



# **ANNUAL REPORT**

**31 DECEMBER 2014**

<b>CORPORATE DIRECTORY</b>	<b>CONTENTS</b>	<b>PAGE</b>
<b>Board of Directors</b> Alex Mackenzie, Executive Chairman Jozsef Patarica, Managing Director/CEO Chris Young, Non-Executive Director Philip Bruce, Non-Executive Director	Directors' Report	1
	Auditor's Independence Declaration	30
	Consolidated Statement of Profit or Loss and Other Comprehensive Income	31
<b>Company Secretary</b> Ian Riley	Consolidated Statement of Financial Position	32
<b>Principal and Registered Office</b> Level 17 500 Collins Street Melbourne Vic 3000 Telephone: +613 9629 9925 Facsimile: +613 9614 0550 Email: <a href="mailto:admin@bassari.com.au">admin@bassari.com.au</a> Web: <a href="http://www.BassariResources.com">www.BassariResources.com</a>	Consolidated Statement of Changes in Equity	33
	Consolidated Statement of Cash Flows	34
	Notes to the Financial Statements	35
	Directors' Declaration	60
<b>Auditor</b> BDO East Coast Partnership Level 14, 140 William Street Melbourne Vic 3000	Independent Auditor's Report	61
	Additional Shareholder Information	63
	Corporate Governance	65
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## **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 2014.

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 (Chairman)  
Jozsef Patarica  
Chris Young  
Philip Bruce

#### **Alexander Seaforth Mackenzie**

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 a number of 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.

#### **Jozsef Patarica B.Eng MBA MAICD MAusIMM (Managing Director/CEO)**

Jozsef was appointed Managing Director/CEO of Bassari Resources Limited on 8 March 2010. He is a mining professional with a strong track record in the gold industry. He was involved in the development and operational management of the Fosterville Gold Mine (BIOX) in Victoria where he successfully transitioned the operation from open pit to underground. He has been involved in management, project evaluation and operational roles throughout his career in a number of mining centres across Australia. Prior to Fosterville he worked for Placer Dome as part of the Corporate and Project Development Group based in Western Australia. He was part of the Team for Newcrest involved in the construction and commissioning of Cadia Hill Gold Mine. Whilst in Western Australia he was part of the team which successfully constructed and commissioned the Stage 3 expansion of the Fimiston Plant for Kalgoorlie Consolidated Gold Mines.

## **DIRECTORS' REPORT (cont'd)**

### **Chris H Young BSc (Geology and Geophysics) MAusIMM MAIG (Non-Executive Director)**

Chris graduated from Sydney University in 1966 and has followed a career in Mineral Exploration, Exploration Management and Business Development for the past 40 years.

Chris was Chief Geologist for Mineral Deposits Limited, where he was responsible for the geological development of the successful Sabodala Gold Deposit situated in eastern Senegal and the Grande Cote Mineral Sands Deposit located on the Atlantic coast, North East of Dakar in Senegal, West Africa.

Chris's exploration management background in gold and other base minerals provides the Board with skills and experience aligned with delivering the full potential of the Company's assets. He has established his own consultancy, providing geological and project development services for exploration projects in West Africa.

### **Philip Francis Bruce BE (Mining) FAusIMM MAICD (Non-Executive Director)**

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.

Other directorships held in listed entities in the past three years:

- Hill End Gold Limited
- Latrobe Magnesium Limited
- Archean Star Inc.

The directors in the past three years held no other directorships in listed entities other than those referred to above.

## **COMPANY SECRETARY**

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

## **DIRECTORS' REPORT (cont'd)**

### **PRINCIPAL ACTIVITIES**

The principal activities of the group are to develop the Makabingui Gold Project which is located within the Sambarabougou permit and to further progress exploration and resource definition within three contiguous permit areas, Moura, Sambarabougou and Bounsankoba, 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 \$1,676,000 (2013:\$1,703,000).

### **FINANCIAL POSITION**

The net assets of the consolidated entity have increased by \$0.665 million to \$45.234 million at 31 December 2014 (2013: \$44.569 million). The major movements were:

- Shares issues during the year raising \$4.099 million (net of costs); and
- A gain arising on the translation of foreign operations of \$1.771 million.

The consolidated entity had a working capital deficit, being current assets less current liabilities, of \$1.673 million as at 31 December 2014 compared to \$0.871 million at 31 December 2013.

### **REVIEW OF OPERATIONS**

#### **Overview**

Bassari Resources Limited is an Australian 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 and Senegal's stable economy and support for the mining industry.

The Company is focused on developing the Makabingui Gold Project by initially targeting four high grade pits and upgrading the existing gravity plant to treat hard rock.

The Company's total exploration permits cover an area of approximately 790km<sup>2</sup> over the Birimian Gold Belt (Figure 1).

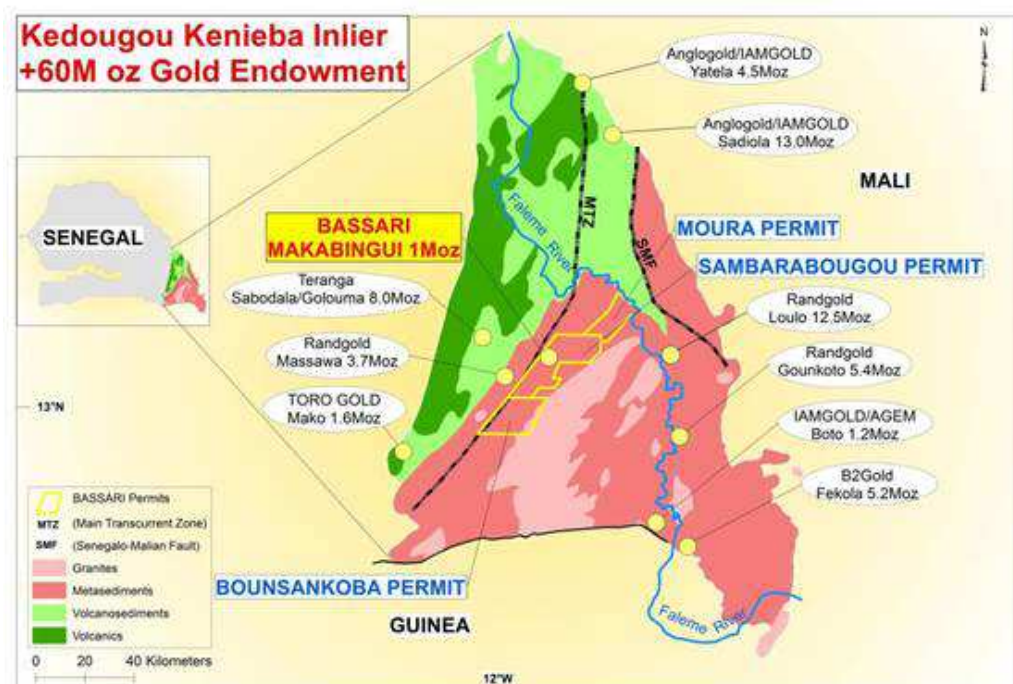
#### **Makabingui Gold Project – Feasibility Study Results**

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. The initial mining phase focuses on the indicated component of the resource based on open pit mining with conventional gravity and Carbon in Leach (CIL) processing circuit. The Feasibility Study is presented on an entire project basis with Bassari (through its 100% owned local subsidiary Bassari Resources Senegal SARL) holding 70% interest in the Sambarabougou Exploration Permit.

This Feasibility Study was managed by Bassari, with input from a number of specialist independent consultants covering key disciplines. The study provides a detailed assessment of the technical and economic viability for the initial development phase of the Makabingui Gold Project.

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

## DIRECTORS' REPORT (cont'd)



**Figure 1 – Kedougou-Kenieba Inlier**

## Economic Analysis

The study is based on a 300 ktpa hard rock operation initially from four high grade open-pits over a 3.4 year mine life. The project is technically and commercially feasible and can generate strong cash flows at the low end of industry operating costs.

<b>Table 1 – Summary of Key Financial &amp; Technical Outputs</b>	<b>Unit</b>	<b>FS @ US \$1200/oz</b>
<b>Physical</b>		
Initial Life of Mine (LOM) – Minable Inventory	kt	992
Average Mined Head Grade	g/t	>5.6
Average Mill Throughput	ktpa	300
Average Annualised Gold Production	oz	50,000
Production (Recovered Gold)	oz	171,000
Initial Mine Life	Years	3.4
<b>Cash Flow Analysis</b>		
Project Revenue	US\$M	205
Operating Cost	US\$M	117
After Tax Cash Flow (pre capex)	US\$M	88
Total Capital (Includes pre-production)	US\$M	12
Project NPV (8%)	US\$M	63
IRR	%	404
Payback period from production start	Months	<12
Cash cost (C1) - inclusive of mining, processing, site administration, royalties and refining	US\$/oz	683

## DIRECTORS' REPORT (cont'd)

### Feasibility Study Parameters:

• Processing rate	300,000 tonnes per annum
• Mining Cut-off grade	1.3 g/t gold
• Metallurgical Recovery	95%
• Average Mining Cost	US\$3.15 / tonne (inclusive of haulage)
• Average Processing Cost	US\$29.62 / tonne processed
• General & Administration	US\$10.44 / tonne processed
• Gold Price	US\$1,200 per ounce

The project in this initial development stage is 3.4 years, with strong potential to significantly increase the mine life given that mineralisation remains open along strike and at depth in the current resource area. There is also much larger resource growth potential close to the existing project area along strike at Makabingui South where previous drilling (RC & RAB) has returned significant gold intercepts. These intercepts along with previous artisanal activity, highlight the opportunities for further infill drilling.

Australian Mine Design & Development (AMDAD) carried out the pit designs and developed the production schedules based on the Whittle open pit optimisation studies.

Major equipment costs were based on a combination of budget quotes, knowledge of similar projects and in-country experience from building the existing gravity plant.

### Pre-production Capital Cost Estimate:

Processing Plant Upgrade	US\$5.5M
Mine Pre-development	US\$1.7M
Tailings Storage Facility (Year 1)	US\$0.5M
First Fill & Spares	US\$0.5M
Mine Establishment & Owner's Costs	US\$2.8M
<b>Sub Total</b>	<b><u>US\$11.0M</u></b>

Tailings Storage Facility (Year 2 onwards)	US\$1.1M
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<b>Total Capital Cost Estimate</b>	<b><u>US\$12.1M</u></b>
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### Notes:

- Mine pre-development allows for four months of mining to build an adequate ROM stockpile prior to gold production
- Mine Establishment & Owner's Costs include mobilisation, mine infrastructure and project management costs

Capital and operating costs have been derived from first principles based on budget quotes and in-country labour rates where possible as well as consultant databases related to similar projects.

An indicative development timeframe to first gold production is 8 months with the critical path being the processing plant upgrade.

## GOLD ORE RESERVES

The conversion of Indicated Resources to Ore Reserves is for the initial stage of the project focused on high grade zones within the 1 million ounce gold resource. The Ore Reserves are in accordance with the 2012 Australasian Code for the Reporting of Resources and Reserves (the JORC Code 2012).

## DIRECTORS' REPORT (cont'd)

### *Makabingui Gold Project Ore Reserve*

Category	Ore		
	tonnes	g/t Gold	Ounces Gold
Pit 1	450,000	7.3	107,000
Pit 2	410,000	3.8	51,000
<b>Total Ore Reserve</b>	<b>860,000</b>	<b>5.7</b>	<b>158,000</b>

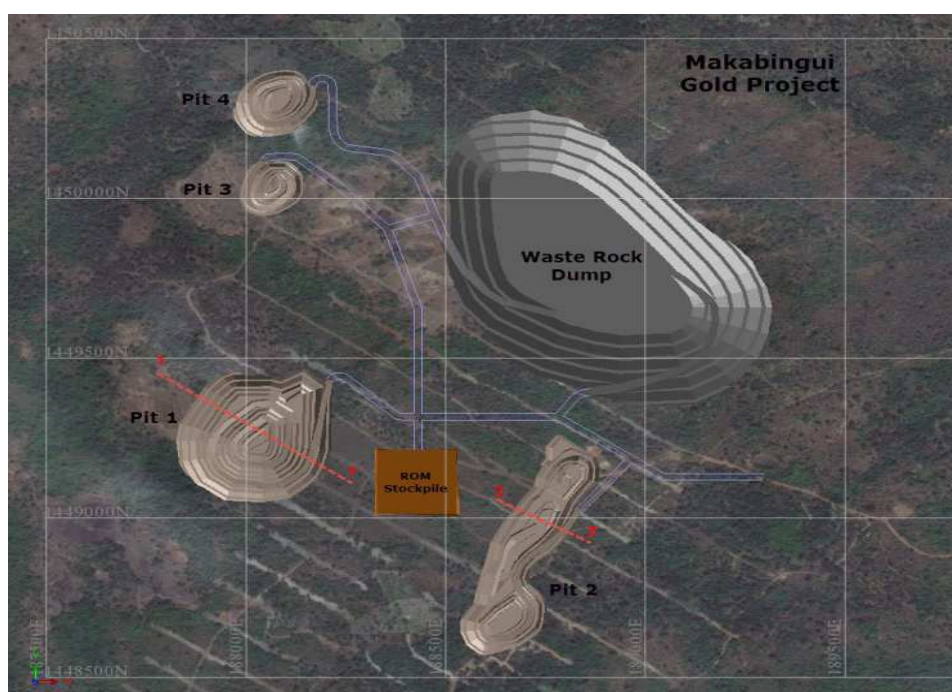
*Note: The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grade.*

## MINE DEVELOPMENT

### Mine Layout

The development proposal is to commence mining operations utilising existing infrastructure, equipment and 300ktpa gravity processing plant. Four high grade open-cut pits have been identified, designed, and material movement schedules completed within the 1M ounce gold resource (refer Figures 2 & 3). The contained ounces and average grade for each pit are:

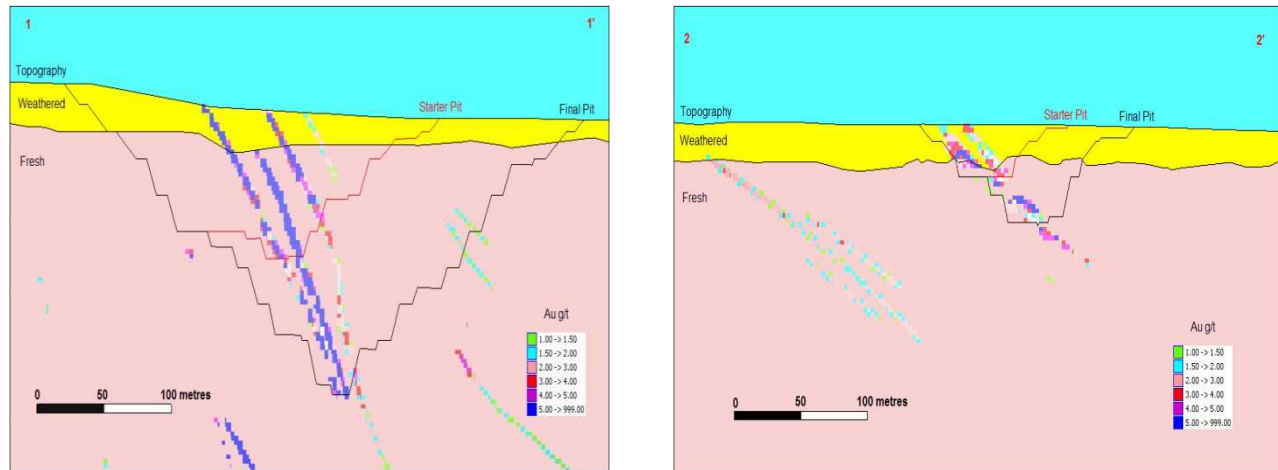
- |  |                              |
|--|------------------------------|
| • Pit 1 – Total of ~460K tonnes at ~ <b>7.5 g/t gold</b> for | <b>111,000 ounces</b>        |
| • Pit 2 – Total of ~410K tonnes at ~ <b>3.8 g/t gold</b> for | <b>51,000 ounces</b>         |
| • Pit 3 – Total of ~50K tonnes at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



**Figure 2 - Mine Plan View Showing Pits and Waste Dump**



## DIRECTORS' REPORT (cont'd)



**Pit 1 - Section 1-1'**

**Pit 2 - Section 2-2'**

**Figure 3 - Sections 1-1' & 2-2'**

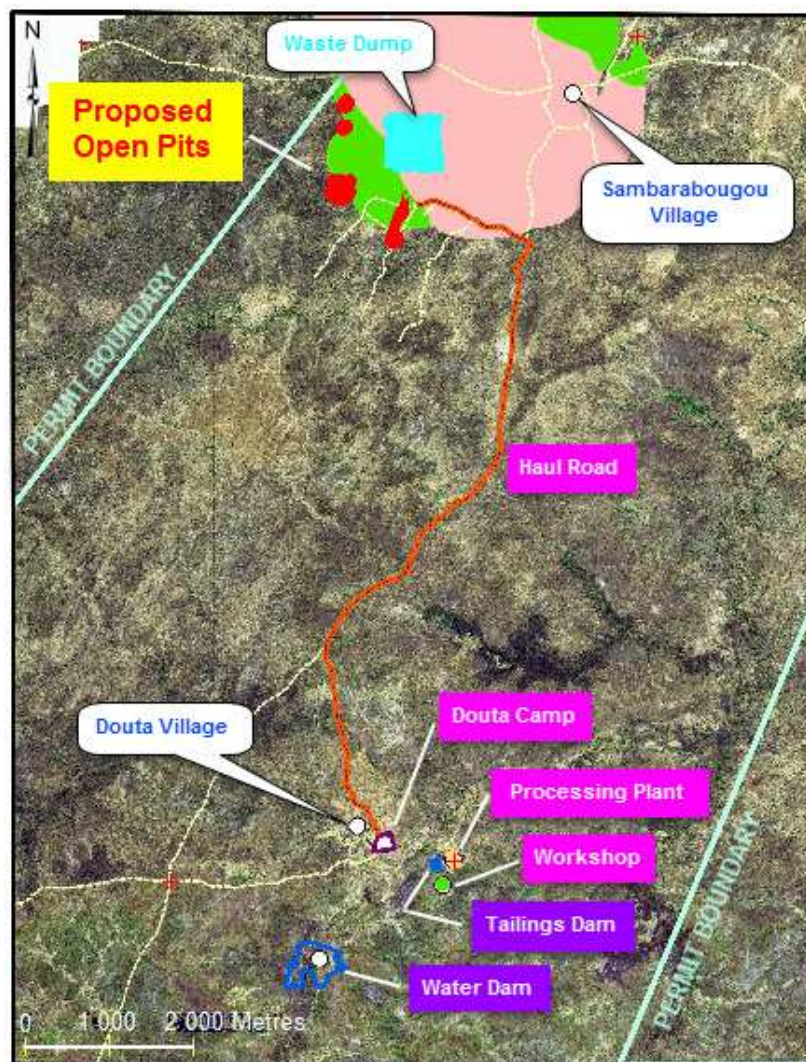
The proposed plant location is at the existing gravity plant site (refer Figure 4). A processing throughput rate of 300ktpa has been selected to minimise the capital cost of upgrading the existing gravity plant.

### Mining Operations

The mining schedule has been developed for an initial production rate of 300ktpa given the following factors:

- Operating costs have been derived from first principles based on current equipment databases, in country labour rates and benchmarking against nearby Senegalese mines
- Mining loss and dilution has been modelled to account for the variable mineralised lode widths resulting in an average of 21% dilution and 5% loss of mineralisation
- It is difficult to quantify the exact amount of gold removed by artisanal activity. 10% of the target mineralisation in the oxidised zone is assumed to have been removed (representing ~1,800 contained ounces). Artisanal activity has taken place outside of the four pits designed as part of the project.
- Pit slope parameters are based on a kinematic evaluation of the defect/structural logging data which has also been benchmarked against existing excavated slopes in similar rock masses nearby.

## DIRECTORS' REPORT (cont'd)



**Figure 4 – Project Layout – Mine and Processing Plant**

Production and cost estimates from the open pit designs and schedules indicate:

- The open pit designs are able to recover 99% of the gold mineralised lodes included in the optimised Whittle shell.
- The mill head grade after modelling for loss and dilution is >5.6 g/t gold.

Blasting will be in a minimum bench height of 5m to achieve adequate fragmentation. Mining in the waste zones will be at full 5m height. The mining faces would advance from SE to NW working up to the hanging wall of each mineralised lode.

As mining approaches within 5-10m of a mineralised lode above the cut-off grade (COG) grade control drilling will be conducted across the lode and combined with geological mapping from the benches above to define the positions of the hanging wall and footwall.

## **DIRECTORS' REPORT (cont'd)**

The full bench height through the lode will be blasted with the pattern, hole size and powder factor chosen to minimise movement. An excavator will mine up to the mineralised lode and scrape off the waste to expose the hanging wall, the scraped down waste will be hauled away and the lode itself scraped down to expose the footwall waste contact. The scraped down lode will be mined and the process repeated across to the next mineralised lode.

There is good visual definition of the mineralised lodes and geological mapping of each new bench floor along with geological grade control will greatly assist grade control drilling in achieving the required level of mining selectivity.

The preferred option is for a mining contractor to conduct all site development, overburden and waste removal, including site rehabilitation and haulage to the processing facility. The haulage route will be on an existing established road linking Makabingui to the processing facility (road established by and currently maintained by Bassari - refer Figure 5). Mining operations will be conducted on a 24/7, 365 days per year basis.



***Figure 5 – Existing Road between Makabingui & Processing Facility***

The Company has a 100% owned fleet of heavy mobile equipment and light vehicles which are available to undertake pre-development works and to support mining operations. The use of this equipment was factored into the study, mainly in haulage to the processing plant. The equipment is not new and in varying states of serviceability. Equipment includes: 1 x 14H Caterpillar Grader, 1 x WA480 Loader, 2 x Bell Trucks B40D, 1 x Doosan DX300LC Excavator, 1 x Komatsu PC450LC Excavator, 1 x Komatsu WB93R Backhoe, 1 x Toyota 22 Seater Coaster Bus, 1 x Truck & semi-trailer, 8 x Toyota 4WD's, 1 x Toyota Troop Carrier Ambulance.

The mining operation equipment selection assumptions have a typical mining fleet including: 1 x Caterpillar 345D Excavator, 2 x Caterpillar 390D Excavators, 3 x Atlas Copco ROC L8 Crawler Drills, 2 x Caterpillar 14H Graders, 1 x Caterpillar 972H Wheel Loader, 2 x Caterpillar D9T Dozers, 10 x Caterpillar 740 Trucks, 3 x 50 tonne road haul trucks.

Mining is scheduled on 3 x 8 hour shifts per day. The total mining workforce across the three shifts is 58 during the first 5 months including the 4 month pre-production period. This rises to an average of 187 people, consisting of 36 technical and supervisory staff, 98 operators and miners and 53 maintenance personnel.

## **DIRECTORS' REPORT (cont'd)**

### **METALLURGY & PROCESSING**

#### **Metallurgical Test Work Results**

The processing plant design has been finalised based on a variety of test work programs. Metallurgical tests to determine the gravity recoverable gold over a range of grind sizes were carried out with the most recent test work focused purely on gravity recoverable gold (see ASX announcement 22 May 2014).

The latest test work achieved high free gold recoveries (92% recovery from four passes) supporting and improving all previous metallurgical test work programs.

Key outcomes from the test work:

- 92% gravity recovery from four passes
- 18 g/t gold calculated feed grade of the composite test sample
- Free gold up to ~3mm observed in first two passes

The majority of gravity gold was recovered in the first two Knelson Concentrator passes (ground to a P80 of 700 micron, 78% total gold recovery). An additional third pass at a grind P80 of 300 micron increased gravity gold recovery to 89%.

Composite samples were made up from material used as part of the January 2013 metallurgical test work program. The samples are from the Metagabbro (primary focus for 2012 resource drilling program) and Metasediment hosted gold lodes. The samples were taken from multiple sections and at varying depths focused on primary (unoxidised) mineralised lodes.

### **HIGH GRADE UNDERGROUND EXTENSION – SCOPING STUDY**

#### **Mine Design**

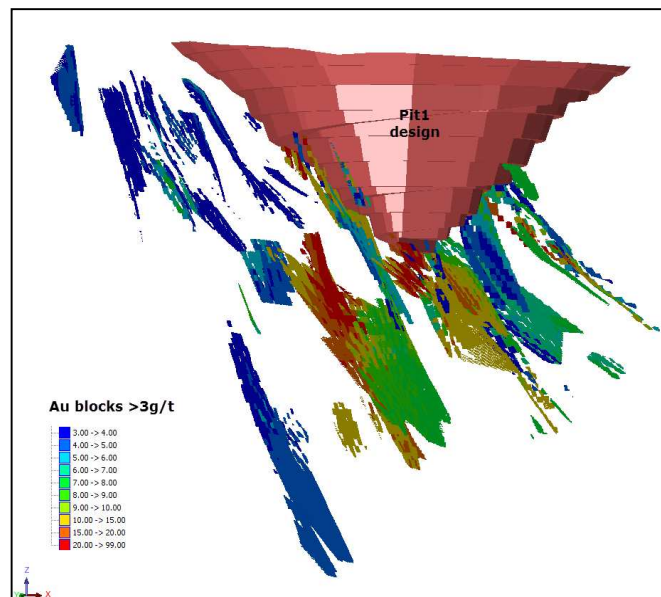
The pit designs for Pit 1, developed as part of the initial mining phase of the Makabingui Gold Project, have been used for the preliminary Underground Scoping Study. The underground analysis only uses the Inferred resources within the vicinity of Pit 1 (see Figure 6).

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



## DIRECTORS' REPORT (cont'd)



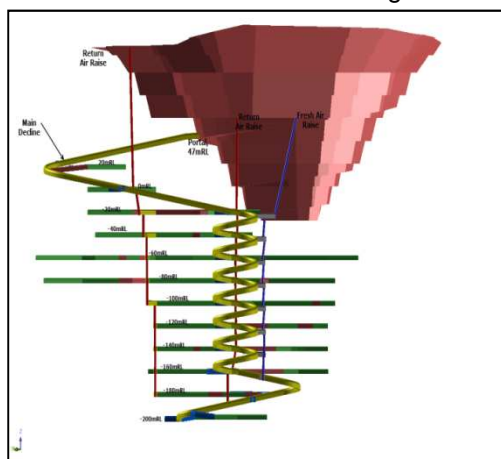
**Figure 6 – Makabingui Resource Blocks – Pit 1 Area**

### Mine Development

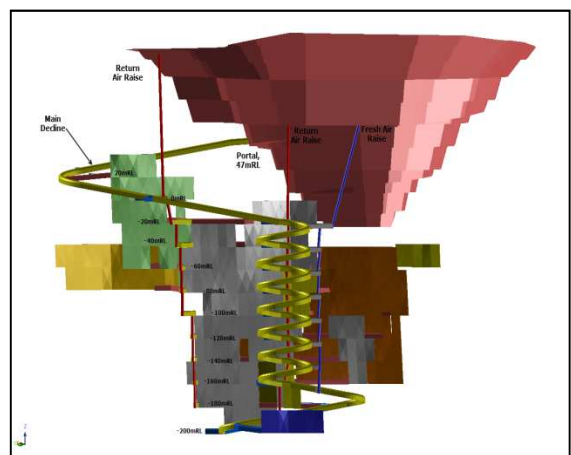
The Pit 1 design, prepared as part of the Open Pit Feasibility Study, was used to locate the portal. The underground design used the following parameters:

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

Figures 7 and 8 below show the underground design.



**Figure 7 – Underground Development Design Looking South East**



**Figure 8 – Underground Development Design Looking South East Including Stopes**

## **DIRECTORS' REPORT (cont'd)**

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.

## **ENVIRONMENTAL & SOCIAL IMPACT ASSESSMENT**

The technical review committee validation in March 2015 of the Environmental and Social Impact Assessment (ESIA) lodged with the Environmental Department of the Senegalese Government marked a significant milestone.

The important technical review committee meeting held in the Environmental Department's regional office in Kedougou in March 2015 has now validated the technical aspects of the assessment in the lead up to a public information meeting to be held in the region. The technical validation was achieved at the first meeting which is without precedent. The technical review committee comprised members of various government authorities (Governor of Kedougou, Sous-Prefet of Sabodala), all technical government services within the Kedougou Region, the Head of the Environmental Department of Dakar and Department of Mines and Geology representatives from both Dakar and Kedougou. More than 40 people were in attendance across all authorities. The public information meeting is expected to be held in the next few weeks and will mark the final step in the approval process.

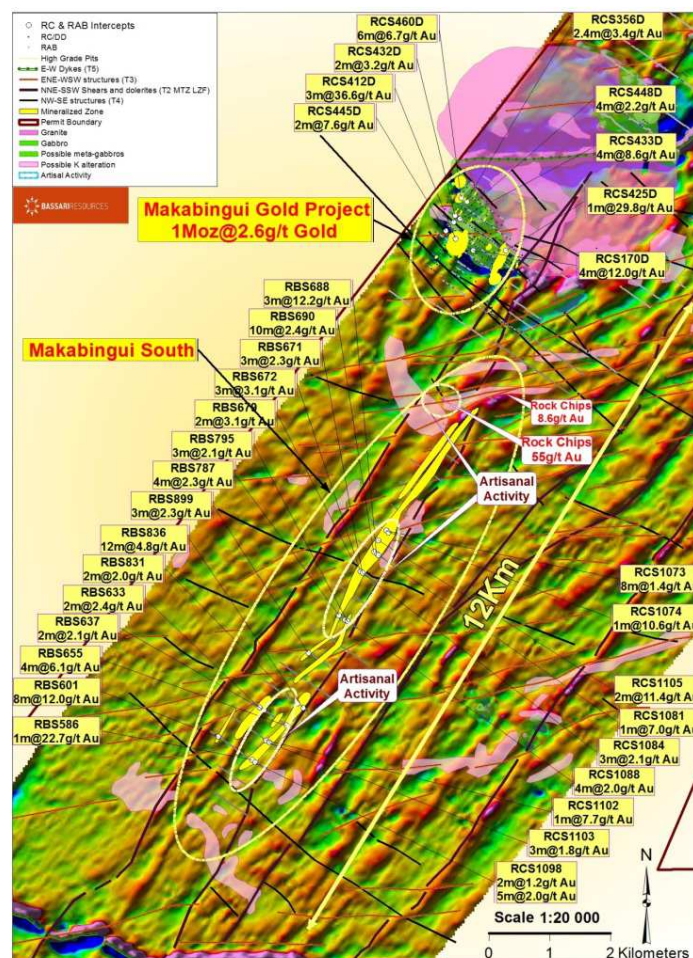
We acknowledge and are encouraged by the ongoing support provided by the government departments involved throughout the assessment process.

## **STRATEGIC EXPLORATION PACKAGE**

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 9). 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.

## DIRECTORS' REPORT (cont'd)

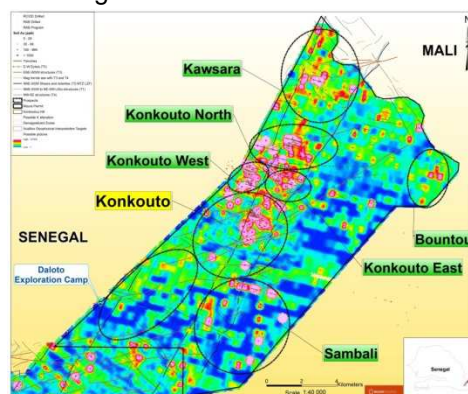


**Figure 9 – Makabingui & NE Trending Mineralised Zone**

### MOURA EXPLORATION PERMIT (Bassari 70%) - THREE YEAR SPECIAL EXTENSION

The most northern of Bassari's three contiguous permits, Moura contains the Konkouto, Kawsara, Bountou, and Sambali Prospects (Figure 10). The permit has been granted a three year special extension.

The prospects defined in the Moura Permit are supported by interpreted prospective structural zones highlighted by the high resolution aeromagnetic data.



**Figure 10 – Moura Permit – Prospect Location Map**

## DIRECTORS' REPORT (cont'd)

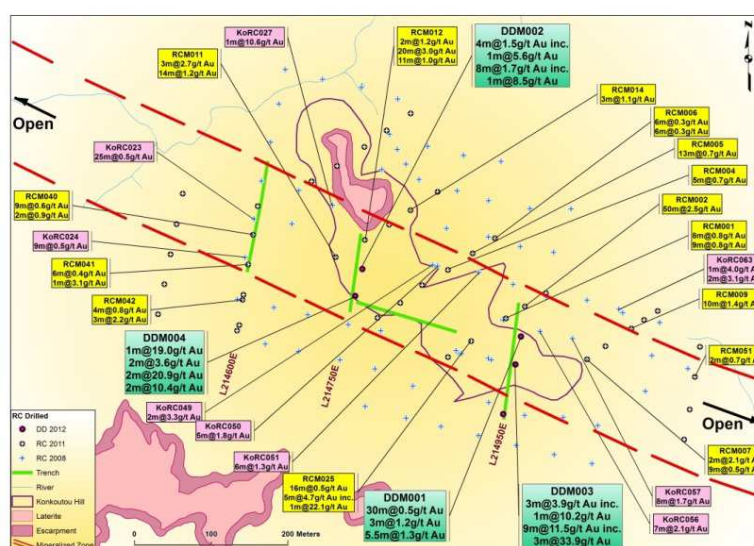
### Konkouto Gold Prospect

The Konkouto gold discovery is located approximately 35 kilometres north east of the Makabingui Gold Project. Konkouto is centred on a low hill approximately 700 metres long and 100 metres wide (Figure 11). There are numerous artisanal pits showing mineralised quartz veins and stockwork quartz-carbonate veins and veinlets hosted by a metasedimentary greywacke unit.

Previously reported drilling intercepts (refer ASX announcement 12 January 2012 & 7 May 2012) highlight a significant zone of gold mineralisation with assay results returned from both reverse circulation (RC) and diamond drilling (DD) being:

- 50m @ 2.5 g/t gold from 19 metres
- 20m @ 3.0 g/t gold from 32 metres
- 5m @ 4.7 g/t gold from 34 metres
- 9m @ 11.5 g/t gold from 161 metres
- 9m @ 11.5 g/t gold from 161 metres

A total of 3,240 metres in 40 RC holes and 1,082 metres in 5 DD holes were completed as part of the 2012 drilling program.



**Figure 11 - Konkouto Prospect Plan**

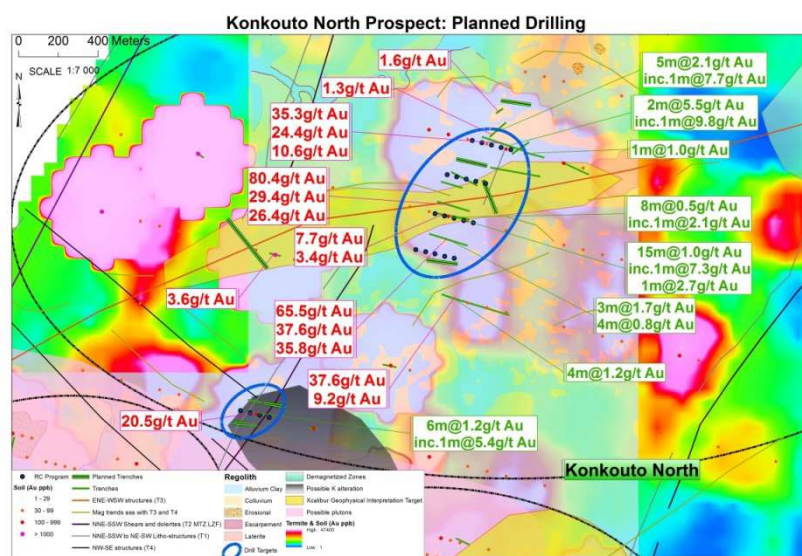
Independent geological assessment has modelled the mineralised veins as part of a ladder vein array. The mineralised shear at Konkouto appears to be related to a sheared greywacke unit trending north west and dipping north east. The mineralised quartz veins in the shear are mainly oriented east west and are shallow dipping to the south. Gold mineralisation is also present within altered mylonitic foliation in schistose rocks. The mineralised structure remains open along strike and down dip.



## DIRECTORS' REPORT (cont'd)

### Konkouto North, East and West

The Konkouto North prospect is a drill target with a strike length of approximately 1 kilometre across a 300m wide zone. There are strong soil geochemical anomalies and it is located on an intersection of structures oriented north east, east-north-east and north west, highlighted by the geophysical interpretation (Figure 12). Geological mapping and trenching is also planned across Konkouto East and Konkouto West.



**Figure 12 – Konkouto North**

### Kawsara

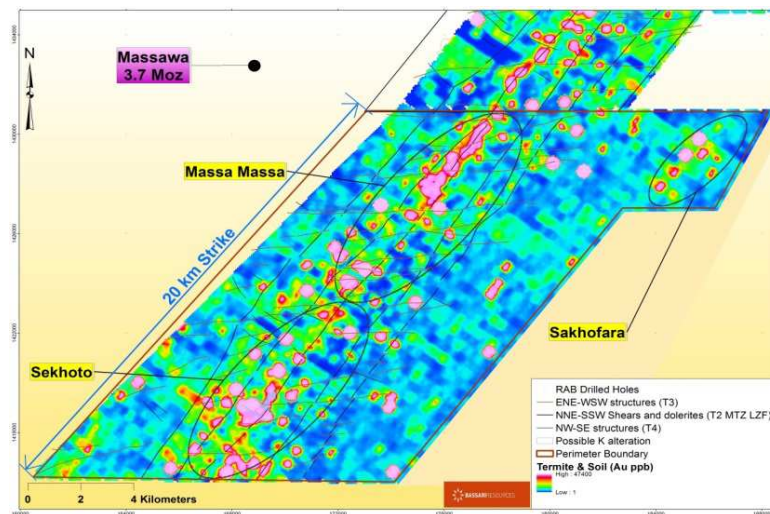
This prospect has a strike length of approximately 2 kilometres across a 300 metre wide zone and is characterized by sporadic soil anomalies but very encouraging trench intercepts. Gold intersections from trenching include 5m @ 5.7 g/t gold; 2m @ 5.5 g/t gold and 3m @ 3.4 g/t gold. The planned extended trenching program will focus on intersecting NE and ENE structures. The proposed program for follow-up is, 2,000m of trenching and 2,000m of RC drilling.

### BOUNSANKOBA PERMIT (Bassari 70%)

The Bounsankoba permit adjoins the south of the Sambarabougou permit.

Limited exploration work has been undertaken to date. Sekhoto, located from the Lafia Shear Zone has shown from soil, termite and RAB drilling, strong gold anomalies, also from the more recent trenching carried out. Lode gold mineralization identified with highly anomalous trench results, NE trending and cross structure identified RC drilling follow up is required (refer Figure 13).

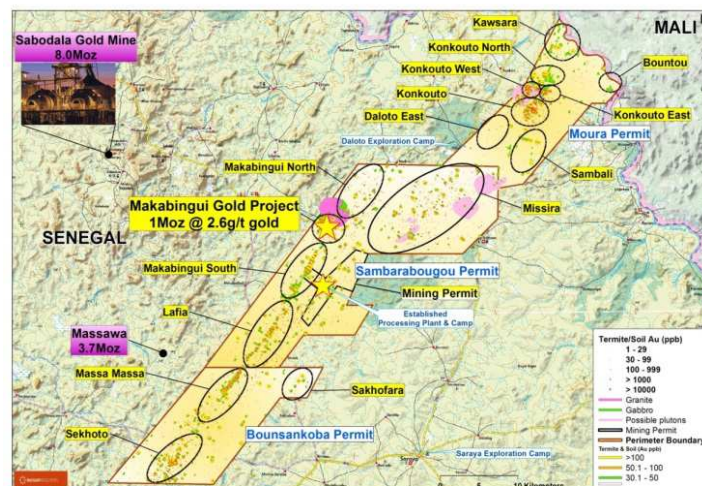
## DIRECTORS' REPORT (cont'd)



**Figure 13 – Bounsankoba Permit, Prospect Plan**

## PROJECT AND PERMIT LOCATION

Bassari holds a 70% interest in each of three contiguous exploration permits; Sambarabougou, Moura and Bounsankoba, covering approximately 790 km<sup>2</sup> in a central location of the highly prospective Birimian Kenieba Inlier. 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 14).



**Figure 14 – Bassari's Permits with Project and Permit Locations**

## DIRECTORS' REPORT (cont'd)

### Project Financing

A number of project financing options are being considered by the Company. The Board is focused on delivering a financing package which maximises value to shareholders through developing the project.

Key aspects of the project highlighted by potential financiers:

- High grade starter project reduces overall capital.
- Highly experienced development team in place.
- Detailed design of processing plant upgrade well advanced.
- Senegal is a stable country with government focused on economic growth through mining sector.
- Previous operating experience of gravity plant reduces project risk.
- Infrastructure and existing gravity plant in place reduces development timeline.
- Excellent access to site with major port facility in capital city of Dakar.
- Significant upside beyond starter project within existing resources and multiple prospects identified and ranked.

#### *Competent Persons Statement*

*The technical information in this report related to open cut designs has been sourced from Australian Mine Design and Development Pty Ltd (AMDAD) Report 1723-140630 and reviewed by Mr John Wyche (author of the report). The technical information in this report related to metallurgical test work and comminution test work has been sourced from ALS Metallurgy (New South Wales – Sydney) Report M2867 and AMML – Australian Minmet Metallurgical Laboratories Pty Ltd Report 0398-1.*

*The information 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 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 pit optimisation study used a Mineral Resource made up of a combination of indicated and 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.*

*The Competent Person signing off on the overall Ore Reserve Statement is John Wyche. Mr Wyche is a Member of The Australian Institute of Mining and Metallurgy who has 27 years of experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Reserves'. Mr Wyche is a full time employee of Australian Mine design and Development Pty Ltd and acts as a consultant mining engineer to Bassari Resources Limited. Mr Wyche is not an employee of Bassari resources Limited and does not hold shares or other equities in Bassari Resources Limited.*

## **DIRECTORS' REPORT (cont'd)**

### **Corporate**

#### **Capital raising**

The Company undertook a capital raising in late December 2013, and placed shares for a value of \$0.13 million by 31 December 2013. The capital raising was completed by 22 January 2014, raising a further \$0.38 million at 0.6 cents per share. The total raised was \$0.51 million.

On 18 February 2014 the Company announced that it was undertaking a capital raising by offering to eligible shareholders a Share Purchase Plan (SPP) and the right to apply for up to \$15,000 of shares in the Company. The SPP closed on 7 March 2014 and raised \$820,400 before costs to be applied to working capital and to further progress the Makabingui Gold Project studies.

On 19 March 2014, HEGL Investments Pty Ltd exercised the option to convert \$250,000 secured loan funds to 31,250,000 ordinary shares in the Company at 0.8 cents per share.

In April 2014, the Company raised \$1 million via the placement of 111,424,405 fully paid ordinary shares at 0.9 cents per share with an international mining contractor, BCM International Limited ('BCM'), as a cornerstone investor and a significant shareholder.

In July 2014 the Company completed a placement raising \$1.08 million at 2 cents per share and on 8 August 2014 the Company announced a 1 for 5 non-renounceable pro rata rights issue to shareholders.

Funds raised in the rights issue which closed on 8 September 2014, \$556,000 and a further \$109,500 from the shortfall, were applied to working capital and to further progress the Makabingui Gold Project.

In November 2014 the Company announced that it would issue Convertible Notes in three tranches, the first tranche of \$350,000 being received, resulting in the issue of Convertible Notes with a face value of \$0.016 (1.6 cents) per each ordinary share on conversion within 12 months from the date of issue. Convertible notes were issued with a coupon rate of 8% per annum, interest payable quarterly in arrears.

Further tranches of \$50,000 and \$100,000 have been issued subsequent to the end of the financial year.

### **DIVIDENDS**

During the financial year, no dividends were paid (2013: \$Nil). The directors have not recommended the payment of a dividend.

### **SHARES**

At the date of this report 1,181,136,981 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 on 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:

## DIRECTORS' REPORT (cont'd)

- The Company raised additional capital during the year of \$4.2 million before costs by the issue of 410 million ordinary shares including 31.25 million ordinary shares in settlement of loans provided. The funds raised were used to advance gold resource growth at Makabingui, advance Makabingui Gold Project studies and for working capital.
- The movement in exchange rates of both US\$ and FCFA against the A\$ during the financial year resulted in an exchange difference on translation of the Senegal operations of the group of \$1,771,000, \$1,762,000 of which relates to exploration costs carried forward and \$18,000 to property, plant and equipment.

## EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Under the convertible note agreement the Company issued part of the second tranche of convertible notes. On 16 January 2015, 3,125,000 convertible notes were issued under the same terms as existing convertible notes raising \$50,000. On 10 February 2015 the Company issued a further 6,250,000 convertible notes raising \$100,000.

Other than the matters referred to above there have been no events that have occurred subsequent to the end of the reporting period that would require adjustment to, or disclosure in, the financial report.

## 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 2014, and the number of meetings attended by each director was:

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
A S Mackenzie	5	5	5
J Patarica	5	5	5
C H Young	5	5	5
P F Bruce	5	5	5

The Company has no separate audit or remuneration committee at present, with both committees consisting of all directors. Therefore all meetings above include a meeting of the audit and remuneration committees. The role of the audit committee is undertaken by the Board of Directors.

## **DIRECTORS' REPORT (cont'd)**

### **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 all 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**

Other than an amount of \$6,000 paid for taxation consulting services, there were no other non-audit services provided by the auditor, BDO East Coast Partnership during the year.

BDO East Coast Partnership continues in office in accordance with the *Corporations Act 2001*.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included on page 30 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, as the directors believe further disclosure is likely to result in unreasonable prejudice to the Company.

### **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.

## **DIRECTORS' REPORT (cont'd)**

### **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.

#### **(a) 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 period 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 caliber executives;
- Focus on creating sustained shareholder value;
- Have a significant portion of executive remuneration 'at risk', dependent on meeting predetermined performance benchmarks; 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 as measured by dividends paid, changes in the share price and any return of capital.

##### **Remuneration Structure**

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

## **DIRECTORS' REPORT (cont'd)**

### **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.

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.

In the 31 December 2014 financial year, no new share based payments in the form of options over ordinary shares were granted under the LTI plan to directors (2013: Nil), and none are on issue (2013: 1,800,000).

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 the Company's 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.



## **DIRECTORS' REPORT (cont'd)**

### **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 2014 year no payments were made (2013: \$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.

### **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.

## **DIRECTORS' REPORT (cont'd)**

### *Structure*

LTI grants to executives are delivered in the form of options over ordinary shares. In the past share options have been granted to executives. However, during the 31 December 2014 financial year and the 31 December 2013 financial period, no new share based payments in the form of options over ordinary shares were granted under the LTI plan to executive and all options have expired.

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 awards will vest subject to performance 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.

### **Key Management Personnel – Directors and Executives**

<b>Name</b>	<b>Position Held</b>
Alexander S Mackenzie	Executive Director
Chris H Young	Non-Executive Director
Philip F Bruce	Non-Executive Director
Jozsef Patarica	Managing Director/CEO
Ian Riley	Company Secretary/CFO

The above directors and company secretary are also the group and company executives.

### **Key Management Personnel - Service Contracts**

#### *Managing Director/CEO*

The Company entered into an agreement with Jozsef Patarica that provides for Mr Patarica to be contracted by the Company as Managing Director/CEO for an indefinite period from 8 March 2010. This agreement was varied by Deed of Variation during the prior year. The terms of the varied deed are substantially the same as those of the original agreement.

While the agreement is for an indefinite period it may be terminated by either party upon giving one month's notice. Under the agreement Mr Patarica will receive a salary of \$280,000 per annum plus superannuation. The service agreement also contains certain restraints effective up to six months after Mr Patarica's service ends.

#### *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 \$155,000 per annum. The contract which can be terminated by either party with one month's notice, provides for renewal of a further term of 12 months.

### **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:

## DIRECTORS' REPORT (cont'd)

### Remuneration for the year ended 31 December 2014

	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 \$	Options \$	Options %		
<b>Non-executive directors</b>										
C H Young	37,460	-	-	2,540	-	-	-	-	40,000	-
P F Bruce	40,000	-	-	-	-	-	-	-	40,000	-
<b>Subtotal non-executive directors</b>		-	-		-	-	-	-		-
<b>Executive director</b>										
A S Mackenzie (i)	287,694	-	-	-	-	-	-	-	287,694	-
J Patarica	280,000	-	-	27,000	-	-	-	-	307,000	-
<b>Subtotal executive Directors</b>		-	-		-	-	-	-		
<b>Total Directors</b>	645,154	-	-	29,540	-	-	-	-	674,694	-
<b>Non-Director key management</b>										
I D Riley	155,000	-	-	-	-	-	-	-	155,000	-
<b>Total Non-Director key management</b>		-	-		-	-	-	-		
<b>Total Directors and key management</b>	800,154	-	-	29,540	-	-	-	-	829,694	-

- (i) Remuneration includes Chairmans fee of \$60,000 for the 2014 financial year, \$42,000 for the previous financial year (not included in 2013) and consulting fees of \$185,694 – refer note 29. Remuneration includes amounts paid and payable at 31 December 2014

## DIRECTORS' REPORT (cont'd)

### Remuneration for the year ended 31 December 2013

	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 \$	Options \$	Options %		
<b>Non-executive directors</b>										
C H Young (i)	48,908	-	-	4,425	-	-	-	-	53,333	-
P F Bruce	12,638	-	-	-	-	-	-	-	12,638	-
J A Ballard (ii)	46,800	-	-	-	-	-	-	-	46,800	-
<b>Subtotal non-executive directors</b>	108,346	-	-	4,425	-	-	-	-	112,771	-
<b>Executive director</b>										
A S Mackenzie (iii)	97,326	-	-	-	-	-	-	-	97,326	-
J Patarica (iv)	286,900	-	-	27,854	-	-	-	-	314,754	-
<b>Subtotal executive Directors</b>	384,226	-	-	27,854	-	-	-	-	412,080	-
<b>Total Directors</b>	492,572	-	-	32,279	-	-	-	-	524,851	-
<b>Non-Director key management</b>										
I D Riley (iv)	147,750	-	-	-	-	-	-	-	147,750	-
<b>Total Non-Director key management</b>	147,750	-	-	-	-	-	-	-	147,750	-
<b>Total Directors and key management</b>	640,322	-	-	32,279	-	-	-	-	672,601	-

- (i) Remuneration included consulting fees of \$5,000 – refer note 29
- (ii) Remuneration included consulting fees of \$21,800 – refer note 29
- (iii) Remuneration included consulting fees of \$97,326 – refer note 29
- (iv) Salary reductions implemented during the year

## DIRECTORS' REPORT (cont'd)

### (a) Options and Rights Holdings

Number of options held directly, indirectly or beneficially by company directors and key management personnel. No options were held directly, indirectly or beneficially by company directors and key management personnel at any time during the 2014 financial year.

2013	Balance as at 1 January 2013	Granted as Remuneration	Options lapsed	Net other change	Balance as at 31 December 2013	Total Vested 31 December 2013	Total vested and exercisable 31 December 2013	Total unvested and not exercisable 31 December 2013
<b>Directors</b>								
A S Mackenzie	--	-	-	-	-	-	-	-
J Patarica	1,200,000	-	(1,200,000)	-	-	-	-	-
C H Young	100,000	-	(100,000)	-	-	-	-	-
P F Bruce	--	-	-	-	-	-	-	-
J A Ballard	-	-	-	-	-	-	-	-
<b>KMP</b>								
I Riley	500,000	-	(500,000)	-	-	-	-	-
<b>TOTAL</b>	<b>1,800,000</b>	<b>-</b>	<b>(1,800,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### (b) Shareholdings - Number of shares held, directly, indirectly or beneficially, by company directors and key management personnel

2014	Balance as at 1 January 2014	Received as Remuneration	Options Exercised	Net Change Other	Balance as at 31 December 2014
<b>Directors</b>					
A S Mackenzie	46,141,547	-	-	7,183,468	53,325,015
C H Young	300,000	-	-	-	300,000
P Bruce #	-	-	-	-	-
J Patarica	647,122	-	-	1,524,775	2,171,897
<b>KMP</b>					
I Riley	40,182	-	-	290,698	330,880
<b>TOTAL</b>	<b>47,128,851</b>	<b>-</b>	<b>-</b>	<b>8,998,941</b>	<b>56,127,792</b>

# Philip Bruce is employed by Hill End Gold Limited (HEG) and represents HEG's shareholding in Bassari of 139,583,333 shares (31 December 2013, 100,000,000)

2013	Balance as at 1 January 2013	Received as Remuneration	Options Exercised	Net Change Other	Net Change Other *	Balance as at 31 December 2013
<b>Directors</b>						
A S Mackenzie	-	-	-	1,600,000	44,541,547	46,141,547
C H Young	300,000	-	-	-	-	300,000
J Ballard	768,386	-	-	-	(768,386)	-
P Bruce #	-	-	-	-	-	-
J Patarica	548,777	-	-	98,345	-	647,122
<b>KMP</b>						
I Riley	40,182	-	-	-	-	40,182
<b>TOTAL</b>	<b>1,657,345</b>	<b>-</b>	<b>-</b>	<b>1,698,345</b>	<b>43,773,161</b>	<b>47,128,851</b>

\*Initial shareholding and final shareholding on appointment and resignation

## DIRECTORS' REPORT (cont'd)

### Remuneration Options

No options or rights were granted for the year ended 31 December 2014 and 31 December 2013.

No shares were issued upon the exercise of remuneration options.

### Additional Information

The earnings of the consolidated entity for the five years to 31 December 2014 are summarised below:

	31 Dec 2014 \$000	31 Dec 2013 \$000	31 Dec 2012 \$000	6 months to 31 Dec 2011 \$000	30 June 2011 \$000
Revenue	25	25	141	131	182
Total loss before income tax	(1,676)	(1,703)	(2,072)	(983)	(3,005)
Total loss after income tax	(1,676)	(1,703)	(2,072)	(983)	(3,005)

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

Share price at financial year end \$	0.013	0.008	0.03	0.05	0.06
Basic earnings per share (cents per share)	(0.16)	(0.25)	(0.4)	(0.3)	(1.5)

### End of Audited Remuneration Report

## **DIRECTORS' REPORT (cont'd)**

### **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 Class Order 98/100. 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.

### **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Bassari Resources Limited support the principles of Corporate Governance. The company's Corporate Governance statement is contained in the additional ASX information section of this Annual Report.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.



**Jozsef Patarica**  
**Managing Director/CEO**

Melbourne, 31 March 2015

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

As lead auditor for the audit of Bassari Resources Limited for the year ended 31 December 2014, 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.



James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 31 March 2015



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 \$'000	2013 \$'000
<b>Revenue from continuing operations</b>	5	25	25
Corporate expenses		(378)	(514)
Employment and consultant costs	6	(969)	(856)
Occupancy costs		(183)	(207)
Travel and accommodation		(162)	(126)
Asset costs	6	(9)	(25)
<b>Loss from continuing operations before income tax</b>		<b>(1,676)</b>	<b>(1,703)</b>
Income tax expense relating to continuing operations	7	-	-
<b>Loss from continuing operations</b>		<b>(1,676)</b>	<b>(1,703)</b>
<b>Loss for the year attributable to the owners of Bassari Resources Limited</b>		<b>(1,676)</b>	<b>(1,703)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit and loss in the future</i>			
Exchange difference on translation of foreign operation		(1,771)	7,797
<b>Other comprehensive income for the year net of income tax</b>		<b>(1,771)</b>	<b>7,797</b>
<b>Total Comprehensive Income for the year attributed to the owners of Bassari Resources Limited</b>		<b>(3,447)</b>	<b>6,094</b>
<b>Earnings per share for loss from continuing operations attributable to the owners of Bassari Resources Limited</b>			
Basic earnings per share (cents)	18	(0.16)	(0.25)
Diluted earnings per share (cents)	18	(0.16)	(0.25)

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 2014**

	Notes	2014 \$'000	2013 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	7	-
Trade and other receivables	10	125	87
<b>TOTAL CURRENT ASSETS</b>		<b>132</b>	<b>87</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	11	50	521
Exploration and evaluation assets	12	46,857	44,919
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,907</b>	<b>45,440</b>
<b>TOTAL ASSETS</b>		<b>47,039</b>	<b>45,527</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,214	554
Financial liabilities	14	402	250
Provisions	15	189	154
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,805</b>	<b>958</b>
<b>TOTAL LIABILITIES</b>		<b>1,805</b>	<b>958</b>
<b>NET ASSETS</b>		<b>45,234</b>	<b>44,569</b>
<b>EQUITY</b>			
Contributed Equity	16	60,678	56,579
Reserves	17	2,356	4,114
Accumulated losses		(17,800)	(16,124)
<b>TOTAL EQUITY</b>		<b>45,234</b>	<b>44,569</b>

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 2014**

	Note	Contributed Equity \$'000	Reserve \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 January 2013</b>		<b>53,528</b>	<b>(3,156)</b>	<b>(14,948)</b>	<b>35,424</b>
Loss for the year		-	-	(1,703)	(1,703)
Other comprehensive income		-	7,797	-	7,797
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>7,797</b>	<b>(1,703)</b>	<b>6,094</b>
Issue of ordinary shares and other equity instruments	16	3,051	-	-	3,051
Transfer to accumulated losses		-	(527)	527	-
<b>Transactions with owners as owners</b>		<b>3,051</b>	<b>(527)</b>	<b>527</b>	<b>3,051</b>
<b>Balance at 31 December 2013</b>		<b>56,579</b>	<b>4,114</b>	<b>(16,124)</b>	<b>44,569</b>
Loss for the year		-	-	(1,676)	(1,676)
Other comprehensive income		-	(1,771)	-	(1,771)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(1,771)</b>	<b>(1,676)</b>	<b>(3,447)</b>
Issue of ordinary shares and other equity instruments	16	4,099	-	-	4,099
Equity portion of convertible notes		-	13	-	13
<b>Transactions with owners as owners</b>		<b>4,099</b>	<b>13</b>	<b>-</b>	<b>4,112</b>
<b>Balance at 31 December 2014</b>		<b>60,678</b>	<b>2,356</b>	<b>(17,800)</b>	<b>45,234</b>

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 2014**

	<b>Note</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		21	36
Payments to suppliers and employees		(1,026)	(1,915)
Interest received		4	14
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>24</b>	<b>(1,001)</b>	<b>(1,865)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capitalised exploration and evaluation expenditure		(3,254)	(2,927)
Payments for property, plant and equipment		(2)	-
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(3,256)</b>	<b>(2,927)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		350	250
Proceeds from issue of equity securities		3,944	2,942
Issue costs		(95)	(150)
		<hr/>	<hr/>
<b>Net cash provided by financing activities</b>		<b>4,199</b>	<b>3,042</b>
		<hr/>	<hr/>
<b>Net (decrease) in cash and cash equivalents held</b>		<b>(58)</b>	<b>(1,750)</b>
		<hr/>	<hr/>
Cash and cash equivalents at beginning of financial year		-	1,486
Effects of changes in foreign exchange rates on cash held		-	264
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of financial year</b>	<b>24</b>	<b>(58)</b>	<b>-</b>
		<hr/>	<hr/>

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 2014

**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 2014. 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 23.

The financial statements were authorized for issue by the Directors on 31 March 2015.

The financial report is presented in Australian currency.

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 2014, the Consolidated Entity incurred a total comprehensive loss for the year of \$3.447M, and had net cash outflows from operating activities of \$1.001M. At 31 December 2014, the Company has net current liabilities of \$1.673M. At 31 December 2014, the Consolidated Entity reported cash and cash equivalents of \$7k.

Management has prepared cash flow projections for a period of twelve months from the date of approval of the financial report.

The ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through debt or equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

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 for the following reasons:

- Subsequent to the end of the financial year, the Group issued a further 9,157,000 convertible notes, raising an additional \$150,000. The notes were issued in accordance with the funding arrangement with BCM International as announced on 17 November 2014. The notes were part of the second tranche of three issues of convertible notes, after the first tranche raised \$350,000. There is capacity under the agreement to raise a further \$200,000 from the remaining convertible notes from tranche 2 and \$300,000 from tranche 3.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

- On 17 March 2015, the Company announced that it was undertaking a capital raising by offering to eligible shareholders a Share Purchase Plan (SPP) with the right to apply for up to \$15,000 of shares in the Company. The SPP is to close on 1 April 2015 and to date has raised \$390,000 before costs, to be applied to working capital and to further progress the Makabingui Gold Project development.
- The company is currently negotiating with a number of interested parties to provide funding for the Makabingui Gold Project.
- The Group has prepared cash flow budgets which include additional cash outflows for operational and project studies, which can be deferred in part if there are delays in raising capital or insufficient capital is raised to fund forecast expenditure.
- The Group has a history of successfully raising funds. The Company has the ability to raise further capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A.

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

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**2. 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.

There have been no significant new and revised Standards and amendments thereof and Interpretations effective for the year that are relevant to the Group.

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

The following are standards, amendments to standards and interpretations most applicable to the Group that are not yet mandatory and have not been applied in these financial statements:

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement, which becomes mandatory for the Group's 31 December 2018 financial statements.

The Group has not yet determined the eventual effect of the above standard, amendments to standards and interpretations, however at this stage it is not thought to be material.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 2014, and the comparative information presented in these financial statements for the year ended 31 December 2013.

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 consolidated entity controls an entity when the consolidated entity 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 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.

**Business and geographical segments**

Segment information is presented using a “management approach”, i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors. At regular intervals, the board is provided management information at a group level for the group’s cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months.

**(c) Cash and Cash Equivalents**

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, over 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.

**(d) Employee Entitlements Provision**

*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.

*Long Service Leave*

Liabilities for long service leave are recognised as part of the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees during the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the financial reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(e) Exploration and Evaluation Expenditure**

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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of the relevant stage. Provisions are made for the estimated costs of restoration relating to areas disturbed during the mines operation up to reporting date but not yet rehabilitated. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with relevant clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates of the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that any restoration will be completed within one year of abandoning the site.

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.

**(f) 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 Senegal 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(g) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of the GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(h) Impairment of Assets**

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

**(i) Income Tax**

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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(j) Leases**

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

**(k) Property, Plant and Equipment**

Plant and equipment are measured on the historical cost basis, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and impairment losses.

The cost of plant and equipment constructed within the consolidated entity includes the cost of materials, direct labour and borrowing costs where appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

***Depreciation***

The depreciable amount on all plant and equipment, excluding freehold land, is depreciated on a straight line basis over the estimated useful lives commencing from the time the asset is held ready for use, as follows:

Plant and equipment	3-5 years
Office furniture and fittings	3-5 years
Motor vehicles	3-5 years

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

Gains and losses on disposals are determined by comparing net disposal proceeds with the asset's carrying amount. These gains and losses are included in profit or loss, in the period that the item is derecognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(l) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(m) Revenue Recognition**

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must be met before revenue is recognised:

**Sale of Gold**

Revenue from the sale of gold is brought to account when the significant risks and rewards of ownership have transferred to the buyer and the selling prices are known or can be reasonably estimated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

**(n) Share Based Payments**

**(i) Equity settled transactions**

The group has previously provided benefits to its employees (including directors) and to contractors in the form of share-based payments, whereby employees render services in exchange for shares or options over shares (equity-settled transactions).

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Bassari Resources Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

**(o) Earnings per Share**  
***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to members of Bassari Resources Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares during the 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 earnings per share***

Earnings used to calculate diluted earnings 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.

**(p) Trade and Other Payables**

They 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(q) Contributed Equity**

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.

**(r) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

**(s) Rounding Amounts**

The company is of a kind referred to in ASIC Class Order Co 98/100 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.

**4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

Management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**Critical Judgments**

Management has made the following judgments when applying the Group's accounting policies:

*Tax losses* - The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Group will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

*Exploration costs* – The Group has capitalised costs associated with its exploration activities as stated in note 3(e) and at 31 December 2014 no impairment has been recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**Critical Accounting Estimates and Assumptions**

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

*Impairment* – The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined.

*Convertible notes* – The carrying value of the convertible notes in note 14 is equal to the Net Present Value of the liability, and has been calculated using an estimated discount rate of 30%. A change to this rate would result in a different carrying value, along with different amounts recorded for the equity portion of the convertible notes (note 17) and the resulting interest charge.

*Employee benefits provision* - The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Judgments made by management in the application of International Financial Reporting Standards as adopted in Australia that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

	2014 \$'000	2013 \$'000
<b>5. REVENUE</b>		
Interest revenue from bank deposits	4	14
Other revenue	21	11
	<u>25</u>	<u>25</u>

	2014 \$'000	2013 \$'000
<b>6. LOSS FOR THE YEAR</b>		

Loss before income tax has been determined after:

**Employee benefits:**

Salaries, wages, on-costs and consultant fees	933	811
Superannuation – defined contribution	36	45
	<u>969</u>	<u>856</u>

**Asset related expenses**

Depreciation of non-current assets	9	25
	<u>9</u>	<u>25</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**7. INCOME TAXES**

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Income tax recognised in profit or loss	-	-
<b>Tax expense comprises:</b>		
Current tax expense	-	-
Deferred tax expense relating to the origination and Reversal of temporary differences	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

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:

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Loss from operations</b>	<b>(1,676)</b>	<b>(1,703)</b>
Income tax calculated at 30% (2013 – 30%) Income tax of other members of the tax consolidated group (net of inter- Company transactions)	(503)	(511)
<i>Add tax effect of:</i>		
Non-deductible expenses/(non-assessable items)	58	36
<i>Less tax effect of:</i>		
Unused tax losses not recognised as deferred tax assets	445	475
	<b>-</b>	<b>-</b>

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

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Tax losses (revenue or operating losses) – Australia	3,240	2,795
Tax losses (capital)	-	-
	<b>3,240</b>	<b>2,795</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**Tax losses have been adjusted for prior income tax returns lodged. Tax losses, Australia, are calculated at 30%.**

The benefit of these losses has not been brought to account at 31 December 2014 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 consolidated entity to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

**8. KEY MANAGEMENT PERSONNEL REMUNERATION**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Salaries and fees paid and payable	800,154	640,322
Superannuation – defined contribution	29,540	32,279
	<u>829,694</u>	<u>672,601</u>

**9. CASH AND CASH EQUIVALENTS**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank and cash on hand	7	-
	<u>7</u>	<u>-</u>

Cash at bank bears floating interest rates between 3% and 0% (2013: 5% and 0%).

**10. TRADE AND OTHER RECEIVABLES**  
**CURRENT**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	125	87
	<u>125</u>	<u>87</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant and Equipment \$'000</b>	<b>Office Furniture \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Total \$'000</b>
<b>Gross carrying amount</b>				
<b>Balance at 1 January 2013</b>	<b>3,620</b>	<b>224</b>	<b>1,154</b>	<b>4,998</b>
Additions	-	-	-	-
Disposals	-	-	(73)	(73)
Assets written off	(325)	(59)	(11)	(395)
Foreign currency translation difference	540	20	109	669
<b>Balance at 31 December 2013</b>	<b>3,835</b>	<b>185</b>	<b>1,179</b>	<b>5,199</b>
Additions	-	2	-	2
Disposals	-	-	-	-
Assets written off	-	-	-	-
Foreign currency translation difference	(106)	(2)	(24)	(132)
<b>Balance at 31 December 2014</b>	<b>3,729</b>	<b>185</b>	<b>1,155</b>	<b>5,069</b>
<b>Accumulated depreciation</b>				
<b>Balance at 1 January 2013</b>	<b>2,597</b>	<b>197</b>	<b>823</b>	<b>3,617</b>
Depreciation	823	21	230	1,074
Disposals	(325)	(59)	(59)	(443)
Foreign currency translation difference	353	16	61	430
<b>Balance at 31 December 2013</b>	<b>3,448</b>	<b>175</b>	<b>1,055</b>	<b>4,678</b>
Depreciation	353	9	93	455
Disposals/assets written off	-	-	-	-
Foreign currency translation difference	(95)	(2)	(17)	(114)
<b>Balance at 31 December 2014</b>	<b>3,706</b>	<b>182</b>	<b>1,131</b>	<b>5,019</b>
<b>Net book value</b>				
<b>As at 31 December 2013</b>	<b>387</b>	<b>10</b>	<b>124</b>	<b>521</b>
<b>As at 31 December 2014</b>	<b>23</b>	<b>3</b>	<b>24</b>	<b>50</b>

**12. EXPLORATION AND EVALUATION ASSETS**

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Costs carried forward in respect of areas of interest at cost	44,919	33,651
Expenditure incurred during the year	3,254	2,927
Depreciation capitalised	446	1,048
Exchange translation difference	(1,762)	7,293
<b>Total exploration and evaluation expenditure</b>	<b>46,857</b>	<b>44,919</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 mining concession costs comprise costs incurred to secure the mining concessions for the 3 permits in Senegal.

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

**13. TRADE AND OTHER PAYABLES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Trade and other payables	1,214	554

**14. FINANCIAL LIABILITIES**

<b>CURRENT</b>		
Loan (secured)	-	250
Convertible notes	337	-
Overdrawn bank balances	65	-
	<u>402</u>	<u>250</u>

Loan funds were provided by HEGL Investments Limited in November 2013, providing funds for working capital. The loan was settled by the issue of 31,250,000 shares on 19 March 2014.

On 21 November 2014 the Company issued 21,875,000 convertible shares with a face value of \$0.016 (1.6 cents) and an interest rate of 8% per annum, payable quarterly. The maturity of the notes is 12 months from the date of issue. The noteholder can convert at any date before maturity upon providing written notice to the Company.

**15. PROVISIONS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Employee entitlements	189	154

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**16. CONTRIBUTED EQUITY**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) Ordinary shares</b>		
Paid-up capital		
1,181,136,981 (2013: 771,319,369) fully paid ordinary shares	60,678	56,579
<b>Movement in ordinary share capital</b>	<b>No.</b>	<b>\$'000</b>
<b>At 1 January 2013</b>	572,654,403	53,528
Shares issued during the year		
Placement at 2.3 cents	85,800,000	1,973
Issued to director at 2.3 cents	1,600,000	37
Issued in lieu of contracting services at 2.3 cents	11,264,966	259
Issued to HEGL Investments at 0.8 cents	31,250,000	250
Issued to HEGL Investments at 0.8 cents	31,250,000	250
Issued to HEGL Investments at 0.8 cents	37,500,000	300
Share placement at 0.6 cents*	-	132
Cost of capital raising	-	(150)
<b>Total for the financial period</b>	198,664,966	3,051
<b>At 31 December 2013</b>	<b>771,319,369</b>	<b>56,579</b>
Share placement at 0.6 cents*	22,033,333	-
Share placement at 0.6 cents	25,999,999	156
Share placement at 0.6 cents	36,414,573	218
Share purchase plan, at 0.86 cents	95,395,423	820
Shares issued to settle outstanding financial liability at 0.8cents	31,250,000	250
Share placement at 0.9 cents	111,424,405	1,003
Share placement at 2.0 cents	54,004,156	1,080
Share placement at 2.0 cents	27,820,723	556
Share placement at 2.0 cents	3,150,000	63
Share issue plan, at 2.0 cents	2,325,000	48
Cost of capital raising	-	(95)
<b>Total for the financial period</b>	409,817,612	4,099
<b>At 31 December 2014</b>	<b>1,181,136,981</b>	<b>60,678</b>

\* 22,033,333 fully paid ordinary shares issued on 2 January 2014. Funds were received in the prior year.

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 2014 there were no partly paid shares outstanding.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(b) Options**

The Company had no options outstanding at the end of the financial year or the previous financial year.

Full details of any exercise or lapse of options during the financial period are contained in Note 26(b).

**(c) Capital Risk Management**

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings.

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.

**17. RESERVES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note reserve (a)	13	-
Foreign currency translation reserve (b)	2,343	4,114
	<u>2,356</u>	<u>4,114</u>

**(a) Convertible Note Reserve**

**(i) Nature and purpose of reserve**

This reserve records the value of the equity portion of convertible notes issued by the Company, in accordance with the measurement requirements of AAS 139. During the year 21,875,000 convertible notes were issued with a face value of 1.6 cents, and an interest rate of 8%. The notes can be converted at any time before maturity, which is 12 months from the date of issue. The equity portion of the convertible notes has been calculated using a notional interest rate of 30%.

**(ii) Movements in Reserve**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	-	527
Equity portion of convertible notes issued during the year	13	(527)
Balance at end of year	<u>13</u>	<u>-</u>

**(b) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(ii) **Movements in Reserve**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	4,114	(3,683)
Movement during the year	(1,771)	7,797
Balance at end of year	<u>2,343</u>	<u>4,114</u>

**18. EARNINGS PER SHARE**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Earnings used in the calculation of basic and diluted EPS	(1,676)	(1,703)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	1,057,754,960	678,842,507
(c) Basic earnings per share		
From continuing operations	(0.16)	(0.25)
Total basic earnings per share attributable to owners of Bassari Resources Limited	<u>(0.16)</u>	<u>(0.25)</u>
(d) Diluted earnings per share		
From continuing operations	(0.16)	(0.25)
Total diluted earnings per share attributable to owners of Bassari Resources Limited	<u>(0.16)</u>	<u>(0.25)</u>

The options on issue throughout the financial periods are not dilutive in effect, as the consolidated entity recorded a net loss in each of those financial periods.

**19. DIVIDENDS**

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

**20. COMMITMENTS FOR EXPENDITURE**

(a) **Capital Expenditure Commitments**

The Company has no capital expenditure commitments.

(b) **Exploration Commitments**

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity are required to meet the minimum expenditure requirements of the Department of Mining. Minimum expenditure commitments may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts. The Company has committed to spend a total of US\$10.2 million over the 3-year period of the granted permit areas in respect of these exploration programs. Expenditure commitment is for 3 years from the date of renewal of each permit. The commitment for each permit is as follows:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Name on Permit	Joint Venture Partner and Permit Holder	Remaining Expenditure Commitment	3-Year Expenditure Commitment	Permit last renewed
Moura	Sengold Mining NL	US\$1.02 million	US\$2.5 million	28.02.2013*
Sambarabougou	W.A.T.I.C	US\$4.30 million	US\$6.5 million	13.09.2014
Bounsankoba	Libah Investments Ltd	US\$1.14 million	US\$1.14 million	13.06.2013

The remaining expenditure commitment in total is A\$7.92 million

\* Moura permit was granted a special 3-year renewal from 28.02.2015.

## 21. CONTINGENT LIABILITIES

Judgment has been made against Bassari Resources SUARL in a matter brought by seven former employees of the Company, for wrongful dismissal. The judgment, which is being appealed, approximates \$54,000.

Bassari Resources SUARL, 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 2014, followed by confirmation of tax adjustment received in November 2014, claiming an amount equivalent to \$A15 million. Bassari is of the opinion that tax claimed by the tax administration is not valid as it fails to take into account tax exemptions applicable to the company. The Company has received legal advice that as an exploration company, and according to joint venture agreements signed and approved by the Senegalese Minister of Mines, Bassari benefits from a total tax exemption under Senegalese mining legislation.

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

Other than this matter, the directors are not aware of any other contingent liabilities at 31 December 2014.

## 22. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2014	Percentage owned 2013
Bassari Resources 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% ^

\* 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 2014.

^ Douta Mining SA was incorporated in Senegal in 2011.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**23. PARENT ENTITY INFORMATION**

	<b>Parent Entity</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Information relating to Bassari Resources Limited		
<b>Financial Position</b>		
Current assets	73	123
Non-current assets	46,426	45,017
<b>Total assets</b>	<b>46,499</b>	<b>45,140</b>
Current liabilities	(1,265)	(571)
Non-current liabilities	-	-
<b>Total Liabilities</b>	<b>(1,265)</b>	<b>(571)</b>
<b>Net assets</b>	<b>45,234</b>	<b>44,569</b>
Contributed equity	67,009	62,910
Reserves	13	-
Accumulated losses	(21,788)	(18,341)
<b>Total equity</b>	<b>45,234</b>	<b>44,569</b>
<b>Financial performance</b>		
Total revenue	44	14
Loss for the year	(3,474)	6,093
Comprehensive loss for the year	(3,447)	6,093

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**

Committed at the reporting date but not recognised as liabilities, payable:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	-	39
One to five years	-	-

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**24. CASH FLOW INFORMATION**

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
<b>Reconciliation of cash and cash equivalents</b>		
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	7	-
Other financial liabilities	(65)	-
	<u>(58)</u>	<u>-</u>
<b>Reconciliation of loss for the year to net cash flows from operating activities:</b>		
Loss for the year	(1,676)	(1,703)
<i>Non cash flows in loss</i>		
Depreciation	9	25
Disposal of non-current assets	-	25
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in receivables	(38)	99
(Decrease)/Increase in other liabilities	670	(387)
Increase in provisions	34	76
<b>Cash flows from operations</b>	<u><b>(1,001)</b></u>	<u><b>(1,865)</b></u>

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

The main risks arising from the consolidated entity's financial instruments are cash flow interest rate 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
<b>Financial Assets</b>		
Cash and cash equivalents	7	-
Other receivables	125	87
<b>Total Financial Assets</b>	<b>132</b>	<b>87</b>
<b>Financial Liabilities</b>		
Loans and payables	1,616	872
<b>Total Financial Liabilities</b>	<b>1,616</b>	<b>872</b>

**(b) Interest Rate Risk**

The consolidated entity'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 9. At balance date the consolidated entity had the following mix of financial assets and liabilities that were subject to interest:

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
Cash and cash equivalents	7	-
Financial liabilities	(402)	(250)
<b>Net Financial (Liabilities)/Assets</b>	<b>(395)</b>	<b>(250)</b>

The consolidated entity'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 period 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:

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
<b>Judgments of reasonably possible movements:</b>		
+1% (100 basis points)	4	3
-1% (100 basis points)	(4)	3

**(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 \$132,000 (2013: \$87,000)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(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.

**(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 consolidated entity does not hedge its exposures.

**26. SHARE BASED PAYMENTS**

	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Ordinary shares issued in lieu of contracting services provided #	-	259,094
Options issued to directors, employees and consultants	-	-
<b>Total share based payments</b>	-	259,094

# Shares were issued at the same pricing as the placement issue of 85.8 million ordinary shares, 2.3 cents each ordinary share.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**(a) Ordinary shares**

In the 2013 financial year ordinary shares were issued to Minerex Drilling Contractors Limited in lieu of services provided. The value of the payment was determined by the value of the service provided, being part payment of invoices for services provided amounting to US\$250,000.

**(b) Options**

There were no options relating to share based payments outstanding at 31 December 2014. Share based payments to directors and employees, Nil (31 December 2013, Nil) are measured at fair value at the date of grant. The fair value has been determined by using a Binomial options valuation.

	<b>2014</b>		<b>2013</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Outstanding at beginning of the year	-	-	5,800,000	0.31
Granted	-	-	-	-
Issued	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	(5,800,000)	0.31
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-

**27. AUDITORS' REMUNERATION**

During the year the auditor of the Company and its related practices earned the following remuneration:

	<b>2014 \$</b>	<b>2013 \$</b>
Audit or review of financial reports of the entity		
BDO East Coast Partnership	57,460	60,963
Taxation services	6,000	-
Firms not related to the lead auditor		
- audit services	16,563	25,039
<b>Total remuneration</b>	<b>80,023</b>	<b>86,002</b>

The auditors did not receive any other benefits.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**28. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

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, except for:

- Under the convertible note agreement the Company issued part of the second tranche of convertible notes. On 16 January 2015 3,125,000 convertible notes were issued under the same terms as existing convertible notes raising \$50,000. On 10 February 2015 the Company issued a further 6,250,000 convertible notes raising \$100,000.

**29. 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:

**(a) Director Related Entities**

Consulting fees of Nil (2013: \$5,000) were paid to Chris Young Consulting Pty Ltd, a company in which Mr Chris Young holds a financial interest. The fees were paid on normal commercial terms, for geological consulting services provided and included as remuneration in the remuneration report.

Consulting fees of \$185,694 (2013: \$97,326) were paid to MA Consulting a company in which Mr Alex Mackenzie (Director appointed 12 April 2013) 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.

No loans were made to directors or director-related entities during the year.

**(b) Consolidated Entities**

Details of controlled entity companies are shown in Note 22.

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

	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Bassari Resources Senegal SARL	38,977,915	37,547,082
Bassari Equipment Pty Ltd	1,113,866	1,113,866
Douta Mining SA	-	-

Repayment of amounts owing to the Company at 31 December 2014 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**30 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Directors**

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

Mr Alex Mackenzie  
Mr Jozsef Patarica  
Mr Chris Young  
Mr Philip Bruce

**Other key management personnel**

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Ian Riley

**Compensation**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	800,154	640,322
Post-employee benefits	29,540	32,279
Long-term benefits	-	-
Share based benefits	-	-
	<b>829,694</b>	<b>672,601</b>

## DIRECTORS' DECLARATION

1. 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 consolidated entity 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 2014 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
2. The financial statements and notes comply with International Financial Reporting Standards, as discussed in Note 3; and
3. 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 2014.

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.



**Jozsef Patarica**  
**Director**

Signed at Melbourne this 31st day of March 2015

## INDEPENDENT AUDITOR'S REPORT

To the members of Bassari Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Bassari Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility 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 Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

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

## Opinion

In our opinion:

- (a) the financial report of Bassari Resources Limited is 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 "Going Concern" in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through debt or equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 1 "Going Concern", indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 28 of the directors' report for the year ended 31 December 2014. 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.

## Opinion

In our opinion, the Remuneration Report of Bassari Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

## BDO East Coast Partnership



**James Mooney**  
Partner

Melbourne, 31 March 2015



## 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 26 March 2015 was 1,181,136,981 ordinary fully paid shares.

(a) Distribution of shareholder numbers at 26 March 2015:

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 - 1,000	70	3.94	7,203	0.00
1,001 - 5,000	69	3.88	238,511	0.02
5,001 - 10,000	120	6.75	960,010	0.08
10,001 - 100,000	668	37.57	31,863,724	2.70
100,001 and over	851	47.86	1,148,067,533	97.20

(b) There were 598 shareholders with a total shareholding of 9,408,508 ordinary shares who held less than a marketable parcel.

(c) The names of the substantial shareholders listed in the holding company's register as at 26 March 2015 are:

Name	Number of Shares Held	%
BCM International Limited	116,000,000	9.82
HEGL Investments Pty Ltd	86,413,047	7.32

(d) 20 Largest Shareholders – Ordinary Shares at 26 March 2015:

Rank	Name	Number of Shares Held	%
1	BCM International Limited	116,000,000	9.82
2	HEGL Investments Pty Ltd	86,413,047	7.32
3	UBS Nominees Pty Ltd	35,968,918	3.05
4	Senegal Nominees S.A.R.L.	34,079,879	2.89
5	Mr Mark Andrew Tkocz	19,000,000	1.61
6	Mr Philip Bruce	17,128,049	1.45
7	Mr David John Lauritz	16,744,187	1.42
8	Rundal Holdings Pty Ltd	15,000,000	1.27
9	Mr Jason Nicholas Adam	14,323,926	1.21
10	Navigator Australia Ltd	14,169,256	1.20

11	Balmoral Super Pty Ltd	13,349,364	1.13
12	The Tiger Fund Pty Ltd	12,000,000	1.02
13	Minerex Drilling Contractors Limited	11,264,966	0.95
14	Zero Nominees Pty Ltd	10,478,985	0.89
15	Senegal Nominees SURL (Account no 1)	10,229,926	0.87
16	Mr David John Lauritz and Mrs Deborah Madge Lauritz	9,744,187	0.82
17	JP Morgan Nominees Australia Limited	9,715,143	0.82
18	Mr Robert Bruce Worthington	9,000,001	0.76
19	Mr Neville Noble	8,713,550	0.74
20	Mr Brian Stuart Blythe	8,000,000	0.68

## 2. TENEMENT SCHEDULE

<b>Name on Permit</b>	<b>Joint Venture Partner and Permit Holder</b>	<b>Date Exploration/ Exploitation* Permits Granted/ Renewed</b>	<b>Joint Venture % held by Bassari</b>
Moura	Sengold Mining NL	28.02.2015	70%
Sambarabougou	W.A.T.I.C	13.09.2014	70%
Bounsankoba	Libah Investments Ltd	13.06.2013	70%
Sambarabougou	Douta Mining SA*	13.08.2010	63%

## CORPORATE GOVERNANCE STATEMENT

Bassari is committed to communicating with shareholders as openly as is consistent with its obligations under its Continuous Disclosure Policy.

All Bassari disclosures to the ASX, including the Annual Report, charters and policies are available on the company's and ASX websites as soon as possible after lodgment.

The Board of Directors of Bassari Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The various corporate governance practices are discussed within this statement, and for further information on the corporate governance policies adopted by Bassari Resources Limited, refer to the website [www.BassariResources.com](http://www.BassariResources.com).

The directors support and are committed to maintaining best practice in corporate governance principles and the following description of the governance arrangements for the year ended 31 December 2014 addresses those principles set out in the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations (Revised Recommendations).

Bassari's reporting against these ASX recommendations, including details of exceptions and non-compliance where applicable is as follows:

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
<b>1. Lay solid foundations for management and oversight.</b>  1.1 Companies should establish the functions reserved to the Board and those delegated to manage and disclose those functions.	Yes	<p>The Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.</p> <p>The Board has adopted a Board charter, available on the Company's website that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.</p>
1.2 Companies should disclose the process for evaluating the performance of senior executives	Yes	The Board reviews the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole against planned objectives.

1.3 Companies should provide information required	Yes	<p>The Company complies with recommendations and provides the information required. A Board charter has been disclosed on the Company's website.</p> <p>A performance evaluation process is included in the Board Charter, which the Board conducts for senior executives on an annual basis in accordance with the process above.</p> <p>Matters reserved for the Board are disclosed in the Board Charter.</p>
<p><b>2. Structure the Board to add value</b></p> <p>2.1 A majority of the Board should be independent directors</p>	No	<p>The recommendations describe an independent Director as one who:</p> <ul style="list-style-type: none"> <li>(a) Does not hold an executive position.</li> <li>(b) Is not a substantial shareholder of the company or an officer or otherwise associated directly with a substantial shareholder of the company.</li> <li>(c) Has not within the last 3 years been employed in an executive capacity by the company or another group member or been a Director after ceasing to hold such employment.</li> <li>(d) Is not a principal of a professional adviser to the company or another group member.</li> <li>(e) Is not a significant supplier to or customer of the company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer.</li> <li>(f) Has no significant contractual relationship with the company or any other group member other than as a Director of the company.</li> <li>(g) Is free from any interest and any business or other relationship which could be perceived to materially interfere with the Director's ability to act in the best interests of the company.</li> </ul> <p>Bassari considers that a majority of independent Directors is not the optimal composition to add value to your company. At this stage in its growth cycle, the board considers that the interests of shareholders are best served by a board which can add value on a daily basis and whose members bring directly relevant experience to effective decision making. All Directors are paid by the company and are fully conversant with the operations of the company, as is increasingly demanded by the courts and as is implied by the amount of knowledge of the company's activities, intercourse with its senior executives, participation in training and time spent on company business which is expected by the ASX.</p>

2.2 The chair should be an independent director	No	The chairman is neither a Non-Executive nor an independent director in terms of the ASX Corporate Governance Council's definition of an independent director. The Board considers that its structure has been and continues to be appropriate for the Company's current projects and operations.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Yes	The roles of chair and chief executive officer are filled by separate people. The Board considers that this structure is optimal for the Company's current size and growth aspirations.
2.4 The Board should establish a nomination committee	No formal nomination committee or procedures have been adopted as yet. Where necessary, the Board will seek advice of external advisers in connection with the suitability of applicants for Board membership.	The Board has reviewed the mix of skills and experienced on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The Board supports the nomination and re-election of the directors at the Company's forthcoming Annual General Meeting
2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual	Yes	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website.
2.6 Companies should provide certain information	Yes	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. The required information is: (a) The skills, experience and relevant expertise of each Director are listed in the annual report. (b) The name of the Directors independent under the ASX definition and the Company's materiality threshold is listed in the annual report. (c) The Directors may take independent professional advice at the expense of the Company. In the event of the inability of the Board members to form a common view, each Director is entitled to seek independent advice. (d) The period of office held by each Director is listed in the annual report. (e) Departures from ASX Corporate Governance principles and recommendations have been explained.

<p><b>3. Promote ethical and responsible decision making</b></p> <p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code.</p>	<p>Yes</p>	<p>The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. Bassari is committed to full adherence to all laws which apply in each country of operation.</p> <p>The code is available on the Company's website. All Directors are informed of the Code of Conduct.</p>
<p>3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>No</p>	<p>The Company is in the process of establishing a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives, irrespective of gender, age ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Board is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.</p>
<p>3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</p>	<p>Yes</p>	<p>Due to the size and nature of the Company, the Board has not yet determined measurable objectives for gender diversity across the workplace and at the Board level. The Board will assess any need to achieve a broader pool of skilled and experienced senior management and Board candidates, with the aim of identifying measurable objectives and strategies on gender diversity.</p>
<p>3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.</p>	<p>Yes</p>	<p>There are currently no women senior executives and no women on the Board of the Company.</p>

3.5 Companies should provide certain required information	Yes	This information is available on the Company's website.
<b>4. Safeguard integrity in financial reporting</b>		
4.1 The Board should establish an audit committee.	Yes	All Board members currently sit as the audit committee.
4.2 The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members	No	Bassari considers that a majority of independent directors is not the optimal composition of the Board to add value to the Company.
4.3 The audit committee should have a formal charter	Yes	The Board has adopted an audit and risk charter. The charter is available on the Company's website.
4.4 Companies should provide certain required information	Yes	The required information is:  (a) The names and qualifications of those who sit on the audit committee, and a record of the number of audit committee meetings, appear in the annual report. (b) Explanation of any departures from the recommendation has been provided. (c) The audit committee charter may be viewed on the Company's website. (d) A statement of the selection and appointment of the external auditor is contained in the audit committee charter.
<b>5. Make timely and balanced disclosure</b>		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001.  This policy is available on the Company's website.

5.2 Companies should provide certain required information	Yes	There are no departures from the recommendations. The Company's continuous disclosure policy is available on the Company's website.
<b>6. Respect the rights of shareholders</b> 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	Yes	The Company has adopted a shareholder communications policy. The Company uses its website ( <a href="http://www.bassari.com.au">www.bassari.com.au</a> ), annual report, market announcements and media disclosures to communicate with its shareholders, as well as encourages participation at general meetings and by email to the company secretary at any time.  This policy is available on the Company's website.
6.2 Companies should provide certain required information	Yes	The Company's shareholder communication policy is available on the Company's website.
<b>7. Recognise and manage risk</b> 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of these policies.	Yes	Establish and implement a system to effectively identify potential risks and the management of those risks is paramount to Bassari's continued growth and success. As part of its commitment to good corporate governance the Board has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The audit and risk charter is available on the Company's website.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	No	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews the effectiveness of the Company's management of internal controls and material business risks.  Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.



7.3 The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks	Yes	The Board receives annually, the assurances from the chief executive officer and chief financial officer by signed declaration.
7.4 Companies should provide certain required information	Yes	The Board has adopted an audit and risk charter which includes a statement of the Company's risk policies. There have been no departures from the recommendations for the recognition and management of risk. This charter is available on the Company's website. The Company has identified key risks within the business and has received a statement of assurance from the chief executive officer and chief financial officer.
<b>8. Remunerate fairly and responsibly</b> 8.1 The Board should establish a remuneration committee	No	While the Company is not of a sufficient size at this stage to require a separate Remuneration and Nomination Committee, at a time appropriate to the needs of the Company, it is envisaged that a Remuneration and Nomination Committee will be set up. At this stage, the Board of the Company shall constitute the Remuneration and Nomination Committee.
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.
8.3 Companies should provide certain required information	Yes	The Board has adopted a Nomination and Remuneration Charter. The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.