



CORPORATE INFORMATION

31 January 2022

Bassari Resources Limited is an Australian ASX-listed company focused on discovering and developing multi-million ounce gold deposits in the Birimian Gold Belt, Senegal, West Africa.

FAST FACTS

ASX Code	BSR
Issued Capital	2,418,855,633
No of shareholders	2,310
Top 20	36%

INVESTMENT HIGHLIGHTS

Mineral tenements over approximately 312km² of prospective Birimian Gold Belt, Senegal.

- Makabingui Gold Project Feasibility Study – Initial high grade open pit project of 1Mt at 5.7g/t for 174,000 oz production inventory, \$678/oz cash cost, US\$90m pre Capex after tax cash flow in first three years, and expansion anticipated from underground and infill drilling of 8km Makabingui South zone.
- Makabingui Gold Project Mineral Resource (Prepared and disclosed under JORC Code 2004 and remains unchanged) **1 Moz in 11.9 Mt at 2.6 g/t gold (0.5 g/t cut-off)** :
 - Indicated: 336,000 oz in 2.6 Mt at 4.0g/t
 - Inferred: 669,000 oz in 9.3 Mt at 2.2g/t
- Makabingui Gold Project open pit JORC 2012 Probable Ore Reserve:
 - **158,000 oz in 0.86 Mt at 5.7 g/t**
- Senegal, stable democracy since 1960.
- Well located tenements in a +60M ounce gold province hosting world class deposits.
- Multiple prospects identified along 60km of partially drilled mineralised strike.

BOARD AND MANAGEMENT

John Traicos

Executive Chairman

Modou Guene

Director

Malik Easah

Director

Andrew Goode

Director/Acting CEO

Ian Riley

Director/Company Secretary/CFO

CONTACT US

Bassari Resources Limited (ACN 123939042)

25 Collin Steet, West Perth

WA 6005, Australia

T: +61 3 9629 9925

Email: admin@bassari.com.au

Website: www.BassariResources.com

DECEMBER 2021 QUARTERLY ACTIVITY REPORT

Bassari Resources Ltd's ("Bassari" or "the Company") activities during the quarter focussed on efforts to reach agreement with the Senegal Government for the renewal of the Makabingui Project mining permit, to reach a settlement with Coris Bank International ("Coris") regarding its Makabingui Gold Project facility and securing additional funding necessary to recommence the project.

Highlights of the quarter

- **Oceanic Facility increased to \$3.06 million.**
- **Bishop Loan Facility of \$15 million secured.**
- **Plant and equipment procurement recommences.**
- **Memorandum of Understanding secured by MGO with the State of Senegal.**
- **Settlement Agreement reached with Coris.**

Funding

The funding facility made available by Oceanic Capital Pty Ltd (**Oceanic Facility**) enabled the Company's Makabingui Gold Project activities to continue during the quarter whilst additional financing opportunities were being considered by the Company. The Oceanic Facility increased during the quarter from \$1.085 million to \$3.06 million at the end of this quarter.

During the quarter, one of the funding options being considered was secured with documentation signed for a loan facility to be provided by Bishop Resources UK Limited (**Bishop Loan Facility**). Refer to the Company's ASX Announcement of 29 October 2021 for further details.

The key terms of the Bishop Loan Facility include:

- Loan amount - AUD15 million
- Interest rate - 15% per annum
- Loan period - 36 months from settlement date
- Security - Pledge by Bassari Mauritius Holding No 2 Ltd of its shareholding in MGO

Further security was provided to Bishop Resources UK Ltd through a pledge by Bassari Mauritius Holding Ltd of its shares in Bassari Mauritius Holding No 2 Ltd.

At the end of the quarter, \$8.23m of the Bishop Loan Facility had been drawn down and utilised to make partial repayments of US\$5m to Coris pursuant to the settlement agreement reached with Coris, with the balance drawn to meet MGO debt repayment and operations costs.

The Bishop Loan Facility and the Oceanic Facility have enabled recommencement of Makabingui Gold Project plant and equipment procurement, which had stalled due to lack of available funding, and negotiations with shipments of equipment, including steelworks, laboratory equipment and numerous other items expected to be shipped in the current quarter.

Funding has also enabled the MGO project team to plan and commence the necessary civil works at site in readiness for the arrival and installation of plant and equipment to the Makabingui Gold Project.

Memorandum of Understanding, Makabingui Gold Operation SA and the State of Senegal

Your Directors are pleased to report that a Memorandum of Understanding (“MOU”) was agreed to and signed on 9 November 2021, by Makabingui Gold Operation SA (“MGO”) and The Minister of Mines and Geology, representing the State of Senegal, for the continuation of the Makabingui Gold Project (“Project”).

Execution of the MOU followed the settlement agreement reached with Coris in relation to the FCFA 7 billion project finance facility (refer to ASX Announcement of 29 October 2021 for further details).

The MOU defines the technical, financial and legal conditions for the Project and the undertakings given by the State of Senegal to facilitate the development of the Project. Importantly, the State of Senegal confirmed that MGO retains its right to renew the operating permit at the end of its initial term of five (5) years in July 2022, under the conditions provided for by the mining agreement and the Mining Code and subject to MGO complying with the terms and conditions of the MOU.

The key terms and conditions of the MOU require MGO to:

- reach an agreement with Coris for the settlement of the debt owed by MGO and making payments to Coris under the agreement when due;
- immediately re-commence operations at the Project and carry out pre-production works (civil, earthworks, plant construction, mine site preparation and commence mining) in accordance with an agreed schedule of works towards gold production by August 2022;
- pay all unpaid MGO worker salaries and retain current MGO staff;
- meet all outstanding obligations to Project contractors to ensure compliance with the schedule of works;
- provide monthly progress updates to the State of Senegal; and
- not be involved in carrying out any direct or indirect transfer of the Project operating licence during the project re-start phase.

The MOU also releases a notice given by the State of Senegal to MGO dated 26 April 2021, lifting any restrictions on the continuation of mining operations at the Project.

MGO, during the quarter and subsequent to the end of the quarter, have met many of the key milestones, including making payments of all unpaid Senegal employee salaries, numerous payments to local contractors and suppliers, providing progress reports to the State of Senegal and recommencing Makabingui Gold Project operations.

Coris Bank International - Settlement Agreement

A settlement agreement was reached by the directors of MGO with Coris for repayment of all amounts due under the FCFA 7 billion Makabingui Gold Project loan facility. The settlement agreement provided for the payment of a total of US\$13.3m by way of three payments comprising: US\$3 million by 29 October 2021, the remaining 50% of the debt by 30 November 2021, and the outstanding balance by 30 December 2021. Two payments totalling US\$5 million have been made.

The settlement agreement was executed following a long period of negotiations with Coris, as previously announced by the Company. Importantly, the agreement provides for MGO to withdraw its rights of appeal and for Coris to cancel all proceedings before the Dakar Courts, including the proceeding initiated by Coris for a seizure and sale process for the Sambarabougou Exploitation Permit.

At the date of this report, and following further discussions with Coris, MGO has reached agreement with Coris to vary the settlement agreement between MGO and Coris to enable MGO to repay the outstanding balance of US\$8.3m by no later than 15 March 2022.

Corporate

Suspension from Quotation

During the quarter, the Company sought in-principle guidance from the ASX to plan for the Company seeking re-quotation of its securities on the official list of ASX. ASX's policy is to remove from the official list an entity whose securities have been suspended from quotation for a continuous period of 2 years, however a short extension may be granted if the entity is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities.

As the Company's securities were suspended from quotation on 1 April 2020, the Company will be required to meet various conditions before 1 April 2022 in order to avoid automatic removal. Such conditions are likely to include the Company demonstrating compliance with ASX Listing Rules 12.1 and 12.2, which require the Company to satisfy the ASX as to the sufficiency of its operations and the adequacy of its financial condition to warrant continued quotation of its securities.

The Company continues to work towards progressing its operations at the Makabingui Gold Project and consider options to secure additional equity or debt financing to carry out its objectives. Further updates will be provided to shareholders in due course.

Change of Directors

On 15 November 2021 the Board of Bassari accepted the resignation as a director of Conrad Karageorge. On 16 December 2021, Ian Riley was appointed a director of the Company.

About Bassari

Perth – based West African gold developer, Bassari Resources Limited (ASX:BSR), has a strategic portfolio of exploration and exploitation permits focused on the Birimian Gold Belt in Senegal. The permits cover an area of 312 km² with 60km of strike along the two adjoining permits. The permits are located within the Keneiba Inlier which is a +60M ounce gold region. Bassari's vision is to discover and delineate gold resources which can be developed into profitable operations.

John Traicos

Director

Mob: +61 417 885 279

Email: johntraicos17@gmail.com

Ian Riley

Company Secretary/CFO

Phone: +61 3 9629 9925

Email: ian@bassari.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BASSARI RESOURCES LIMITED

ABN

123939042

Quarter ended ("current quarter")

December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development	(71)	(305)
(c) production		
(d) staff costs	(1,117)	(2,094)
(e) administration and corporate costs	(618)	(1,240)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(2)	(76)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(140)	
1.9 Net cash from / (used in) operating activities	(1,877)	(3,855)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(125)	(125)
(d) exploration & evaluation (if capitalised)		
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(125)	(125)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	9,402	11,263
3.6	Repayment of borrowings	(6,797)	(6,797)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material) – during the quarter Coris Bank International rolled the overdraft into the existing loan facility	0	1,831
3.10	Net cash from / (used in) financing activities	2,605	6,297

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(125)	(1,737)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,877)	(3,855)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(125)	(125)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,605	6,297

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(158)	(10)
4.6	Cash and cash equivalents at end of period	570	570

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	570	125
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	570	125

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

132

NIL

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	18,050	11,300
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	18,050	11,300

7.5 Unused financing facilities available at quarter end	6,750
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Bassari secured funding of \$15 million from Bishop Resources UK Ltd (ASX Announcement 29-10-2021) for a term of 3 years, secured by a pledge over its shareholding in Makabingui Gold Operation SA (MGO). \$8.9 million of this facility has been drawn on during the quarter.

\$3.1 million loan facility from Oceanic Capital Pty Ltd, previous quarter, \$1.9 million, has been drawn to the end of the quarter.

Terms of repayment of the FCFA 7 billion loan facility from Coris International Bank (Coris) secured by a charge over the MGO exploitation permit, were agreed, (ASX Announcement 29-10-2021). MGO made two settlement payments totalling US\$5 million and subsequent to the end of the quarter, negotiating an in-principle agreement with Coris for full settlement of the remaining balance, US\$8.3 million, by 15 March 2022.

The Group is negotiating financing facilities in Australia and Senegal.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,787)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,877)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	570
8.5 Unused finance facilities available at quarter end (Item 7.5)	6,750
8.6 Total available funding (Item 8.4 + Item 8.5)	7,320
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.9

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

INTERESTS IN MINERAL TENEMENTS (No change to tenement interests in the December 2021 quarter)

Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Moura exploration permit – Senegal (189 square kms)	NO CHANGE	70%	70%
	Sambarabougou exploitation permit – Senegal (122 square kms)	NO CHANGE	63%	63%
Interests in mining tenements and petroleum tenements acquired or increased	Moura exploration permit – Senegal (189 square kms)	NO CHANGE	70%	70%
	Sambarabougou exploitation permit – Senegal (122 square kms)	NO CHANGE	63%	63%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31-01-2022



Authorised by: By the board Ian Riley

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.