BASSARIRESOURCES

ANNUAL REPORT
31 DECEMBER 2019

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BASSARI RESOURCES LIMITED
ACN 123939042

CORPORATE DIRECTORY

Board of Directors
Alex Mackenzie, Executive Chairman
Ian Riley, Executive Director
Peter Spivey, Non-Executive Director

Company Secretary
Ian Riley

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Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne Vic 3008

Share Registry
Link Market Services
Tower 4, 727 Collins Street
Melbourne Vic 3008
Tel: 1300554474

Bankers
National Australia Bank
330 Collins Street
Melbourne Vic 3000

Solicitors
Quinert Rodda & Associates
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Melbourne Vic 3000

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

BASSARI RESOURCES LIMITED
ACN 123939042

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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 2019.

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)
Peter Spivey (Non-Executive Director)
Ian Riley (Executive Director), appointed 26 June 2019
Philip Bruce (Non-Executive Director), resigned 26 June 2019

Alexander Seaforth Mackenzie – appointed 12 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 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:	62,102,752
Interests in options:	Nil
Interest in performance rights:	4,000,000

Philip Francis Bruce BE (Mining) FAusIMM MAICD – appointed 9 September 2013 and resigned 26 June 2019.

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.

DIRECTORS' REPORT (cont'd)

Other current directorships:	Latrobe Magnesium Limited, Ora Gold Limited (appointed 1 March 2019)
Former directorships (last 3 years):	Hill End Gold Limited (resigned 21 December 2017)
Special responsibilities:	Mining and geological technical advice
Interests in shares:	43,331,990
Interests in options:	Nil
Interests in performance rights:	Nil

Peter Spivey BSc, Post Grad Diploma Extractive Metallurgy, GDAFI – appointed 18 May 2016

Peter is a successful mine developer and operator having started in the industry in 1981 in Australia. He is a metallurgist by background with postgraduate 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.

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 Placerdome 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 two 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

Ian Riley, FCA, Diploma Commerce, - appointed 26 June 2019

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 was also CFO and Company Secretary for a Shanghai based, Australian listed company in the merchant card business, prior to joining Bassari.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Management and financial
Interests in shares:	2,583,778
Interests in options:	Nil
Interests in performance rights:	4,000,000

DIRECTORS' REPORT (cont'd)

COMPANY SECRETARY

Ian Riley was appointed to the position of Company Secretary on 20 January 2010.

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 the Makabingui Gold Project on the Makabingui Gold Operation exploitation permit and to further progress exploration and resource definition within the permit areas of Moura and Makabingui, 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 feasibility study of its Makabingui Gold Project is moving to become a gold producer.

OPERATING RESULTS

The consolidated loss for the Group for the year amounted to $3.396 million (2018:$1.899 million).

FINANCIAL POSITION

The net assets of the consolidated entity have decreased by $2.637 million to $55.392 million at 31 December 2019 (2018: $58.029 million). The major movements were:

- Share issues during the year raised $1.239 million (net of costs);
- A loss arising on the translation of foreign operations of $0.671 million; and
- Loss from continuing operations of $3.396 million.

The consolidated entity had a working capital deficit, being current assets less current liabilities, of $17.827 million as at 31 December 2019 compared to $3.202 million at 31 December 2018.

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's exploitation permit, Makabingui, covers an area of 128 km² and the Moura exploration permit covers an area of approximately 184km² of the Birimian Gold Belt (Figure 1). Drilling to date has resulted in the discovery of substantial gold assets including a gold resource of one (1) million ounces (2018: 1 million ounces) *(Note 1)* at a grade of 2.6 g/t at Makabingui (ASX Announcement 26 June 2014 *https://www.asx.com.au/asxpdf/20140626/pdf/42qfzhy2t6nbqt.pdf*), with probable extensions to that deposit, particularly to the east.

Other highly prospective gold projects have been identified over a strike length of 60 kms including a 12 km strike at Makabingui South and strikes at Konkoutou North and Konkoutou Hill.

Makabingui Gold Project – Feasibility Study Results

Within the Makabingui gold resources of one million ounces, closer spaced drilling identified approximately 180,000 ounces of mineable near surface high-grade gold grading at an average of 5.6 g/t. As a result, a permit to mine the 180,000 ounces was granted by the Senegal government.

An independent bankable feasibility study* (ASX Announcement 6 September 2017 *https://www.asx.com.au/asxpdf/20170906/pdf/43m3pn0q5qxjyn.pdf*) highlighted that the mining of the near surface gold would produce net cash after costs of US$76.9 M ($A118 M) at a gold price of US$1,200 ounces.

Mine Development

During 2019 the Company has concentrated on bringing the near surface gold into production. This has involved a mine plan to mine the gold in four open cut pits, as follows:

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

The total of 180,000 ounces (2018: 180,000 ounces) *(Note 1)* of mined gold includes 22,000 ounces from Inferred Resources.

**Bassari confirms that all material assumptions underpinning the forecast financial information derived from the production target in the ASX announcement of 6 September 2017 continue to apply and have not materially changed.*

Note 1 The Makabingui gold resource and reserves estimates have been previously reported and the relevant market announcements cross referenced. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical data underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

During 2019, the development of the project has been significantly advanced. As the Company had previously constructed a 300,000 TPA gravity plant, mining camp, a 500 MG litre water dam, roads, etc., development work involved:

- The upgrade of the mining camp to house 114 personnel including the medical and mess facilities
- The increase of the security force to 40 personnel
- The commencement of the grade control and infill drilling at Pit one and two to enable final ore block modelling and final detailed mine planning
- Fencing of the mine area
- Completion of negotiations and contracts for:
    - Security
    - Sewerage plant
    - Building products
    - Aggregate, sand, reinforcing bar
    - Food and kitchen supplies
    - Fuel supply
    - Appointment of key personnel including a project manager, a construction manager, a specialised mine geologist and a professional surveyor
    - In early 2020, a mining contractor was appointed to mine the ore and to haul the ore from the mine site to the gold processing plant. The mining contractor will also supply all the mining equipment including excavators, bulldozers, haulage trucks, etc.

Mine Plan

The mine plan, based on a 2017 bankable feasibility study involves the mining of four open cut pits, commencing with Pits One and Two.

• Processing rate using our gravity mill	300,000 tons per year
• Gold production	174,375 ounces
• Revenue (using a gold price of US$1,200/oz)	US$209M
• Operating cost	US$120M
• Projected capital	US$12-13M
• Net cash	US$76.9M (A$116M)

Financial results

▪ NPV @ 8% real	US$62.2M
▪ IRR % (internal rate of return)	188.5%
▪ Operating margin	43%
▪ Cash production cost	US$678/oz

While the initial open pits are expected to 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 (ASX announcement 2 September 2014 https://www.asx.com.au/asxpdf/20140902/pdf/42ry7z0wzzc2nm.pdf):
(The Underground Scoping Study does not constitute an addition to the Ore Reserves referred to previously)

• 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

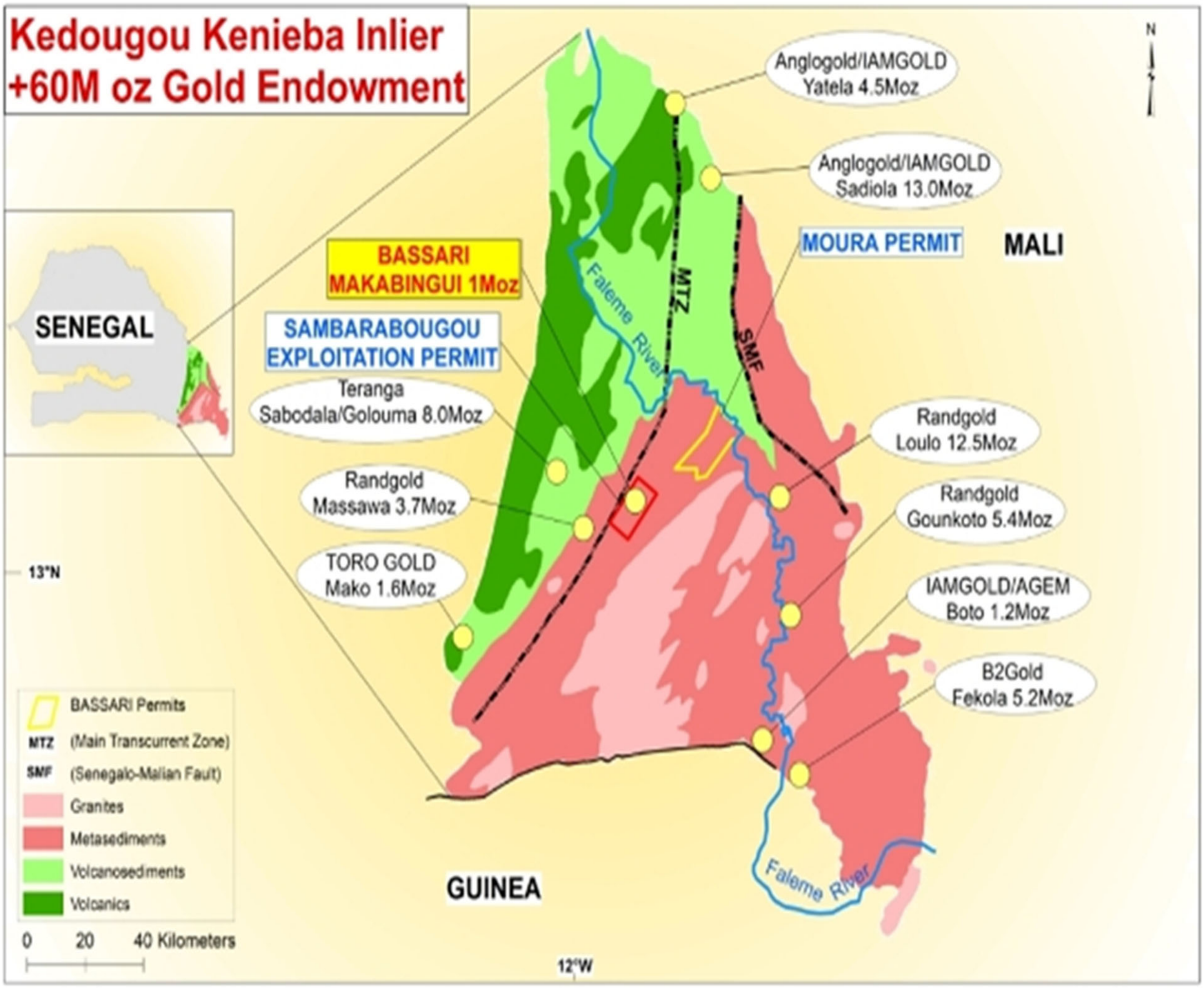

Figure 1 – Kedougou-Kenieba Inlier

Makabingui Gold Project most recent developments

Grade control drilling - Pit 2 (see ASX announcements 3 and 9 December 2019) – *(Note 2)*

- Grade control drilling of Pit 2 completed with 228 holes drilled for 5,325 metres.
- The most significant gold intersections returned are:
- 8m at 5.2 g/t Au from 31m
- 13m at 2.9 g/t Au from 0m
- 6m at 6.1 g/t Au from 29m
- 4m at 7.5 g/t Au from 16m
- 13m at 2.2 g/t Au from 23m
- 6m at 4.4 g/t Au from 23m
- 11m at 2.3 g/t Au from 15m
- 9 m at 8.6 g/t Au from 11 m
- 7 m at 6.1 g/t Au from 9 m
- 4 m at 8.1 g/t Au from 7 m
- 9 m at 3.3 g/t Au from 12 m

- Gold intersections above are between 0 metres and 31 metres from surface.
- Results show continuity of the mineralisation between the drilled sections and extending Pit 2 to the west, are open at depth and below the current pit design.

The mineralised lodes are controlled by NNE shear faults defined by tectonic and hydrothermal breccia structures highlighted in the main geological contact between metagabbro and metagraywacke. These shear faults are cross-cut by NNW faults, which increases dilation and fracturing for localising gold mineralisation.

Note 2 The further drilling results from Makabingui Pits 1 and 2 have been previously reported and the relevant market announcements cross referenced. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical data underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

Pit 2 grade control drilling

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

Grade control drilling - Pit 1 (see ASX announcement 29 January 2020) - *(Note 2)*

Subsequent to the end of the December quarter, the first batch of assays were received from the first pass pre-development grade control drilling (10m x 10m) of the high grading, 7.5 g/t Au mineable Pit 1 of 110,000 oz.

Major gold intersections from first stage close to surface drilling at Pit 1 are:

- 1m at 14.2g/t Au from 19m
- 2m at 4.7 g/t Au from 0m
- 2m at 4.6 g/t Au from 11m
- 2m at 2.9 g/t Au from 0m
- 1m at 10.5 g/t Au from 0m
- 2m at 9.7 g/t Au from 10m
- 1m at 10.2 g/t Au from 19m
- 1m at 25.5 g/t au from 19m
- 4m at 2.6 g/t Au from 2m
- 13m at 2.5g/t Au from 0m including 1m@16.8 g/t Au
- 1m at 17.5 g/t Au from 1m
- 2m at 5.2 g/t Au from 1m

Equipment purchases
Major equipment components of the processing plant have been constructed and items shipped to site, including Ball Mills x 2 and agitators, with other items nearing completion and shipment.

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

Pre-production works

Numerous works have been undertaken and completed including upgrades to the medical clinic, extension of the mess facility, increasing the housing capacity at camp by the construction of new quarters and the workshop area upgrade has also been completed. These works at the camp and plant facility are in addition to the works carried out on haul roads, mine ROM pad and mine waste dump locations and security fencing of the mine area.

Haul road

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

ROM pad

REVIEW OF OPERATIONS (cont'd)

Camp construction
Camp accommodation has been increased to accommodate 172 persons.

New accommodation block

ENVIRONMENTAL & SOCIAL IMPACT ASSESSMENT

We acknowledge and are encouraged by the ongoing support provided by the government departments involved throughout the assessment process.

FACTORS AND BUSINESS RISKS AFFECTING FUTURE BUSINESS DEVELOPMENT

The following factors and business risks have a material impact on the Company's success in delivering its strategy:

Access to funding

The Company's ability to successfully develop its projects is contingent on the ability to fund the projects from operating cash flows or through affordable debt and equity raisings.

Exchange rates

The Company is exposed to changes in the US dollar (USD) and the West African franc (FCFA). The Company's CAPEX and OPEX costs will be primarily be denominated in both currencies.

CORPORATE

Director and management changes

During the financial year, Mr Philip Bruce resigned his position as a director of the company and Mr Ian Riley was appointed to fill the resulting casual vacancy.

Capital raising

Placements during the year of 59,928,573 ordinary shares at $0.014 (1.4 cents) per each ordinary share to raise $0.839 million before costs and 28,333,334 ordinary shares at $0.015 (1.5 cents) per each ordinary share to raise $0.425 million before costs to provide working capital and funds to further progress the development phase of the Makabingui Gold Project.

Further placements subsequent to the year end of 43,300,666 ordinary shares at $0.015 (1.5 cents) per each ordinary share have raised $0.65 million before costs to provide further working capital.

DIVIDENDS

During the financial year, no dividends were paid (2018: $Nil). The Directors have not recommended the payment of a dividend.

SHARES

At the date of this report 2,418,855,633 ordinary shares were on issue.

SHARE OPTIONS

At the date of this report, there were no 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

Subsequent to the year end the Company completed the following transactions:

- On 29 January 2020, the Company announced the issue of 12,199,998 fully paid ordinary shares at 1.5 cents per share, raising $183,000 before costs to meet working capital requirements
- On 25 February 2020 the Company announced that Makabingui Gold Operations had appointed Junction Contract Mining SARL as contract miners to the gold project. Agreement was reached with a Caterpillar dealer for the supply of mining equipment to facilitate the mining operation.
- On 19 March 2020 the Company announced the issue of 31,100,668 fully paid ordinary shares at 1.5 cents per share, raising $466,510 before costs to meet working capital requirements.

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and the respective Government actions to reduce the spread of the virus.

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation (WHO"). Subsequently, on 11 March 2020, WHO characterises COVID-19 as a pandemic affecting worldwide.

- As this declaration was made after the reporting period, the Group believes it constitutes a "Non-Adjusting Subsequent Event" as defined in AASB 110 Events after the Reporting Period.
- The Group will continue to monitor the impact of COVID-19 but at the date of this report it is too early to determine the full impact this virus may have on the Group. Therefore, at the date of signing the financial report the Group is unable to determine what financial effects the outbreak of the virus could have on the Group in the coming financial period.
- No financial effects arising from the economic impacts of the virus have been included in the financial results for the year ended 31 December 2019.
- Should this emerging macro-economic risk continue for a prolonged period, there could be potentially adverse financial impact to the Group, including delayed path to production and its impact on profitability and cash flows.

Other than the matters referred to above, 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.

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 2019 and the number of meetings attended by each director was:

DIRECTORS' REPORT (cont'd)

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
A S Mackenzie	5	5	5
P F Bruce	1	1	1
P Spivey	5	5	5
Ian Riley	4	4	4

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 a 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 Audit Pty Ltd the Company's auditor, has not provided any other services in addition to their statutory duties. Details of amounts paid or payable are as follows:

	2019 $	2018 $
Audit or review of financial reports of the entity		
BDO Audit Pty Ltd	**57,841**	46,240
Firms not related to the lead auditor		
Audit services	**15,202**	13,965
Total remuneration	**73,043**	60,205

Effective 23 December 2019 the previous auditor, BDO East Coast Partnership resigned as auditor and BDO Audit Pty Ltd was appointed as the Company's new auditor. The appointment of BDO Audit Pty Ltd will be ratified at the next AGM.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the *Corporations Act* 2001 is included on page 28 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 on the Moura permit as described in the Review of Operations.

DIRECTORS' REPORT (cont'd)

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 periodic 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.

Remuneration Structure

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

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.

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.

AUDITED REMUNERATION REPORT (cont'd)

In the 31 December 2019 financial year, no new share based payments in the form of options over ordinary shares were granted under the LTI plan to directors. There are currently 40 million performance rights 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 2019 year no payments were made (2018: $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.

DIRECTORS' REPORT (cont'd)

AUDITED REMUNERATION REPORT (cont'd)

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 over ordinary shares. In the 31 December 2019 financial year (2018: Nil), no new share based payments in the form of options over ordinary shares or performance rights were granted under the LTI plan to executives.

In the 2017 financial year LTI grants to executives were 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 2017 financial 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.

Key Management Personnel – Directors and Executives

Name	Position Held
Alexander S Mackenzie	Executive Chairman
Peter Spivey	Non-Executive Director
Ian Riley	Executive Director, Company Secretary/CFO (appointed 26 June 2019)
Philip F Bruce	Non-Executive Director (resigned 26 June 2019)

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 $225,000 per annum. The contract which can be terminated by either party with one month's notice, provides for renewal for further terms 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 2019 Annual General Meeting ('AGM')

At the 31 May 2019 AGM, 85.06% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. 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 2019

	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)	20,444	-	-	-	-	-	-	-	20,444	-
P Spivey (ii)	128,128	-	-	-	-	-	18,089	12.4	146,217	12.4
Subtotal non-executive directors	**148,572**	**-**	**-**	**-**	**-**	**-**	**18,089**		**166,661**	
Executive directors										
A S Mackenzie (iii)	205,695	-	-	-	-	-	18,089	8.1	223,784	8.1
I Riley (iv)	245,556	-	-	-	-	-	18,089	6.9	263,645	6.9
Subtotal executive Directors	**451,251**	**-**	**-**	**-**	**-**	**-**	**36,178**		**487,429**	
Total Directors	**599,823**	**-**	**-**	**-**	**-**	**-**	**54,267**		**654,090**	
Total Non-Director key management	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	
Total key management	**599,823**	**-**	**-**	**-**	**-**	**-**	**54,267**		**654,090**	

(i) Remuneration includes Director's fees at the rate of $40,000per annum up to the date of resignation, 26 June 2019, $20,444.

(ii) Remuneration includes Director's fee of $40,000 and consulting fees of $88,128 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 $145,695 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.

(iv) Remuneration includes Director's fees at the rate of $40,000 per annum from the date of appointment, 26 June 2019, to the end of the financial year, $20,556.Fees of $225,000 are paid for services provided as CFO and Company Secretary at the rate of $225,000 per annum.

Remuneration for the year ended 31 December 2018

	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)	51,260	-	-	-	-	-	25,436	33.2	76,696	33.2
P Spivey (ii)	100,687						25,436	20.2	126,123	20.2
Subtotal non-executive directors	151,947	-	-	-	-	-	50,872		202,819	
Executive directors										
A S Mackenzie (iii)	250,355	-	-	-	-	-	25,436	9.2	275,791	9.2
Subtotal executive Directors	250,355	-	-	-	-	-	25,436		275,791	
Total Directors	402,302	-	-	-	-	-	76,308		478,610	
Non-Director key management										
I D Riley (iv)	201,667	-	-	-	-	-	25,436	11.2	227,103	11.2
Total Non-Director key management	201,667	-	-	-	-	-	25,436		227,103	
Total key management	603,969	-	-	-	-	-	101,744		705,713	

(i) Remuneration includes Director's fee of $40,000 an consulting fees of $11,260 are paid to PF Bruce & Associates, an entity in which P Bruce holds a financial interest, for consulting services provided on normal terms and conditions.

(ii) Remuneration includes Director's fee of $40,000 and consulting fees of $60,687 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 $190,355, 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.

(iv) Fees are paid for services provided as CFO and Company Secretary at the rate of $225,000 per annum.

In the Remuneration Report of the 2018 Financial Report, the performance rights that comprise the share-based payments expense of $101,744 was incorrectly disclosed as $88,932. This has been corrected in this year's Remuneration Report.

DIRECTORS' REPORT (cont'd)

- **Options and Rights Holdings**

  No options or rights were acquired by Directors and key management personnel during 2019. No options were held directly, indirectly or beneficially by company directors and key management personnel at any time during the 2019 and 2018 financial years other than performance rights granted in 2017 and options acquired in 2018 pursuant to a Rights Issue in that year. During the 2017 financial year performance rights were granted to company directors and KMP in two tranches. Each director received two tranches of 2,000,000 performance rights each.

2019	Balance as at 1 January 2019	Received as Remuneration	Options and rights Exercised	Net Change Other	Balance as at 31 December 2019
Directors					
A S Mackenzie (ii)	9,144,051	-	-	(5,144,051)	4,000,000
P Spivey	4,000,000	-	-	-	4,000,000
P Bruce (i), (ii)	5,764,706	-	-	(5,764,706)	-
I Riley (ii)	4,150,000	-	-	(150,000)	4,000,000
TOTAL	23,058,757	**-**	**-**	(11,058,757)	12,000,000

(i) Philip Bruce resigned during the year forfeiting Rights held.
(ii) Options expired, unexercised on 30 September 2019.

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

2019	Balance as at 1 January 2019	Received as Remuneration	Options Exercised	Net Change Other	Balance as at 31 December 2019
Directors					
A S Mackenzie	62,102,752	-	-	-	62,102,752
P Spivey	106,666	-	-	-	106,666
P Bruce (i)	43,331,990	-	-	(43,331,990)	-
I Riley	2,583,778	-	-	-	2,583,778
TOTAL	108,125,186	**-**	**-**	(43,331,990)	64,793,196

(i) Philip Bruce resigned during the year.

Remuneration Options and Performance Rights

No options or rights were granted for the year ended 31 December 2019 (2018: Nil).

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

DIRECTORS' REPORT (cont'd)

Additional Information

The earnings of the consolidated entity for the five years to 31 December 2019 are summarised below:

	31 Dec 2019 $000	31 Dec 2018 $000	31 Dec 2017 $000	31 Dec 2016 $000	31 Dec 2015 $000
Revenue	1	14	7	17	21
Total loss before income tax	(3,329)	(1,899)	(1,493)	(3,859)	(1,337)
Total loss after income tax	(3,329)	(1,899)	(1,493)	(3,859)	(1337)

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

Share price at financial year end $	0.015	0.018	0.014	0.034	0.014
Basic earnings per share (cents per share)	(0.11)	(0.09)	(0.08)	(0.23)	(0.08)

End of Audited Remuneration Report

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 Class Order 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, 16 April 2020

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Melbourne VIC 3008
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Australia

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

As lead auditor for the audit of Bassari Resources Limited for the year ended 31 December 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 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.

BDO Audit Pty Ltd

Wai Aw
Director

Melbourne, 16 April 2020

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $'000	2018 $'000
Revenue from continuing operations		1	14
Corporate expenses		(882)	(508)
Employment and consultant costs	12	(1,354)	(903)
Occupancy costs		(394)	(207)
Travel and accommodation		(403)	(209)
Depreciation of non-current assets		(141)	(2)
Other expenses		(191)	-
Finance costs		(32)	(84)
Loss from continuing operations before income tax		**(3,396)**	**(1,899)**
Income tax expense relating to continuing operations	13	-	-
Loss from continuing operations		**(3,396)**	**(1,899)**
Other comprehensive Income			
Items that may be reclassified to profit or loss in the future			
Exchange difference on translation of foreign operations		(671)	3,685
Other comprehensive income for the year net of income tax		(671)	3,685
Total comprehensive income for the year		**(4,067)**	**1,786**
Net loss for the year is attributable to:			
Owners of Bassari Resources Limited		(2,604)	(1,898)
Non-controlling interest		(792)	(1)
		(3,396)	(1,899)
Total comprehensive income for the year is attributable to:			
Owners of Bassari Resources Limited		(3,269)	1,787
Non-controlling interest		(798)	(1)
		(4,067)	1,786
Earnings per share for loss from continuing operations attributable to the owners of Bassari Resources Limited			
Basic loss per share (cents)	15	(0.11)	(0.09)
Diluted loss per share (cents)	15	(0.11)	(0.09)

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 2019

	Notes	2019 $'000	2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	2	755	86
Trade and other receivables	6	131	100
TOTAL CURRENT ASSETS		**886**	**186**
NON-CURRENT ASSETS			
Property, plant and equipment	5	999	8
Mining and development assets	3	69,699	-
Exploration and evaluation assets	4	5,993	61,223
TOTAL NON-CURRENT ASSETS		**76,691**	**61,231**
TOTAL ASSETS		**77,577**	**61,417**
CURRENT LIABILITIES			
Trade and other payables	7	5,060	2,591
Financial liabilities	8	13,207	700
Provisions	9	446	97
TOTAL CURRENT LIABILITIES		**18,713**	**3,388**
NON-CURRENT LIABILITIES			
Financial liabilities	8	2,984	-
Provisions	10	488	-
TOTAL NON-CURRENT LIABILITIES		3,472	-
-			
TOTAL LIABILITIES		**22,185**	**3,388**
NET ASSETS		**55,392**	**58,029**
EQUITY			
Contributed equity	11	78,392	77,153
Reserves	12	6,783	7,257
Accumulated losses		(28,991)	(26,387)
Equity attributable to the owners of Bassari Resources Limited		56,184	58,023
Non-controlling interest		(792)	6
TOTAL EQUITY		**55,392**	**58,029**

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 2019

	Note	Contributed Equity $'000	Reserve $'000	Accumulated Losses $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2018		**73,420**	**3,325**	**(24,489)**	**-**	**52,256**
Loss for the year		-	-	(1,898)	(1)	(1,899)
Other comprehensive income		-	3,685	-	-	3,685
Total comprehensive income for the year		**-**	**3,685**	**(1,898)**	**(1)**	**1,786**
Issue of ordinary shares and other equity instruments net of transaction costs	11	3,648	-	-	-	3,648
Non-controlling investment in subsidiary		-	-	-	7	7
Share based payments – performance rights	12	85	247	-	-	332
Transactions with owners as owners		**3,733**	**247**	**-**	**7**	**3,987**
Balance at 31 December 2018		**77,153**	**7,257**	**(26,387)**	**6**	**58,029**
Loss for the year		-	-	(2,604)	(792)	(3,396)
Other comprehensive income		-	(665)	-	(6)	(671)
Total comprehensive income for the year		**-**	**(665)**	**(2,604)**	**(798)**	**(4,067)**
Issue of ordinary shares and other equity instruments net of transaction costs	11	1,239	-	-	-	1,239
Share based payments – performance rights	12	-	191	-	-	191
Transactions with owners as owners		**1,239**	**191**	**-**	**-**	**1,430**
Balance at 31 December 2019		**78,392**	**6,783**	**(28,991)**	**(792)**	**55,392**

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 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**-**	4
Payments to suppliers and employees		**(3,365)**	(1,207)
Interest received		**1**	10
Finance costs paid		**(4)**	-
Net cash used in operating activities	2	**(3,368)**	(1,193)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,131)**	(10)
Payments for mining and development assets		**(6,434)**	-
Payments for capitalised exploration and evaluation expenditure		**(4,357)**	(3,476)
Net cash used in investing activities		**(11,922)**	(3,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Investment in non-controlling interest		**-**	7
Proceeds from issue of equity securities		**1,264**	3,715
Share Issue costs		**(25)**	(67)
Proceeds from borrowings		**14,684**	-
Repayments of borrowings		**(1,623)**	-
Net cash provided by financing activities		**14,300**	3,655
Net decrease in cash and cash equivalents held		**(990)**	(1,024)
Cash and cash equivalents at beginning of financial year		**86**	1,091
Effects of changes in foreign exchange rates on cash held		**188**	19
Cash and cash equivalents at end of financial year	2	**(716)**	86

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 2019

1. GENERAL INFORMATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001 as appropriate for profit oriented entities.

The financial statements cover Bassari Resources Limited and controlled entities as a consolidated entity for the financial year ended 31 December 2019. 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 19.

The financial statements were authorized for issue by the Directors on April 2020.

The financial report is presented in Australian dollars.

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 2019, the Group made a loss after taxation of $3,396,000, had net cash outflows from operating activities of $3,368,000 and net cash outflows from investment activities of $11,922,000. At 31 December 2019, the Group had net current liabilities of $17,827,000 and reported cash and cash equivalents of $755,000 and financial liabilities of $15,833,000. Current liabilities in relation to financial liabilities amount to $13,207,000 and, with interest included, scheduled payments over the 12 months from the reporting date amount to $13,838,769.

In order to meet its obligations over the next twelve months, as well as its operational expenditure commitments, and continue as a going concern the Group is dependent upon the future successful raising of necessary funding through debt or equity and the successful development and exploitation of the Makabingui Gold Project. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Management has prepared cash flow projections for a period of twelve months from the date of approval of the financial report. Forecast cash inflows include funding from debt instruments, equity issues and revenues from Makabingui Gold operation production. In particular, the Group is examining the following options for funding:

- Negotiating an extension of FCFA 1 billion ($2.5 million) onto the current bank funding of FCFA 1 billion having secured a letter of offer from the bank. The Group will continue to negotiate the terms of the funding, including repayment dates and amounts.
- Directors in Senegal have also opened discussions with two banks in Senegal who have expressed a view that they would like to be financially involved in funding the Makabingui Gold Project. These two banks are in addition to approaches made in Australia, by a substantial Australian bank and funder of significant infrastructure projects, to Bassari's Chairman. The expressions of interest made were for a re-financing of the current debt funding arrangement.
- Bassari's Chairman and local management in Senegal have commenced discussions with the current debt finance provider to the project (Coris bank), to re-schedule and defer repayment dates of the existing facility.
- Pursuing an investment of up to US$1 million with private equity investors. Directors are currently negotiating with parties in Senegal and in Australia for funding for a further $3-5 million for ongoing working capital.
- Further equity raisings to fund project development and working capital. The amount and timing will depend upon a number of variables, including, but not limited to, the success or

otherwise of the matters noted above. The Directors will keep all options open in terms of the nature of the capital raisings including share placements, share purchase plan or rights issue.

Going Concern (continued)

- Commencement of gold production to generate revenues to fund operations and loan repayments. The timing and extent of any production will be impacted by the nature and extent of restrictions placed upon commerce, workplaces and import and export of goods by the Senegal government in response to the COVID-19 pandemic.

Whilst there is no certainty that additional funding will be available to provide adequate working capital for the Group to achieve its planned objectives, the directors believe that the Group will be able to secure funding sufficient to meet requirements to continue as a going concern based on the Group's historical success of raising capital. The form, value and timing of any future transactions that may provide funding is yet to be determined and will depend, amongst other things, on capital markets, commodity prices and the success of the development of the mining assets.

Prevailing market conditions are particularly volatile as a result of the global impact of the COVID-19 declared pandemic. The extent and the duration of the impact remains uncertain. The ability of the Group to raise future funding and to commence mining and processing operations in this environment also represents a material uncertainty.

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, and are confident that the Group will achieve the necessary funding and commence mining activities and production to meet the Group's financial requirements over the next 12 months.

On the basis that sufficient funding is expected to be raised and the commencement of production will produce revenues 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 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 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 Group 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. 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 2019, and the comparative information presented in these financial statements for the year ended 31 December 2018.

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 Group controls an entity when the Group 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 Group 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 is 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) Rounding Amounts

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

(e) Use of judgements and estimates

In preparing the consolidated financial statements management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which these estimates are revised and in any future periods affected.

(a) Judgments

Information about judgments made in applying the accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 Mining and development assets
- Note 4 Exploration and evaluation assets
- Note 10 Provisions

(b) Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 December 2019 is included in Notes 3 and 4.

The Group is required to make estimates and assumptions as to the future events and circumstances, in particular, whether successful development and commercialisation of the Moura exploration and evaluation permit, and of the Makabingui Gold Project mining and development asset, will be achieved. Critical to the assessments are estimates of ore reserves, the timing of estimated cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the recoverability of ore reserves becomes available, may impact assessment of the recoverable amount of both the Moura and Makabingui projects. If information becomes available suggesting that the recovery of expenditures capitalised is unlikely, the relevant capitalised amount will be impaired and written off to profit or loss in the period in which the information becomes available.

2. CASH AND CASH EQUIVALENTS

	2019 $000	2018 $000
Cash at bank and on hand	**755**	86

Cash at banks bear floating interest rates between 1% and 0% p.a. (2018: 1% and 0% p.a.).

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, 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.

2. CASH AND CASH EQUIVALENTS (Cont'd)

Cash flow information

	2019 $'000	2018 $'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	755	86
Overdraft (*note 8)*	(1,471)	-
	(716)	86
Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(3,396)	(1,899)
Non cash flows in loss		
Depreciation	141	2
Share based payments	191	247
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(31)	10
(Decrease)/Increase in trade payables	(622)	426
Increase in provisions	349	21
Cash flows used in operations	**(3,368)**	**(1,193)**

3. MINING AND DEVELOPMENT ASSETS

	2019 $'000	2018 $'000
Costs carried forward in respect of areas of interest at cost	-	-
Expenditure incurred during the period	10,262	-
Transfer from exploration and evaluation assets	60,196	-
Exchange translation difference	(759)	
Total mining and development assets	**69,699**	**-**

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. Mining and development assets are tested for impairment in accordance with the policy of impairment of assets.

3. MINING AND DEVELOPMENT ASSETS (cont'd)

Accounting policy – Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. Any assets that are not yet amortised at the reporting or have yet to be brought into use are tested for impairment.

When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Profit or Loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Critical accounting estimates, assumptions and judgements

Impairment of mining and development assets

The Group's decision to develop the mining assets was based upon the initial mining feasibility study prepared in 2014 and a further bankable feasibility study, prepared by Mincore Pty Ltd, 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:

Assumption	Value	Risk factors	Policy
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 31 December 2019 was US$1514.75.	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.

3. MINING AND DEVELOPMENT ASSETS (Cont'd)

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 31 December 2019 the gold price was US$1,515 (up by US$315 or 26.25%). At the same time, 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. The directors are satisfied that the impact of the increase of the gold price on the estimated Net Present Value of the project far outweighs any negative impacts from the increase in the discount rate and therefore no impairment is recorded against the asset.

4. EXPLORATION AND EVALUATION ASSETS

	2019 $'000	2018 $'000
Costs carried forward in respect of areas of interest at cost	61,223	53,754
Expenditure incurred during the year	5,093	3,704
Transfer to mining and development assets	(60,196)	-
Exchange translation difference	(127)	3,765
Total exploration and evaluation expenditure	**5,993**	**61,223**

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.

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.

Exploration expenditure on areas of interest where the decision to develop mining operations has been taken is transferred to Mining and Development Assets. The expenditure is tested for impairment at the date of transfer, and then accounted for in accordance with accounting policies applying to the relevant assets. The decision to develop mining operations at the Makabingui Gold Operation was taken upon receipt of an exploitation permit, with reference to previous feasibility studies and the development of a mining plan.

Costs of site restoration are not provided for at the exploration stage, being met for each site as exploration progresses and are included in exploration and evaluation expenditure at each relevant stage.

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.

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

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 permit costs comprise costs incurred to secure permits in Senegal.

Whilst the project is not currently generating cash flow, the Company is of the view 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.

Status of Bassari Resources Senegal SARL

The Moura permit is held by Sengold Mining NL ("Sengold"), a Senegalese company. The Group holds an interest in the permit via an agreement Bassari Resources Senegal SARL (Bassari Senegal) has with Sengold to fund all exploration and evaluation expenditure. As a result of its operations Bassari Senegal has accumulated losses in excess of its issued capital. This is in breach of local company regulations. This implication of this breach is it poses a potential risk to the Group's interest in the Moura permit.

The Directors have considered the breach and understand the risk to the Group's interest in the permit. However, it is the Directors' judgement that the risk is remote and that Bassari Senegal is not at immediate risk of losing this permit. It is anticipated that once the Senegal Minister for Mines approves the exploitation permit, or otherwise, the agreement will take on a new structure and the Group's interest in the permit will be defined more formally.

Impairment of exploration assets

The status of the Moura permit was reviewed at 31 December 2019, and impairment considered. The Group's expenditure plans include further exploration and development of the Moura prospect to advance to a mining exploitation permit, already applied for. The Directors are satisfied there are no indicators of impairment per AASB 6 as at 31 December 2019.

Exploration Commitments

The Company has no commitment for expenditure on this tenement after an exploitation permit was applied for on 27 December 2016, however the Group has budgeted for expenditure of US557,000 to continue to progress the project.

Name on Permit	Joint Venture Partner and Permit Holder	Remaining Expenditure Commitment	3-Year Expenditure Commitment	Permit last renewed
Moura	Sengold Mining NL	US$ Nil	US$ Nil	28 February 2016

5. PROPERTY PLANT AND EQUIPMENT

	2019 $'000	2018 $'000
Plant and equipment at cost	6,822	6,864
Less Accumulated depreciation	(6,822)	(6,864)
	-	-
Camp assets at cost	228	64
Less Accumulated depreciation	(72)	(64)
	156	-
Motor vehicles at cost	1,525	1,218
Less Accumulated depreciation	(1,244)	(1,210)
	281	8
Furniture and fittings at cost	201	162
Less Accumulated depreciation	(167)	(162)
	34	-
Computer equipment at cost	96	28
Less Accumulated depreciation	(37)	(28)
	59	-
Computer software at cost	542	-
Less Accumulated depreciation	(73)	-
	469	-
	999	**8**

2019	**Plant & equipment**	**Camp assets**	**Motor vehicles**	**Furniture & fittings**	**Computer equipment**	**Computer software**	**Total**
Opening balance	-	-	8	-	-	-	8
Additions	-	165	317	40	68	542	1,132
Depreciation charged	-	(9)	(44)	(6)	(9)	(73)	(141)
Closing balance	-	156	281	34	59	469	999

2018	**Motor vehicles**	**Total**
Opening balance	-	-
Additions	10	10
Depreciation charged	(2)	(2)
Closing balance	8	8

Accounting policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and plant and equipment over their expected useful lives as follows: Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and plant and equipment over their expected useful lives as follows:

5. PROPERTY PLANT AND EQUIPMENT (cont'd)

Plant and equipment	3-10 years
Camp assets	3-7 years
Motor vehicles	5 years
Furniture & fittings	3-5 years
Computer equipment	3-5 years
Computer software	3-4years

Plant and equipment comprise assets acquired and assembled for the purpose of use in the process of Gold Ore, and include buildings, machinery, equipment and fixtures within the processing plant.

Camp assets comprise buildings, fixtures, fittings and equipment within the Douta Camp complex.

Furniture and fittings comprise all assets at the Dakar Office and the Guest House, including furniture, fixtures, fittings and equipment.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

6. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Sundry receivables	**131**	**100**

Accounting policy

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment or expected credit loss. Receivables expected to collected within 12 months are classified as current assets. All other receivables are classified as non-current assets.

7. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade and other payables	**5,060**	**2,591**

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.

8. FINANCIAL LIABILITIES

	2019 $'000	2018 $'000
Current Financial Liabilities		
Loan facility and offset account *(i)*	10,812	-
Bank overdraft	1,471	-
Other loan *(ii)*	224	-
Convertible notes *(iii)*	700	700
Financial liabilities	**13,207**	**700**
Non-Current Financial Liabilities		
Loan facility and offset account (i)	**2,984**	**-**
Total Financial liabilities	**15,833**	**700**

Detail of financial liabilities

(i) Coris Bank Loan

The loan balance relates to the project facility arrangement between Makabingui Gold Operation SA ("MGO") and Coris Bank International Ltd. During the year MGO drew down Fcfa 7 billion ($17.067 million converted at year end rates of XOF410.15 to $1). Of the drawn down amount Fcfa 1.069 billion was transferred into a sequester account to offset any future payments due by the Company. The transactions of the loan account and the sequester account offsetting the balance were as follows:

	Loan Account $'000	Offset Account $'000	Net Balance $'000
Loan drawdown	17,067	(2,606)	14,461
Interest for the period	362	600	962
Deposits	-	(1,627)	(1,627)
Payments	(1,178)	1,182	4
Balance at 31 December 2019	**16,251**	**(2,451)**	**13,796**
Current	13,267	(2,451)	10,812
Non-current	2,984	-	2,984

The key terms of the loan are as follows:

Total facility	Fcfa 7 billion ($17.067 million at year end rates)
Interest rate	9% pa
Repayment terms	After loan drawdown, repayable after first 6 months interest only, in 12 monthly payments.
Security	Secured by mortgage over Sambarabougou Exploitation Permit and assets of Makabingui Gold Operations, SA.

(ii)Senegal Nominees

Other Loans of $224k 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.

8. FINANCIAL LIABILITIES (cont'd)

(iii)

Convertible notes

Convertible notes remain outstanding. Interest charged during the year of $28,000 (2018: $56,000) was charged to profit or loss in relation to interest on the current unsecured loan facility. Interest has been accrued and included in other payables. Interest accrued on the convertible notes amounts to $0.286 million. The convertible notes all passed the redemption dates in 2015 and 2016. Neither the Company nor the counter-party have acted to redeem the convertible notes.

Accounting policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Convertible notes are accounted for as the aggregate of a liability component and an 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.

9. PROVISIONS (CURRENT)

	2019 $'000	2018 $'000
Employee entitlements	**446**	**97**

Accounting policy

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.

10. PROVISIONS (NON-CURRENT)

	2019 $'000	2018 $'000
Government settlement	**488**	**-**

Accounting policy

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Critical accounting estimates, assumptions and judgements

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 $A17.6 million. The amount notified was in relation to Value Added Tax ("VAT"), import duties and taxes on expenditures incurred in Senegal and other taxes, including corporate tax.

Bassari Resources Senegal SARL has operated from incorporation under the Senegal Mining Code in Senegal. The Senegal Mining Code provides the company with a total exemption from the taxes regime and taxes of any nature. Accordingly, Bassari refutes the legitimacy of the tax adjustment. The Company has sought and 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 therefore satisfied that the position they have taken is supported by strong legal advice.

The company is currently negotiating with the tax administration to resolve the matter. Accordingly, the Group has made a provision based on its best estimate of a settlement amount. The timing of the settlement remains uncertain, as does any final settlement amount.

11. CONTRIBUTED EQUITY

	2019 $000	2018 $000
(a) Ordinary Shares		
Paid-up capital		
2,375,554,967 (2018: 2,287,293,060) fully paid ordinary shares	**78,392**	**77,153**

11. CONTRIBUTED EQUITY (cont'd)

Reconciliation of movement in contributed equity

At 1 January 2018	2,000,418,908	73,420
Share Placement Right issue at 1.7 cents*	73,631,330	-
Share placement at 1.7 cent	52,640,171	895
Share placement at 1.7 cent	4,476,472	76
Share placement at 1.7 cent	9,758,824	166
Share placement at 1.7 cent	13,824,412	235
Share placement at 1.7 cent	42,932,649	730
Share placement at 1.7 cent	25,000,000	425
Share placement at 1.7 cent	1,435,294	24
Shares issued to satisfy obligation	5,000,000	85
Share placement at 2.0 cent	58,175,000	1,164
Costs of issue	-	(67)
Total for the financial year	286,874,152	3,733
As at 31 December 2018	**2,287,293,060**	**77,153**
Share placement at 1.4 cent	11,285,715	158
Share placement at 1.4 cent	4,642,858	65
Share placement at 1.4 cent	1,000,000	14
Share placement at 1.4 cent	43,000,000	602
Share placement at 1.5 cent	28,333,334	425
Costs of issue		(25)
Total for the financial year	88,261,907	1,239
At 31 December 2019	**2,375,554,967**	**78,392**

* Rights issue was completed prior to 31 December 2017, with shares issued subsequently.

(b) Options

Details of all options issued by the Company and outstanding at year-end:

Expiry date	Exercise price Cents	No. on issue 2018	Balance at Start of year	Lapsed during year	Exercised during year	No. on issue 2019
30 September 2019	3.4	-	304,270,038	(304,270,038)	-	-

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.

11. CONTRIBUTED EQUITY (cont'd)

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 2019 there were no partly paid shares outstanding.

(b) Options

Options issued during the previous year entitling the holder to convert at an exercise price of 3.4 cents ($0.034) per each new ordinary share, expired on 30 September 2019. No options have been exercised during the year and there were no options outstanding at the end of the 2019 financial year.

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital and accumulated losses.

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.

The Group has utilised short term borrowings to fund initial project investment to supplement equity raised in the market. The basis for deciding on the level of debt funding to undertake is market conditions, the availability of debt and equity funding and balancing short term and long term funding aims.

12. RESERVES

	2019	2018
	$'000	**$'000**
Foreign currency translation reserve (a)	6,200	6,865
Performance rights reserve (b)	516	392
	6,716	**7,257**

(a) 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

	2019	2018
	$'000	**$'000**
Balance at the beginning of the year	6,865	3,180
Movement during the year	(665)	3,685
Balance at end of year	**6,200**	**6,865**

12. RESERVES (cont'd)

b) Performance Rights Reserve

(i) Nature and purpose of reserve

This reserve records the value of the performance rights issued by the Company. At the Group's AGM, in 2018 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 (i)	Balance at the end of the year
31/5/2017	31/5/2020	$0.00	22,000,000	-	-	(2,000,000)	20,000,000
31/5/2017	31/5/2022	$0.00	22,000,000	-	-	(2,000,000)	20,000,000
			44,000,000	-	-	(4,000,000)	40,000,000

(i) Philip Bruce resigned during the year, forfeiting performance rights.

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

(ii) Movements in Reserve

	2019 $'000	2018 $'000
Balance at beginning of the year	392	145
Movement during the year	124	247
Balance at end of year	**516**	**392**

13. EMPLOYMENT – CONSULTING COSTS

	2019 $'000	2018 $'000
Salaries, wages, on-costs and consultant fees	1,148	648
Share based payments *	124	247
Superannuation – defined contribution	15	8
	1,287	**903**

* Cost relates to amortisation of performance rights over the vesting period. For details see note 11(b).

14. INCOME TAXES

	2019 $'000	2018 $'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:

	2019 $'000	2018 $'000
Loss from operations	**(3,396)**	**(1,899)**
Income tax calculated at 27.5% (2018 – 27.5%) Income tax of other members of the tax consolidated group (net of inter-company transactions	(934)	(522)
Add tax effect of:		
Non-deductible expenses/(non-assessable items)	37	20
Less tax effect of:		
Unused tax losses not recognised as deferred tax assets	897	502
	-	-

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

	2019 $'000	2018 $'000
Tax losses (revenue or operating losses)		
Australia	4,497	4,229
	4,497	**4,229**

Tax losses have been adjusted for prior income tax returns lodged.

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.

14. INCOME TAXES (cont'd)

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 2019 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 Group to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

15. EARNINGS PER SHARE

	2019 $'000	2018 $'000
• Earning attributable to the consolidated entity	**(3,396)**	**(1,899)**
• Earnings used in the calculation of basic and diluted EPS	**(2,604)**	**(1,898)**
• Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	**2,302,459,205**	**2,216,765,633**
• Basic loss per share	**Cents per share**	**Cents per share**
From continuing operations	**(0.15)**	**(0.09)**
Total basic loss per share attributable to owners of Bassari Resources Limited	**(0.11)**	**(0.09)**
Total diluted loss per share attributable to owners of Bassari Resources Limited	**(0.11)**	**(0.09)**

The Company made losses during the current and comparative years and, consequently, there is no dilutive effect from outstanding options and performance rights.

15. EARNINGS PER SHARE (cont'd)

Accounting policy

Basic loss per share

Basic loss 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 loss per share

Losses used to calculate diluted loss 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.

16. DIVIDENDS

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

17. CONTINGENT LIABILITIES

Senegal tax assessment

As noted in note 10, the Company has provided for a settlement amount in relation to the Senegal tax assessment previously reported as a contingent liability.

Other than these matters, the Directors are not aware of any other contingent liabilities at 31 December 2019.

18. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2019	Percentage owned 2018
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% ^
Makabingui Gold Operation 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 2019.

^ Douta Mining SA was incorporated in Senegal in 2011.

~ Makabingui Gold Operation SA was incorporated in Senegal during the previous year.

19. PARENT ENTITY INFORMATION

	2019 $'000	2018 $'000
Information relating to Bassari Resources Limited		
Financial Position		
Current assets	752	86
Non-current assets	54,520	54,857
Total Assets	**55,272**	**54,943**
Current liabilities	(1,626)	(1,589)
Non-current liabilities	-	-
Total Liabilities	**(1,626)**	**(1,589)**
Net Assets	**53,646**	**53,354**
Contributed equity	84,722	83,484
Reserves	583	392
Accumulated losses	(31,659)	(30,522)
Total Equity	**53,646**	**53,354**

	2019 $'000	2018 $'000
Financial Performance		
Total revenue	1	10
Loss for the year	(1,137)	(1,490)
Comprehensive income for the year	(1,137)	(1,490)

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.

20. 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 Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations in Senegal and Australia. The Group 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 Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency translation risk and liquidity 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.

	2019 $'000	2018 $'000
Financial Assets		
Cash and cash equivalents	755	86
Other receivables	131	100
Total Financial Assets	**886**	**186**
Loans and payables	21,251	3,291
Total Financial Liabilities	**21,251**	**3,291**

20. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Interest Rate Risk

The Group'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 Group had the following mix of financial assets and liabilities that were subject to interest:

	2019	2018
	$'000	$'000
Cash and cash equivalents – variable rates	755	86
Overdraft – variable rates	(1,471)	-
Loan payable – fixed rates	(13,796)	-
Convertible Note liabilities – fixed rate	(700)	(700)
Net Financial (Liabilities)/Assets	**(15,212)**	**(614)**

The Group'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 year 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:

	2019	2018
	$'000	$'000
Judgements of possible movements:		
+1% (100 basis points)	(7)	1
-1% (100 basis points)	7	(1)

The Group's interest rate's are fixed for Loan payables and Convertible Note liabilities. Cash and cash equivalents and the overdraft balances are subject to variable rates and compose the basis for the sensitivities in the table above.

(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 $755,000 (2018: $86,000).

20. FINANCIAL RISK MANAGEMENT (Cont'd)

(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 – overdraft and loan advances: The amounts are carried at amortised cost and are short term in nature as the balances are repayable in less than 12 months. Therefore the carrying amounts approximate fair value.

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 Group does not hedge its exposures. None of the Group's financial instruments are currently impacted by commodity price risk.

(g) Foreign currency translation risk

The Group's operations are carried out in Senegal and consequently the Group undertakes transactions in foreign currency and is exposed to foreign currency risk through foreign currency rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

At 31 December the Group's financial instruments denominated in other currencies was as follows:

	2019	2018	2019	2018
	Fcfa '000	Fcfa '000	$'000	$'000
Cash and cash equivalents	16,708	8,281	41	20
Trade and other receivables	38,055	32,055	93	79
Trade and other payables	(1,883,036)	(733,610)	(4,591)	(1,729)
Financial laibilities	(6,178,076)	-	(15,063)	-
Net Financial (Liabilities)/Assets	**(8,006,349)**	**(693,274)**	**(19,520)**	**(1,630)**

20. FINANCIAL RISK MANAGEMENT (cont'd)

The risk is measured using sensitivity analysis and cash flow forecasting. At 31 December a variance in the exchange rate would have resulted in the following sensitivities:

	AUD up 2%		AUD down 2%	
	2019	**2018**	**2019**	**2018**
Net Asset	383	55	(398)	(9)
Equity	383	55	(398)	(9)
Profit after tax	-	-	-	-
Foreign exchange gain/loss	383	55	(398)	(9)

Over the year the foreign exchange rate with the Senegal FCFA varied between a high of FCFA417.17 to $1 and a low of FCFA394.54 to $1. This is a total variance of 5% maximum throughout the year, therefore 2% is considered a reasonable measure of sensitivity.

The Group has previously not taken measures to manage the risk of foreign currency rate fluctuations impacting the translation of foreign operations as such measures would have required the availability of surplus funds. The development of the mining operations has provided the opportunity to raise project funding locally to manage foreign currency risk. This funding was raised in Senegal francs, which is referenced to the Euro. Purchases are, largely made in Senegal francs or US dollars. Management will continue to manage foreign currency translation risk in accordance with the availability of funding and the requirements of project funding.

21. AUDITOR'S REMUNERATION

During the year the auditor of the Company earned the following remuneration:

	2019 $	2018 $
Audit or review of financial reports of the Group		
BDO Audit Pty Ltd	57,841	46,240
Firms not related to the lead auditor		
Audit services	15,202	13,965
Total remuneration	**73,043**	**60,205**

The auditor did not receive any other benefits.

22. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the year end the Company completed the following transactions:

- On 29 January 2020, the Company announced the issue of 12,199,998 fully paid ordinary shares at 1.5 cents per share, raising $183,000 before costs to meet working capital requirements
- On 25 February 2020 the Company announced that Makabingui Gold Operations had appointed Junction Contract Mining SARL as contract miners to the gold project. Agreement was reached with a Caterpillar dealer for the supply of mining equipment to facilitate the mining operation.
- On 19 March 2020 the Company announced the issue of 31,100,668 fully paid ordinary shares at 1.5 cents per share, raising $466,510 before costs to meet working capital requirements.

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and the respective Government actions to reduce the spread of the virus.

22. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont')

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organistation (WHO"). Subsequently, on 11 March 2020, WHO characterises COVID-19 as a pandemic affecting worldwide.

- As this declaration was made after the reporting period, the Group believes it constitutes a "Non-Adjusting Subsequent Event" as defined in AASB 110 Events after the Reporting Period.
- The Group will continue to monitor the impact of COVID-19 but at the date of this report it is too early to determine the full impact this virus may have on the Group. Therefore, at the date of signing the financial report the Group is unable to determine what financial effects the outbreak of the virus could have on the Group in the coming financial period.
- No financial effects arising from the economic impacts of the virus have been included in the financial results for the year ended 31 December 2019.
- Should this emerging macro-economic risk continue for a prolonged period, there could be potentially adverse financial impact to the Group, including delayed path to production and its impact on profitability and cash flows.

Other than the matters referred to above, 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.

23. 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 $145,695 (2018: $190,355) 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 $88,128 (2018: $60,687) were paid to Peter Spivey (Director). The fees were paid on normal commercial terms, for in country (Senegal) consulting services provided, and are included as remuneration in the remuneration report.

Consulting fees of $nil (2018: $11,260) were paid to Philip Bruce (Director)). The fees were paid on normal commercial terms, for 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.

Funds were received to assist with working capital during the year from Senegal Nominees, a company incorporated in Senegal in which Alex Mackenzie is a shareholder and director. The balance at 31 December 2019 of the funds advanced to the Group was $223,974. Amounts were advanced to Bassari Resources Limited, Bassari Resources Senegal SARL and Makabingui Gold Operation SARL.

- **Consolidated Entities**

Details of controlled entity companies are shown in Note 17.

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

	2019 $	2018 $
Bassari Resources Senegal SARL	**46,643,542**	47,757,408
Bassari Equipment Pty Ltd	**1,113,866**	1,113,866
Makabingui Gold Operation SA	**502,815**	787,744

23. RELATED PARTY TRANSACTIONS (cont'd)

Repayment of amounts owing to the Company at 31 December 2019 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.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

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

Mr Alex Mackenzie
Mr Peter Spivey
Mr Ian Riley (appointed 26 June 2019)
Mr Philip Bruce (resigned 26 June 2019)

Other key management personnel

No other person had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Compensation

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

	2019 $	2018 $
Short-term employee benefits	599,823	603,969
Share-based payments	54,267	101,744
	654,090	**705,713**

25. 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.

The Group adopted AASB 16 *Leases* during the year. The Group does not have any material operating leases commitments that will be accounted for under this standard.

Accordingly, the Group's lease arrangement disclosures have not been materially impacted by the adoption of this standard.

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

The Group has not adopted any revised or amending standards not yet effective early. The Directors believe there are no revisions or amendments that would materially impact the content and presentation of the financial report.

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 Group 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 2019 and of its performance for the year 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 disclosed 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 2019.

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, 16 April 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Bassari Resources Limited

Report on the Audit of the Financial Report

Qualified 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 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, 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 2019 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 qualified opinion

Bassari Resources Senegal SARL (Bassari), a company incorporated in Senegal and a wholly owned subsidiary of the Company had negative equity of approximately $8.45 million (approximately 3.42 billion African Franc) as at 31 December 2019, which was in breach of the local Corporations Law in Senegal. We also understand that the matter is required to be fixed by a recapitalisation plan within the allowed 2-year time frame from the commencement of the matter which ended in 2018. There is a risk that Bassari will be wound-up by the local authorities. As recognised in the statement of financial position at 31 December 2019 and as disclosed in Note 14 to the financial report, a capitalised exploration and evaluation asset from the Moura exploration permit of $5.99 million arose from the subsidiary. If Bassari is dissolved or wound up by the local authorities, the Company may lose its interest in the capitalised exploration and evaluation asset. As at the date of this report we are not aware of any arrangements in place or steps undertaken by the directors of the Company to secure the Company's interest in the capitalised exploration and evaluation asset should this wind-up eventuate. We were therefore unable to obtain sufficient and appropriate audit evidence to conclude that the Company will have a secured continuing interest in the capitalised exploration and evaluation asset.

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 (including Independence Standards)* (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 qualified 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 *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Asset Recoverability - Mining and Development Assets (Makabingui Gold Project)	***How the matter was addressed in our audit***
During the year the Group made a decision to develop and mine the Makabingui gold project in Senegal. As at 31 December 2019 the Group's capitalised mining and development assets was $69.7 million. Given the significant balance of the mining and development assets and the subjectivity involved in determining whether the carrying value can be recovered through successful development, we determined this to be a key audit matter. Refer Note 3 of the accompanying financial report.	Our procedures to address this matter included, amongst others: • Reviewing management's position paper in considering the appropriateness in reclassifying the originally capitalised exploration and evaluation assets to mining and development assets and the impairment test performed upon the reclassification in compliance with AASB 6 *Exploration for and Evaluation of Mineral Resources*; • Reviewing the bankable feasibility study performed in August 2017 by management's external expert being an independent

	valuation expert including the Net Present Value (NPV) calculation and the assumptions and inputs used in the calculation; • Reviewing management's position paper in considering the appropriateness in continued reliance on the bankable feasibility study which was performed in August 2017 to be applicable for the year ended 31 December 2019 in support of the recoverability of the carrying value of the mining and development assets taking into consideration of the changes since 2017 in relation to relevant variables such as the gold price and the discount rate as part of a sensitivity test, in ensuring compliance with AASB 136 *Impairment of Assets;* • Evaluating the technical competency and appropriate accreditations of the external independent valuation expert who performed the bankable feasibility study; • Reviewing ASX announcements and minutes of directors' meetings to ensure that the Makabingui Gold Project is indeed gearing towards production; and • Evaluating the adequacy of the associated disclosures in the financial report.

Asset Recoverability - Exploration and Evaluation Assets	***How the matter was addressed in our audit***
The Group has incurred significant exploration and evaluation expenditures in relation to the Moura exploration permit. As at 31 December 2019 the Group's capitalised exploration and evaluation assets was $5.99 million. Given the significant balance of the exploration and evaluation assets and the subjectivity involved in determining whether the carrying value can be recovered through successful development or sale, we determined this to be a key audit matter. Refer Note 4 to the accompanying financial report.	Our procedures to address this matter included, amongst others: • Reviewing management's position paper in considering whether any indicators of impairment as outlined in AASB 6 *Exploration for and Evaluation of Mineral Resources* were present; • Obtaining relevant evidence including an external legal opinion in confirming the existing validity of the Moura permit and hence the rights to tenure of the areas of interest remained current at balance date in ensuring compliance with AASB 6;

	• Reviewing budgets and challenging assumptions made by management to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned in ensuring compliance with AASB 6; • Reviewing ASX announcements and minutes of directors' meetings to ensure that the Group has not decided to discontinue activities in the areas of interest; and • Evaluating the adequacy of the associated disclosures in the financial report.

Classification and Valuation of the Coris Bank Loan Facility	***How the matter was addressed in our audit***
During the year the Group secured a bank loan facility with a local bank in Senegal, Coris Bank International Ltd, for a total amount of Fcfa 7 billion ($17.067 million converted at year-end rates of XOF410.15 to $1). As at 31 December 2019 the balance owing was $13.8 million. Given the significant balance of the bank loan being a financial liability at balance date, we determined this to be a key audit matter. Refer Note 8 to the accompanying financial report.	Our procedures to address this matter included, amongst others: • Obtaining the loan agreement to gain an understanding of the terms and conditions; • Obtaining confirmation from the bank to confirm balance owing including interest payable at balance date and the repayment schedules; • Reviewing management's workings on the split between the current and non-current classification of the amounts owing at balance date; and • Evaluating the adequacy of the associated disclosures in the financial report.

Provision for Government Settlement in Relation to a Tax Assessment	***How the matter was addressed in our audit***
In 2015, Bassari Resources Senegal SARL, a subsidiary of the Company was 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 $A17.6 million. The amount notified was in relation to Value Added Tax ("VAT"), import duties and taxes on	Our procedures to address this matter included, amongst others: • Obtaining an understanding from management on the nature of the tax assessment; • Reviewing management's position paper on the tax assessment in relation to its legitimacy under the local laws in Senegal and the basis adopted in

expenditures incurred in Senegal and other taxes, including corporate tax. The subsidiary disputes the assessment as it benefits from a total tax exemption under Senegalese mining legislation. Notwithstanding the dispute, given the significant balance of the tax assessment and the subjectivity involved in estimating the provision of $488,000 for the potential settlement amount that may need to be made in due course, we determined this to be a key audit matter. Refer Note 10 to the accompanying financial report.	estimating the provision for the potential settlement including its classification in the statement of financial position at balance date in ensuring compliance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets;* • Obtaining an independent external legal opinion from a local legal expert in Senegal on the legitimacy of the tax assessment; and • Evaluating the adequacy of the associated disclosures in the financial report.

Audit Strategy for Overseas Operations	***How the matter was addressed in our audit***
The Group's structure comprises significant overseas operations in Senegal. The existence of such operations heightens the importance of engaging with the component auditors (KPMG Senegal) to mitigate the risk associated with delivering an audit in a location and regulatory environment other than Australia.	Our procedures to address this matter included, amongst others: • Planning and scoping our audit using a risk based approach across all key components to determine the extent of audit work to be undertaken; • Evaluating the professional competency and appropriate accreditations of our component auditors; • Communicating with the component auditors of significant subsidiaries in Senegal through Group Audit Engagement Instructions, regular communications via email and phone discussions over significant areas and findings. Component auditors were required to formally report back to us as group auditors via an inter-office audit opinion; and • Performing analytical review procedures on financial information of all components, including a review of actual and prior year results as applicable.

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 2019, 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 (http://www.auasb.gov.au/Home.aspx) 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 21 to 27 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Bassari Resources Limited, for the year ended 31 December 2019, 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 Audit Pty Ltd

BDO

Wai Aw
Director

Melbourne, 16 April 2020

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 25 March 2020 was 2,418,855,633 ordinary fully paid shares.

(a) Distribution of shareholder numbers at 25 March 2020:

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 – 1,000	104	4.48	10,203	0.00
1,001 – 5,000	603	2.59	204,503	0.01
5,001 – 10,000	97	4.18	771,575	0.03
10,001 – 100,000	812	34.98	41,225,368	1.70
100,001 and over	1,248	53.77	2,376,643,984	98.25

(b) There were 657 shareholders with a total shareholding of 11,455,766 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 25 March 2020 is:

Name	Number of Shares Held	%
Ten Luxton Pty Ltd	150,000,000	6.56

(d) 20 Largest Shareholders – Ordinary Shares at 25 March 2020

Rank	Name	Number of Shares Held	%
1	Ten Luxton Pty Ltd	150,000,000	6.20
2	BCM International Limited	117,648,352	4.86
3	Yarrawah Pty Ltd	61,000,000	2.52
4	Advanced Tactics SMSF Limited	46,203,402	1.91
5	Diazill Pty Limited	43,331,990	1.79
6	Graeme Ronald Schuhkraft & Christine Anne Schuhkraft (Kanoona Super Fund)	40,702,208	1.68
7	Senegal Nominees SARL	39,223,930	1.62
8	Mr Neville Jeffery Noble & Mrs Christine Grace Noble	37,786,002	1.56
9	ACN 106 289 589 Pty Ltd	33,500,000	1.38

10	Navigator Australia Ltd	31,726,215	1.31
11	Shipbark Pty Ltd	30,000,000	1.24
12	HSBC Custody Nominees (Australia)	29,029,715	1.20
13	Garry Temple Pty Ltd	27,564,000	1.14
14	Mr Craig Newman	25,906,783	1.07
15	Mr David Kenneth Swan	23,280,346	0.96
16	Mr Ian David Hagtharp & Mrs Linda Jane Lloyd	22,400,993	0.93
17	Mr Andrew Nikolaus Mauderer & Mrs Jennifer Elaine Mauderer	22,305,000	0.92
18	City Mill Services Pty Ltd	20,168,592	0.83
19	Mr John Henry Matterson	20,000,000	0.83
20	Mrs Petra Hammond	20,000,000	0.83

2. OPTION HOLDING

All options expired unexercised on 25 March 2020

BASSARI TENEMENTS

Project	Country	Area (sq km)	Licence type	BSR Group % interest
Moura – Sengold Nominees NL	Senegal	184	Exploration Permit	70%
Sambarabougou – Makabingui Gold Operation SA	Senegal	128	Exploitation Permit	63%