



CORPORATE INFORMATION

Bassari Resources Limited is an Australian listed company focused on discovering and developing high-grade gold resources into profitable operations in the Birimian Gold Belt, Senegal, West Africa.

FAST FACTS

ASX Code	BSR
Issued Capital	1,147,841,258
No of shareholders	1,794
Top 20	44%

INVESTMENT HIGHLIGHTS

Exploration permits (BSR: 70%) cover approx. 850 km² over prospective Birimian Gold Belt, Senegal, West Africa.

- Makabingui Gold Project Feasibility Study – low capital cost initial stage 171,000 recovered ounces, low cost, highly profitable and significant free cash flows
- Makabingui Gold Project, Mineral Resource (Prepared and disclosed under the JORC Code 2004 and remains unchanged) **1.0 million ounces in 11.9 Mt at 2.6 g/t gold at a 0.5 g/t cut-off**, comprising:
 - Indicated: 336,000 ozs in 2.6Mt at 4.0g/t
 - Inferred: 669,000 ozs in 9.3Mt at 2.2g/t
- Senegal, stable democracy since 1960
- Quality ground holding in a +60M ounce gold region which hosts a number of world class deposits
- Multiple prospects identified along 80km major gold corridor within world class gold province

BOARD AND MANAGEMENT

Alex Mackenzie

Executive Chairman

Jozsef Patarica

Managing Director/CEO

Chris Young

Non Executive Director

Philip Bruce

Non Executive Director

Ian Riley

Company Secretary/Chief Financial Officer

CONTACT US

Bassari Resources Limited (ACN 123939042)

Level 17, 500 Collins Street,
Melbourne, Victoria, 3000, Australia.

T: +61 3 9614 0600

F: +61 3 9614 0550

Email: admin@bassari.com.au

www.bassari.com.au

ASX Release

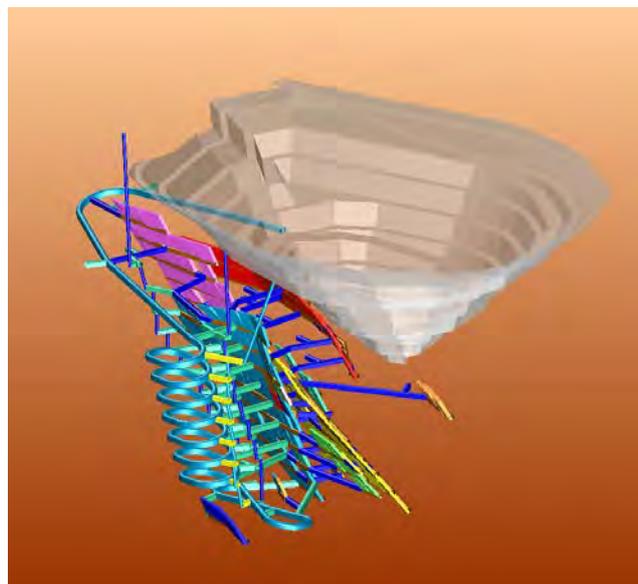
2 September 2014

HIGH GRADE UNDERGROUND EXTENSION AT MAKABINGUI GOLD PROJECT

Gold developer Bassari Resources Limited (ASX:BSR) is pleased to deliver positive results from a preliminary Underground Scoping Study based on high-grade underground gold production from its Makabingui Gold Project in Senegal, West Africa.

Highlights

- ***Underground development opportunity below the high-grade open pit – Pit 1***
- ***~120,000 ounces in high-grade underground stope targets***
- ***High-grade over 7g/t gold***
- ***Additional to the 180,000 ounces from high-grade Open Pit Feasibility Study***



Underground Mine Plan Looking North East

Bassari released positive results from a high-grade Open Pit Feasibility Study (ASX Announcement 26 June 2014) which supports profitable high-grade gold production by initially mining 180,000 ounces from four high grade pits, within the one million ounce Makabingui gold resource.

The preliminary Underground Scoping Study, based on Inferred Resources, encourages further drilling to expand the Indicated Resources used in the Makabingui Open Pit Feasibility Study. Underground development is additional to opportunities along strike from open pits within the one million ounce resource and the much larger potential already identified at Makabingui South within the existing major gold corridor.

“The positive results of the underground scoping study further supports the significant potential that exists at Makabingui, which is already set to become Senegal’s next large scale gold operation.” **Managing Director Jozsef Patarica said.**

“Our focus on unlocking significant value from our gold resource is delivering outstanding results which we will continue to build on. We have taken a material step forward with this option to provide additional high grade mill feed that can extend the life of the operation to six years.

“The Board acknowledges the ongoing support of the Senegalese Government for the project in the lead up to mining. Makabingui is well on its way to becoming the second large scale gold mine in Senegal, a significant milestone for all shareholders, stakeholders and local communities.”



The preliminary Underground Scoping Study referred to in this report is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions will be realised. The preliminary scoping study for underground development assumes the completion of Pit 1 open pit development.

In discussing ‘reasonable prospects for eventual extraction’ in Clause 20, the JORC Code 2012 (‘Code’) requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the process applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves.

While initial mining and processing cases may have been developed during the Scoping Study, it must not be used to allow an Ore Reserve to be developed.

UNDERGROUND SCOPING STUDY - INTRODUCTION

The Makabingui Gold Project currently hosts a Mineral Resource (*Note 1*), which comprises 11.9 million tonnes averaging 2.6 g/t gold for a contained 1 million ounces of gold classified into the Indicated and Inferred Resource categories (Appendix A). The initial open pit mining phase focuses on the Indicated Resource based on a conventional gravity and Carbon in Leach (CIL) processing circuit. The Open Pit Feasibility Study for the initial mining phase delivered outstanding results:

Makabingui Open Pit Project Feasibility Study summary at US\$1200/oz gold price:

○ <i>Mined ounces</i>	180,000 ounces
○ <i>Production (recovered gold)</i>	171,000 ounces
○ <i>Average annual gold production</i>	50,000 ounces
○ <i>Average gold grade to the mill</i>	>5.6 g/t gold
○ <i>High processing recovery</i>	95%
○ <i>Processing rate</i>	300ktpa
○ <i>Initial project mine life</i>	3.4 years
○ <i>Cash Cost (C1)</i>	US\$683/oz
○ <i>Low additional capital</i>	US\$12M
○ <i>NPV (8% discount rate)</i>	US\$63M
○ <i>IRR</i>	404%
○ <i>Pre-capex free cash flow (after tax)</i>	US\$88M
○ <i>Payback from production start</i>	<12 months

The preliminary Underground Scoping Study has been undertaken by Australian Mine Design & Development (AMDAD). The study provides an assessment of the potential for an underground development phase for the Makabingui Gold Project within the one million ounce gold resource. The combined Open Pit and Underground studies used a Mineral Resource made up of Indicated and Inferred resource blocks (Refer Appendix B).

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

Mine Design

The pit designs for Pit 1, developed as part of the initial mining phase of the Makabingui Gold Project, have been used for the preliminary Underground Scoping Study. The underground analysis only uses the Inferred Resources within the vicinity of Pit 1 (see Figure 1 & 2).

The Makabingui gold resource at depth comprises steep mineralised zones dipping to the south east and striking NNE. The following parameters have been used to generate optimised stope shape designs within the mineralised lodes:

• Minimum mining width (horizontal)	2 metres
• Stope height	20 metres
• Stope length	10 metres
• Stope dilution (on both footwall and hangingwall)	0.3 metres
• Minimum pillar between adjoining stopes (between lodes)	10 metres
• Cut-off-grade	3g/t gold

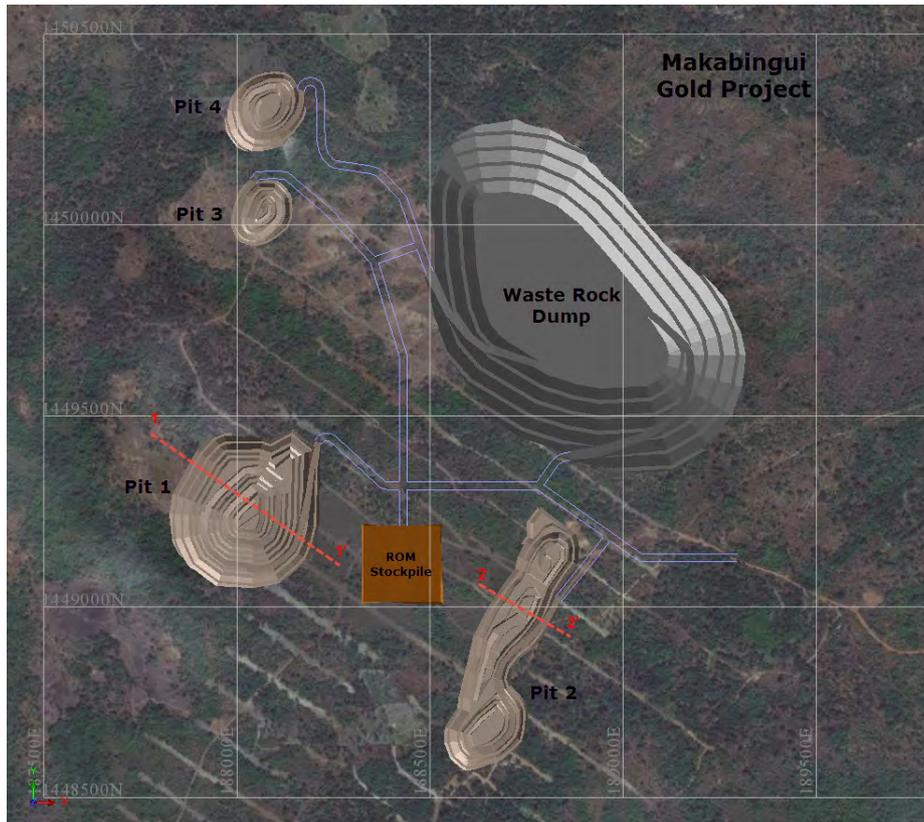


Figure 1 - Mine Plan View Showing Pits and Waste Dump

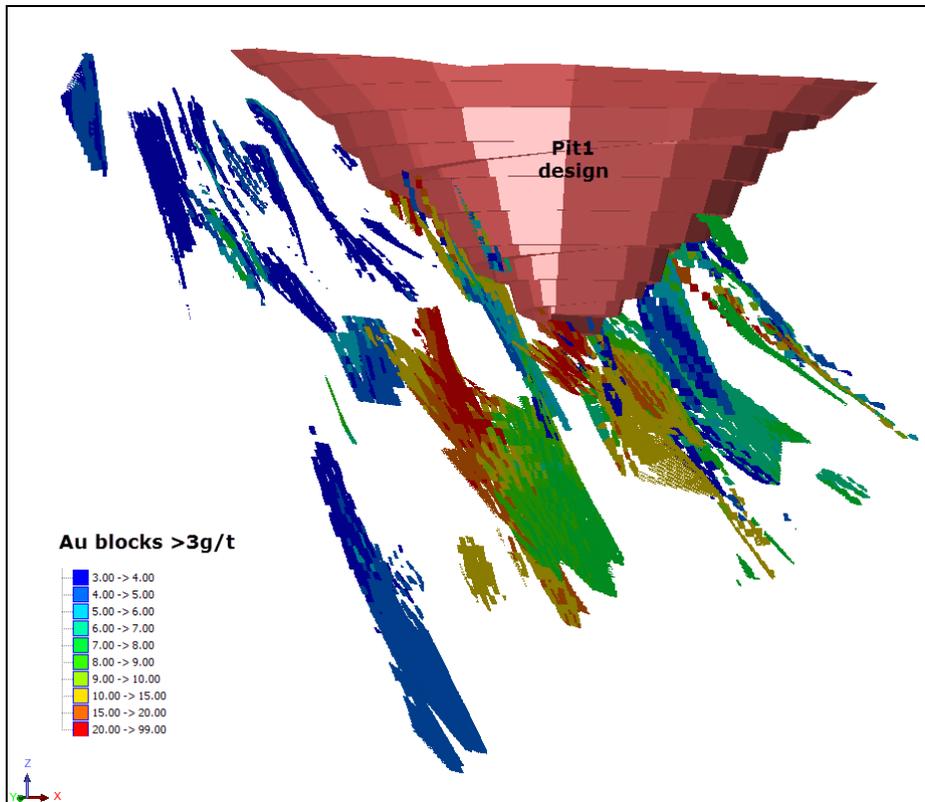


Figure 2 – Makabingui Resource Blocks – Pit 1 Area

Mine Development

The Pit 1 design, prepared as part of the Open Pit Feasibility Study, was used to locate the portal. The underground design used the following parameters (*Note 2*):

- Decline size 5 metres wide by 5.5 metres high at a gradient of 1 in 7 **2,120 metres**
- Lateral access of 5 metres wide by 5 metres high and flat **3,740 metres**
- Mineralised lode development of 4.5 metres wide by 4.5 metres high and flat **3,360 metres**
- Interval between levels **20 metres**
- Ventilation development **734 metres**

Note 2: These are indicative only at this stage.

Figures 3 & 4 below show the underground design.

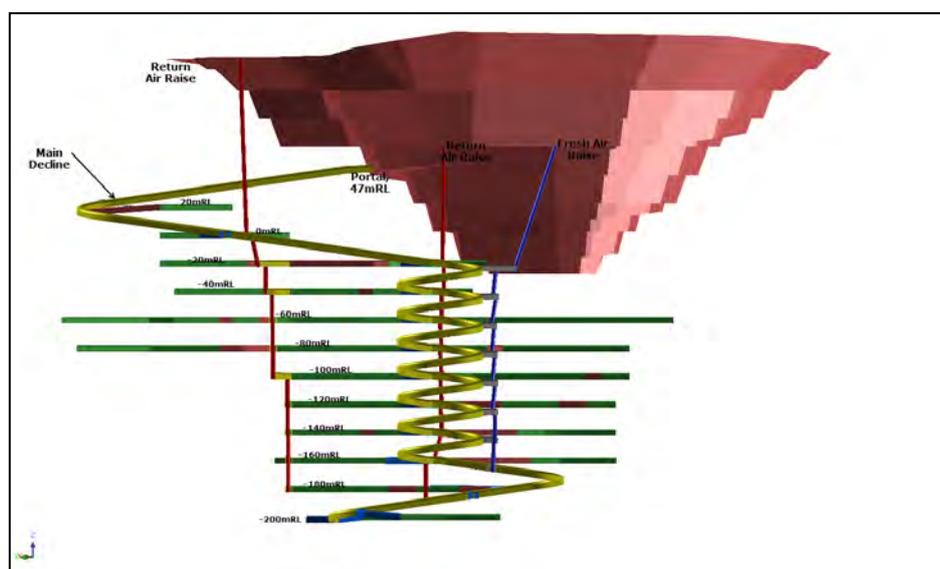


Figure 3 – Underground Development Design Looking South East

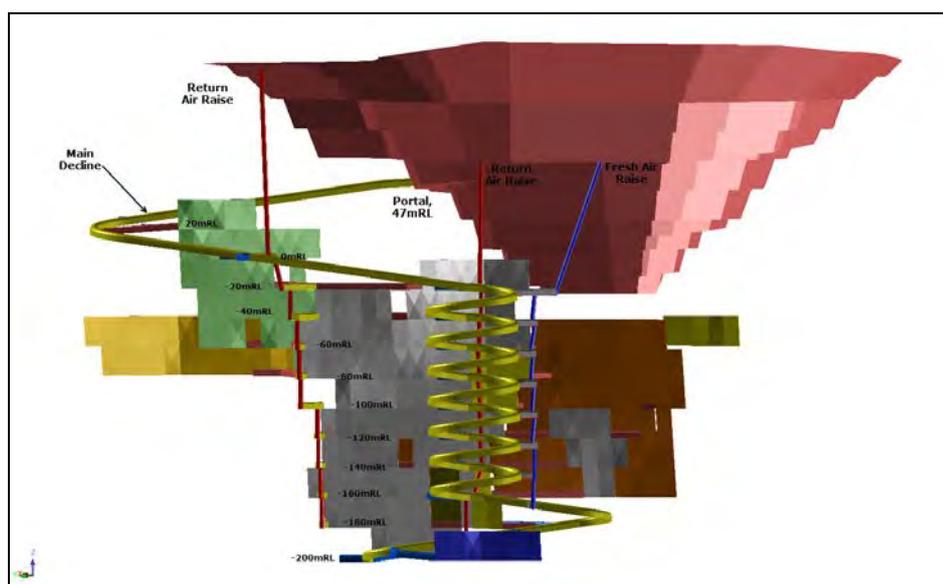


Figure 4 – Underground Development Design Looking South East Including Stopes

Underground development would commence on completion of Pit 1 mining operations and utilise existing infrastructure and 300ktpa processing plant factored into the Open Pit Feasibility Study for the development of four high grade open pits (see Figure 5 & refer ASX Announcement 26 June 2014).

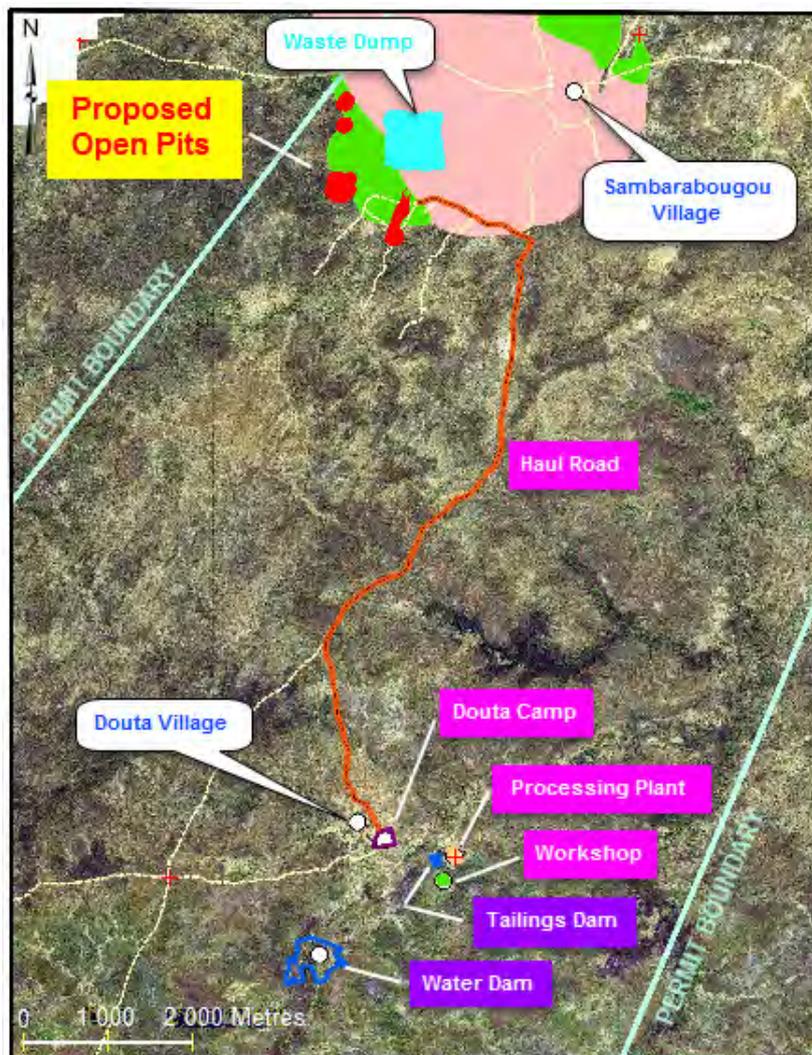


Figure 5 – Project Layout – Mine and Processing Plant

PROJECT LOCATION

Bassari holds a 70% interest in each of three contiguous exploration permits; Sambarabougou, Moura and Bounsankoba, covering approximately 850 km² in a central location of the highly prospective Birimian Kenieba Inlier (refer Figure 6). The permits are located approximately 750 km east of Senegal's capital city of Dakar and about 70km north east of the town of Kedougou, and span 80km strike length of parts of a major crustal shear zone, the Main Transcurrent Shear Zone (MTZ), a well-defined gold mineralised structural corridor. The Kenieba Inlier hosts several multi-million ounce gold deposits and extends into the bordering countries of Mali and Guinea (refer Figure 7).

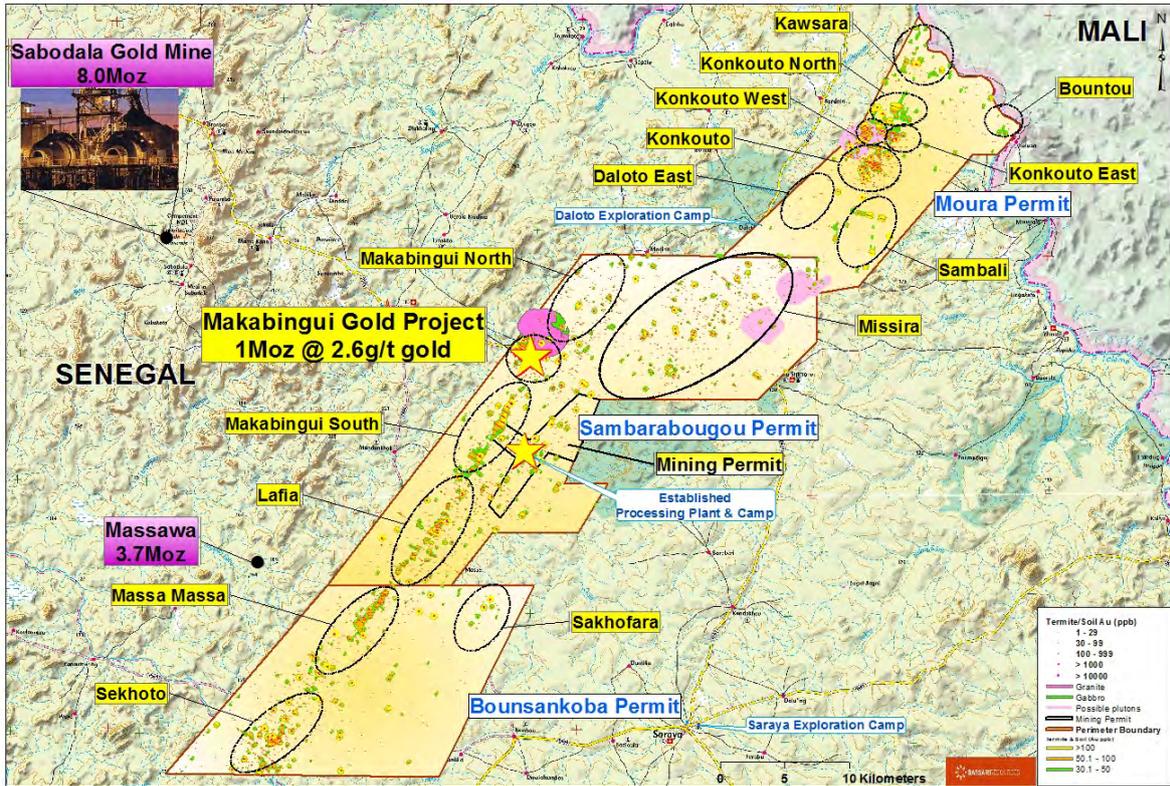


Figure 6 – Bassari’s Permits with Project & Prospect Locations

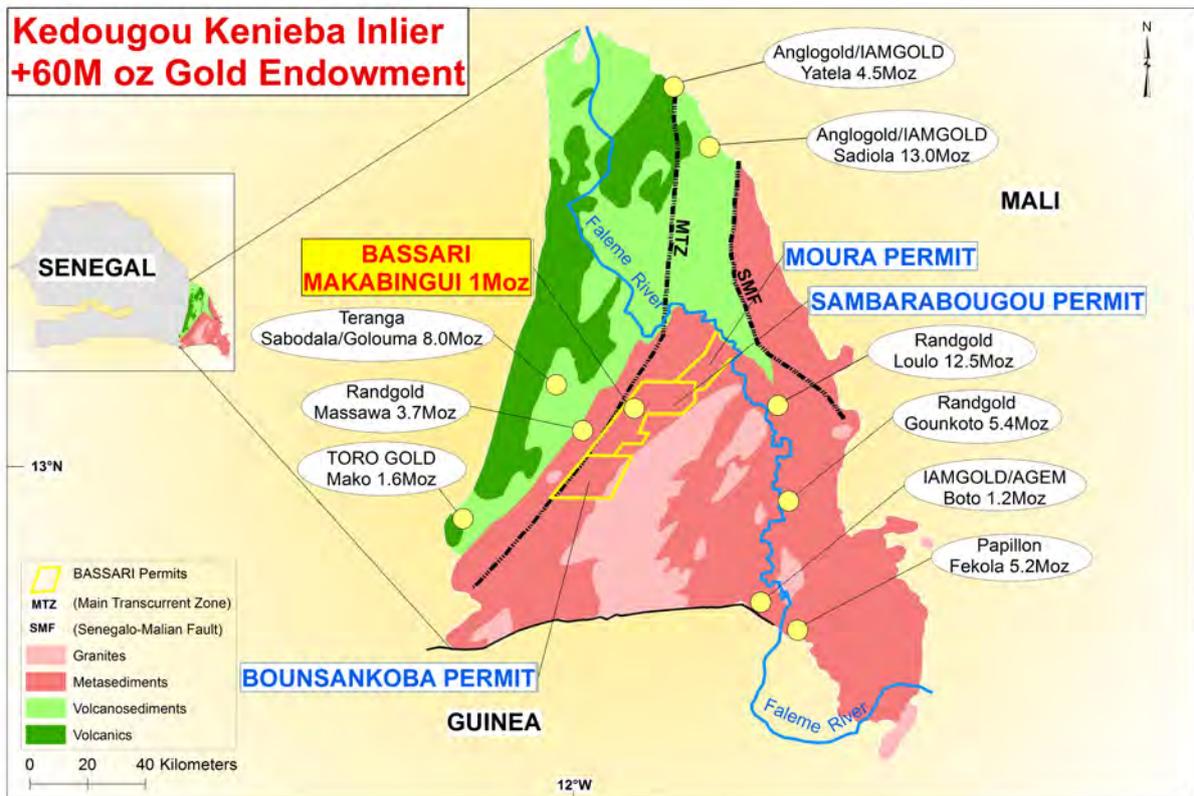


Figure 7 – Kedougou-Kenieba Inlier

STRATEGIC EXPLORATION PACKAGE – PLENTY OF UPSIDE

Bassari is extremely positive of the much larger exploration potential that exists within close proximity to both the Makabingui Gold Project and also within the three contiguous permits.

Previous artisanal activity within the Makabingui Project area south of the existing resource has identified potential for multiple new areas of mineralisation within a significant NE trending shear zone, and further highlights the prospectivity of Makabingui (refer Figure 8). Previous broad spaced drilling (both RAB and RC) has returned significant gold intercepts which combined with the level of previous artisanal activity highlight the strong prospectivity.

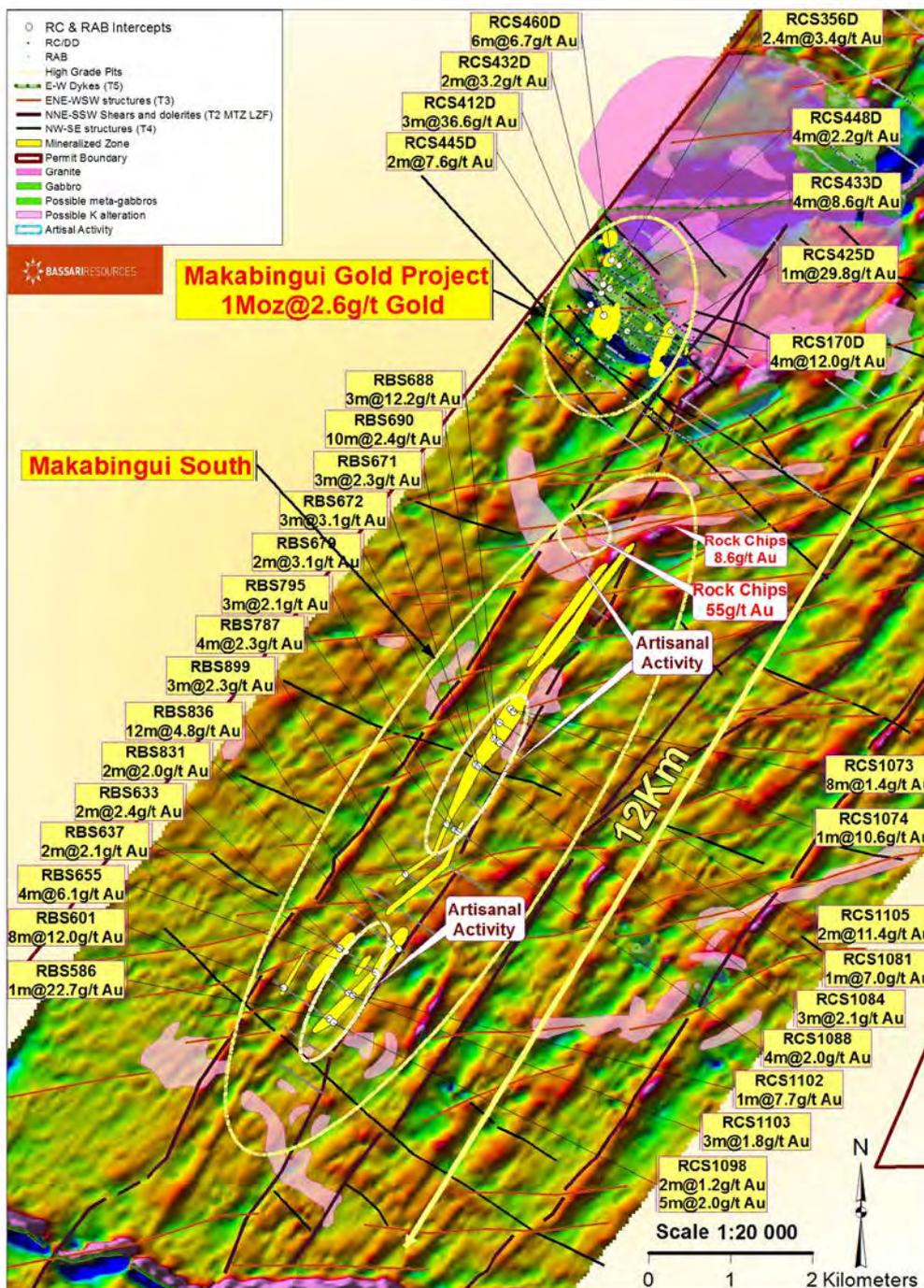


Figure 8 – Makabingui & NE Trending Mineralised Zone

SENEGAL

Senegal has established itself as an attractive country for gold exploration, having a stable, democratically elected government and highly prospective geology. Presidential elections held in March 2012 saw the election of a new president and effective change of government. Both the elections and the transition of power were managed seamlessly.

Senegal is located in the north and far west of Africa on the Atlantic coast, with neighbouring countries Mauritania to the north, Guinea to the south and Mali to the east (refer Figure 9). The small country of The Gambia is located through the southern part of Senegal from the coast. Senegal is a relatively small country, approximately the size of Victoria (Australia), and has a population of ~12 million. The capital of Senegal is Dakar situated at the western-most point on the coast.



Figure 9 - Location of Senegal, West Africa

Senegal gained its independence from France in 1960 after 75 years of French rule. Senegal is governed by a multiparty democracy based on the French civil law system. The official language of Senegal is French. For this reason, Senegal is the location of choice of many foreign embassies and international banks as the headquarters for the West African region.

About Bassari

Melbourne - based West African gold developer Bassari Resources Limited (ASX:BSR) has a strategic portfolio of exploration permits focused on the Birimian Gold Belt in Senegal. The permits cover an area of 850 km² with 80 km of strike along the combined three contiguous permits. The permits are located within the Kenieba 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.

Forward-Looking Statement

This release may include forward-looking statements which are based on assumptions and judgements of management regarding future events and results. Statements regarding Bassari Resources Limited plans with respect to future exploration and drilling are forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Bassari Resources Limited that could cause actual results to differ materially from such statements. Bassari Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Competent Persons Statement

The technical information in this report related to underground development and stope designs has been sourced from Australian Mine Design and Development Pty Ltd (AMDAD) Rep1723_140822 and reviewed by Mr John Wyche (author of the report).

The information in this announcement that relates to the Mineral Resources and Exploration Results has been reviewed and approved by Mr Chris Young who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young is a non-executive director and consultant to Bassari Resources Limited and has over 40 years' experience in the industry and has more than five years' experience which is relevant to the style of mineralisation being reported upon and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Young consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Mineral Resource information referred to in the announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not changed since it was last reported.

The underground scoping study used a Mineral Resource made up of inferred resource blocks. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

For Further Information Contact:**Managing Director/CEO**

Mr Jozsef Patarica

Ph: +61 3 9614 0600

Mobile: +61 419 899 966

NWR Communications

Mr Nathan Ryan – Investor Relations

Mobile: +61 420 582 887

Glossary of Terms

AMDAD	<i>Australian Mine Design and Development</i>
ASX	<i>Australian Securities Exchange</i>
Au	<i>Chemical symbol for gold</i>
BSR	<i>Bassari Resources Limited</i>
CIL	<i>Carbon In Leach</i>
COG	<i>Cut-off grade</i>
C1	<i>The costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of the by-product credits.</i>
DCF	<i>Discounted cash flow</i>
DD Drilling	<i>Diamond drilling</i>
ENE	<i>East North East</i>
FS	<i>Feasibility Study</i>
g/t	<i>grams per tonne</i>
GDP	<i>Gross Domestic Product</i>
IRR	<i>Internal rate of return</i>
JORC	<i>Joint Ore Reserves Committee</i>
JORC Code	<i>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves</i>
k	<i>Thousand</i>
kg	<i>kilogram</i>
km²	<i>square kilometres</i>
km	<i>kilometres</i>
ktpa	<i>Thousand tonnes per annum</i>
kva	<i>kilovolt-ampere</i>
m	<i>metre</i>
M	<i>Million</i>
Mt	<i>Million tonnes</i>
Mtpa	<i>Million tonnes per annum</i>
mm	<i>millimetres</i>
MTZ	<i>Main Transcurrent Zone</i>
Moz	<i>Million ounces</i>
NE	<i>North East</i>
NPV	<i>Net Present Value</i>
NW	<i>North West</i>
NNE	<i>North North East</i>
NN	<i>Nearest neighbour – estimation method</i>
OK	<i>Ordinary Kriging – estimation method</i>
Oz	<i>Troy ounces (1 troy oz = 31.10348 grams)</i>
ppb	<i>parts per billion, e.g. 1000 ppb gold is 1 g/t gold</i>
ppm	<i>parts per million</i>
p80	<i>80% percentile</i>
RAB Drilling	<i>Rotary Air Blast drilling.</i>
RC Drilling	<i>Reverse Circulation drilling</i>
RL	<i>Reduced Level (Elevation in metres)</i>
ROM	<i>Run of mine (includes mining loss and dilution)</i>
SE	<i>South East</i>
SSW	<i>South South West</i>
tph	<i>tonnes per hour</i>
tpa	<i>tonnes per annum</i>
t/m³	<i>tonnes per cubic metre</i>
US\$	<i>United States dollars</i>
3D	<i>Three dimensional</i>
24/7	<i>24 hour operation, 7 days a week</i>

Appendix A

Makabingui Mineral Resources

Classification	Material	Cut-Off-Grade Au g/t	Tonnes Mt	Grade Au g/t	Ounces Au
Total Indicated	Oxide	0.5	0.2	3.0	25,000
Total Indicated	Primary	0.5	2.4	4.1	311,000
Total Indicated Resources		0.5	2.6	4.0	336,000
Total Inferred	Oxide	0.5	0.7	1.6	33,000
Total Inferred	Primary	0.5	8.6	2.3	636,000
Total Inferred Resources		0.5	9.3	2.2	669,000
Total Resources		0.5	11.9	2.6	1,005,000

- The Mineral Resource is reported in accordance with the JORC Code 2004 and remains unchanged
- All tonnages are rounded to the nearest 100,000t. Rounding may affect totals
- All ounces are rounded to the nearest 1,000. Rounding may affect totals
- Top-cap / Top-cut of 100 g/t gold has been used
- Average base of Indicated Mineral Resource is 170m below surface

Appendix B

The Open Pit Feasibility Study and preliminary Underground Scoping Study used a Mineral Resource made up of a combination of Indicated and Inferred Resource blocks. Inclusion of Inferred Resource blocks and information pending to meet the requirements of Table 1 of the JORC Code 2012 mean that the pit quantities and grades cannot yet be regarded as an Ore Reserve. The total ounces and split between classifications is detailed below.

Pit	Classification	Tonnes	Grade Au g/t	Ounces Au
1	Indicated	455,000	7.3	107,000
	Inferred	7,000	19.7	4,000
	Sub Total	462,000	8.1	111,000
2	Indicated	412,000	3.8	51,000
	Inferred	2,000	1.7	0
	Sub Total	414,000	3.8	51,000
3	Indicated	0	0	0
	Inferred	50,000	3.1	5,000
	Sub Total	50,000	3.1	5,000
4	Indicated	0	0	0
	Inferred	67,000	5.9	13,000
	Sub Total	67,000	5.9	13,000
Underground	Indicated	0	0	0
	Inferred	490,000	7.6	120,000
	Sub Total	490,000	7.6	120,000