operations. At the balance date these assets are not yet in use. The plant and equipment will be depreciated over the life of each separately identifiable piece of plant and equipment. Depreciation charges on newly acquired office equipment and motor vehicles are minimal.

**NOTE 4 MINING AND DEVELOPMENT ASSETS**

	<b>30 June 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
Costs carried forward in respect of areas of interest at cost	-	-
Expenditure incurred during the period	-	-
Transfer from exploration and evaluation assets	59,708	-
Exchange translation difference	-	-
<b>Total exploration and evaluation expenditure</b>	<u><b>59,708</b></u>	<u><b>-</b></u>

**Accounting policy**

Development expenditure incurred is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of the mine and the related infrastructure. The Makabingui Gold project has been operated previously under an exploration permit and is currently operating under an exploitation permit.

The development decision and the mining decision was effectively made at the same time, with some initial development and preparation work undertaken to confirm the operation. These costs were capitalised and all of the accumulated exploration costs classified into development assets. The assets will be transferred into mining assets when it has been deemed the mine is capable of operating in the manner intended by management. Development properties are tested for impairment in accordance with the policy of impairment of assets.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**NOTE 4 MINING AND DEVELOPMENT ASSETS (Cont'd)**

***Impairment of exploration assets***

The Group's decision to develop the mining assets were based upon the initial mining feasibility study prepared in 2014 and a further bankable feasibility study that was prepared in 2017. Both studies provided a positive project Net Present Value. The bankable feasibility study relied upon a number of assumptions that are subject to variation over the course of the project which will impact the nature of the project. The key assumptions underpinning the value of the project are as follows:

<b>Assumption</b>	<b>Value</b>	<b>Risk factors</b>	<b>Policy</b>
Gold production	174,375 oz	The quantity of gold recovered does not reach the identified reserve.	Highly selective mining technique, led by mining geologist.
Gold price	US\$1200	The price dips below the assumed price. The gold price at 30 June 2019 was US1410.10	Price used is conservative, no plans for hedging at date of report/
Project capital cost	US\$13 million	The capital costs are understated, or additional funding required for additional capital is not available.	Control of payments including lodging project budget with bank for funding purposes.
Production cost	\$678 per oz	Costs are understated or not controlled.	Management of mining contract costs and control of processing plant internally.
Processing rate	300,000 tonnes per annum	Processing under-utilisation resulting in increased costs per unit	Investment in processing plant and equipment, management of process.
Discount rate	7%	Cost of funding exceeds discount rate.	Monitoring of Internal rate of Return and cost of funding.

Based on the assumptions used in the original feasibility study the Net Present Value of the project to the Group is US\$62 million, equating to \$88.67 million at year end exchange rates. Since the preparation of the feasibility study a number of the assumptions that underpin the model will have been subject to change. At 30 June 2019 the gold price was US1,410 (up by US\$210 or 17.5%). In addition, the estimated project capital cost has been reduced to US\$12 million. The Group's cost of borrowing is 9%, so it is appropriate to use a 9% discount rate. The changes in these assumptions would both impact the estimated Net Present Value of the project. Given that the project's Net Present Value exceeds the carrying value of the asset by \$29 million, and that there are positive and negative changes, the directors do not expect the changes to impact the estimate of Net Present Value enough to require an impairment be recorded against the asset.

**NOTE 5 EXPLORATION AND EVALUATION ASSETS**

	<b>30 June 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
Costs carried forward in respect of areas of interest at cost	61,223	53,754
Expenditure incurred during the period	4,550	3,704
Transfer to mining and development assets	(59,708)	-
Exchange translation difference	(98)	3,765
<b>Total exploration and evaluation expenditure</b>	<b>5,967</b>	<b>61,223</b>

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

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

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**NOTE 5 EXPLORATION AND EVALUATION ASSETS (Cont'd)**

Whilst the projects are not currently generating cash flow, the Group is of the view that the permit 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 2019, and impairment considered. Whilst the Group's current focus is on the development of the Makabingui Gold Project, there remains a commitment to further exploring and developing the Moura exploration permit. As such, no impairment has been recorded against the Moura exploration permit.

**NOTE 6 FINANCIAL LIABILITIES**

	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank loan	7,607	-
Other loans	233	-
Convertible notes	700	700
<b>Financial liabilities</b>	<b>8,540</b>	<b>700</b>

The bank loan balance relates to the project facility arrangement between Makabingui Gold Operation SA ("MGO") and Coris Bank International Ltd. During the period MGO drew down Fcfa 3.08 billion (\$7.607 million converted at year end rates of XOF404.88 to \$1). The project financing facility available amounts to Fcfa 7 billion. The key terms of the loan are as follows:

<b>Total facility</b>	Fcfa 7billion (\$17.289 million at year end rates)
<b>Interest rates</b>	9% pa
<b>Repayment terms</b>	Repayable in 12 equal instalments of principal and interest after loan drawdown.
<b>Security</b>	Secured by mortgage over Sambarabougou Exploitation Permit and assets of Makabingui Gold Operations, SA.

Other Loans of \$233k relate to advances received from Senegal Nominees, a company incorporated in Senegal for the purpose of providing working capital. Alex MacKenzie, Chairman of Bassari Resources Limited, has a financial interest in Senegal Nominees. The loan is provided free of interest and is repayable upon demand of the provider.

**NOTE 7 SUBSEQUENT EVENTS**

In September 2019 the Company issued 15,928,573 ordinary shares at \$0.014 (1.4 cents) per share, raising \$223,000 for additional working capital.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2019 that require disclosure in the half year report.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**NOTE 8 CONTINGENT LIABILITIES**

Other than the change to the employee wrongful dismissal claim reported as a contingent liability at 31 December 2018 which has been settled in full, there has been no change in contingent liabilities since 31 December 2018, 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 \$A17.9 million. The amount notified was in relation to Value Added Tax ("VAT") and import duties on expenditures incurred in Senegal. Bassari is of the opinion that amount claimed by the administration is not valid as it fails to take into account exemptions from VAT and other taxes 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.

**(a) Capital Expenditure Commitments**

	<b>30 June 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
The Group has capital expenditure commitments for		
Plant and equipment	<b>3,541</b>	-

**(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 as the Group has applied for an exploitation permit. The application is pending.

<b>Name on Permit</b>	<b>Joint Venture Partner and Permit Holder</b>	<b>Permit Renewal Date</b>	<b>Remaining Expenditure Commitment</b>	<b>Commitment</b>
Moura #	Sengold Mining NL	27 February 2016	-	-

# Exploitation permit applied for.

**NOTE 10 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 2019**

**NOTE 11 CONTRIBUTED EQUITY**

	<b>30 June 2019 \$000</b>	<b>31 December 2018 \$000</b>
<b>Ordinary shares</b>		
Paid-up capital 2,287,293,060 (31 December 2018: 2,287,293,060) fully paid ordinary shares	<b>77,153</b>	<b>77,153</b>

**NOTE 12 RESERVES**

	<b>30 June 2019 \$000</b>	<b>31 December 2018 \$000</b>
Foreign currency translation reserve (a)	6,935	6,865
Performance rights reserve (b)	514	392
	<b>7,449</b>	<b>7,257</b>

**(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 \$70,000.

**(a) Performance Rights Reserve**

**Nature and purpose of reserve**

This reserve records the value of the performance rights issued by the Company, in accordance with the measurement requirements of AASB 9. In 2017 long term performance rights were awarded 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 period	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the period
31/5/2017	31/5/2020	\$0.00	22,000,000	-	-	-	22,000,000
31/5/2017	31/5/2020	\$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.

**BASSARI RESOURCES LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
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**NOTE 12 RESERVES (Cont'd)**

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:

<b>Input</b>	<b>Tranche 1</b>	<b>Tranche 2</b>
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

During the period an expense of \$122,000 was recorded in relation to performance rights.

**NOTE 13 NON-CONTROLLING INTEREST**

	<b>30 June 2019 \$000</b>	<b>31 December 2018 \$000</b>
Issued capital	7	7
Reserves	1	-
Accumulated losses	(81)	(32)
	<b>(73)</b>	<b>(25)</b>

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 2019**

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In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2019 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  
13 September 2019

## 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 2019, 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 2019 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 2019 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**

BDO  


Wai Aw

Partner

Melbourne, 13 September 2019