



CORPORATE INFORMATION

Bassari Resources Limited is an Australian listed company focused on gold discoveries in the Birimian Gold Belt, Senegal, West Africa.

FAST FACTS

ASX Code	BSR
Issued capital	175,572,846
Unlisted options	3,500,000
No. of shareholders	1443
Top 20	36%

INVESTMENT HIGHLIGHTS

- Exploration Permits cover approx. 1,000 km² over prospective Birimian Greenstone Belt, Senegal, West Africa.
- Quality ground holding in a region which hosts a number of world class deposits.
- Nine prospects identified along 75km strike length on Kenieba Inlier.
- Resource drilling in progress at Makabingui Prospect.
- Exceptional green field exploration opportunities.
- Gold production commenced from Douta Alluvial Project, November 2010.
- Fully underwritten rights issue, January 2011 raised \$7M.

BOARD AND MANAGEMENT

Dr David S Tyrwhitt
Non Executive Chairman

Jozsef Patarica
Managing Director/CEO

Clive Wright
Non Executive Director

Ian Riley
Company Secretary/Chief Financial Officer

Alex Mackenzie
Country Manager

Fred van Dongen
Chief Operations Manager

Moussa Diba
Exploration Manager

CONTACT US

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December 2010 Quarterly Activity Report

31 January 2011

Melbourne based mineral exploration company Bassari Resources Limited (ASX:BSR) is pleased to report its activities for the December 2010 Quarter on the Company's gold projects in Senegal, West Africa.

• Continued infill drilling at the Makabingui Project returned more strong gold intercepts:

- 5m @ 6.3 g/t Au, including 2m @ 11.3 g/t Au (Zone 1)
- 9m @ 3.2 g/t Au, including 2m @ 10.8 g/t Au (Zone 1)
- 4m @ 6.5 g/t Au (Zone 1)
- 10m @ 3.3 g/t Au (Zone 1)
- 1m @ 57.1 g/t Au (Zone 1)
- 4.7m @ 6.6 g/t Au (Zone 3)

• A substantial program of RAB drilling was undertaken at the Makabingui North Prospect. Initial assay results have returned anomalous gold values of 0.5-1.5 g/t over 2 metres associated with quartz carbonate-sulphide (iron oxide) veinlets.

• Resource drilling is continuing with both reverse circulation (RC) and diamond drilling (DD) at Zone 1 and Zone 3. Assay results are expected from mid February through to the end of March 2011.

• Douta Alluvial Project's first gold pour was on 3rd November 2010. Gold production is ramping up with optimisation of operations in progress.

• Regional Exploration - several gold anomalies defined by termite geochemistry around the Missira Granite.

• Fully underwritten Rights Issue to raise \$7 million announced on 20th December 2010.

Sambarabougou Permit (70%)

Makabingui Project

Makabingui Project (Zone 1) - Mirkhoto Lode

Infill resource definition drilling over 500 metre strike length at 50 metre spaced sections was undertaken between 100,200N through 99,700N using both reverse circulation (RC) and diamond drilling (DD) (Figure 1).

A total of 40 RC holes drilled 3,061 metres and 15 DD holes drilled 1,397 metres within Makabingui Zone1 (Figure 1).

The significant intercepts are summarized in Tables 1 and 2 (see page 9).

Makabingui Project (Zone 2 and 3)

A total of 24 RC holes drilled 2,040 metres and one 1 DD hole which drilled 60.5 metres were completed at Zones 2 and 3. These followed up the initial intercepts returned with the earlier RC program at Zones 2 and 3 (Figure1).

Target zones with silica and carbonate alteration between 5 to 7 metres width on average were intersected. The strike length of both Zone 2 and 3 are approximately 500 metres.

At Zone 3 the RC gold intercept of 3 metres at 9.2 g/t Au from 35 metres (RCS030), was followed up with a diamond hole (DDS011 Twin hole) which returned 4.7 metres at 6.6 g/t Au from 37 metres. The diamond hole confirms the presence of the mineralized structure which is recognised as a sheared and brecciated porphyry diorite with visible gold associated with quartz veins. The diamond assay returned higher gram metres than the RC hole.

The significant intercepts are summarised in Tables 3, 4 and 5 (see pages 9 and 10).

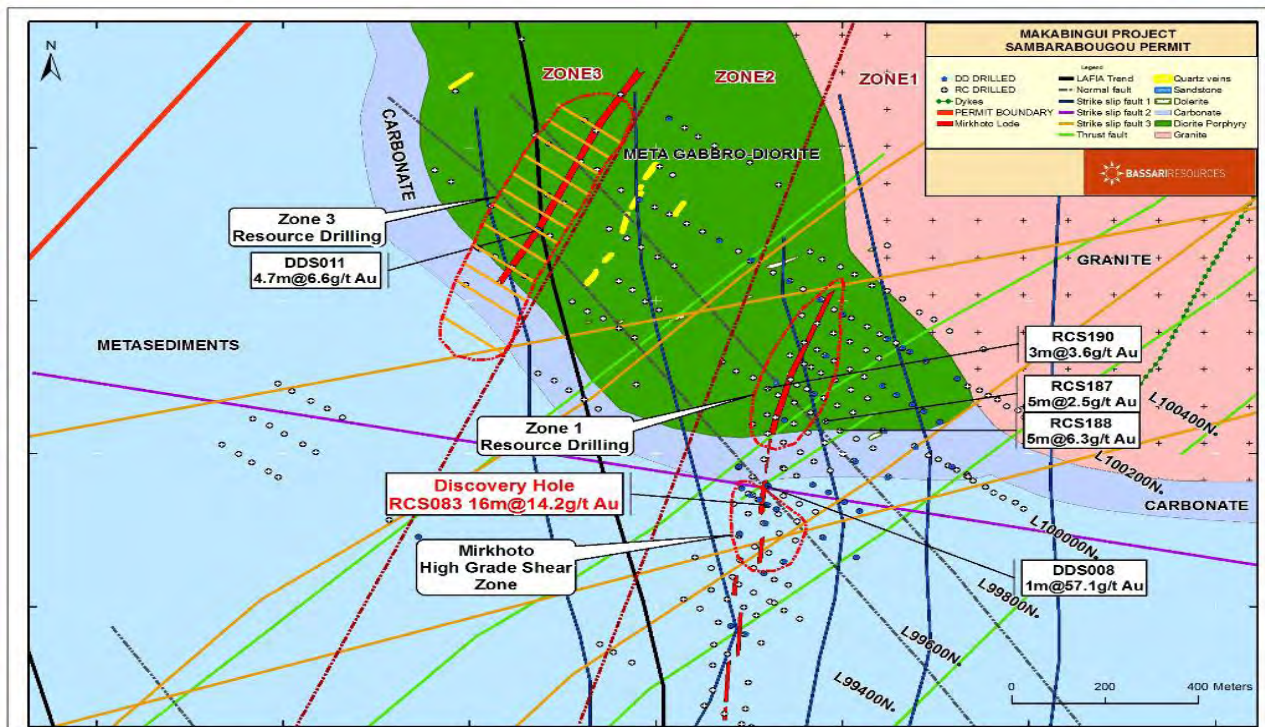


Figure 1 – Makabingui Project – Mineralised Zone & Drill Plan

Makabingui North Prospect RAB Drilling

A substantial RAB drilling program was undertaken on the north side of the Sambarabougou granite. The first RAB lines were on a broad spacing of 800 metres, which will be tightened to 200 metre spaced sections.

The area is interpreted as a potential opening zone with probable hydrothermal fluid circulation associated with gold (Figure 2).

A total of 248 RAB holes were completed totalling 8,918 metres.

The partial results returned have shown several intercepts in the 0.5 – 1.5g/t Au range at shallow depth below lateritic gravels associated with quartz-pyrite-iron oxide veining noted in the host metasediments (Figure 2).

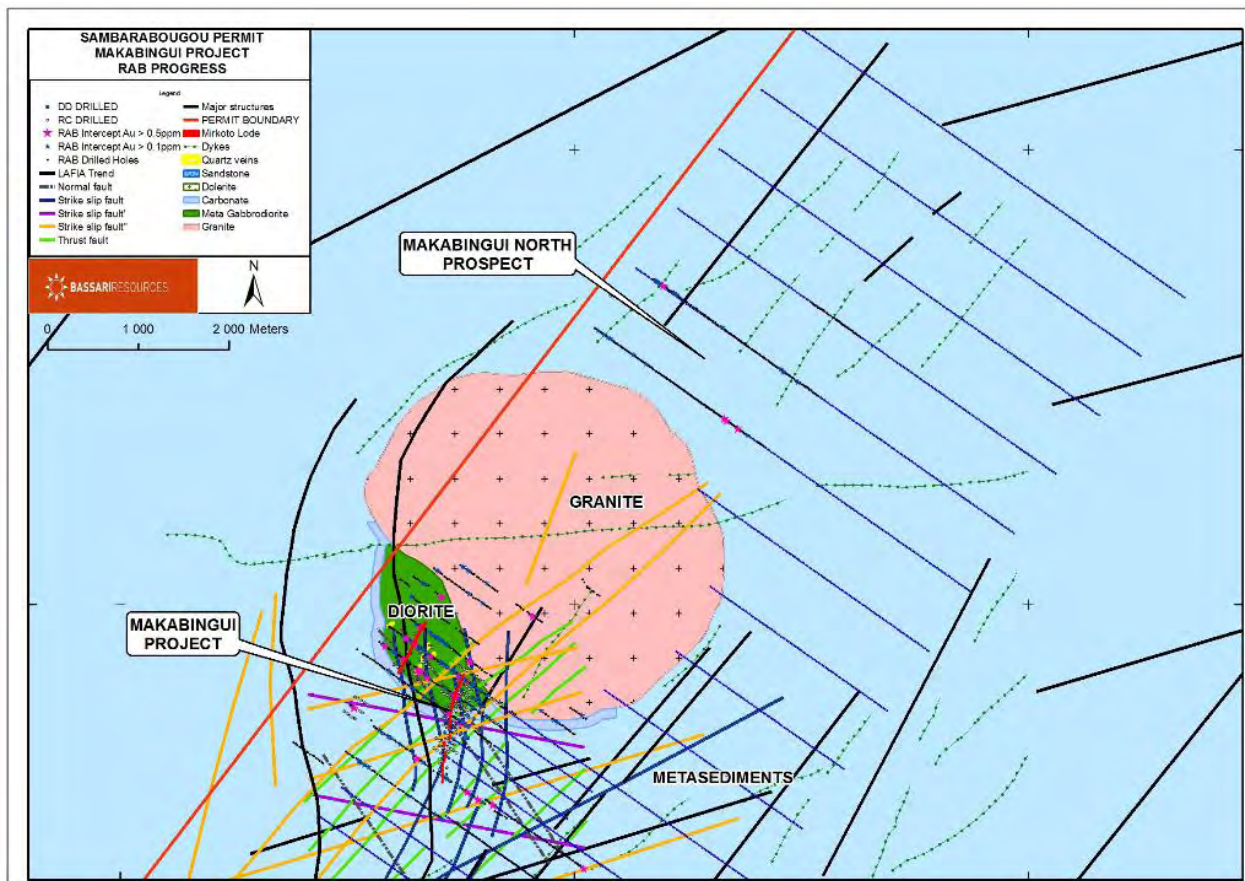


Figure 2– Makabingui North Prospect– RAB Drilling Program

The structural compilation shown in Figure 2 was compiled by Dr. M. Gueye, University of Dakar as part of a company sponsored structural analysis of the entire Bassari Resources Exploration Permits from Moura, through Sambarabougou to Bounsankoba. The pressure shadow area of the Sambarabougou granite and diorite intrusive is the focus of major structural complexity which hosts the quartz-carbonate sulphide-gold veining at Makabingui Zones 1, 2 and 3.

Lafia North Prospect

Following up initial encouraging RAB intercepts returned, 40 RC holes totalling 4,798 metres and 320 RAB holes totalling 14,258 metres were completed at Lafia North.

The RC results returned were relatively low grade (Figure 3). The intercepts are summarized in Table 6 (see page 10).

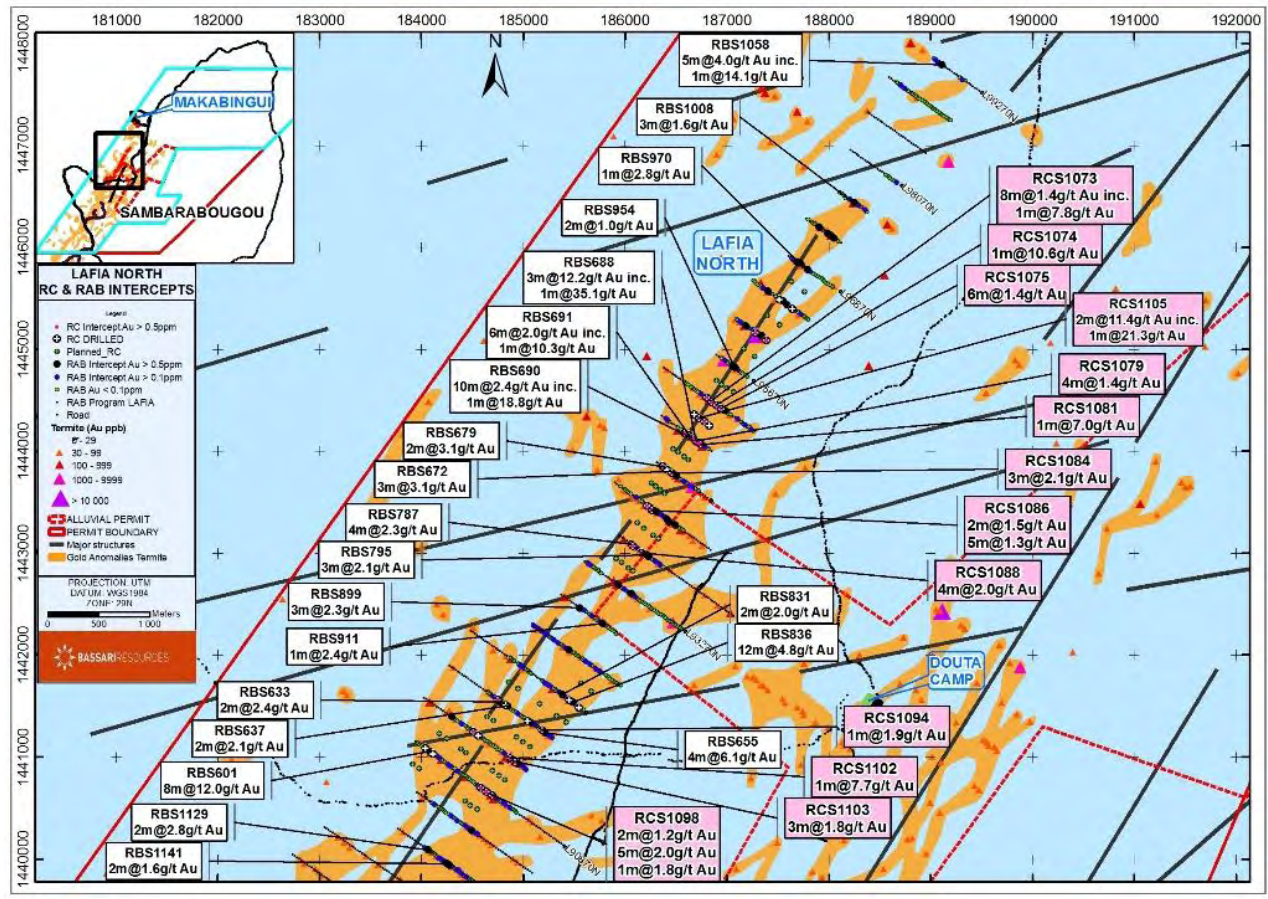


Figure 3 – Lafia North Prospect– RAB and RC Drilling Results

Lafia Prospect

To better define the structures controlling the mineralisation at the Lafia Prospect three RC holes were extended with diamond drilling. A total of 485 metres of diamond tails were completed. These holes intersected a sequence of metasediments constituted by greywacke, siltstone, shale with locally some intercalations of tuffs. The sedimentary package is strongly deformed.

The gold intercepts returned from these diamond tails were:

- 3 metres at 3.3 g/t Au from 150.29m (RCS1014D)
- 0.47 metres at 7.43 g/t Au from 171m (RCS1009D)

These intercepts are related to shear zones associated with quartz veins. The modest grade and width of these mineralized zones at depths over 150 metres below surface are not considered of economic value. No follow up drilling is planned at this stage.

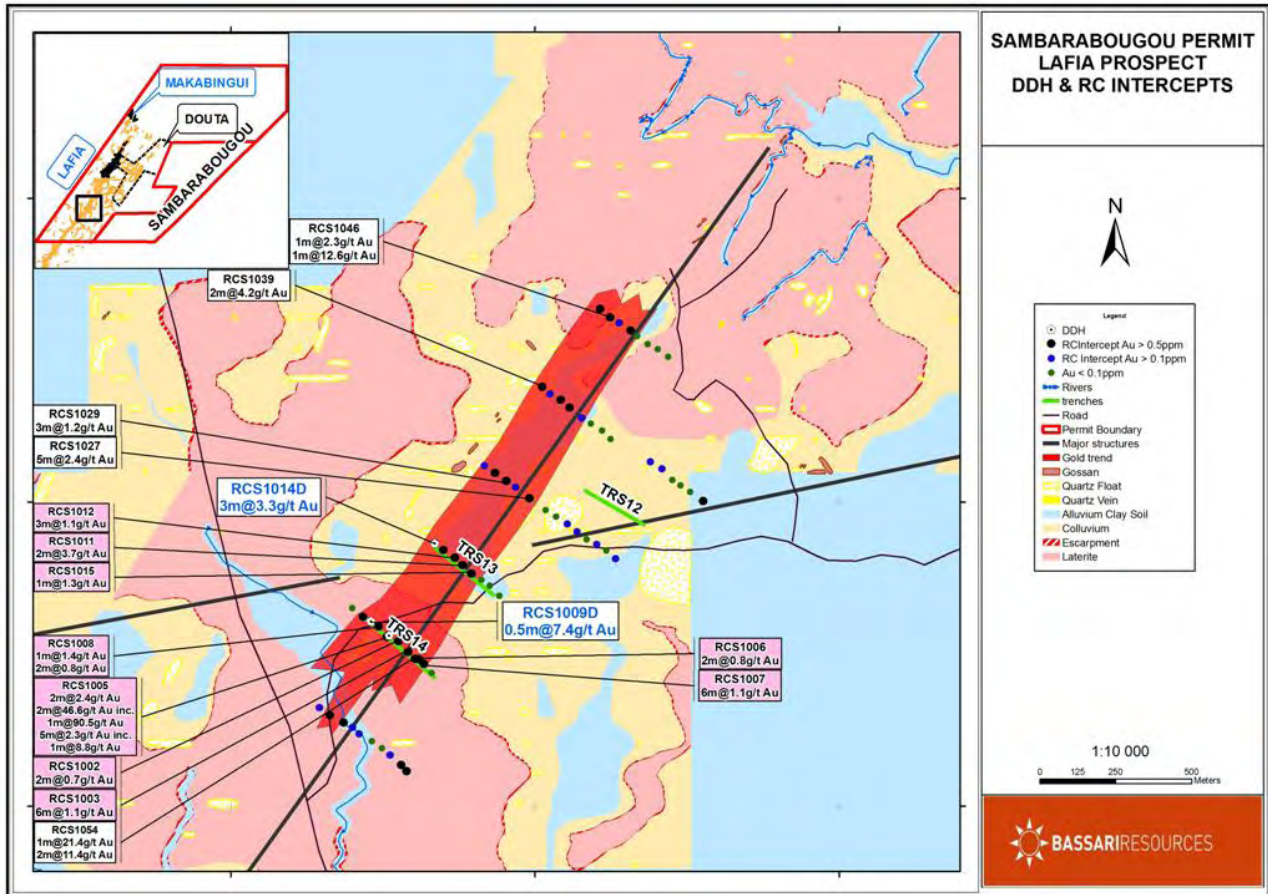


Figure 4 – Lafia Prospect– RC and DD Drilling Results

Bounsankoba Permit (70%)

Data review is being undertaken on this permit with RAB and RC drilling to follow during the next quarter at the Sekhoto Prospect where RAB results defined a coherent RC target over 800 metres strike (Figure 5).

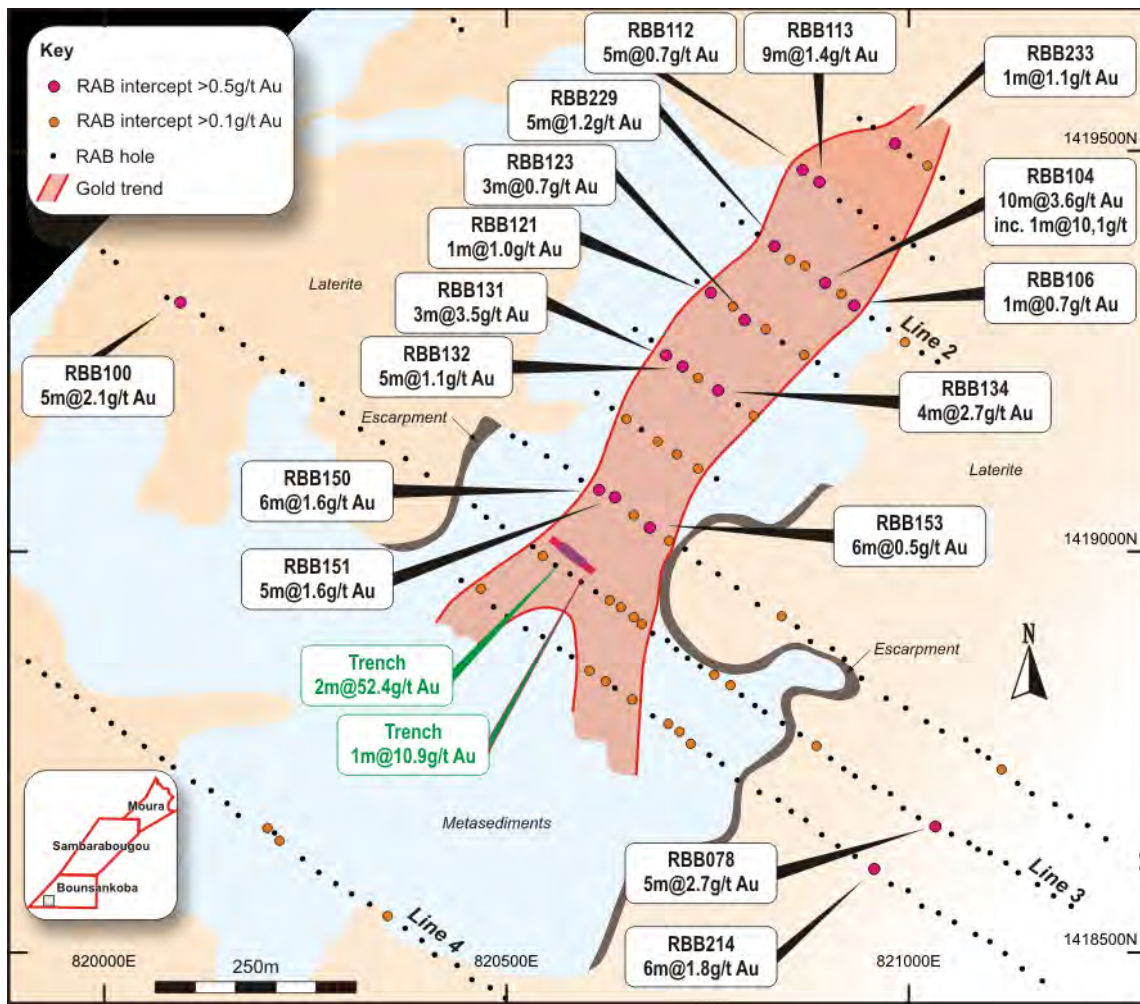


Figure 5 - Sekhoto RC target defined by trenching and RAB drilling

A program of RAB drilling is also proposed to extend coverage of the Lafia Shear Zone mineralised trend south westwards past the Massa Massa Prospect where a previous trench (TRB04) returned 2 metres at 11.2 g/t Au.

Moura Permit (70%)

A review of previous work completed has outlined a RAB and RC drilling program which will follow up the defined targets at Konkoutou and Kawsara (Figure 6).

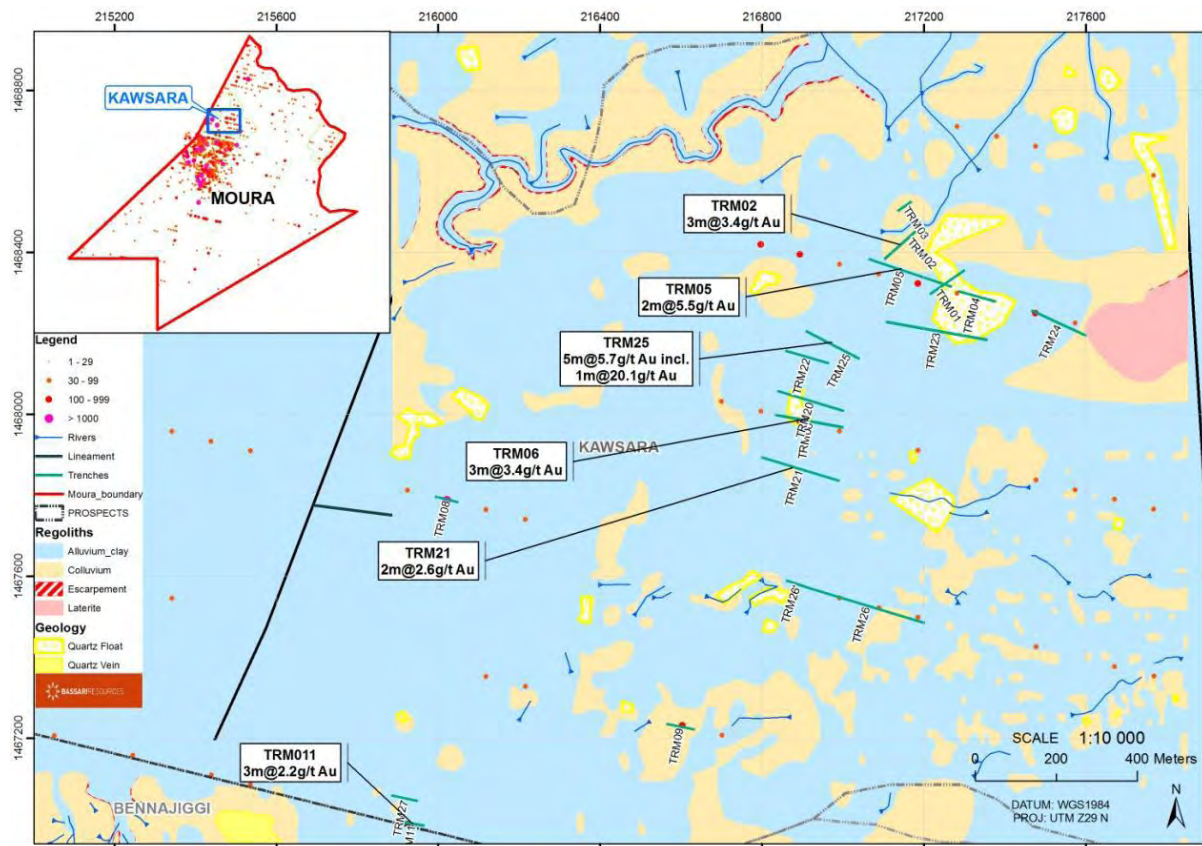


Figure 6 - Moura Permit Kawsara trench results

Regional Exploration

There are several gold anomalies defined by termite geochemistry around the Missira Granite identified approximately 15 kilometres east of the Sambarabougou Granite. They appear to be within the same semi regional structural settings and will be followed up with RAB drilling during the next quarter (Figure 7).

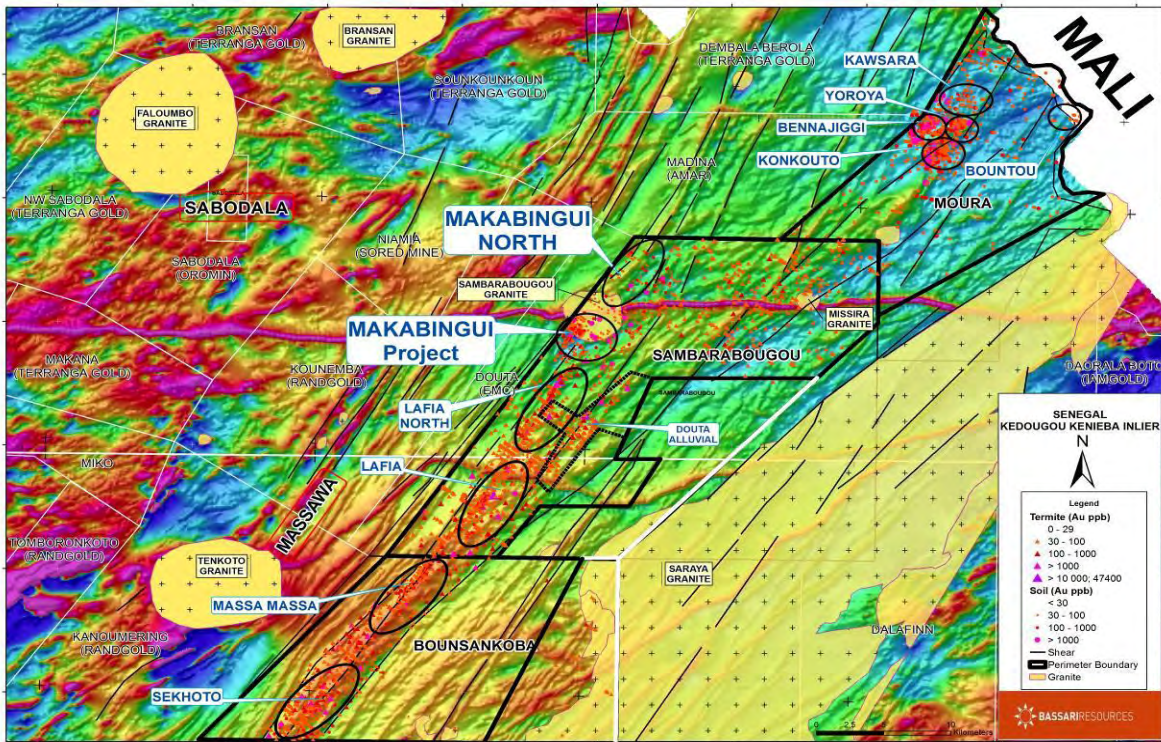


Figure 7 – Bassari Permits – Kedougou-Kenieba Inlier, Eastern Senegal

Structural Geology Evaluation

An evaluation of the structural geology and mineral exploration of the Makabingui and Lafia Concessions was undertaken by Dr Mamadou Gueye – Professor of Geology (Dakar University).

The main objective of this study was to deliver a coherent and integrated understanding of the fundamental structural elements affecting mineralisation in the Sambarabougou Permit.

The purpose of this study was to:

- better understand the litho-structural controlling the gold mineralisation within the prospects (Makabingui and Lafia), define the relationships between the different existing structures;
- provide a structural map showing most of the structures;
- provide a model explaining the relationships between the structures mineralised quartz veins, breccias and shear zones and the alteration;
- provide recommendations for the current drilling program to extend potential resources.

Table 1: Makabingui Zone 1 Significant DD Drilling Best Intercepts

Section	Hole No	From(m)	To(m)	Width (m)	Average grade (Au g/t)	Maximum grade (Au g/t)
L99900N	DDS006	33	43	10	3.3	14.95
L100000N	RCS148D	191	197.4	6.4	3.6	9.9
L100100N	RCS147D	161.82	166.5	4.7	1.5	3.76
		198.1	209.5	11.4	1.8	10.4
	DDS004	107.41	110.04	2.6	2.2	4.8
L100200N	RCS029D	99	106	7	2.9	7.02
	RCS023D	105.9	107.88	2	7.7	14.3
	RCS159D	108.54	110	1.5	4.7	12.7

Table 2: Makabingui Zone 1 Significant RC Drilling Best Intercepts

Section	Hole No.	From(m)	To(m)	Width (m)	Average grade (Au g/t)	Maximum grade (Au g/t)
L99900N	RCS180	95	99	4	0.8	0.98
L99950N	RCS185	32	35	3	1.8	2.8
		38	40	2	1.6	2.62
	RCS186	0	2	2	0.5	0.81
		49	57	8	1	2.99
		67	69	2	0.9	0.95
	RCS187	67	72	5	2.5	3.76

Table 3: Makabingui Zone 2 Significant RC Drilling Best Intercepts

Section	Hole No.	From(m)	To(m)	Width (m)	Average grade (Au g/t)	Maximum grade (Au g/t)
L100100N	RCS163	0	7	7	0.80	2.15
	RCS164	27	32	5	1.1	1.78
	RCS165	5	17	12	1.7	7.98
L99900N	RCS170	38	46	8	1.3	3.2
L99700N	RCS173	30	34	4	2.8	5.42
	RCS174	64	65	1	3.5	3.50
L99900N	RCS176	65	73	8	0.6	0.83
	RCS177	91	93	2	1.7	2.06
L100100N	RCS178	16	17	1	2.99	2.99
		58	61	3	1	1.95
	RCS179	92	96	4	1	1.6
L100300N	RCS184	16	18	2	0.9	1.27
		26	32	6	1.1	1.65
		60	64	4	0.8	1.59

Table 4: Makabingui Zone 3 Significant RC Drilling Intercepts

Section	Hole No.	From(m)	To(m)	Width (m)	Average grade (Au g/t)	Maximum grade (Au g/t)
L100100N	RCS160	10	16	6	0.5	1.04
	RCS161	33	36	3	0.7	1.66
L99900N	RCS166	30	31	1	3.8	3.8
		61	64	3	2.1	5.56
		81	84	3	2.1	3.67
L100300N	RCS182	11	13	2	1	1.04
		20	23	3	3.06	6.8

Table 5: Makabingui Zone 3 DDS011 Intercepts

Section	Hole No.	From(m)	To(m)	Width (m)	Average grade (Au g/t)	Maximum grade (Au g/t)
L100000N	DDS011	37	41.69	4.7	6.6	13.7
		52	55	3	0.8	1.3

Table 6: Lafia North RC Drilling Intercepts

Section	Hole No	From(m)	To(m)	Width	Average grade (Au g/t)	Maximum grade (Au g/t)
L96070N	RCS1071	71	74	3	0.5	0.6
L95270N	RCS1073	104	112	8	1.4	7.8
	RCS1074	8	9	1	10.6	10.6
	RCS1075	3	9	6	1.4	2.8
L94870N	RCS1079	80	84	4	1.4	2.17
	RCS1080	45	49	4	0.9	1.9
	RCS1081	29	30	1	7	7
L94470N	RCS1084	92	95	3	2.1	5.1
L94070N	RCS1086	32	34	2	0.6	0.6
		42	44	2	1.5	1.6
		77	82	5	1.3	2.8
		98	101	3	0.9	1.9
L93670N	RCS1088	132	136	4	2	6.4
L91670N	RCS1091	44	51	7	0.5	1.1
L90870N	RCS1098	0	2	2	1.2	1.8
		27	32	5	2	5
		102	104	2	0.9	0.9
		120	124	4	0.5	1
		126	129	3	0.8	1.7
L91270N	RCS1102	84	85	2	7.7	7.7
L95070N	RCS1103	38	41	3	1.8	3.31
L95070N	RCS1105	88	90	2	11.4	21.3

Douta Alluvial Gold Project (Bassari 63% - WATIC 27% - Senegal Government 10%)

On the 3rd November 2010 - Bassari announced the Douta Alluvial Gold Project's first gold pour of 2.44kg from lower grade gravels sourced for the commissioning process.

The projects gold production increased steadily between November and December. Total alluvial gold production for the quarter was 7.3 kilograms.

Alluvial gold production for the month of January is expected to exceed total gold production for the December quarter. This reflects steady improvements in plant processing throughput and grade. Grade control systems have been improved, with field panning directly controlling the selection of higher grade areas.

Optimisation of both the mining and processing operations is well underway with the processing plant throughput achieving design capacity of 100 cubic metres per hour more consistently. Metallurgical performance of the plant is considered to be in line with expectations. Lower than planned mobile mining fleet availability is currently impacting on mining productivity. The main machinery impacted are excavators and trucks where the key issues are electrical and overheating problems. Actions identified to improve the availability of mobile equipment are being implemented.

Due to the extensive rains during the wet season mining Block A is the first area of mining activity focus (previously mining Block B was planned). Transition from lower grade commissioning gravel's has taken place during the December quarter. Transition to higher grade Block B is planned for Quarter 1, 2011.



Figure 8 – Jigs in operation



Figure 9 – Loading of gravels within Block A



Figure 10 – Alluvial processing plant

Corporate

Cash at end of the quarter \$0.810 million

On the 4th November 2010 Dr David S. Tyrwhitt became Non Executive Chairman of the Company. Dr Tyrwhitt has more than 50 years experience in the mining industry. He is currently a Director of Hawthorn Resources Limited (November 1996 to current), Quantum Resources Limited (November 1999 to current), Golden River Resources Corporation (November 1996 to current) and Legend International Holdings Inc., (March 2005 to current) and a former director of Astro Diamond Mines NL. He worked for over 20 years with Newmont Mining Corporation in Australia, South East Asia and the United States. During this time, he was responsible for the discovery of the Telfer Gold Mine in Western Australia. He was Chief Executive of Newmont Australia Limited between 1984 and 1988 and Chief Executive Officer of Ashton Mining Limited between 1988 and 1991. He established his own consultancy in 1991 and has worked with Normandy Mining Limited and a number of other clients on mining projects in South East Asia.

On 20 December 2010 the Company announced that it would raise \$7.02 million by way of a fully underwritten 1:3 non renounceable pro rata rights issue („Rights Issue’) to Bassari shareholders at an issue price of \$0.12 per share. The new shares will carry one attaching option for every three new share issued, the options exercisable on or before 30 June 2012 at \$0.20. The offer closed on 25 January 2011.

The funds raised will primarily be used for ongoing exploration across Bassari’s three permits and for working capital.

Patersons Securities Limited and RBS Morgans Corporate Limited are Joint Lead Managers and have fully underwritten the Rights Issue.

Forward Looking Statement

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

The technical information in this report has been reviewed and approved by Dr D S Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy and has 50 years experience in the industry and has more than 5 years experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr Tyrwhitt consents to the inclusion in the report of the matters based on the information in the form and context to which it appears.

For further information please contact

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BASSARI RESOURCES LIMITED

ABN

84 123 939 042

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,451)	(4,744)
1.3 Dividends received	(523)	(1,060)
1.4 Interest and other items of a similar nature received	74	123
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,900)	(5,681)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(21) (1,183)	- (1,973)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	-	(7)
Net investing cash flows	(1,203)	(2,000)
1.13 Total operating and investing cash flows (carried forward)	(4,103)	(7,681)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,103)	(7,681)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	545	545
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Costs of capital raising	-	(215)
	Net financing cash flows	545	330
	Net increase (decrease) in cash held	(3,558)	(7,351)
1.20	Cash at beginning of quarter/year to date	4,368	8,161
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	810	810

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	115
1.24	Aggregate amount of loans to the parties included in item 1.10	N/A

1.25 Explanation necessary for an understanding of the transactions

Salaries and payments made for consulting services to directors and director related companies.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	
3.2 Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	-
4.3 Production	237
4.4 Administration	500
Total	2,537

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	810	4,368
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	810	4,368

NOTE: The company announced to ASX on 20 December 2010 that it was undertaking a fully underwritten Rights Issue to raise \$7 million to be applied towards working capital requirements and exploration programmes. The closing date for the Rights Issue was 25 January 2011.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
	+securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	175,572,846	175,572,846	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	3,500,000	Nil	<i>Exercise price</i> 45 cents	<i>Expiry date</i> 31-01-2013
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	10,000,000	Nil	29 cents	31-12-2010
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 31 January 2011

Print name: Ian Riley

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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