BASSARI RESOURCES

ANNUAL REPORT 2011

BOARD OF DIRECTORS
Jonathan P Warner, Non-executive Chairman
David S Tyrwhitt, Non-executive Director
Jozsef Patarica, Managing Director/CEO

COMPANY SECRETARY
Ian Riley

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Chairman's Letter

On behalf of the Board, I am pleased to present to you the Bassari Resources Limited annual report for the year ended 30 June 2011. I also take this opportunity to introduce myself as a newly appointed director, Chairman and shareholder of your Company.

The 12 months covered by this report, and the period since, has seen significant steps made in progressing the prospects and exploration programs of the Company. In May this year the Company announced its maiden gold resource of 240,000 ounces for the Makabingui Project. We are very pleased with the outcome from the first phase of resource drilling, particularly given that the majority of the resource is classified as indicated and metallurgical test work indicates a simple processing path. Since the resource announcement, we have had further encouraging drilling results at Makabingui. With further drilling planned outside the current resource area, we are targeting "unlocking" the larger potential around the Sambarabougou Granite.

Of equal significance has been the results coming though at our other prospects. In particular we were excited by the results of RAB drilling at the Konkouto prospect in the Moura permit, with gold intersected over a wide interval. We intend to follow up the results here and in other previously identified areas via a program of reverse circulation and diamond drilling. This is scheduled to commence after the wet season in Senegal, although delays being experienced in assays means results will not be forthcoming until later in the calendar year.

On the corporate side of operations, the Company completed a raising of $6.3 million (before costs), providing capital to support the ongoing exploration program. It has been a difficult market, with the share price reflecting numerous external factors not necessarily related to the company's prospects. However, with volatility and uncertainty comes opportunity. We have been receiving a number of unsolicited approaches regarding our prospect areas and will be actively responding and following up such approaches to the extent they are of substance and may add to shareholder value.

In summary, notwithstanding the current share price and uncertain world economic conditions, the prospects of the Company are positive. We have an excellent package of contiguous permits located in the Birimian Gold Belt, Senegal, West Africa – an area which is gaining increased international focus. We believe there is strong potential for further significant gold discoveries with early signs of encouragement from recent drilling.

Finally, it is with regret that I mention the passing of Clive Wright, the Company's founding Chairman and Board member who worked tirelessly for the Company right up until his recent passing. Clive will be sorely missed and, on behalf of the Board, management and staff I again take this opportunity to express our condolences to Clive's family.

It would also be remiss of me not to thank our staff in both Australia and Senegal for their continued contribution and commitment to the Company. I look forward to their continued effort and contribution over what will undoubtedly be an exciting year for the Company.

Jonathan Warner
Chairman

DIRECTORS' REPORT

The directors of Bassari Resources Limited ("the company") 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 30 June 2011. 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 year and up to the date of this report, unless otherwise stated, are:

Jonathan P Warner (appointed 20 July 2011)
David S Tyrwhitt (appointed 12 October 2010)
Jozsef Patarica
Clive Wright (passed away 30 August 2011)
Aaron Treyvaud (resigned 17 November 2010)

Jonathan P Warner (Non Executive Chairman)
Mr Warner has more than 20 years experience covering corporate advisory, banking and legal fields in both international and domestic transactions. He specializes in mergers and acquisitions and holds Honours Degrees in Economics and Law. He is a founding director and principal of financial services consultancy, F.I.M.A.(Financial Institutional and Management Advisory) with practitioner skills covering capital markets, credit/risk assessment, institutional structures, compliance and merger acquisitions transactions. He was a senior associate at Allens Arthur Robinson and was a senior advisor in National Australia Bank's Group mergers and acquisitions area.

David S Tyrwhitt PhD(Geology) BSc(Hons) FSEG(USA) FAusIMM CPGeo (Non Executive Director)
Dr Tyrwhitt has more than 50 years experience in the mining industry. He is currently a Director of Hawthorn Resources Limited, Quantum Resources Limited, Golden River Resources Inc., Northern Capital Resources Inc., and Legend International Holdings Ltd., 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. Since August 1991 he has worked as consulting geologist with more than twenty mining and exploration companies in South East Asia and China.

Jozsef Patarica B.Eng MBA MAICD MAusIMM (Managing Director/CEO)
Jozsef was appointed Managing Director/CEO of Bassari Resources Ltd 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. In addition Jozsef is a member of the Remuneration Committee.

Clive Wright MAICD MCIMM (Non Executive Director)
Clive passed away on 30 August 2011. He had served as a director of Bassari Resources Limited since February 2007.

DIRECTORS' REPORT (cont'd)

Aaron Treyvaud (Non Executive Director) B.Eng (Mining) Master of Applied Finance
Aaron was appointed a Director of Bassari Resources Limited on 15 November 2007 and resigned on 17 November 2010.

The directors hold no other directorships in listed entities other than those referred to above.

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

The principal activities of the group are to further progress exploration and resource definition within three contiguous permit areas located in Senegal – Moura, Sambarabougou and Bounsankoba – in order to identify mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation.

OPERATING RESULTS

The consolidated loss for the Group for the year amounted to $8,679,000 (2010: $1,774,000).

DIRECTORS' REPORT (cont'd)

FINANCIAL POSITION

The net assets of the consolidated entity have decreased by $2.376 million to $23.294 million at 30 June 2011 (2010: $25.670 million). The major movements were:

- Capital raisings during the year of $7.022 million before costs;
- Net expenditure on the Douta Alluvial Project of $2.642 million;
- Exploration expenditure on the Group's 3 permits, $10.114 million; and
- Impairment of the alluvial plant assets of $2.388 million.

The consolidated entity had a working capital deficit, being current assets less current liabilities, of $1.584 million in 2011 compared to a surplus of $7.172 million in 2010. Subsequent to the year end the company has raised $6.329 million of additional capital to address the working capital deficit (see note 30).

REVIEW OF OPERATIONS

Over the past 12 months the company has significantly advanced its exploration programs.

The company's exploration program is focused on discovering multi-million ounce gold deposits in the Birimian Gold Belt in Senegal, West Africa.

The Makabingui Project maiden gold resource of 240,000 ounces was announced on 2 May 2011. The resource was reported in accordance with the JORC Code. Makabingui is one of thirteen highly prospective gold prospects identified along 80km strike length within the Kenieba Inlier.

The Douta Alluvial Project poured its first bar of gold on 3 November 2010 and subsequently operated through to the June 2011 quarter when it was placed on care and maintenance.

Over the course of the year the company has carried out exploration activities ranging from, Rotary Air Blast (RAB), Reverse Circulation (RC) and Diamond Drilling (DD).

Details of the works carried out on each of the three permits, Moura, Sambarabougou and Bounsankoba, are summarised below:

Moura Permit (Bassari 70%)

During the year the company carried out a review of previous work completed which outlined RAB and RC drilling programs for both the Konkouto and Kawsara Prospects (Figure 1).

An evaluation of the structural geology and mineral exploration was undertaken by Dr Mamadou Gueye – Professor of Geology (Dakar University). The objective of the study was to deliver a coherent and integrated understanding of the fundamental structural elements affecting mineralisation.

The Moura permit is currently in the renewal process.

DIRECTORS' REPORT (cont'd)

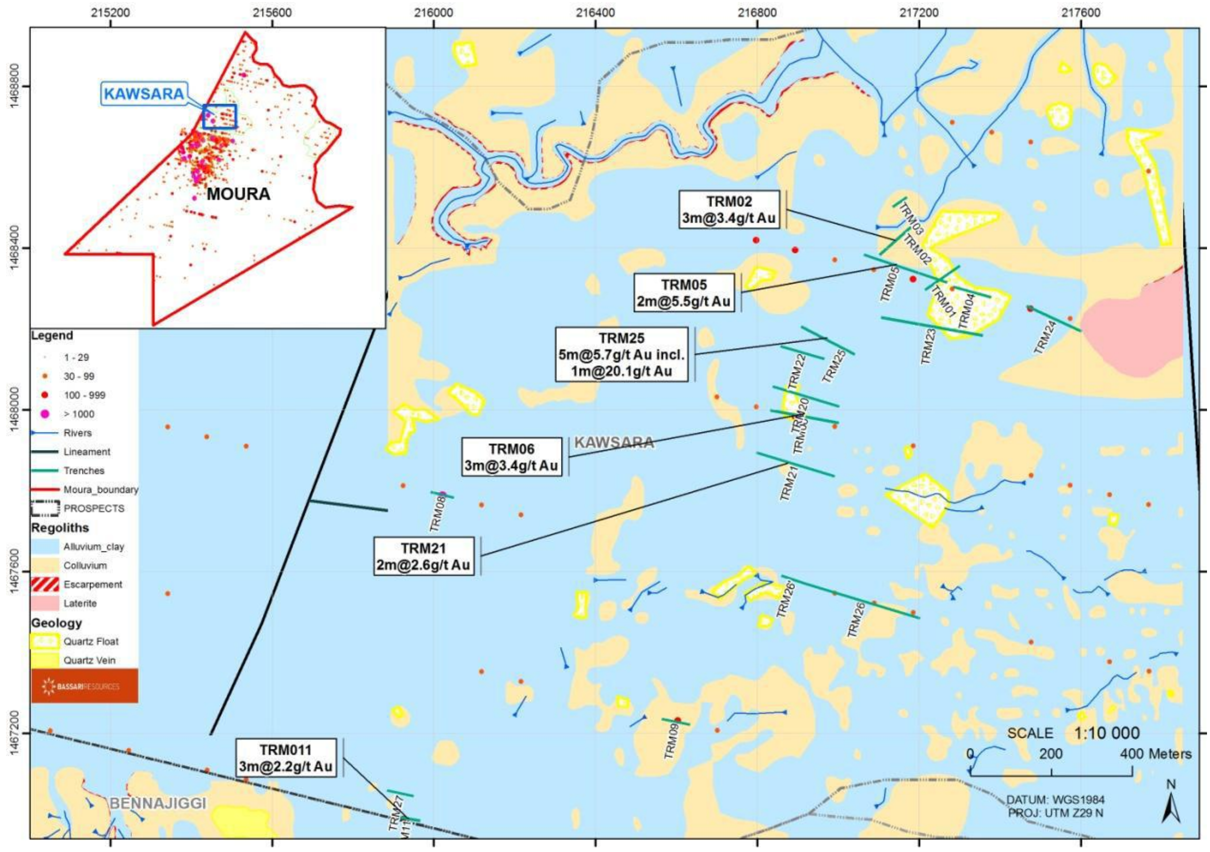

Figure 1: Moura Project - Kawsara Trench Intercepts

Sambarabougou Permit (Bassari 70%)

Makabingui Gold Project

The Company announced on 2 May 2011 a maiden gold resource of 240,000 ounces (Table 1). It was reported in accordance with the JORC Code.

The Makabingui Gold Project is focused on the 4 kilometre diameter Sambarabougou Granite. The maiden gold resource is situated around a 2 kilometre by 1 kilometre diorite-metagabbro intrusive located in the pressure shadow of the granite (Figure 2). Drilling to date has identified a very extensive series of shallow east dipping zones of gold mineralisation which extend into the adjoining sedimentary rocks.

Given the large area of the mineralised system, resource drilling has been focussed primarily on two of the high grade mineralised lodes within Zone 1 and Zone 3 where there is potential to grow the gold resource within these and additional zones.

DIRECTORS' REPORT (cont'd)

Makabingui Project maiden resource estimate key points:

- To date the total resource estimate is based on only three of multiple zones. There is resource potential within additional zones.
- The majority of the holes were drilled to a depth of 100 metres indicating the resource is relatively shallow.
- Mineralisation remains open to the south within Zones 1 and 2 and at depth in Zone 3.
- The maiden resource is part of a much larger system with additional resource potential around the Sambarabougou Granite.
- High metallurgical recoveries with overall gold recovery from both oxide and primary ore of up to 99% were obtained from diamond drill core in the centre of Zone 1 North resource block.
- Metallurgical test work indicates a simple processing path with gravity concentration followed by cyanide leaching.

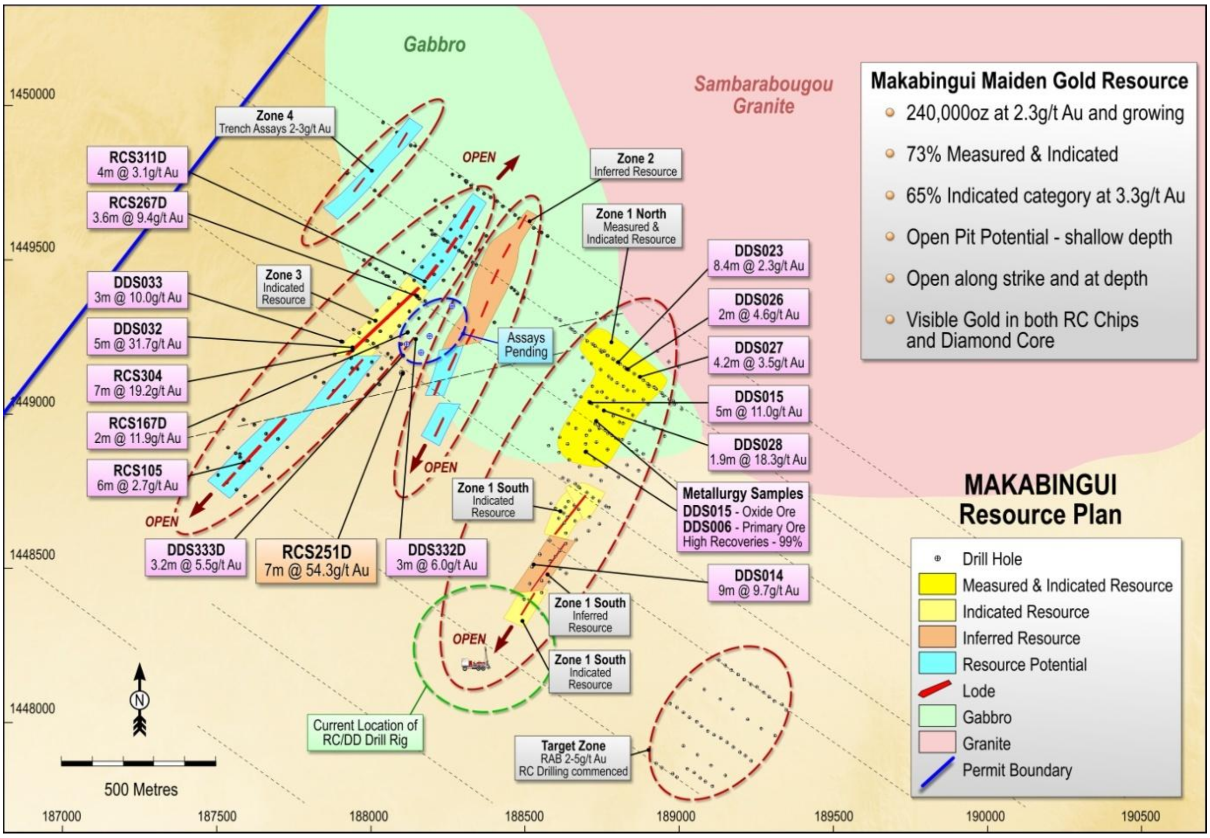

Figure 2 – Makabingui Gold Project – Resource zones & recent significant intercepts

DIRECTORS' REPORT (cont'd)

Table 1. Makabingui Mineral Resource Statement

Location	Status	Cut-Off Grade (g/t)	Tonnes	Grade (g/t)	Total Gold (Au)
Zone 3	**Indicated**	0.5	350,000	6.1	**69,000**
Zone 1 South	**Indicated**	0.5	150,000	5.5	**27,000**
	Inferred	0.5	100,000	5.0	**16,000**
Zone 1 North	**Measured**	0.5	560,000	1.1	**19,000**
	Indicated	0.5	950,000	2.0	**61,000**
	Inferred	0.5	190,000	1.8	**11,000**
Zone 2	**Inferred**	0.5	970,000	1.2	**37,000**
Total	**Measured**	0.5	560,000	1.2	**19,000**
	Indicated	0.5	1,450,000	3.4	**157,000**
	Inferred	0.5	1,260,000	1.6	**64,000**
Total			**3,270,000**	**2.3**	**240,000**

Note:

- All resources have been rounded to the nearest 10,000 tonnes.
- Total ounces have been rounded to the nearest 1,000 ounces.
- Reported in accordance with JORC Code.
- A top cut of 20g/t gold has been used for all Zones.
- A cut-off grade of 0.5 g/t gold has been used for all Zones.
- A bulk density of 2.70 t/m^3 has been used for quartz/sulphide lodes within diorite-metagabbro host and metasedimentary rocks to the south of the Sambarabougou granite intrusive.
- The Mineral Resources were estimated by Dr. David S. Tyrwhitt through manual calculation. A 0.5 g/t gold lower cut-off was used and a top-cut of 20 g/t gold. Dr Tyrwhitt visited the site to review drilling, sampling protocols, geological interpretation and review the exploration process with the site geology team.
- The manual mineral resource estimate has been independently reviewed by AMC Consultants Pty Ltd (AMC). For the purpose of its review, AMC prepared a three-dimensional interpretation of the mineralisation based on a lower cut-off of 0.5 g/t gold and a top-cut of 20 g/t gold and then constructed a block model for that interpretation. AMC interpolated grade estimates into the block model using Ordinary Kriging and compared the resulting block model estimate with the manual estimate. From that comparison, AMC's opinion is that the tonnage and grade of the manual estimate are reasonable.

DIRECTORS' REPORT (cont'd)

The Makabingui Project is largely hosted to date in a metagabbro-diorite intrusive with quartz-carbonate-sulphide-gold zones extending south into the metasediments. The metagabbro-diorite intrusive is within a low pressure area associated with shearing around the Sambarabougou Granite. The maiden resource is based only on the area to the south west of the granite – Makabingui Project. RAB drilling around the granite has identified other prospects – Makabingui North East, East and South (Figure 3).

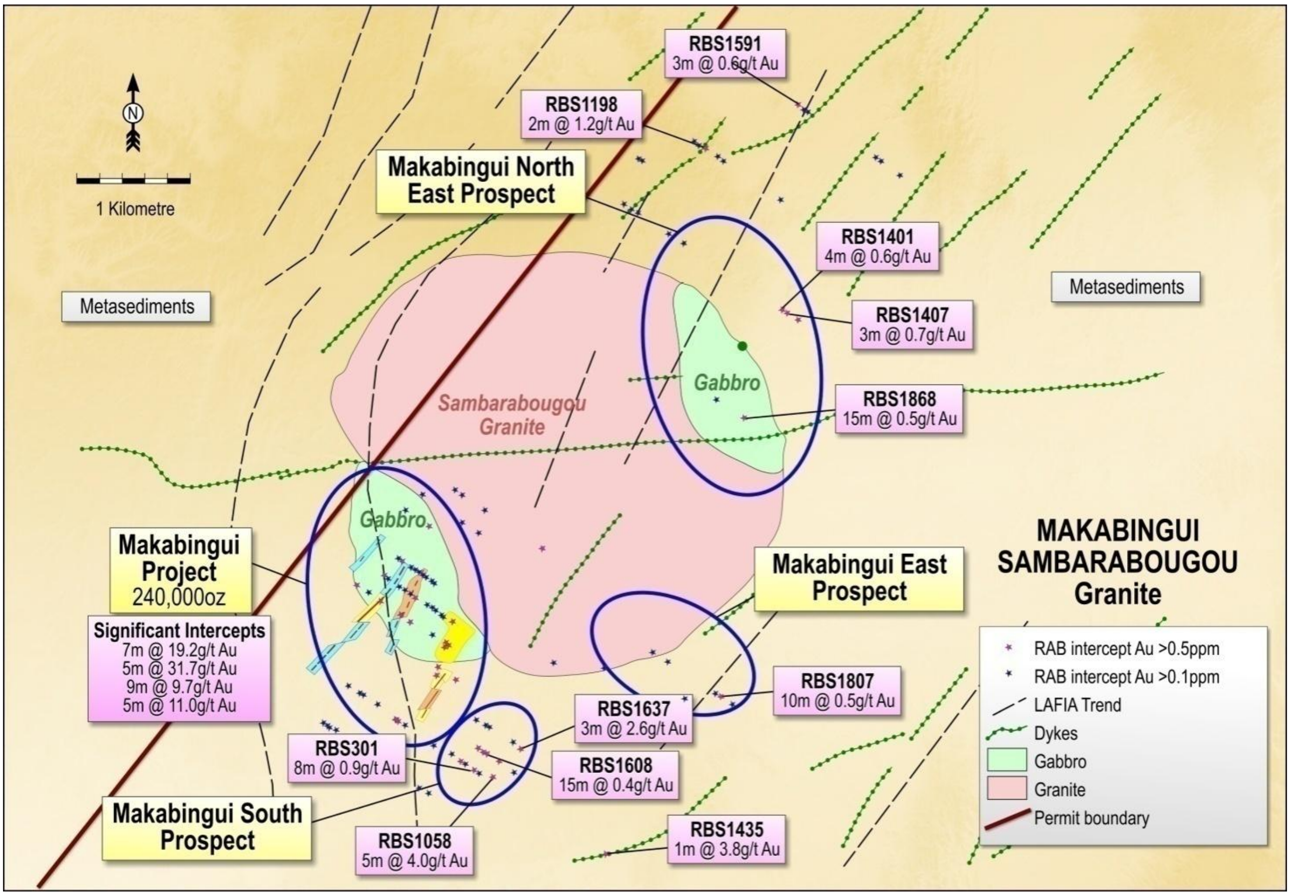

Figure 3 – Makabingui Gold Project – Sambarabougou Granite

Makabingui North East Prospect RAB Drilling & Regolith Mapping

During the March 2011 quarter, RAB drilling on line, L103,200N resulted in the recognition of an extensive intrusion of diorite and metagabbro which appears to be of a similar dimension to the intrusion to the south where the maiden gold resource is located. Outcrop is very rare and RAB drilling is continuing to fully delineate the size of the intrusion.

A first phase RC/DD program commenced in June 2011 comprising 4,400 metres over 57 holes.

A total of 186 RAB holes were completed totalling 2,912 metres.

DIRECTORS' REPORT (cont'd)

Regolith mapping has been carried out highlighting the different lithologies and geological contacts. The area is characterised by a package of metasediments (greywacke, siltstone and shale locally altered) intruded by metagabbro and granodiorite. The granodiorite is also affected by quartz veins and quartz veinlets which are strongly deformed. The metagabbro is locally brecciated with the presence of sub angular to angular greywacke and quartz fragments. The greywacke is characterised by fine and medium grain and in places shows strong carbonate alteration.

Geologically the Prospect is similar to the area where the current 240,000 ounce gold resource has been defined.

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.

The area is interpreted as a potential opening zone with probable hydrothermal fluid circulation associated with gold (Figure 4).

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.

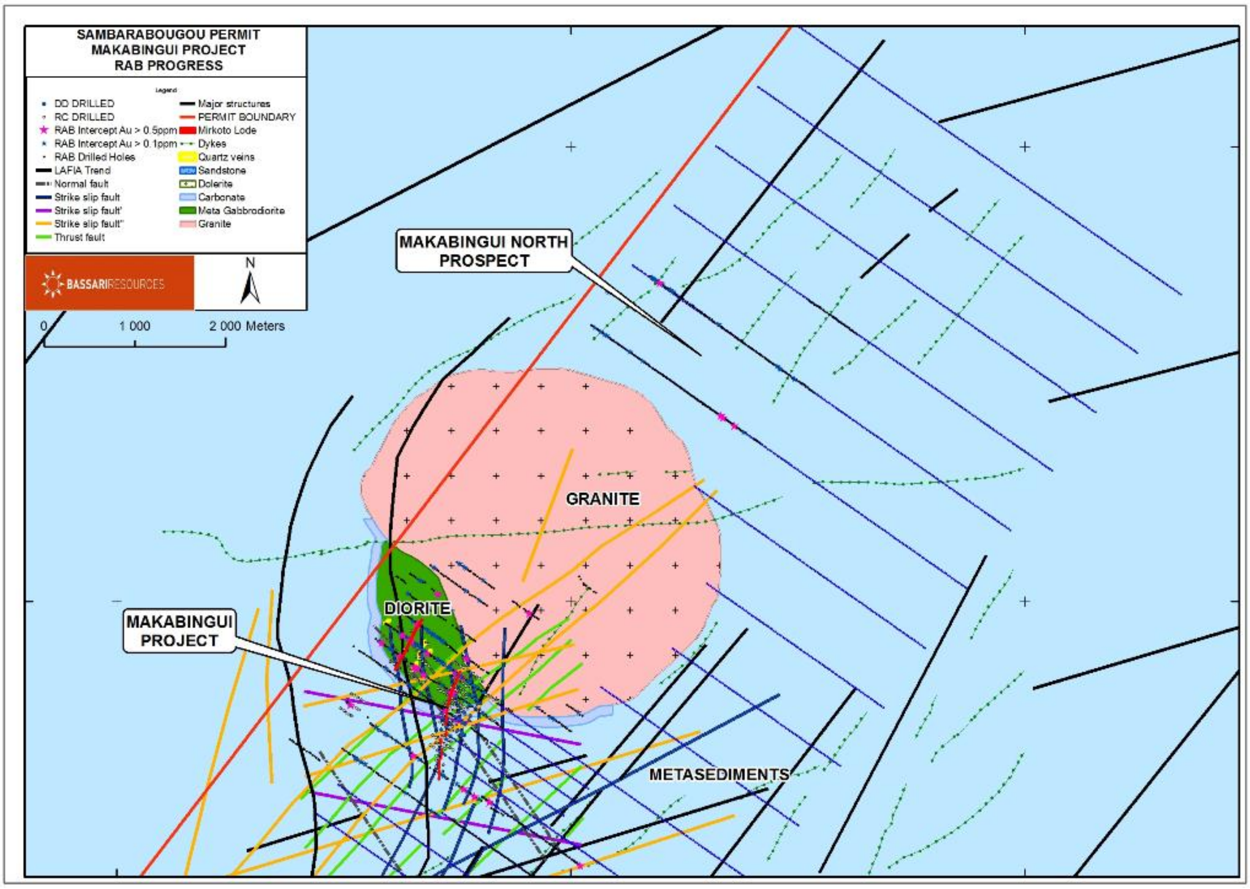

Figure 4– Makabingui North Prospect– RAB Drilling Program

DIRECTORS' REPORT (cont'd)

The structural compilation shown 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 are summarised below (Figure 5).

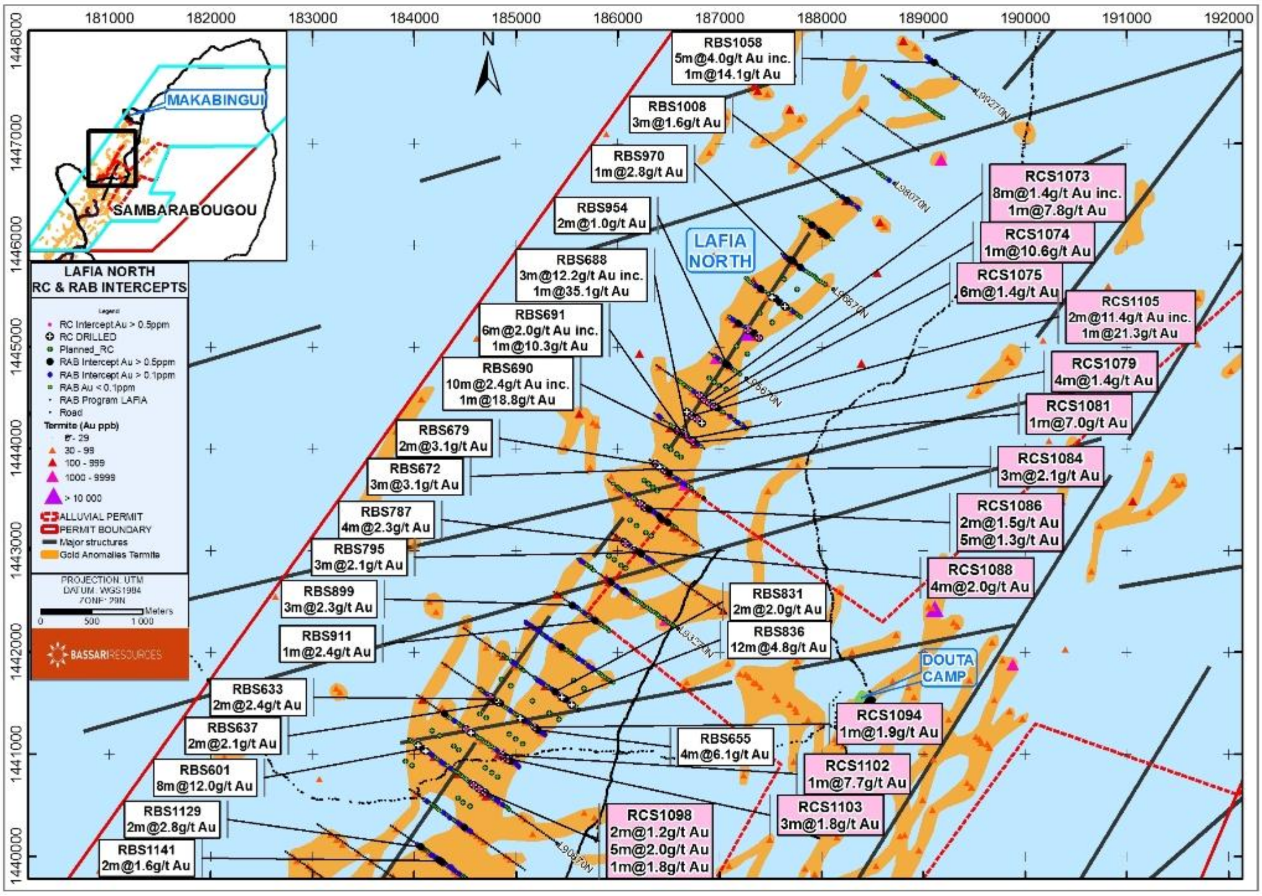

Figure 5– Lafia North Prospect– RAB and RC Drilling Results

DIRECTORS' REPORT (cont'd)

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 mineralised zones at depths over 150 metres below surface are not considered of economic value. No follow up drilling is planned at this stage.

Bounsankoba Permit (Bassari 70%)

In the March 2011 quarter RAB targets identified in previous drilling together with trench assays of quartz veining in the 5 – 11g/t gold range were further modelled with structural analysis by Dr. M. Gueye.

A 4,000 metre RC drill program has been designed for the Sekhoto Prospect (Figure 6) to follow up the encouraging gold RAB intercepts.

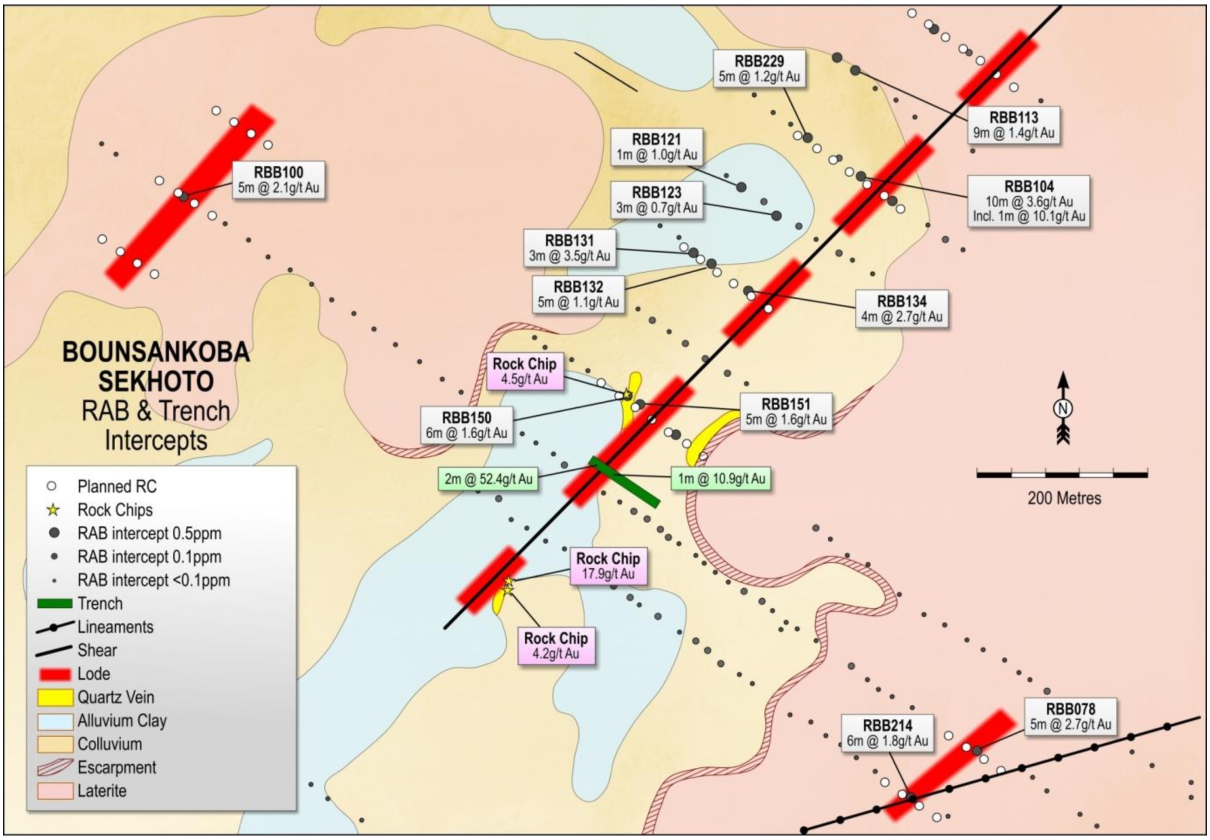

Figure 6 - Sekhoto RC target defined by trenching and RAB drilling

DIRECTORS' REPORT (cont'd)

Douta Alluvials

On 13 August 2010 the Presidential Decree for the Douta Alluvial Project (Bassari 70%) was signed by the Senegalese President, H E Abdoulaye Wade. The Decree formalised the five year Mining Exploitation Permit previously signed by the Minister of Industry, Geology and Mines, Mr Ousmane N'Gom. The Mining Exploitation Permit covers an area of 30 square kilometres along the Sakodafi – Douta river drainage system.

The key terms to develop the project are:

- The Joint Venture will establish an exploitation company in which the Government of the Republic of Senegal ("ROS") will hold a 10% non-contributory interest
- Five year mine lease, renewable
- Five year exoneration from taxation including Value Added Tax
- No import duties
- The exploitation company will:

  - Pay a 3% gross production royalty;
  - Allocate $US10,000 in the pre-production period and then $US25,000 per each production year for the social development of local communities; and
  - Allocate $US40,000 in the pre-production period and then $US5,000 per each production year for logistic support for technical services of the Senegal Mines Department.

The Douta Alluvial Project poured its first bar of gold on 3 November 2010 and subsequently operated through to the June 2011 quarter when it was placed on care and maintenance. A significant ramp up of gold production was achieved through the March 2011 quarter which was a result of both a ramp up in production (physical material movement and processing) along with improved grade control systems and sampling points over shorter intervals of strike and across the paleodrainage. Towards the end of March and through into April significant reliability issues were experienced with both fixed and mobile plant. Alluvial gold production prior to being placed in care and maintenance was 1,152 ounces over the life of the project.

DIVIDENDS

During the financial year, no dividends were paid (2010: $Nil). The directors have not recommended the payment of a dividend.

SHARES

At the date of this report 352,648,689 ordinary shares were on issue.

DIRECTORS' REPORT (cont'd)

SHARE OPTIONS

At the date of this report, the unissued ordinary shares of the company under option are as follows:

Grant Date	Expiry Date	Exercise Price ($)	No.
9 March 2010	31 January 2013	$0.45	2,300,000
15 April 2010	31 January 2013	$0.45	1,200,000
3 February 2011	30 June 2012	$0.20	19,508,101
3 March 2011	31 December 2013	$0.30	1,000,000
4 May 2011	31 December 2013	$0.30	1,500,000
17 August 2011	30 November 2012	$0.11	38,442,496
23 August 2011	30 November 2012	$0.11	20,883,343

The holders of these options do not have any rights under the options to participate in any share issue of the company or of any other entity.

During the year ended 30 June 2011 no ordinary shares of the company were issued on exercise of options granted.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year other than:

- The company raised additional capital of $7.022 million before costs to progress its exploration in Senegal.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

After the end of the financial year the company raised $6.329 million from a placement and rights issue that closed on 9 August 2011. Additionally, on 23 August, 6,666,667 shares and 3,333,333 options were issued to settle the outstanding financial liabilities at that date ($400,000).

Except for these matters, no events have occurred subsequent to the end of the reporting period that would require adjustment to, or disclosure in, the financial report.

INDEMNITIES AND INSURANCE

In addition to the amounts disclosed for remuneration of Directors and Key Management, Bassari pays a premium each year 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.

DIRECTORS' REPORT (cont'd)

DIRECTORS' MEETINGS

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
D S Tyrwhitt	15	15	15
C A Wright	19	19	19
J Patarica	19	19	19
A Treyvaud	6	6	6

Mr J P Warner was appointed a director on 20 July 2011.

The Company has no audit committee at present, the remuneration committee consists of all directors, and therefore all meetings above include a meeting of the remuneration committee.

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and options in shares of the company as at the date of this report.

Name	Fully Paid Ordinary Shares No.	Share Options No.
J P Warner	2,531,198	442,887
D S Tyrwhitt	-	500,000
J Patarica	338,979	1,255,469

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

Non audit services provided by the auditor, BDO Audit (NSW-VIC) Pty Ltd during the year comprised of taxation consulting (note 29).

BDO Audit (NSW-VIC) Pty Ltd 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 26 of the financial report.

DIRECTORS' REPORT (cont'd)

LIKELY DEVELOPMENTS

Other than as provided elsewhere in this financial report, there is no further disclosure regarding the likely developments of the operation 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.

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 calibre 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.

DIRECTORS' REPORT (cont'd)

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.

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 Non-Executive Chairman $60,000 and the non-Executive Directors $45,000 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 paid 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 the 2011 financial year, new share based payments in the form of options over ordinary shares were granted under the LTI plan to directors as follows:

	Number of Options	Grant Date	Vesting Date	Amounts Expensed in the Period
D S Tyrwhitt	500,000	4 May 2011	30 June 2011	$21,250
C A Wright	500,000	4 May 2011	30 June 2011	$21,250

(See note 28 for option valuation detail)

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.

DIRECTORS' REPORT (cont'd)

The aim of the Directors is to increase shareholder wealth through successfully achieving its primary objectives. During exploration these objectives are not linked to company earnings. Instead the successful discovery of gold resources and reserves is intended to drive shareholder wealth. Thus an increase in shareholder wealth will give rise to an increase in total director remuneration. As at the date of this report these options are significantly out of the money as a result of a deterioration of global economic conditions. No other remuneration is linked to performance conditions.

Senior Management and Executive Director Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company;
- Ensure total remuneration is competitive by market standards; and
- The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:
  - Fixed remuneration component
  - Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

In the 2011 year no payments were made (2010: $Nil).

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPIs) in line with the achievement of the company's objectives.

On an annual basis, after consideration of performance against KPIs, the Remuneration Committee, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within 3 months after the reporting date.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period. No STI is available to be carried forward into the future years.

DIRECTORS' REPORT (cont'd)

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

Structure

LTI grants to executives are delivered in the form of options over ordinary shares. Share options have been granted to executives. In the 2011 financial year, new share based payments in the form of options over ordinary shares were granted under the LTI plan to executives were as follows:

	Number of Options	Grant Date	Vesting Date	Amounts expensed in the period
J Patarica	500,000	4 May 2011	30 June 2011	$21,250
I Riley	500,000	3 March 2011	30 June 2011	$21,250

(See note 28 for option valuation detail)

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

The following persons were key management personnel of the Bassari Resources Limited Group during the financial year:

Name	**Position Held**
David S Tyrwhitt	Non Executive Director (appointed 12 October 2010)
Jozsef Patarica	Managing Director/CEO
Clive Wright	Non Executive Director (passed away 30 August 2011)
Aaron Treyvaud	Non Executive Director (resigned 17 November 2010)
Ian Riley	Company Secretary/CFO

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

DIRECTORS' REPORT (cont'd)

Key Management Personnel - Service Contracts

Managing Director/CEO

The company has 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.

While the agreement is for an indefinite period it may be terminated by either party upon giving three months notice. Under the agreement Mr Patarica will receive a salary of $348,800 per annum inclusive of superannuation with a bonus of up to a maximum of 100% of that base salary per annum as determined by the Board on the advice of the Chairman. The Board will determine bonuses based on key performance indicators approved by the Board, acting reasonably, presently, to increase the resource inventory to 1 million ounces within 12 month period, 10% bonus on base salary, and to achieve alluvial gold production rate of 10,000 ounces within 12 months, a further 5% bonus to base salary is applied. No bonus was declared during the reporting period and no amount will be available for vesting in future years.

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 from 1 May 2011 and to be remunerated at the rate of $155,000 per annum. The contract which can be terminated by either party with 1 months notice provides for a 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 receiving the highest remuneration during the year was as follows:

DIRECTORS' REPORT (cont'd)

Remuneration for the year ended 30 June 2011

	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 %**		
Non-executive directors										
David S Tyrwhitt (from 12.10.2010)	42,500	-	-	-	-	-	21,250	33%	63,750	
C A Wright	40,367	-	-	4,758	-	-	21,250	32%	66,375	-
A Treyvaud	31,417	-	-	-	-	-	-	0%	31,417	-
Sub total non executive directors	**114,284**	**-**	**-**	**4,758**	**-**	**-**	**42,500**		**161,542**	**-**
Executive director										
J Patarica	320,000	-	-	28,800	-	-	21,250	6%	370,050	-
Subtotal executive Directors	**320,000**	**-**	**-**	**28,800**	**-**	**-**	**21,250**		**370,050**	**-**
Total Directors	**434,284**		**-**	**33,558**	**-**	**-**	**63,750**		**531,592**	**-**
Non-Director key management										
I D Riley	155,000	-	-	-	-	-	21,250	12%	176,250	-
Total Non-Director key management	**155,000**	**-**	**-**	**-**	**-**	**-**	**21,250**		**176,250**	**-**
Total Directors and key management	**589,284**	**-**	**-**	**33,558**	**-**	**-**	**85,000**		**707,842**	**-**

* The share options are stated at the fair value at the date of issue and vested on 30 June 2011. No options have been exercised. The exercise price is $0.30, whereas the share price at 30 June 2011 was $0.06. The directors therefore consider the share options to be out of the money and the current fair value to be $0.00.

DIRECTORS' REPORT (cont'd)

Remuneration for the year ended 30 June 2010

	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 %		
Non-executive directors										
C A Wright	26,261	-	-	2,364	-	-	-	0%	41,125	-
A Treyvaud	20,485	-	-	1,859	-	-	60,050	72.9%	93,644	-
J Patarica (to 07.03.10)	20,485	-	-	1,859	-	-	-	0%	22,344	-
Sub total non executive directors	**67,231**	**-**	**-**	**6,082**	**-**	**-**	**60,050**	**45.0%**	**157,113**	**-**
Executive director										
A Smith (to 20.01.10)	162,858	-	-	6,300	-	-	-	0%	169,158	-
J Patarica (from 08.03.10)	102,154	-	-	9,194	-	-	84,070	43.0%	195,418	-
Subtotal executive Directors	**265,012**	**-**	**-**	**15,494**	**-**	**-**	**84,070**	**23.1%**	**364,576**	**-**
Total Directors	**333,243**		**-**	**21,576**	**-**	**-**	**144,120**	**28.9%**	**497,939**	**-**
Non-Director key management										
I D Riley (from 20.01.10)	58,233	-	-	-	-	-	-	0%	58,233	-
Total Non-Director key management	**58,233**	**-**	**-**	**-**	**-**	**-**	**-**		**58,233**	**-**
Total Directors and key management	**390,476**	**-**	**-**	**21,576**	**-**	**-**	**144,120**	**25.8%**	**559,172**	**-**

DIRECTORS' REPORT (cont'd)

Remuneration Options

Options and rights granted to company key management personnel as remuneration:

Directors	No.	Grant date	Value of options @ grant date	Exercise Price	First exercise date	Last exercise date
David S Tyrwhitt	500,000	4 May 2011	$0.04	$0.30	30 June 2011	31 December 2013
Clive A Wright	500,000	4 May 2011	$0.04	$0.30	30 June 2011	31 December 2013
Jozsef Patarica	700,000 500,000	15 April 2010 4 May 2011	$0.12 $0.04	$0.45 $0.30	31 January 2011 30 June 2011	31 January 2013 31 December 2013
Aaron Treyvaud	500,000	15 April 2010	$0.12	$0.45	31 January 2011	31 January 2013
Ian Riley	500,000	3 March 2011	$0.04	$0.30	30 June 2011	31 December 2013

No shares were issued upon the exercise of remuneration options.

End of Audited Remuneration Report

DIRECTORS' REPORT (cont'd)

An amount of $139,500 was paid to D.S. Tyrwhitt and Associates Pty Ltd (excluding GST), of which Dr David Tyrwhitt is a director, which provided professional services at commercial rates to the consolidated entity in relation to the geological consultancy services.

An amount of $30,000 was paid to Jocelyn Peak Pty Ltd (excluding GST), of which Mr Clive Wright was a director, which provided professional services at commercial rates to the consolidated entity in relation to the Group's projects.

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 98/0100. 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, 30 September 2011

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Melbourne VIC 3000
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Australia

DECLARATION OF INDEPENDENCE BY JUSTIN OWEN TO THE DIRECTORS OF BASSARI RESOURCES LIMITED

As lead auditor of Bassari Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

Justin Owen.

JUSTIN OWEN

Director

BDO Audit (NSW-VIC) Pty Ltd

Melbourne, this 30th September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		Consolidated	
	Notes	**2011 $'000**	**2010 $'000**
Revenue from continuing operations	5	182	125
Corporate expenses		(663)	(647)
Employment and consultant costs	6	(1,182)	(569)
Occupancy costs		(196)	(258)
Travel and accommodation		(353)	(279)
Asset costs	6	(793)	(146)
Loss from continuing operations before income tax	6	**(3,005)**	**(1,774)**
Income tax expense relating to continuing operations	8	**-**	**-**
Loss from continuing operations		**(3,005)**	**(1,774)**
Loss from discontinued operations	7	(5,674)	-
Loss for the period attributable to the owners of Bassari Resources Limited		**(8,679)**	**(1,774)**
Other Comprehensive Income			
Exchange difference on translation of foreign operation		(538)	(1,764)
Other comprehensive income for the year net of income tax		(538)	(1,764)
Total Comprehensive Income for the period attributed to the owners of Bassari Resources Limited		**(9,217)**	**(3,538)**
Earnings per share for loss from continuing operations			
Basic earnings per share (cents)	19	(1.5)	(1.4)
Diluted earnings per share (cents)	19	(1.5)	(1.4)
Earnings per share for loss attributable to owners of the Bassari Resources Limited			
Basic earnings per share (cents)	19	(4.4)	(1.4)
Diluted earnings per share (cents)	19	(4.4)	(1.4)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
Notes to the financial statements are included on pages 31 to 69.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	Consolidated 2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	10	273	8,162
Trade and other receivables	11	164	156
TOTAL CURRENT ASSETS		**437**	**8,318**
NON CURRENT ASSETS			
Property, plant and equipment	12	3,530	7,832
Exploration and evaluation assets	13	21,348	10,666
TOTAL NON-CURRENT ASSETS		**24,878**	**18,498**
TOTAL ASSETS		**25,315**	**26,816**
CURRENT LIABILITIES			
Trade and other payables	14	1,487	1,130
Provisions	15	234	16
Financial liabilities	16	300	-
TOTAL CURRENT LIABILITIES		**2,021**	**1,146**
TOTAL LIABILITIES		**2,021**	**1,146**
NET ASSETS		**23,294**	**25,670**
EQUITY			
Contributed Equity	17	37,008	30,561
Reserves	18	(1,053)	(909)
Accumulated losses		(12,661)	(3,982)
TOTAL EQUITY		**23,294**	**25,670**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
Notes to the financial statements are included on pages 31 to 69.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Issued Capital	Foreign Currency Transaction Reserve	Options Reserve	Accumulated Losses	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2009		**13,507**	**-**	**722**	**(2,208)**	**12,021**
Loss for the year		-	-	-	(1,774)	(1,774)
Other comprehensive income		-	(1,764)	-	-	(1,764)
Total comprehensive income for the period		-	(1,764)	-	(1,774)	(3,538)
Issue of ordinary shares and other equity instruments	17	17,054	-	-	-	17,054
Share based expense		-	-	133	-	133
Transactions with owners as owners		**17,054**	**-**	**133**	**-**	**17,187**
Balance at 30 June 2010		**30,561**	**(1,764)**	**855**	**(3,982)**	**25,670**
Loss for the year		-	-	-	(8,679)	(8,679)
Other comprehensive income		-	(538)	-	-	(538)
Total comprehensive income for the period		**-**	**(538)**	**-**	**(8,679)**	**(9,217)**
Issue of ordinary shares and other equity instruments	17	6,447	-	-	-	6,447
Share based expense		-	-	394	-	394
Transactions with owners as owners		**6,447**	**-**	**394**	**-**	**6,841**
Balance at 30 June 2011		**37,008**	**(2,302)**	**1,249**	**(12,661)**	**23,294**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
Notes to the financial statements are included on pages 31 to 69.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,569	-
Payments to suppliers and employees		(5,746)	(1,618)
Interest received		156	105
Net cash used in operating activities	25	**(4,021)**	**(1,513)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and evaluation expenditure		(9,183)	(5,069)
Payments for property, plant and equipment		(1,151)	(5,941)
Proceeds from sale of property, plant and equipment		257	-
Net cash used in investing activities		**(10,077)**	**(11,010)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		300	-
Net proceeds from issue of equity securities		6,447	17,238
Net cash provided by financing activities		**6,747**	**17,238**
Net increase (or decrease) in cash and cash equivalents held		**(7,351)**	**4,715**
Cash and cash equivalents at beginning of financial year		**8,162**	**3,451**
Effects of changes in foreign exchange rates on cash held		**(538)**	**(4)**
Cash and cash equivalents at end of financial year	10	**273**	**8,162**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes. Notes to the financial statements are included on pages 31 to 69.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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.

The financial statements cover Bassari Resources Limited and controlled entities as a consolidated entity for the financial year ended 30 June 2011. 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 24.

The financial statements were authorised for issue by the Directors on 30 September 2011.

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

2. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the Bassari Resources Ltd in future reporting periods, are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to the group.

a) Transfer of Financial Assets Disclosures

AASB 2010-6: "Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets" was issued in November 2010. AASB 2010-6 adds and amends existing disclosure requirements for transfers of financial assets in AASB 7: "Financial Instruments: Disclosures".

The amendments increase the disclosure requirements for financial assets that are either (legally) transferred but no derecognised (due to not meeting the accounting requirements) or derecognised but the transferor retains some level of continuing involvement in the financial assets.

The amendments to AASB 7 are applicable to annual reporting periods beginning on or after 1 July 2011, with early adoption permitted. It is anticipated that these amendments will have minimal impact on the Group as the Group do not have complex financial assets.

b) Financial Instruments - Classification, measurement and Derecognition

AASB 9: "Financial Instruments" was re-issued in December 2010 to include the accounting requirements for classifying and measuring financial liabilities and the derecognition requirements for financial assets and liabilities. Two related omnibus standards AASB 2010-7 ; "Amendments to Australian Accounting Standards arising from AASB-9 (December 2010)" and AASB 2009-11: "Amendments to Australian Accounting Standards arising from AASB 9" make a number of amendments to other accounting standards as a result of the amendments to AASB 9 and must be adopted at the same time.

Most of the added requirements on the classification and measurement of financial liabilities and all of the added requirements on derecognition of financial instruments have been carried forward unchanged from the existing standard AASB 139: "Financial Instruments - Classification and Measurement". The only change made relates to the requirements for the fair value option for financial liabilities, to address the issue of own credit risk. For financial liabilities designated at fair value due to changes in own credit risk now generally must be presented in other comprehensive income, rather than within profit or loss.

The amendments to AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2013, with early adoption permitted. It is anticipated that this change will have minimal impact on the Group.

c) Consolidated Financial Statements

AASB 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation - special Purpose entities". This new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Group from 1 July 2013 and the Group is currently assessing the impact. Early adoption is permitted.

There have also been consequential amendments to IAS 27: "Consolidated and Separate Financial Statements" resulting from the issuance of IFRS 10. These amendments are applicable from 1 July 2013 and will have no impact on the Group as the Group already comply with the amendments.

d) Joint Arrangements

AASB 11: "Joint Arrangements" was also issued by the IASB in May 2011 and provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard will apply to the Group from 1 July 2013 and the Group is currently assessing the impact. Early adoption is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

e) Disclosure of Interests in Other Entities

AASB 12: "Disclosure of Interests in other Entities" was issued by IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only.

There have also been consequential amendments to IAS 28: "Investment in Associates" as a result of the above new standard. These amendments are applicable from 1 July 2013 and will have no impact on the Group as the Group already comply with the amendments.

Fair Value Measurement

AASB 13: "Fair Value Measurement" was issued by IASB in May 2011 and provides a precise definition of a fair value, is a single source of fair value measurement and prescribes disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to Bassari from 1 July 2013, although early adoption is permitted. The Group is currently assessing the impact.

f) Presentation of Items of Other Comprehensive Income (OCI)

AS 1: "Presentation of Financial Statements" was amended by the IASB in June 2011 and provides improvements to the presentation of items of OCI. The main change is the requirement to group items within OCI that will be reclassified to the profit or loss in subsequent periods separately, from items of OCI that will not. The amendments also reaffirm existing requirements that items of OCI and profit or loss can be presented as either a single statement or two consecutive statements. The revised IAS 1 will apply to the Group from 1 July 2012 however, early adoption is permitted. These amendments will have no financial impact on Group as these changes impact disclosure requirements only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

g) Benefits

IAS 19: "Employee Benefits" was issued by the IASB in June 2011 to replace the existing employee benefits standard. The key changes are as follows:

- Actuarial gains and losses have been renamed to 'remeasurements' and will be recognised immediately in OCI. Actuarial gains or losses will no longer be deferred using the corridor approach or recognised in profit or loss;
- Measurement of defined benefit expense will include net interest income or expense, calculated by applying a discount rate to the net defined benefit asset or liability. The discount rate used is based on either a corporate or government bond rate. This will remove the requirement to include an expected return on plan assets as part of the measurement of the defined benefit expense;
- Presentation of defined benefit cost has been disaggregated into three components; service cost to be presented in profit or loss, net interest on the net defined benefit asset or liability in the profit or loss as part of finance costs and remeasurements to be presented in OCI; and
- Additional disclosures are required about the characteristics of benefit plans, the amounts recognised in the financial statements and the risks arising from defined benefit plans.

The revised IAS 19 will apply to Bassari from 1 July 2013, although early adoption is permitted. The Group is currently assessing the impact.

h) Other

In addition to the above recently issued accounting standards that are applicable in future years, Bassari note the following new accounting standards are applicable in future years:

- AASB 124: "Related Party Disclosures";
- AASB 2009-12: "Amendments to Australian Accounting Standards";
- AASB 2009-14: "Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement";
- AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2010-5: "Amendments to Australian Accounting Standards";
- AASB 2010-8: "Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets";
- AASB 2010-9 "Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"; and
- AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements".

Bassari do not expect these accounting standards to materially impact our financial results upon adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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.

At the end of the reporting period the consolidated entity had a working capital deficit of $1.584 million. The entity has remedied this situation subsequent to the end of the reporting period by (see note 30 for details):

- Raising $6.329 million of capital through a placement and rights issue; and

- settlement of outstanding financial liabilities by the issue of shares and options in the company.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Business Combinations

The consolidated financial statements are those of the consolidated entity, comprising the company (the 'parent entity') and its subsidiaries (the 'Group') as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Details of the controlled entities are contained in Note 23.

Financial statements for subsidiaries are prepared for the same reporting period as the parent entity using consistent accounting policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(b) Segment Reporting

The directors do not believe that there are any reportable segments that meet the requirements of AASB 8 Segment Reporting, on the basis that the chief operating decision maker, being the Board of directors, review geological results and other qualitative measures as a basis for decision making.

(c) Cash and Cash Equivalents

For the purposes of the 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.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(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 other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(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.

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the year 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 year.

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 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 year. All resulting exchange difference 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(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, base 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 utilize 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.

(j) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net 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.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Lease income from operating leases is recognised in profit or loss on a straight line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased assets and recognised as an expense over the lease term on the same basis as the lease income.

(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 fixed assets 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 fixed assets, 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 year 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(n) Share Based Payments

(i) Equity settled transactions

The group provides 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 valuator 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 directors 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 year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year 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 year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(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) Consolidation

The consolidated financial statements comprise the financial statements of Bassari Resources Limited and its subsidiaries at 30 June each year (“the Group”). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. 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.

All controlled entities have a 30 June financial year-end, except the Senegalese subsidiary, which has a 31 December financial year-end. The Senegalese subsidiary submit financial statements for the year ending 30 June 2011 in order to ensure the inclusion of its performance in the period and their statement of financial position as at 30 June 2011 in the consolidated financial statements. 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Subsidiaries are accounted for in the parent entity financial information in Note 24.

(s) Comparatives

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

(t) Rounding Amounts

The company is of a kind referred to in ASIC Class Order Co 98/0100 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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 if the period in which the estimate is revised if the revisions affects 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 30 June 2011 no impairment has been recognised.

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 on exploration expenditure* – No impairment has been recognised in respect of exploration expenditure for the current year ended 30 June 2011.

- *Impairment* – The Group assesses impairment 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.

  In this regard, the company considered the carrying value of the alluvial plant in Senegal. During the financial year, the plant ceased operations and was placed on "care and maintenance" during the wet season in Senegal. The assets of the plant, which had a net book value of $2.388 million, has therefore been reviewed for impairment.

  The company is in discussions with a third party regarding utilizing the alluvial plant to exploit the gold resource identified at the site. However, as no plans are currently in place the company is unable to accurately value the operation of the alluvial plant for exploitation of the gold resource. Accordingly, the directors have fully impaired the alluvial property, plant and equipment in accordance with the requirements of AASB 136.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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.

5. REVENUE

	Consolidated 2011 $'000	2010 $'000
Interest revenue from bank deposits	156	125
Other revenue	26	-
	182	125

6. LOSS FOR THE YEAR

	Consolidated 2011 $'000	2010 $'000
Loss before income tax has been determined after:		
Employee benefits:		
Salaries and wages	742	481
Superannuation	46	47
Share based payments	394	42
	1,182	570
Asset related expenses:		
Depreciation of non-current assets	44	146
Amortisation of leasehold improvements	589	-
Loss on disposal of plant and equipment	22	-
Tools expensed	138	-
	793	146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

7. Discontinued Operations

The Douta Alluvial Project poured its first bar of gold on 3 November 2010 and subsequently operated through to the June 2011 quarter when it was placed on care and maintenance. A significant ramp up of gold production was achieved through the March 2011 quarter which was a result of both a ramp up in production (physical material movement and processing) along with the improved grade control systems and sampling points over shorter intervals of strike and across the paleodrainage. Towards the end of March and through into April significant reliability issues were experienced with both fixed and mobile plant. Alluvial gold production prior to being placed in care and maintenance was 1,152 ounces over the life of the project.

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Comprehensive income from discontinued operations was:		
Revenue	**1,551**	-
Cost of sales	**(4,183)**	-
Impairment costs	**(3,041)**	-
Loss attributable to discontinued operations before tax	**(5,674)**	-
Income tax expense	**-**	-
Loss attributable to discontinued operations	**(5,674)**	
The cash flow from discontinued operations was:		
Net cash in operating activities	(2,595)	-
Net cash used in investing activities	(418)	(2,545)
Net cash used in financing activities	-	-
Decrease in cash held	(3,013)	(2,545)
The net assets and liabilities from discontinued operations as at 30 June 2011 was:		
Total Assets	**-**	-
Provisions	**112**	-
Total Liabilities	**112**	-
Net Assets	**(112)**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

8. INCOME TAXES

	Consolidated	
	2011	**2011**
	$'000	**$'000**
Income tax recognised in profit or loss	-	-
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax expense	-	-
Income tax is attributable to:		
Loss from continuing operations	**-**	**-**
Loss from discontinued operations	**-**	**-**
	-	**-**

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:

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Loss from operations	**(8,679)**	**(1,774)**
Income tax income calculated at 30% (2010 -30%)	(2,604)	(532)
Income tax of other members of the tax consolidated group (net of inter-company transactions)		
Add tax effect of		
Non deductible expenses		
- Non-deductible expenses	96	132
- Impairment expense not deductible	912	
- Share based payments	118	13
Less tax effect of		
Capital allowances		
- Capital raising costs	(103)	(80)
Add reversal of prior year adjustments		
- Exploration costs reversal	-	-
- Tax losses used offset against unrecognised deferred tax assets	-	-
- Unused tax losses not recognized as deferred tax assets	1,581	467
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Consolidated 2011 $'000	Consolidated 2010 $'000
Franking account balance		
Franking account balance	-	-
(a) Assets		
Non-current		
Deferred tax asset comprises:		
- Provisions	47	25
- capital raising costs	269	228
- amount not recognised	(316)	(253)
	-	-
Net deferred tax		
(b) Reconciliations		
(i) Gross movements		
The overall movement in the deferred tax balances is as follows:		
Opening balance	-	-
Charge/(credit) to profit or loss	-	-
Charge(credit) to the equity	-	-
Closing balance	-	-
(ii) Deferred tax assets		
The movement in the deferred tax assets for each temporary difference during the year is as follows:		
Provisions:		
Opening balance	-	-
Charge/(credit) to profit or loss	(47)	(25)
Amount not recognised	47	25
Closing balance	-	-
Capital raising costs:		
Opening balance	-	-
Charge/(credit) to profit or loss	(103)	(80)
Amount not recognised	103	80
Closing balance	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 8 occur:

	Consolidated	
	2011	**2010**
	$	**$**
Tax losses (revenue or operating losses)	2,388	807
Tax losses (capital)	-	-
	2,388	807

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

The benefit of these losses has not been brought to account at 30 June 2011 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 or that there are sufficient deferred tax liabilities to offset these losses. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

9. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The names and positions held by key management personnel in office at any time during the financial year are:

David S Tyrwhitt	Chairman (Non Executive)
Jozsef Patarica	Managing Director/CEO (Executive)
Clive Wright	Director (Non Executive)
Aaron Treyvaud	Director (Non Executive)
Ian Riley	Company Secretary/CFO

(a) Key Management Personnel Remuneration

	Short term benefits			Post employment Benefit	Share based payments	Total
	Salaries & Fees	Non-cash benefits	Cash bonus	Superannuation Contribution	Options	
	$	$	$	$	$	$
2011	589,284	-	-	33,558	85,000	707,842
2010	333,243	-	-	21,576	144,120	498,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(b) Options and Rights Holdings

Number of options held directly, indirectly or beneficially by company directors and key management personnel

	Balance as at 1 July 2010	Granted as Remuneration ***	Options lapsed	Net other change	Balance as at 30 June 2011	Total Vested 30 June 2011	Total vested and exercisable 30 June 2011	Total unvested and not exercisable 30 June 2011
2011 Directors								
D S Tyrwhitt	-	500,000	-	-	500,000	500,000	500,000	-
C A Wright	1,500,000	500,000	(1,500,000)	102,983*	602,983	602,983	602,983	-
J Patarica	1,200,000	500,000	(500,000)	17,804*	1,217,804	1,217,804	1,217,804	-
A Treyvaud**	800,000	-	(300,000)	(500,000)	-	-	-	-
KMP								
I Riley	-	500,000	-	1,778*	501,778	501,778	501,778	-
TOTAL	**3,500,000**	**2,000,000**	**(2,300,000)**	**(377,435)**	**2,822,565**	**2,822,565**	**2,822,565**	**-**

* Options acquired on basis of 1 for 3, pursuant to non-renounceable rights issue
** Director did not stand for re-election
*** The exercise price of options granted as remuneration is $0.30, whereas the share price at 30 June 2011 was $0.06. The directors therefore consider the share options to be out of the money and the current fair value to be $0.00.

	Balance as at 1 July 2009	Granted as Remuneration	Options Exercised/ lapsed	Balance as at 30 June 2010	Total Vested 30 June 2010	Total vested and exercisable 30 June 2010	Total unvested and not exercisable 30 June 2010
2010 Directors							
C A Wright	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
J Patarica	500,000	700,000	-	1,200,000	500,000	500,000	700,000
A Treyvaud	300,000	500,000	-	800,000	300,000	300,000	500,000
A A Smith***	800,000	-	-	800,000	800,000	800,000	-
TOTAL	**3,100,000**	**1,200,000**	**-**	**4,300,000**	**3,100,000**	**3,100,000**	**1,200,000**

*** Director resigned 20 January 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(c) Shareholdings

Number of shares held, directly, indirectly or beneficially, by company directors and key management personnel

	Balance as at 1 July 2010	Received as Remuneration	Options Exercised	Net Change Other	Net Change Other **	Balance as at 30 June 2011
2011 Directors						
D S Tyrwhitt	-	-	-	-	-	-
C A Wright	826,851	-	-	508,949	-	1,335,800
J Patarica	160,238	-	-	103,412	-	263,650
A Treyvaud **	160,000	-	-	-	(160,000)	-
KMP						
I Riley	15,000			5,333		20,333
TOTAL	**1,162,089**	**-**	**-**	**517,694**	**(160,000)**	**1,519,783**

** Director did not seek re-election

	Balance as at 1 July 2009	Received as Remuneration	Options Exercised	Net Change Other	Net Change Other *	Balance as at 30 June 2010
2010 Directors						
C A Wright	467,352	-	-	359,499	-	826,851
J Patarica	80,000	-	-	80,238	-	160,238
A Treyvaud	12,000	-	-	148,000	-	160,000
A A Smith ***	488,432	-	-	-	(488,432)	-
KMP						
I Riley	-	-	-	15,000	-	15,000
TOTAL	**1,047,784**	**-**	**-**	**602,737**	**(488,432)**	**1,162,089**

*** Director resigned 20 January 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

10. CASH AND CASH EQUIVALENTS

	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash at bank and cash on hand	273	6,162
Term deposits	-	2,000
	273	**8,162**

Cash at bank and deposits at call bear floating interest rates between 5% and 0% (2010: 2% and 5%).

11. TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $'000	Consolidated 2010 $'000
CURRENT		
Other receivables	**164**	**156**

12. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Plant and Equipment $'000	Office Furniture $'000	Motor Vehicles $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2009	**2,330**	**170**	**580**	**3,080**
Additions	4,796	76	1,066	5,938
Transfer	214	-	-	214
Disposals	-	-	-	-
Foreign exchange translation difference	(211)	(14)	(116)	(341)
Balance at 1 July 2010	**7,129**	**232**	**1,530**	**8,891**
Additions	915	24	212	1,151
Disposals	(427)	-	(9)	(436)
Impairment/Asset write off	(3,176)	-	-	(3,176)
Foreign currency translation difference	(54)	(2)	(13)	(69)
Balance at 30 June 2011	**4,387**	**254**	**1,720**	**6,361**
Accumulated depreciation				
Balance at 1 July 2009	**114**	**50**	**154**	**318**
Transfer	-	-	-	-
Depreciation	409	57	275	741
Disposals	-	-	-	-
Balance at 1 July 2010	**523**	**107**	**429**	**1,059**
Transfer	-	-	-	-
Depreciation	1,531	49	349	1,929
Disposals	(157)	-	-	(157)
Balance at 30 June 2011	**1,897**	**156**	**778**	**2,831**
Net book value				
As at 30 June 2010	6,606	125	1,101	7,832
As at 30 June 2011	**2,490**	**98**	**942**	**3,530**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

13. EXPLORATION AND EVALUATION ASSETS

	Consolidated 2011 $	Consolidated 2010 $
Costs carried forward in respect of areas of interest at cost	10,666	5,864
Expenditure incurred during the year	10,267	6,335
Depreciation capitalised	731	-
Exchange translation difference	(316)	(1,533)
Total exploration and evaluation expenditure	**21,348**	**10,666**

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

(ii) The Moura licence is currently in the renewal process.

14. TRADE AND OTHER PAYABLES

	Consolidated 2011 $	Consolidated 2010 $
CURRENT		
Trade and other payables	1,487	1,130

15. PROVISIONS

	Consolidated 2011 $	Consolidated 2010 $
CURRENT		
Employee entitlements	47	16
Redundancy	187	-
	234	16

16. FINANCIAL LIABILITIES

	Consolidated 2011 $	Consolidated 2010 $
CURRENT		
Short term loans	300	-

Loan facility provided by a private investment company of $800,000 at an interest rate of 10% per annum. Facility is unsecured and is repayable on 30 November 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

17. CONTRIBUTED EQUITY

	Consolidated 2011	2010
(a) Ordinary shares	**$**	**$**
Paid-up capital		
234,097,128 (2010: 175,572,846) fully paid Ordinary shares	37,008	30,561

Movement in ordinary share capital	**No.**	**$'000**
At 1 July 2009	**96,107,222**	**13,507**
Shares issued during the year:		
Share placement at 12 cents	32,035,741	3,844
Rights issue at 33 cents	10,606,060	3,500
Share placement at 28 cents-Tranche 1	20,743,600	5,808
Share placement at 28 cents-Tranche 2	13,731,973	3,845
Share Purchase Plan at 28 cents	2,348,250	657
Cost of capital raising	-	(600)
Total for the financial year	79,465,624	17,054
At 30 June 2010	**175,572,846**	**30,561**
Rights issue at 12 cents	58,524,282	7,022
Cost of capital raising		(575)
Total for the financial year	58,524,282	6,447
At 30 June 2011	**234,097,128**	**37,008**

Fully paid ordinary shares carry one vote per share and carry rights to dividends.

At 30 June 2011 there were no partly paid shares outstanding.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(b) Options

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

Issue Date	Expiry date	Exercise Price $	2011 No.	2010 No.
9 March 2010	31 January 2013	0.45	2,300,000	2,300,000
15 April 2010	31 January 2013	0.45	1,200,000	1,200,000
3 February 2011	30 June 2012	0.20	19,508,101	-
3 March 2011	31 December 2013	0.30	1,000,000	-
4 May 2011	31 December 2013	0.30	1,500,000	-

Full details and exercise of options during the financial year are contained in Note 28 – Share Based Payments.

No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

18. RESERVES

	Consolidated 2011 $'000	Consolidated 2010 $'000
Options reserve	1,249	855
Foreign currency translation reserve	(2,302)	(1,764)
	(1,053)	(909)

(a) Options Reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefits expensed during the year. Refer to Note 28 and the remuneration section of the Director's Report for details.

(ii) Movements in Reserve

	Consolidated 2011 $'000	Consolidated 2010 $'000
Balance at the beginning of the year	855	722
Options expense for the year	394	133
Balance at end of year	1,249	855

(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 operations functional currency is different from the Group's presentation currency.

(ii) Movements in Reserve

	Consolidated 2011 $'000	Consolidated 2010 $'000
Balance at the beginning of the year	(1,764)	-
Movement during the year	(538)	(1,764)
Balance at end of year	(2,302)	(1,764)

Refer statement of changes in equity for details of options granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

19. EARNINGS PER SHARE

	Consolidated 2011 $'000	Consolidated 2010 $'000
(a) Reconciliation of earnings to net loss		
Loss from continuing operations	(3,005)	(1,774)
Loss from discontinued operations	(5,674)	-
Net loss	**(8,679)**	**(1,774)**
Earnings used in the calculation of basic and diluted EPS	(8,679)	(1,774)
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	199,142,899	129,816,963
(c) Basic earnings per share		
From continuing operations	(1.5)	(1.4)
From Discontinued operations	(2.9)	-
Total basic earnings per share attributable to owners of Bassari Resources Limited	**(4.4)**	**(1.4)**
(d) Diluted earnings per share		
From continuing operations	(1.5)	(1.4)
From Discontinued operations	(2.9)	-
Total diluted earnings per share attributable to owners of Bassari Resources Limited	**(4.4)**	**(1.4)**

The options on issue throughout 2010 and 2011 are not dilutive in effect, as the consolidated entity recorded a net loss in each of those financial years.

20. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

21. COMMITMENT 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$6.1 million over the next three years in respect of these exploration programs.

Name on Permit	Joint Venture Partner and Permit Holder	Commitment over next 3 years
Moura	Sengold Mining NL	US$2.5 million
Sambarabougou	W.A.T.I.C	US$2.4 million
Bounsankoba	Libah Investments Ltd	US$1.2 million

The Moura licence is currently in the renewal process and there is no commitment to spend at this stage.
At 30 June 2011 drilling commitments for exploration drilling was $336,000, completed in August 2011.

22. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 30 June 2011.

23. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2011	Percentage owned 2010
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	100% ^	-

* 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 30 June 2011.

^ Douta Mining SA incorporated in Senegal in 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

24. PARENT ENTITY INFORMATION

	Parent Entity	
	2011 $'000	**2010 $'000**
Information relating to Bassari Resources Limited		
Financial Position		
Current assets	391	8,243
Non-current assets	41,328	27,391
Total assets	41,719	35,634
Current liabilities	(1,456)	(966)
Non-current liabilities	(770)	-
Total Liabilities	(2,226)	(966)
Net assets	39,493	34,668
Contributed equity	43,337	36,890
Reserves	1,249	855
Accumulated losses	(5,093)	(3,077)
Total equity	39,493	34,668
Financial performance		
Total revenue	156	275
Profit/(loss) for the period	(2,016)	(1,334)
Comprehensive income/(loss) for the period	(2,016)	(1,334)

The parent company has not entered into any guarantees in respect to its controlled entities or associates.

Capital Commitments
There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases
There are no commitments in relation to finance leases.

Contingent Liabilities
The parent entity is not subject to any liabilities that are considered contingent upon events known at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

25. CASH FLOW INFORMATION

	Consolidated 2011 $'000	Consolidated 2010 $'000
Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	273	8,162
Reconciliation of loss for the period to net cash flows from operating activities:		
Loss for the year	(8,679)	(1,774)
Non cash flows in loss		
Depreciation	633	146
Impairment of property, plant and equipment	2,388	-
Foreign exchange		(94)
Assets written off/expensed	654	-
Loss on disposal of assets	22	-
Share based remuneration	394	42
Changes in assets and liabilities		
(Increase)/decrease in receivables	(8)	2
Increase in other liabilities	357	149
Increase in provisions	218	16
Cash flows from operations	**(4,021)**	**(1,513)**

The company and consolidated entity had in place unused loan facilities as at the end of the year. Loan facility was $800,000, amount utilised, $300,000.

26. 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 minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

	Consolidated	
	2011	**2010**
	$'000	$'000
Financial Assets		
Cash and cash equivalents	273	8,162
Loans and receivables	164	156
Total Financial Assets	**437**	**8,318**
Financial Liabilities		
Loans and payables	1,787	1,130
Total Financial Liabilities	**1,787**	**1,130**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(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 and term deposits, as disclosed in note 10. At 30 June 2011, the consolidated entity had a fixed interest loan, as disclosed in note 16. At balance date the consolidated entity had the following mix of financial assets and liabilities that were subject to interest:

	Consolidated	
	2011	**2010**
	$'000	$'000
Cash and cash equivalents	273	8,162
Financial liabilities	(300)	-
Total Financial Assets	**(27)**	**8,162**

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 30 June, 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:

	Consolidated	
	2011	**2010**
Judgements of reasonably possible movements:	$'000	$'000
+1% (100 basis points)	(3)	82
+1% (100 basis points)	3	(82)

(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 only invests most of its cash with solid banking institutions. The group's maximum credit risk is $437,000 (2010: $8,318,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(d) Fair Values

(i) 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.

(ii) Aggregate net fair values and carrying amounts of financial assets and financial liabilities at the balance date are:

	2011 Carrying Amount $'000	**2011 Net fair value $'000**	**2010 Carrying Amount $'000**	**2010 Net fair value $'000**
Financial Assets				
Cash	273	273	6,162	6,162
Short term deposits	-	-	2,000	2,000
Receivables	164	164	156	156
Total Financial Assets	**437**	**437**	**8,318**	**8,318**

Financial Liabilities				
Accounts payable and sundry creditors	1,487	1,487	1,130	1,130
Other loans	300	300	-	-
Total Financial Liabilities	**1,787**	**1,787**	**1,130**	**1,130**

(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. Financial liabilities, other loans, are due on 30 November 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(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.

27. SEGMENT REPORTING

As explained in Note 3 (b), there are no reportable segments.

Entity wide disclosures	**Australia $'000**	**Senegal $'000**	**Total $'000**
Total non-current assets – 2011	89	24,789	24,878
Total non-current assets – 2010	119	18,379	18,498

28. SHARE BASED PAYMENTS

The share based payments reserve is used to recognise the fair value of options issued to employees. This reserve can be transferred to retained earnings if options lapse and subsequently be declared as a dividend.

	2011 $	**2010 $**
Options issued to directors, employees and consultants	393,796	132,805
Total share based payments	**393,796**	**132,805**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(a) Options

The following options were outstanding during the period ended 30 June 2011:

- 1,500,000 options issued with an exercise price of 30c, issued to key management personnel of the company. The value of these options was $63,750 based on a Binomial options valuation model. The amount was fully amortised during the year as they fully vested on 30 June 2011.

- 1,000,000 options issued with an exercise price of 30c, issued to key management personnel of the company. The value of these options was $42,500 based on a Binomial options valuation model. The amount was fully amortised during the year as they fully vested on 30 June 2011.

- 19,508,101 listed options issued with an exercise price of 20c, issued to subscribers in a rights issue on 3 February 2011.

- 2,300,000 options issued with an exercise price of 45c, issued to employees and consultants of the company. The value of these options was $276,230 based on a Binomial options valuation model. The amount has been fully amortised at the vesting date 31 January 2011. The expense for the period was $181,066.

- 1,200,000 options issued with an exercise price of 45c, issued to directors of the company. The value of these options was $144,120 based on a Binomial options valuation model. The amount has been fully amortised at the vesting date 31 January 2011. The expense for the period was $106,480.

Share based payments to directors and employees are measured at fair value at the date of grant. The fair value has been determined by using a Binomial options valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011		2010	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at beginning of the year	13,500,000	0.34	10,000,000	0.30
Granted	2,500,000	0.30	3,500,000	0.45
Issued	19,508,101	0.20	-	-
Exercised	-	-	-	-
Lapsed	(10,000,000)	0.30	-	-
Outstanding at year end	25,508,101	0.24	13,500,000	0.34
Exercisable at year end	25,508,101	0.24	10,000,000	0.29

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.24 (2010: $0.34) and a weighted average remaining contractual life of 1.2 years (2010: 1 year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Share based payments to directors and employees were valued using a Binomial Option Valuation Model applying the following inputs:

Option Series	2013-01	2013-12
Grant date	9 March 2010 and 15 April 2010	3 March 2011 and 5 May 2011
Number of options issued	3,500,000	2,500,000
Weighted average exercise price	$0.45	$0.30
Weighted average life of option	3 years	3 years
Underlying share price	$0.34	$0.15
Expected share price volatility	70%	73%
Risk free interest rate	4.825%	5.055%
Weighted average fair value	$0.1201	$0.0425
Value of options expensed	$41,778	$106,250

Options granted in the period had vested and were exercisable at the end of the financial year.

Historical volatility for companies comparable to Bassari has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under share based payments in profit or loss is $393,796 (2010: $41,778) and relates, in full, to equity settled share based payment transactions.

29. AUDITORS' REMUNERATION

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

	2011 $	2010 $
Audit or review of financial reports of the entity	68,045	64,500
Taxation services	7,486	7,337
Total remuneration	**75,531**	**71,837**

The auditors did not receive any other benefits.

The auditors for the company are BDO Audit (NSW-VIC) Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

30. SUBSEQUENT EVENTS

Subsequent to the financial year the consolidated entity completed a placement and a rights issue, raising $6.329 million to continue exploration operations in Senegal. Additionally, on 23 August, 6,666,667 shares and 3,333,333 options were issued to settle the outstanding financial liabilities at that date ($400,000).

Since the end of the financial year the Directors are not aware of any other 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.

31. 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

An amount of $30,000 was paid to Jocelyn Peak Pty Ltd (excluding GST), a company in which Mr Clive Wright has a financial interest, which provided professional services at commercial rates to the consolidated entity in relation to the group's projects.

Consulting fees of $139,500 were paid to D.S. Tyrwhitt & Associates Pty Ltd, a company in which Dr David Tyrwhitt holds a financial interest.

(b) Directors

The following persons were directors of the company during the financial year:

David Tyrwhitt
Clive Wright
Jozsef Patarica
Aaron Treyvaud (resigned 17 November 2010)

No loans were made to directors or director-related entities during this period.

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 30 June 2011 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 30 June 2011.

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, 30 September 2011

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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 30 June 2011, the consolidated statement of 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 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 entity'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 entity'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*, was given to the directors at the time this audit report was made.

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 30 June 2011 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2011. 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 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Justin Owen.

JUSTIN OWEN

Director

Melbourne, this 30th September 2011

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 19 September 2011 was 352,648,689 ordinary shares fully paid.

(a) Distribution of shareholder numbers at 19 September 2011

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 - 1,000	44	2.38	6,494	0.00
1001 - 5,000	99	5.36	348,644	0.10
5001 - 10,000	175	9.48	1,412,388	0.40
10,001 - 100,000	947	51.30	42,630,756	12.09
100,001 and over	581	31.47	308,250,407	87.41

(b) There were 207 shareholders with a total shareholding of 753,135 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 19 September 2011 are:

Name	Number of Shares Held	%
Senegal Nominees SARL	31,646,202	8.97
Tiga Trading Pty Ltd	14,711,666	4.17

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (cont'd)

(d) 20 Largest Shareholders – Ordinary Shares

Rank	Name	Number of Shares Held	%
1	Senegal Nominees S.A.R.L.	13,646,202	8.97
2	Tiga Trading Pty Ltd	14,711,666	4.17
3	Mr Lamine Diouf	10,719,163	3.04
4	Senegal Nominees SURL (No 1 account)	7,757,669	2.20
5	Reama Pty Ltd	5,562,542	1.58
6	Claverdon (Vic) Pty Ltd	4,912,800	1.39
7	Mr Andrew Nikolaus Mauderer & Mrs Jennifer Elaine Mauderer	4,378,885	1.24
8	Mr Austin Sydney Miller	3,763,611	1.07
9	Mr Mark Andrew Lockwood	3,650,000	1.04
10	Mr Robert William Forbes Young & Mrs Celia Margaret Forbes Young	3,362,997	0.95
11	Tintern (Vic) Pt Ltd	3,214,286	0.91
12	UBS Nominees Pty Ltd	2,500.000	0.71
13	Comsec Nominees Pty Limited	2,486,400	0.71
14	Mr Kevin Joseph Ross & Mrs Lynette Suzanne Ross	2,331,594	0.66
15	Mr Michael David Eldridge & Mrs Shei-Pin Eldridge	2,200,888	0.62
16	Mr Trevor K Browne & Mrs Susanne Browne	2,000,000	0.57
17	Sakura Capital Ltd	1,993,000	0.57
18	Rhand Pty Ltd	1,765,027	0.50
19	Sell Power Pty Ltd	1,696,000	0.48
20	Dottie Investments Pty Ltd	1,695,112	0.48

There are 59,275,839 listed options expiring 30 November 2012 at $0.11 each.

(e) Distribution of 30 November 2012 options at 19 September 2011

Size of Holding	Number of Optionholders	%	Number of Options Held	%
1 - 1,000	18	4.93	8,168	0.01
1001 - 5,000	60	16.44	197,851	0.33
5001 - 10,000	45	12.33	332,711	0.56
10,001 - 100,000	148	40.55	6,094,749	10.28
100,001 and over	94	25.75	52,642,360	88.81

(f) There were 153 holders with a total holding of 970,569 30 November 2012 options who held less than a marketable parcel.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (cont'd)

(g) The names of the substantial 30 November 2012 options listed in the holding company's register as at 19 September 2011 are:

Name	Number of Options Held	%
UBS Nominees Pty Ltd	4,167,500	7.03
Senegal Nominees S.A.R.L.	3,516,245	5.93

(h) 20 Largest option holders (30 November 2012)

Rank	Name	Number of Options	%
1	UBS Nominees Pty Ltd	4,167,500	7.03
2	Senegal Nominees S.A.R.L.	3,516,245	5.93
3	Mungala Investments Pty Ltd	3,000,000	5.06
4	Senegal Nominees SURL (No 1 account)	2,927,242	4.94
5	Sakura Capital Ltd	2,617,000	4.41
6	Reama Pty Ltd	2,306,079	3.89
7	ABN Amro Clearing Sydney Nominees Pty Ltd (Custodian a/c)	2,000,000	3.37
8	Tintern (Vic) Pty Ltd	1,607,143	2.71
9	Dr Serene Lim	1,300,000	2.19
10	Goffacan Pty Ltd	1,100,000	1.86
10	Mr Joseph Ronald Skewes & Mrs Sally Ann Monaghan	1,100,000	1.86
11	Lorilaw Pty Ltd	1,000,000	1.69
12	Third Reef Pty Ltd	960,167	1.60
13	Jorac Pty Ltd	915,000	1.54
14	Accumcompany Pty Ltd	836,550	1.41
15	Gregorach Pty Ltd	801,059	1.35
16	Mr Grant Alexander Driscoll	786,950	1.33
17	Mr Harold Walter Daly & Mrs Maureen Hazel Daly	692,861	1.17
18	Assurance Capital Pty Ltd	615,980	1.04
19	Mr Robert William F Young & Mrs Celia Margaret F Young	594,222	1.00
20	Bannaby Investments Pty Ltd	567,020	0.96

There are 19,508,101 listed options expiring 30 June 2012 at $0.20 each.

(i) Distribution of 30 June 2012 options at 19 September 2011

Size of Holding	Number of Optionholders	%	Number of Options Held	%
1 - 1,000	73	9.25	38,141	0.20
1001 - 5,000	272	34.67	748,308	3.84
5001 - 10,000	135	17.11	965,014	4.95
10,001 - 100,000	284	35.99	8,281,782	42.45
100,001 and over	25	3.17	9,474,856	48.57

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (cont'd)

(j) There were 704 optionholders with a total holding of 6,121,144 30 June 2012 options who held less than a marketable parcel.

(k) The names of the substantial 30 June 2012 options listed in the holding company's register as at 19 September 2011 are:

Name	Number of Options Held	%
Senegal Nominees S.A.R.L.	2,059,477	10.56
Mr Mark Owens	889,222	4.56

(l) 20 Largest option holders (30 June 2012)

Rank	Name	Number of Options	%
1	Senegal Nominees S.A.R.L.	2,059,477	10.56
2	Mr Mark Owens	889,222	4.56
3	UBS Nominees Pty Ltd	785,555	4.03
4	Mr Robert William F Young & Mrs Celia Margaret F Young	737,679	3.78
5	G and J Williamson Pty Ltd	545,767	2.80
6	P L T Nominees Pty Ltd	437,778	2.24
7	Rosevale Nominees (Aust) Pty Ltd	432,750	2.22
8	Longmuir Resources Pty Ltd	400,000	2.05
9	Sell Power Pty Ltd	330,333	1.69
10	Mr Paul Graham Woods	299,998	1.54
11	Mr Andrew Nikolaus Mauderer & Mrs Jennifer Elaine Mauderer	296,844	1.52
12	Capt Herbert Thomas Small	234,534	1.20
13	Mr Michael David Eldridge & Mrs Shei-Pin Eldridge	224,287	1.15
14	Cumbak Pty Ltd	215,555	1.10
15	Dottie Investments Pty Ltd	196,224	1.01
16	Mrs Virginia Ann Ludeman	185,000	0.95
17	Mr Kevin Joseph Ross & Mrs Lynette Suzanne Ross	184,895	0.95
18	Mr Roderick George Moffatt	172,555	0.88
19	Mr Mark Owens	156,063	0.80
20	JHS & D Pty Ltd	138,333	0.71

2. TENEMENT SCHEDULE

Name on Permit	Joint Venture Partner and Permit Holder	Date Exploration Permits Granted/ Renewed	Joint Venture % held by Bassari
Moura	Sengold Mining NL	28.03.2008	70%
Sambarabougou	W.A.T.I.C	26.04.2011	70%
Bounsankoba	Libah Investments Ltd	05.08.2010	70%

CORPORATE GOVERNANCE STATEMENT

In March 2003, the Australian Securities Exchange Limited ("ASX") Corporate Governance Council (Council) published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they comply with the Best Practice recommendations. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them.

This Statement:

- Sets out the 10 core principles identified by the Council as underlying good corporate governance;
- Outlines the main corporate governance practices of the company. Unless otherwise stated, the company's corporate governance practices were in place throughout the 2010/2011 year and comply with the Council's best practice recommendations;
- Should be read in conjunction with the Statutory Finance Report 2011 which will automatically be sent to those who opted to receive it, or is accessible on the company's website at www.bassari.com.au.

1. ROLE OF THE BOARD AND MANAGEMENT

Council Principle 1:
Lay solid foundations for management and oversight

Council Recommendation 1.1:
Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

BRL practice: The Company's Corporate Governance Policy includes a Board Charter disclosing the specific responsibilities of the Board and provides that the Board will delegate responsibility for the day-to-day operations and administration of the Company to the Executive Director.

Council Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

BRL practice: The Board will monitor the performance of senior management, including measuring actual performance against planned performance.

Council Recommendation 1.3
Companies should provide the information indicated in the Guide to Reporting on Principle 1.

BRL practice: The Company will explain any departures from best practice recommendations 1.1 and 1.2 in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

CORPORATE GOVERNANCE STATEMENT (cont'd)

2. COMPOSITION OF THE BOARD

Council Principle 2:
Structure the Board to add value.

Council Recommendation 2.1
A majority of the Board should be independent directors.

BRL practice: Out of a Board of 3 directors, Messrs Warner and Tyrwhitt are considered independent. Although Dr Tyrwhitt is a director and shareholder of D.S. Tyrwhitt and Associates Pty Ltd, a company providing geological consulting services to the company, this relationship is not considered to be such as to materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of Dr Tyrwhitt's judgment as a director of the company as the services provided to the company by D.S. Tyrwhitt and Associates Pty Ltd and remuneration received are not material to either party. In accordance with the ASX Guidelines the Board will regularly assess whether each non-executive director is independent. Notwithstanding whether Dr Tyrwhitt is categorised as independent or otherwise, the Board is of the view that it is currently structured in such a way as to add value and is appropriate for the current size and complexity of the business.

Council Recommendation 2.2
The chairperson should be an independent director

BRL practice: Mr Warner is an independent director.

Council Recommendation 2.3
The roles of the chairperson and chief executive officer should not be exercised by the same individual.

BRL practice: Mr Warner is Chairman and Mr Patarica is Managing Director/CEO.

Council Recommendation 2.4
The Board should establish a nomination committee

BRL practice: No formal nomination committee or procedures have been adopted as yet. The Board, as a whole, serves as a nomination committee. Where necessary, the nomination committee will seek advice of external advisers in connection with the suitability of applicants for Board membership.

Council Recommendation 2.5
Company should disclose the process for evaluating the performance of the Board, its committees and individual directors

BRL practice: The Chair will review the composition of the Board and the performance of each director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the company's activities. Any new directors will receive an induction appropriate to their experience.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Council recommendation 2.6
Companies should provide the information indicated in the Guide to reporting on Principle 2

BRL practice: The Company will provide relevant details for each director together with an explanation of any departures from best practice recommendations 2.1 - 2.5 in its future annual report.

3. ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Principle 3:
Promote ethical and responsible decision-making

Council Recommendation 3.1:
Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- The practices necessary to maintain confidence in the company's integrity;
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

BRL practice: The Corporate Governance policy includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.

Council Recommendation 3.2
Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

BRL practice: The Corporate Governance Policy includes guidelines for buying and selling securities in the company**.**

Council Recommendation 3.3
Companies should provide the information indicated in the Guide to reporting on Principle 3.
The Company will explain any departures from ASX Recommendations 3.1 – 3.2 in its future annual reports.

4. INTEGRITY OF FINANCIAL REPORTING

Council Principle 4:
Safeguard integrity in financial reporting

Council Recommendation 4.1
The Board should establish an audit committee

BRL practice: The Board considers that it is not of sufficient size at this stage to require a separate audit committee.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Council Recommendation 4.2
The audit committee should be structured so that it:

- Consists only of non-executive directors;
- Consists of a majority of independent directors
- Is chaired by an independent chair, who is not chair of the Board
- Has at least three members

BRL practice: The composition, roles and responsibilities of the audit committee (when established) are set out in the Corporate Governance policy.

Council Recommendation 4.3
The audit committee should have a formal charter

BRL practice: The Corporate Governance Policy includes a formal charter for an audit committee.

Council Recommendation 4.4
Companies should provide the information indicated in the Guide to reporting on Principle 4

BRL practice: The Company will explain any departures from ASX Recommendations 4.1 – 4.3 in its future annual reports.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Council Principle 5
Make timely and balanced disclosure

Council Recommendation 5.1
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

BRL practice: The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.

Council Principle 5.2
Companies should provide the information indicated in the Guide to reporting on Principle 5.

BRL practice: The Company will explain any departures from ASX recommendation 5.1 in its future annual reports.

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

CORPORATE GOVERNANCE STATEMENT (cont'd)

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Council Principle 6.1

BRL practice: The Corporate Governance Policy includes a shareholder communications policy which aims to ensure that the shareholders are informed of all major developments affecting the company's state of affairs.

Council Principle 6.2
Companies should provide the information indicated in the Guide to reporting on Principle 6

BRL practice: The Company will explain any departures from ASX Recommendation 6.1 in its future annual reports.

7. RECOGNISE AND MANAGE RISK

Council Principle 7.1
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

BRL practice: The board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Council Principle 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.

BRL practice: The board will require either the CEO or Chief Financial Officer or the Executive Director (or equivalents) to design and implement risk management and internal control systems and provide a report at the relevant time.

Council Principle 7.3
The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

BRL practice: The board will seek this assurance from the CEO and the Chief Financial Officer (or equivalent) at the appropriate time.

Council Principle 7.4
Companies should provide the information indicated in the Guide to reporting on Principle 7.

CORPORATE GOVERNANCE STATEMENT (cont'd)

BRL practice: The Company will explain any departures from ASX Recommendations 7.1 – 7.3 in its future annual reports

8. REMUNERATE FAIRLY AND RESPONSIBLY

Council Principle 8.1
The Board should establish a remuneration committee.

BRL practice: The company's proposes to establish a remuneration and nomination committee comprising all members of the board acting without the affected director participating in the decision making process.

Council Principle 8.2
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

BRL practice: The Board will distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. The structure of directors' remuneration will be disclosed in the remuneration report section of the annual report.

Council Principle 8.3
Companies should provide the information indicated in the Guide to reporting on Principle 8

BRL practice: The Company will explain any departures from ASX Recommendations 8.1 – 8.2 in its future annual reports.