BASSARI RESOURCES

ANNUAL REPORT

31 December 2012

BOARD OF DIRECTORS
John Ballard, Non-Executive Chairman
Chris Young, Non-Executive Director
Jozsef Patarica, Managing Director/CEO

COMPANY SECRETARY
Ian Riley

AUDITORS
BDO East Coast Partnership
Level 14
140 William Street
Melbourne Vic 3000

BANKERS
National Australia Bank
330 Collins Street
Melbourne Vic 3000

SOLICITORS
Quinert Rodda & Associates
Level 19
500 Collins Street
Melbourne Vic 3000

PRINCIPAL AND REGISTERED OFFICE
Level 17, 500 Collins Street
Melbourne Vic 3000
Telephone: (+613) 9629 9925
Facsimile: (+613) 9614 0550
Email: admin@bassari.com.au

SHARE REGISTRAR
Link Market Services
Level 9, 333 Collins Street
Melbourne Vic 3000

STOCK EXCHANGE
(Home Exchange: Melbourne, Victoria)
ASX Code: BSR

WEBSITE ADDRESS
www.bassari.com.au

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Dear Shareholder

It is with great pleasure that I present Bassari Resources Limited's Annual Report for 2012, which describes the activities undertaken by the company at its exploration properties in Senegal, West Africa, for the year ended 31 December 2012.

2012 has been very significant as a period of transformation during which Bassari has evolved from being a pure exploration company to one having an identified gold project at Makabingui that has strong growth potential and also a confirmed extensive suite of highly prospective exploration assets.

The major achievement for 2012 was the announcement on 4 December of an upgraded Mineral Resource at our Makabingui Gold Project of 1 million ounces gold. This satisfied the company's main objective for the year. The Mineral Resource was independently estimated and represented a 100% increase on the previously announced resource.

Bassari has established a very attractive and desirable suite of assets, in particular the prized Makabingui Gold Project. The 1 million ounce resource at high grade and favourable processing characteristics, as indicated by recent metallurgical test work, in addition to its near-surface, likely open-pittable deposition, demonstrate the strong potential of the project. The good work being undertaken by the Bassari team gives us great confidence that Makabingui has the makings of a mine development in the future.

Our other main objectives for the year were also completed successfully. These included a preliminary assessment of the Konkouto gold prospect, completion of a detailed aeromagnetic and radiometric survey over our permits and follow up prioritisation of our best prospects. This work by the Bassari team has led to the identification of several very promising prospects, both in the vicinity of Makabingui and beyond, the best of which will be assessed in 2013.

Market conditions during 2012 and into 2013 have been very difficult, particularly for junior exploration companies. Bassari's share price, along with that of many peer group companies, has not performed as expected and does not reflect the strong results achieved in the field. This has hampered the company's ability to raise capital at a fair price. We are hopeful that renewed optimism will return to the markets and that Bassari will receive the recognition it deserves in 2013.

We have brought the Makabingui Gold Project to within a stepping stone of preliminary project definition and it is our intention to continue to advance the project in 2013, in addition to assessing our best selected exploration prospects. We shall continue to strive to maximise value for all Bassari shareholders, and 2013 is a very important year in our efforts to achieve this goal.

On behalf of the Board of Directors I would like to thank our staff in Senegal and Australia for their contribution to the company over the past twelve months, in addition to our shareholders, partners and stakeholders for their support.

John Ballard

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 31 December 2012. The company changed its year end from 30 June to 31 December with effect from the 31 December 2011. Therefore the financial report covers the year to 31 December 2012 and the comparative financial period was the six months to 31 December 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 period and up to the date of this report, unless otherwise stated, are:

John Ballard (Chairman)
Jozsef Patarica
Chris Young

John A Ballard BSc (Eng) Hons, ARSM, FAusIMM, FIMMM, CEng **(Chairman)**

John has more than 40 years' experience within the resources sector in corporate and project development in both investment banking as a financial advisor and in general management of finance and commercial functions with mining companies. He has worked extensively on both international and domestic resource transactions.

Originally working as a mining engineer in Broken Hill, he has since held senior roles in business development and finance with Rio Tinto Group in Australia and UK, European Banking Company (UK), National Australia Bank Group, Savage Resources Limited, North Limited and Oxiana Limited.

He has established his own corporate advisory consultancy providing independent corporate advice in the resources industry relating to project and corporate finance, business and corporate development and project due diligence. His main focus has been on arranging finance for resource projects, acquisitions and divestments, commercial negotiations, corporate and project reviews and valuations, investment advice and due diligence.

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.

DIRECTORS' REPORT (cont'd)

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

Chris graduated from Sydney University in 1966 and has followed a career in Mineral Exploration, Exploration Management and Business Development for the past 40 years.
Chris was Chief Geologist for Mineral Deposits Limited, where he was responsible for the geological development of the successful Sabodala Gold Deposit situated in eastern Senegal and the Grande Cote Mineral Sands Deposit located on the Atlantic coast, North East of Dakar in Senegal, West Africa.
Chris's exploration management background in gold and other base minerals provides the Board with skills and experience aligned with delivering the full potential of the Company's assets. He has established his own consultancy, providing geological and project development services for exploration projects in West Africa.

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 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, Moura, Sambarabougou and Bounsankoba, located in Senegal in order to identify mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation.

OPERATING RESULTS

The consolidated loss for the Group for the period amounted to $2,072,000 (six months to 31 December 2011: $937,000).

DIRECTORS' REPORT (cont'd)

FINANCIAL POSITION

The net assets of the consolidated entity have increased by $8.357 million to $35.424 million at 31 December 2012 (2011: $27.067 million). The major movements were:

- Capital raisings during the period of $10.233 million (net of costs); and
- Exploration expenditure on the Group's 3 permits, $8.871 million.

The consolidated entity had a working capital surplus, being current assets less current liabilities, of $0.392 million as at 31 December 2012 compared to a surplus of $1.008 million at 31 December 2011.

REVIEW OF OPERATIONS

Overview

Melbourne-based West African gold explorer Bassari Resources Limited (ASX: BSR) has a strategic portfolio of exploration permits focused on the highly-prospective Birimian Gold Belt in Senegal, West Africa.

The Company delivered an Inferred and Indicated Mineral Resource of 11.9Mt @ 2.6g/t gold at a 0.5 g/t gold cut-off grade for 1.0 million ounces of gold (refer ASX announcement of 4 December 2012) which achieved the principal objective for 2012 and represents a 100% increase to the previously reported Mineral Resource estimate (December 2011).

Strategic Exploration Package

The Company's exploration permits cover an area of approximately 850km^2 over the Birimian Gold Belt. The Makabingui Gold Project area is centrally located within the three contiguous permits.

Recent artisanal activity established within the Makabingui Project area south of the existing resource (refer ASX announcement 11 October 2012) has identified potential for new lodes within a significant NE trending shear zone, and further highlights the prospectivity of Makabingui.

Interpretation of the high-resolution aeromagnetic survey across the Company's permits, completed in June 2012, has identified several highly prospective targets which will be the subject of further work through 2013 to identify high-grade resources.

Bassari's vision is to discover and delineate gold resources which can be developed into profitable operations.

DIRECTORS' REPORT (cont'd)

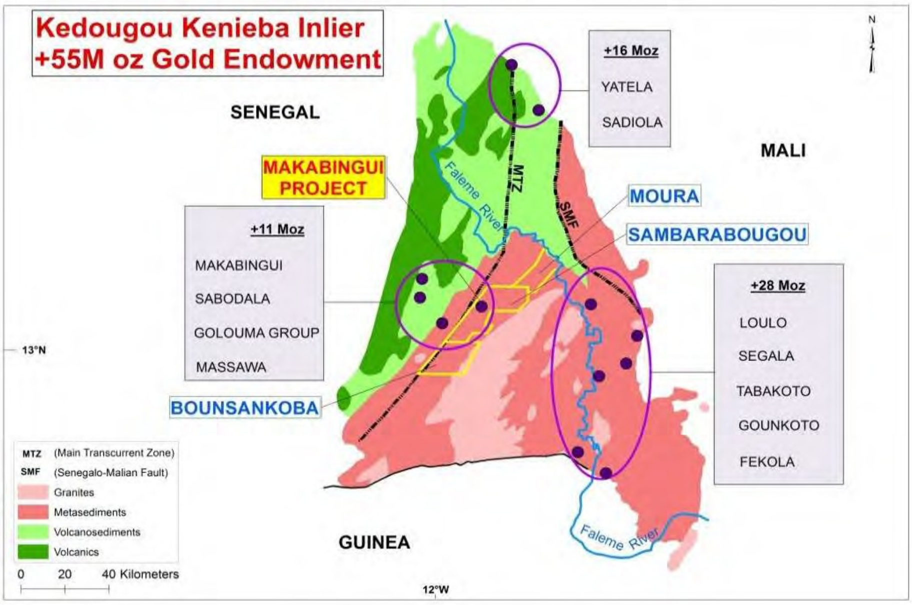

Figure 1 – Bassari Permits, Kenieba Inlier, Senegal – West Africa

Exploration Activities
Sambarabougou Permit (Bassari 70%)

Centrally located of Bassari's three contiguous exploration permits, Sambarabougou contains the Makabingui Gold Project along with the Lafia and Missira Gold Prospects (Figure 2).

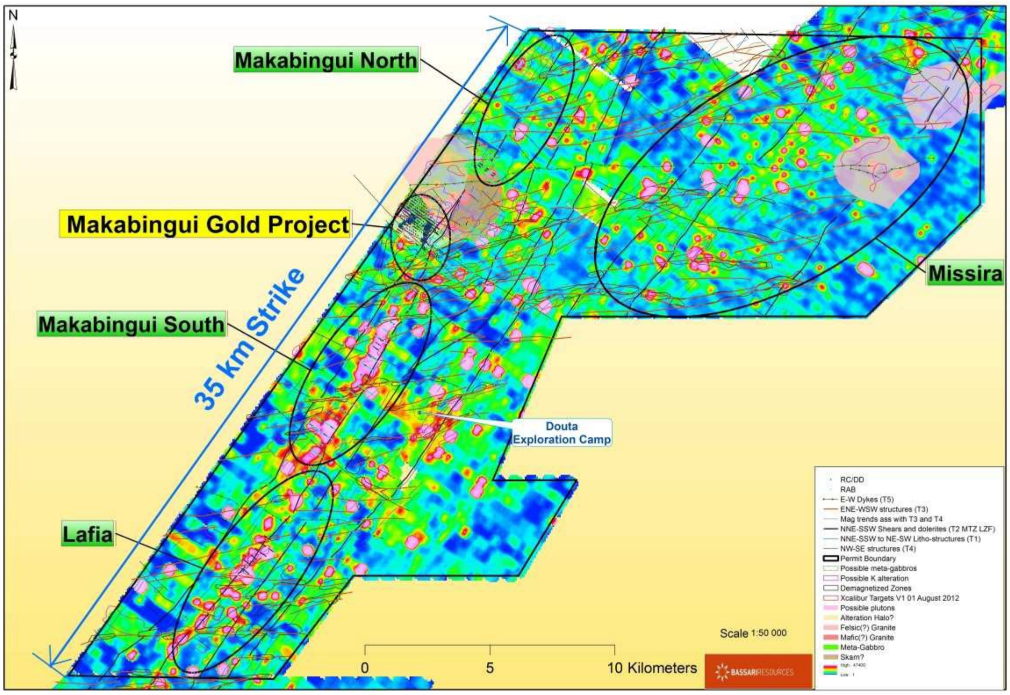

Figure 2 – Sambarabougou Permit – Project & Prospect Location Map

DIRECTORS' REPORT (cont'd)

Makabingui Gold Project

Regional Geology

The Makabingui resource is located in the Palaeoproterozic Birimian volcano-sedimentary sequence and the intrusives of the Diale Formation. The Diale Formation lithologies commonly comprise chlorite-sericite schists and phyllites derived from the metamorphism of greywackes and argillaceous sediments.

The Makabingui deposit is located near the southern margin of a syntectonic granite (Sambarabougou Granite). The deposit comprises a large number of generally shallow east dipping lodes and quartz veins ranging in thickness from 8m down to less than 1m width and hosted by a gabbroic intrusive and contact metasediments. Mineralised structures have been identified over an area of some 1.7km by 1.2km to date.

The Sambarabougou Granite and host gabbro lie within the east-west trending crustal fracture zone identified by the presence of a major diorite dyke which extends from the Makana area to the west through to the Loulo-Gounkoto project area in nearby Mali, eastwards to Shitake: a newly discovered "porphyry" gold deposit.

Local Geology

The project is focused on the contact zone between metasediments and an oval shaped metagabbroic intrusive. Mineralisation is associated with quartz veins and stockworks with silica, sericite, biotite and carbonate alteration together with variable amounts of pyrite, arsenopyrite and pyrrhotite.

The mineralising events typically involved hydrothermal fluids depositing gold, quartz and sulphides in structurally controlled features formed after the metamorphic belt had undergone some uplift into a brittle region of the crust.

The upgraded Mineral Resource is reported in accordance with the JORC Code 2004[1] and classified as Indicated and Inferred. The mineral resource is 11.9Mt at 2.6g/t gold, with a 0.5g/t cut-off grade. This has resulted in a 100% increase in contained ounces, Table 1.

Table 1 – Makabingui Project – Indicated and Inferred Mineral Resource as at 4 December 2012

Resource Classification	Cut off Au (g/t)	Tonnage (Mt)	Au (g/t)	Au (oz)
Indicated	0.5	**2.6**	**4.0**	**336,000**
Inferred	0.5	**9.3**	**2.2**	**669,000**
Total	0.5	**11.9**	**2.6**	**1,005,000**

[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

DIRECTORS' REPORT (cont'd)

Notes to accompany Table 1

1. The Mineral Resource is reported in accordance with the JORC Code 2004.
2. All tonnages are rounded to the nearest 100,000t. Rounding may affect totals.
3. All ounces are rounded to the nearest 1,000. Rounding may affect totals.

The interpretation is on cross-sections perpendicular to strike, at approximately 125 degrees east of north. The cross sections are located on each drill section line. The section spacing varies from 25 metres to 200 metres. A gold mineralisation shell at a minimum cut-off of 0.2 g/t gold has been generated for each drill section. The surface projection of the Makabingui deposit interpretation is show in Figure 3.

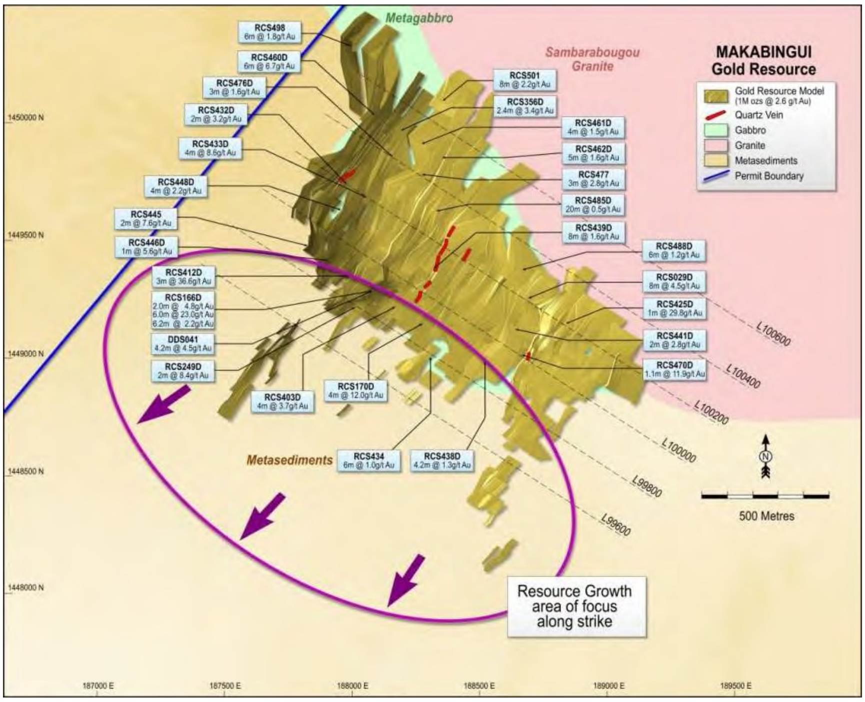

Figure 3 – Makabingui Gold Project Plan

Digital strings representing the interpretation for each section were constructed. The strings defining the mineralised shell have been snapped to the drill holes. The strings were then linked along strike to form three dimensional solids defining the zones of mineralisation.

Artisanal activity established along the Lafia gold trend south of the Makabingui gold deposit has identified potential for new lodes within the significant north east trending shear zone (Figure 4), and further highlights the prospectivity of the Company's permits. Trenching and a detailed structural review are planned, the results of which will be used to plan a reverse circulation (RC) drilling program in these areas.

DIRECTORS' REPORT (cont'd)

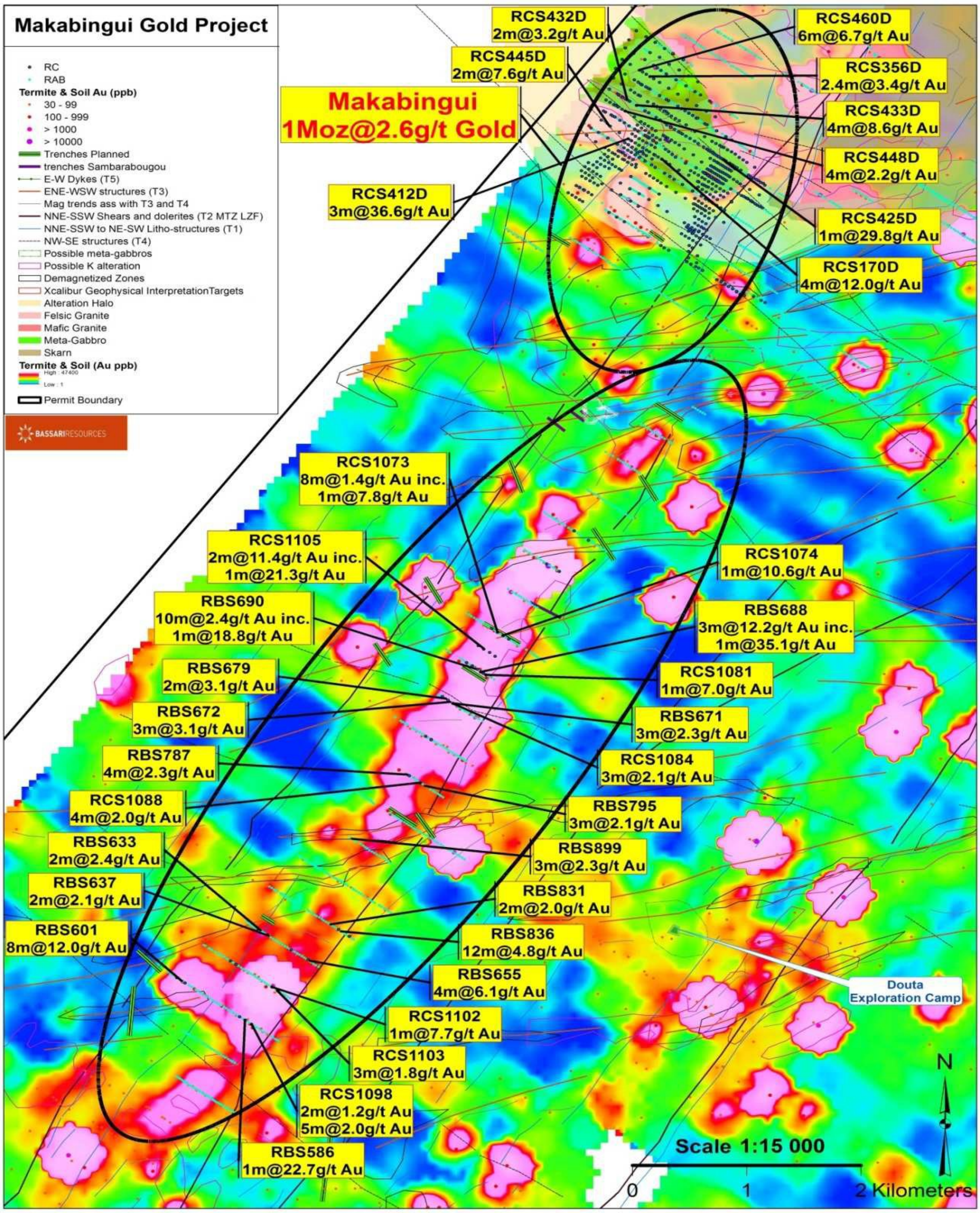

Figure 4 – Makabingui Project Area – Sambarabougou Permit

Drilling Program

A total of 1074 drillholes were used in the interpretation and 384 drillholes were used to estimate the Mineral Resource at a cut-off grade of >0.5 g/t gold. Both RC and diamond drillholes (DD) were used, with a high proportion of sampling from RC holes (56%).

DIRECTORS' REPORT (cont'd)

The 2012 drilling program incorporated more DD than RC and focused on the host metagabbro between lines 99,800N and 100,800N on 100 metre spaced lines with 100-metre spaced drillholes along the lines.

Highlights of drill results throughout the year include:

- 6m @ 22.8 g/t gold from 192.3m & 2m @ 4.8 g/t Au from 117m on L99,900 – Hole RCS166D
- 3m @ 36.6 g/t gold from 45m on L99,900 – Hole RCS412D
- 2m @ 7.6 g/t gold from 13m on L99,900 – Hole RCS445
- 4m @ 2.2 g/t gold from 88m on L100,100 – Hole RCS448
- 1.1m @ 11.9 g/t gold from 106.2m on L100,000 – Hole RCS470D
- 8m @ 4.5 g/t gold from 99m on L100,200 – Hole RCS029D
- 4m @ 8.7 g/t gold from 95m on L100,200 – Hole RCS433D
- 6m @ 6.7 g/t gold from 46m on L100,500 – Hole RCS460
- 2.4m @ 3.4 g/t gold from 178.6m on L100,500 – Hole RCS356D
- 4m @ 12.0 g/t gold from 319m on L99,900 – Hole RCS170D
- 8m @ 1.6 g/t gold from 156m on L100,100 – Hole RCS439D
- 2m @ 3.2 g/t gold from 40m on L100,200 – Hole RCS432
- 1m @ 29.8 g/t gold from 39m on L100,200 – Hole RCS425D

Metallurgy

Bassari has previously announced very high metallurgical recoveries from the Makabingui Gold Project (refer ASX announcement 30 January 2013). The recent test work confirms the metallurgical response of the ore is consistent with results from test work undertaken in April 2011.

Two 16 kg composite samples of quarter core from DD's were used in the test work. The samples were split between the metagabbro (primary focus for 2012 drilling program) and metasediments (focus for 2013 drilling programs targeting near-surface, high-grade extensions along strike).

The samples were taken from multiple sections and varying depths focused on primary ore. Both samples were crushed to minus 2mm, blended and divided into portions. The head grade sample portions were assayed and returned results as shown below.

There is no evidence of refractory gold mineralisation with significant amounts of free gold evident, leading to a simple processing method incorporating a gravity circuit.

There was a significant amount of free gold present as flakes up to 1mm diameter with the actual recoveries shown as a percentage of the combined gravity and leach recoveries. Overall recoveries were:

Metasediments
- SMBM001 – Overall gold recovery of 99.2%
  - Gravity recovery – 67.6%
  - Leach recovery – 31.6% (97.5% of 32.4)

Metagabbro
- SMBM002 – Overall gold recovery of 96.3%
  - Gravity recovery – 57.3%
  - Leach recovery – 39.0% (91.3% of 42.7)

DIRECTORS' REPORT (cont'd)

Gravity Concentration

Free gold determination was carried out by taking a 2kg portion of ore and grinding it wet in a stainless steel laboratory rod mill to give a nominal P80 = 75 micron grind size. This is a typical grind size used in a majority of gold processing plants.

The ground ore was passed through a Knelson concentrator with the concentrate examined for the occurrence of gold flake and then amalgamated. The amalgam fraction was then assayed. Free gold recoveries were:

- Metasediments – 67.6%
- Metagabbro – 57.3%4

Cyanidation of Gravity Tail

Both the Knelson tailings and the Knelson concentrate minus the removed free gold were recombined and divided into two portions, one for cyanide leaching of gold and the other for flotation tests. Both portions were at a nominal P80 grind of 75 micron.

The cyanide leach was carried out in a mechanically agitated beaker at 40% solids and pH10.5 adjusted with lime. Cyanide was added to give an initial solution strength of 0.1% NaCN and leaching carried out for 24 hours.

Liquor samples were taken for analysis at 2, 4, 8 and 24 hours and assessed for gold content, pH, dissolved oxygen and residual cyanide concentration. No additional cyanide was added with the residual cyanide concentration being around 0.06% NaCN (less than half the cyanide was used). The calculated cyanide consumption was 0.5 kg/t and hydrated lime consumption was 0.4 kg/t, both very low values.

Gold leaching was very efficient at:

- Metasediments – 97.5%
- Metagabbro – 91.3%

The gold dissolution in cyanide was rapid and complete within 15 hours.

Flotation

Flotation was examined as a possible upgrading step ahead of cyanidation. Concentrates of between 10 to 20% weight were recovered carrying respectively 97% and 92% of the contained gold leaving flotation tailings of 0.10 and 0.12 g/t gold, nearly equivalent to the cyanide leach tails assays. Thus, there is potential for the use of flotation concentration as an option for processing.

Comminution Tests

After crushing the samples to minus 3.35mm a standard Bond ball mill work index test was carried out on each sample, using a 106 micron closing screen for 6 cycles. The results of the test work were:

- Metasediments – 18.7 kWh/t
- Metagabbro – 20.8 kWh/t

Note: kWh/t = Kilowatt hours per tonne

DIRECTORS' REPORT (cont'd)

Moura Permit (Bassari 70%)

The most northern of the Company's three contiguous permits, Moura contains the Konkouto, Kawsara, Bountou and Sambali Prospects (Figure 5).

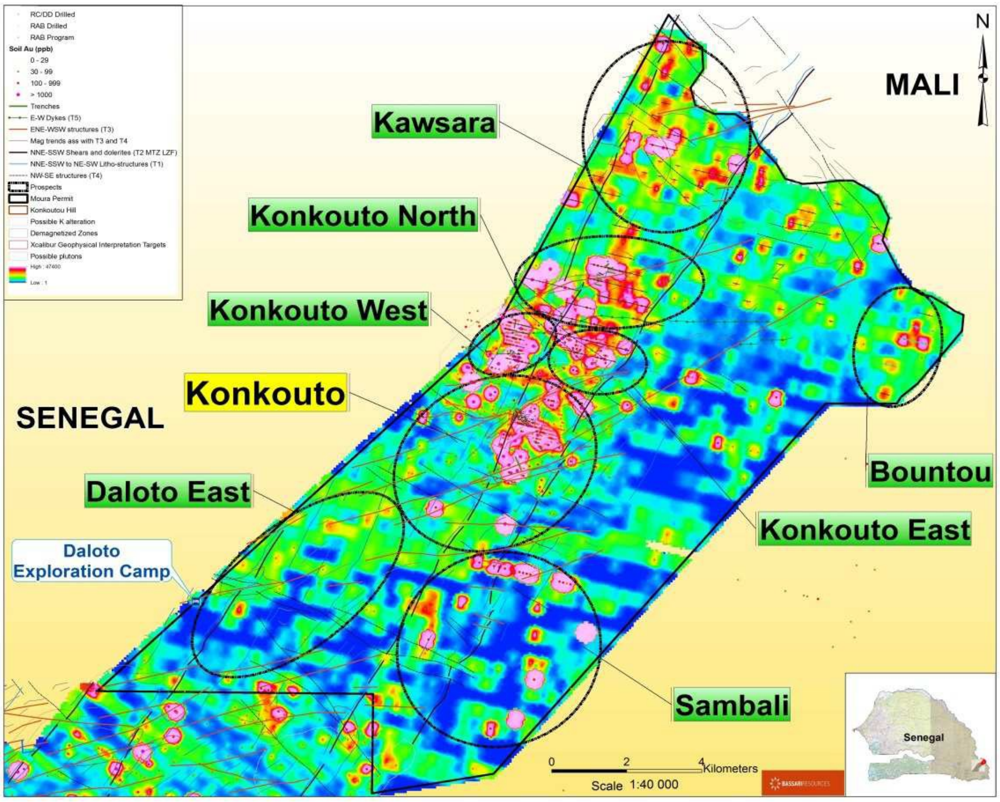

Figure 5 – Moura Permit, Prospect Location Plan

Konkouto Gold Prospect

The Konkouto gold discovery is located some 35 kilometres north east of the Makabingui Gold Project. Konkouto is centred on a low hill approximately 700 metres long and 100 metres wide. There are numerous artisanal pits showing mineralised quartz veins and stockwork quartz-carbonate veins and veinlets hosted by a metasedimentary greywacke unit (Figure 6). These are characterised by different textures from fine to coarse grain associated with muscovite, biotite and carbonate. This facies appears to be the main host of the gold mineralisation.

A drill program in 2011 was designed to follow up a previous program of shallow vertical holes which intersected gold mineralisation, with the orientation of the new holes to test for east-dipping mineralisation striking north northwest and sub-parallel to the ridge.

An independent geological assessment has modelled the mineralised veins as part of a ladder vein array typically developed under the control of a major thrust fault.

DIRECTORS' REPORT (cont'd)

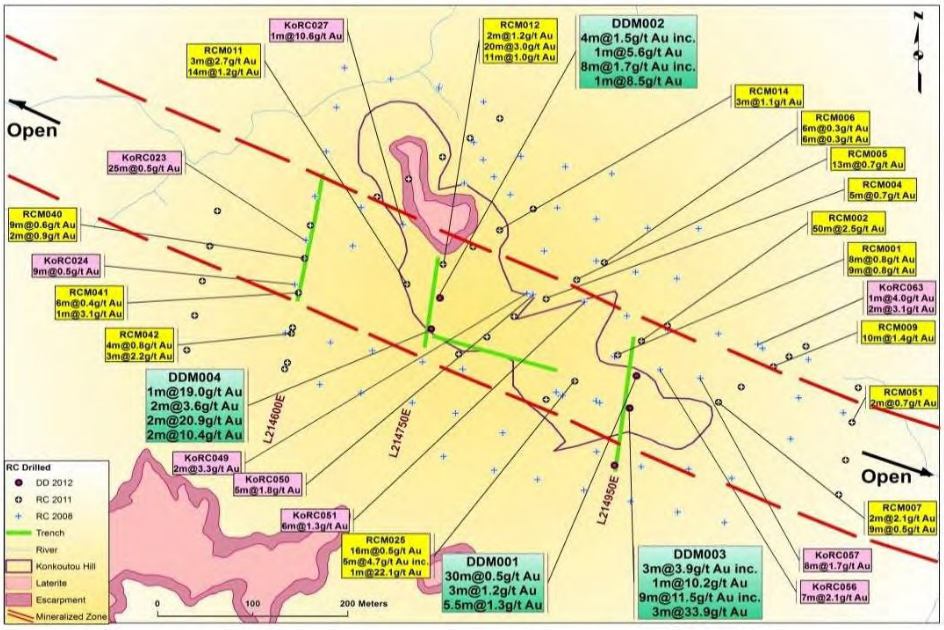

Figure 6 – Konkouto Prospect - Plan

Bounsankoba Permit (Bassari 70%)

Bounsankoba the most southern of Bassari's three contiguous permits contains the Sekhoto, Massa Massa and Sakhofara Prospects (Figure 7).

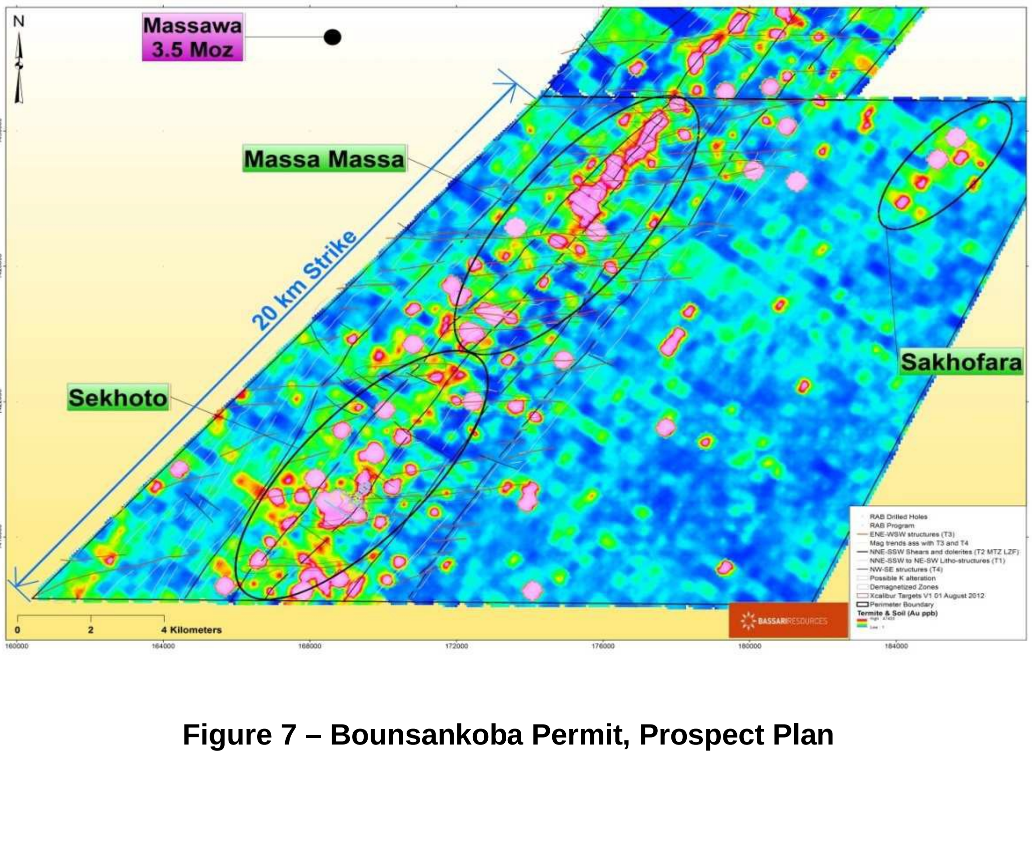

Figure 7 – Bounsankoba Permit, Prospect Plan

DIRECTORS' REPORT (cont'd)

The results of a regional termite sampling program on a 400 metre by 50 metre grid through the eastern corridor of the permit were assessed along with the interpretation of the detailed aeromagnetic survey. The Sekhoto Prospect (Figure 8) has been identified as a priority drill target for 2013. The prospect is defined by coherent termite anomalies and RAB intercepts over a strike of 1.5 kilometres. High-grade mineralisation related to quartz veining along a NNE trend has been defined by a combination of rock chip sampling, trenching and RAB drilling. The prospect is located within the Lafia Shear Zone, which is a major regional structure trending NNE and cross cut by NE to ENE structures. There is potential for secondary structures to localise significant gold mineralisation.

Sekhoto Prospect: Planned Drilling

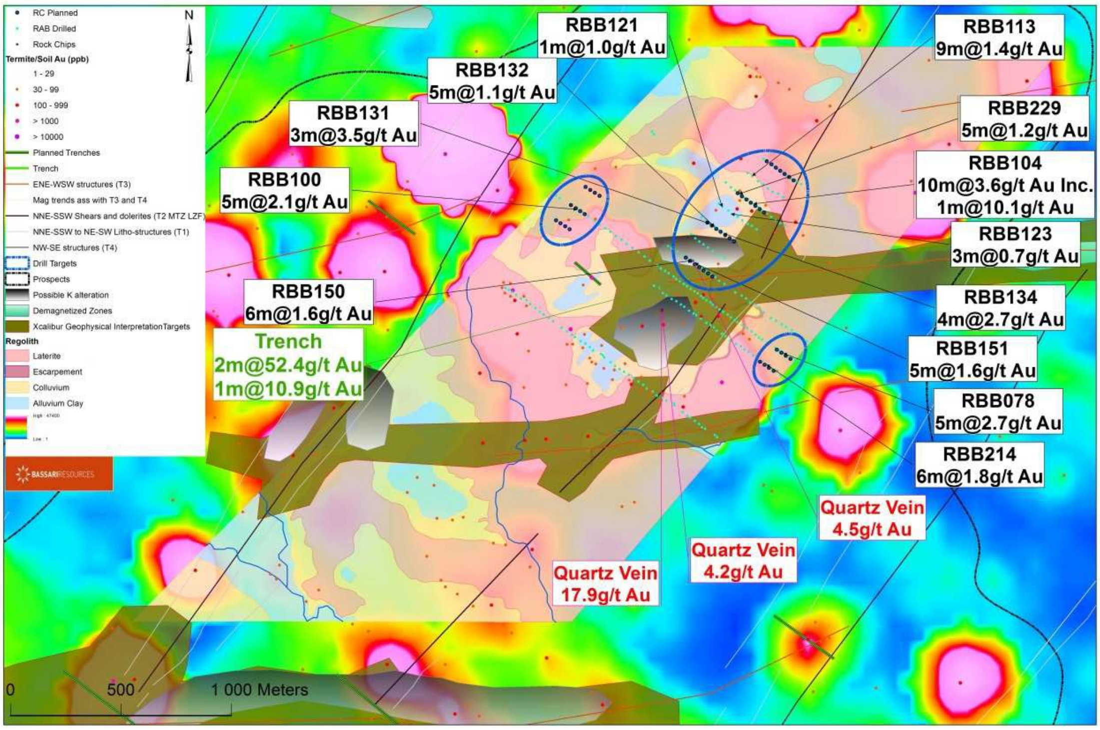

Figure 8 – Sekhoto Prospect Plan

Aeromagnetic/radiometric Survey – All Permits

An interpretation of the high resolution airborne magnetic and radiometric survey on a regional scale was prepared by Xcalibur Airborne Geophysics. The interpretation provides a litho-structural map to better understand the relationship between different structures and lithologies. Target areas have been generated where conditions were most favourable for enhanced fluidisation, trapping of fluids, and precipitation of gold (Figure 9).

The targets are selected based on assumptions regarding mineralisation control including observations of principle fluid pathways, secondary structures, identified demagnetised zones and potassium anomalies.

An internal review has been completed utilising existing geological and geochemical data to prioritise the targets and develop exploration programs for the 2013 field season.

DIRECTORS' REPORT (cont'd)

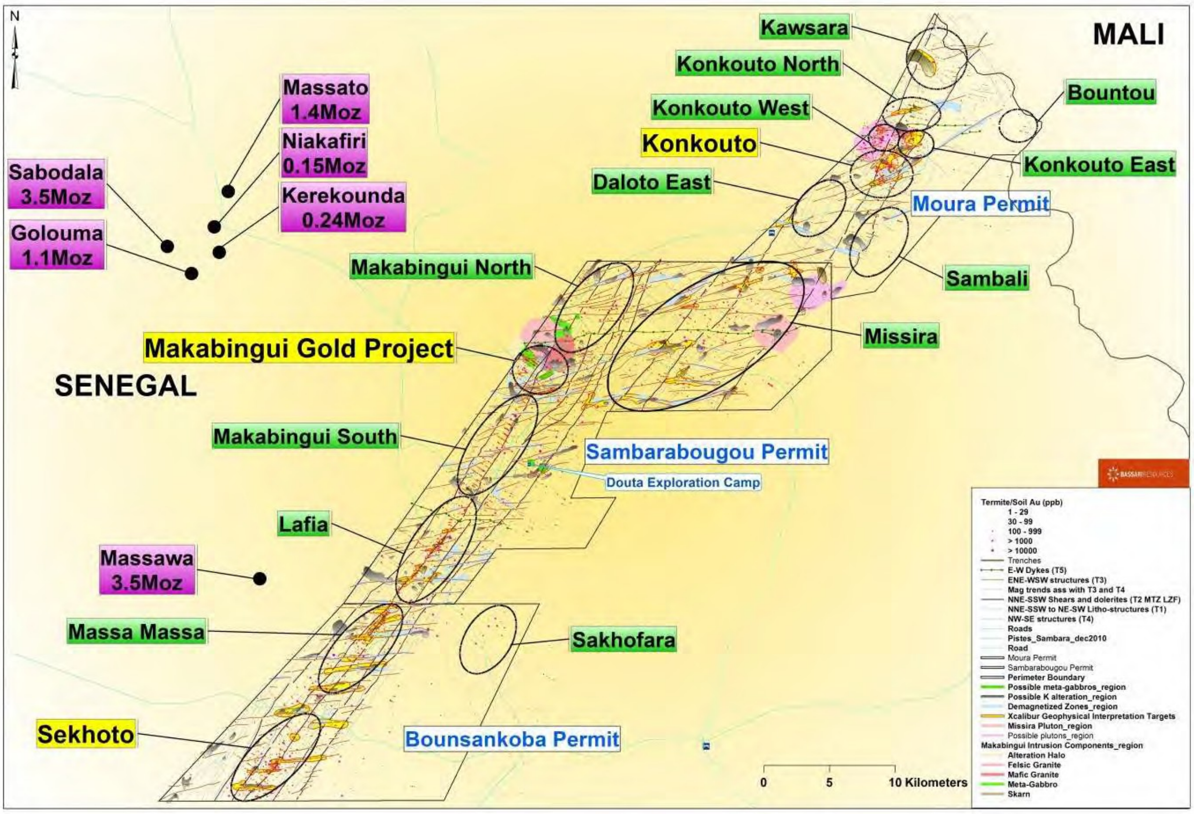

Figure 9 - High Resolution Airborne Geophysical Interpretation

Competent Persons Statement

The technical information in this report has been reviewed and approved by Mr Chris Young who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young has over 40 years experience in the industry and has more than 5 years experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Young consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Corporate

In March 2012 Bassari undertook a capital raising of $11 million. The raising comprised of a $9.0 million two-tranche placement of 180 million new fully paid ordinary shares at $0.05 per share to institutional and sophisticated investors and an underwritten Share Purchase Plan to raise a further $2.0 million.

Euroz Securities Limited acted as Sole Lead Manager to the placement and underwriter.

Subsequent to the raising, Westoz Funds Management became a substantial holder of Bassari, holding 5.24% of the Company.

DIRECTORS' REPORT (cont'd)

In June Bassari announced PKF East Coast Partnership (subsequently renamed BDO East Coast Partnership) was appointed the Company's auditor. The appointment followed a request from BMS Audit (NSW-VIC) Pty Ltd, formerly BDO Audit (NSW-VIC) Pty Ltd, to resign as auditor of the Company and consent by the Australian Securities and Investments Commission to this request.

Confirmation of BDO East Coast Partnership's appointment as the Company's auditor will be the subject of a resolution at the AGM to be held in 2013.

On 30 June 2012, 19,508,101 listed "BSRO" 20 cent options expired.

On 30 November 2012, 5,714 listed "BSROA" 11 cent options were exercised and the remaining 59,270,125 "BSROA" options expired unexercised.

Senegal

The Presidential election held in Senegal in March 2012 was conducted without incident with Mr Macky Sall declared the President-elect of the West African nation. He took office in April 2012.

Mr Sall is well-known to Bassari management as he has previously served as Senegal's Prime Minister and has a background as a geological engineer and was formerly the Minister of Mines and Energy.

Last year's election continues Senegal's tradition of democratic successions since its independence from France in April 1960, and is being viewed as a major positive step for democracy in the region.

DIVIDENDS

During the financial period, no dividends were paid (31 December 2011: $Nil). The directors have not recommended the payment of a dividend.

SHARES

At the date of this report 572,654,403 ordinary shares were on issue.

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.
3 March 2011	31 December 2013	$0.30	1,000,000
4 May 2011	31 December 2013	$0.30	1,500,000

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 period ended 31 December 2012, 5714 ordinary shares of the company were issued on 30 November 2012, 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 period other than:

DIRECTORS' REPORT (cont'd)

- The company raised additional capital of $11 million before costs by the issue of 180 million ordinary shares in two tranches on placement at 5 cents each per share to raise $9 million and issued 40 million ordinary shares pursuant to a Share Purchase Plan at 5 cents per share to raise $2 million. The funds raised were used to advance gold resource growth at Makabingui and to continue the company's exploration activities.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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 period in respect of Directors and Officers insurance. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

DIRECTORS' MEETINGS

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
J A Ballard	12	12	12
C H Young	12	12	12
J Patarica	12	12	12

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

DIRECTORS' 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 Ballard	768,386	-
C Young	300,000	-
J Patarica	548,777	700,000

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.

DIRECTORS' REPORT (cont'd)

NON-AUDIT SERVICES

The directors are satisfied that there were no non-audit services provided by the auditor, BDO East Coast Partnership during the year.

The former auditor, BMS Audit (NSW-VIC) Pty Ltd, (formerly BDO Audit (NSW-VIC) Pty Ltd) provided taxation consulting (note 28). The directors are satisfied that the provision of non-audit services by the former auditor during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

BDO 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 29 of the financial report.

LIKELY DEVELOPMENTS

Other than as provided elsewhere in this financial report, there is no further disclosure regarding the likely developments of the operations of the company in future financial years, as the directors believe further disclosure is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and is not aware of any breach of those requirements during the financial period and up to the date of the directors' report.

DIRECTORS' REPORT (cont'd)

AUDITED REMUNERATION REPORT

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives, general managers and secretaries of the Parent and the Group.

(a) Policy for determining the nature and amount of key management personnel remuneration

Remuneration Committee

The Remuneration Committee comprising the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a period basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high 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.

There is no direct relationship between KMP remuneration and the entity's performance for the last 5 years as measured by dividends paid, changes in the share price and any return of capital.

Remuneration Structure

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

DIRECTORS' REPORT (cont'd)

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Pursuant to the Company's Constitution, the Directors of the Company are entitled to receive remuneration for their services as Directors in such amount which in aggregate does not exceed an amount per annum fixed by the Company in general meeting from time to time. Currently, the aggregate amount is fixed at $250,000 per annum. At present, the Company has determined to pay the Non-Executive Chairman $100,000 and the non-Executive Directors $60,000 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 accordance with the company's Constitution.

In the 31 December 2012 financial year, no new share based payments in the form of options over ordinary shares were granted under the LTI plan to directors (2011: Nil).

Where employment ceases prior to the vesting of the share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group or death. In the event of a change of control of the Group, the performance period end date will be brought forward to the date of the change of control and options will vest over this shortened period.

The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The aim of the Directors is to increase shareholder wealth through successfully achieving 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.

DIRECTORS' REPORT (cont'd)

Senior Management and Executive Director Remuneration

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

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

- Fixed remuneration component
- Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Variable Remuneration – Short Term Incentive (STI)

Objective

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

Structure

In the 31 December 2012 year no payments were made (2011: $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 31 December 2012 financial year and the 31 December 2011 financial period, no new share based payments in the form of options over ordinary shares were granted under the LTI plan to executives.

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

Name	Position Held
John A Ballard	Non-Executive Director (appointed 7 December 2011)
Chris H Young	Non-Executive Director (appointed 25 November 2011)
Jozsef Patarica	Managing Director/CEO
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. No bonus has been paid during the financial year, (2011: Nil).

The service agreement also contains certain restraints effective up to six months after Mr Patarica's service ends.

Company Secretary/CFO

The company has entered into an agreement with Ian Riley that provides for Mr Riley to be contracted by the Company as Company Secretary/CFO for a period of 12 months and to be remunerated at the rate of $155,000 per annum. The contract which can be terminated by either party with 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 31 December 2012

	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										
J A Ballard (i)	163,333	-	-	-	-	-	-	-	163,333	-
C H Young (ii)	83,812	-	-	4,438	-	-	-	-	88,250	-
Subtotal non-executive directors	**247,145**	**-**	**-**	**4,438**	**-**	**-**	**-**	**-**	**251,583**	**-**
Executive director										
J Patarica	320,000	-	-	28,800	-	-	-	-	348,800	-
Subtotal executive Directors	**320,000**	**-**	**-**	**28,800**	**-**	**-**	**-**	**-**	**348,800**	**-**
Total Directors	**567,145**	**-**	**-**	**33,238**	**-**	**-**	**-**	**-**	**600,383**	**-**
Non-Director key management										
I D Riley	155,000	-	-	-	-	-	-	-	155,000	-
Total Non-Director key management	**155,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**155,000**	**-**
Total Directors and key management	**722,145**	**-**	**-**	**33,238**	**-**	**-**	**-**	**-**	**755,383**	**-**

(i) Remuneration included consulting fees of $80,000 – refer Note 29

(ii) Remuneration included consulting fees of $34,500 – refer note 29

DIRECTORS' REPORT (cont'd)
Remuneration for the period ended 31 December 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	20,301	-	-	-	-	-	-	-	20,301	-
C A Wright	7,521	-	-	677	-	-	-	-	8,198	-
J Warner	19,685	-	-	-	-	-	-	-	19,685	-
C H Young (i)	14,506	-	-	-	-	-	-	-	14,506	-
J A Ballard	4,110	-	-	-	-	-	-	-	4,110	-
Sub total non executive directors	**66,123**	**-**	**-**	**677**	**-**	**-**	**-**	**-**	**66,800**	**-**
Executive director										
J Patarica	160,000	-	-	14,400	-	-	-	-	174,400	-
Subtotal executive Directors	**160,000**	**-**	**-**	**14,400**	**-**	**-**	**-**	**-**	**174,400**	**-**
Total Directors	**226,123**	**-**	**-**	**15,077**	**-**	**-**	**-**	**-**	**241,200**	**-**
Non-Director key management										
I D Riley	77,500	-	-	-	-	-	-	-	77,500	-
Total Non-Director key management	**77,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**77,500**	**-**
Total Directors and key management	**303,623**	**-**	**-**	**15,077**	**-**	**-**	**-**	**-**	**318,123**	**-**

(i) Remuneration included consulting fees of $10,500 – refer Note 29

DIRECTORS' REPORT (cont'd)

Remuneration Options

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

Year Ended 31 December 2012

No options or rights were granted.

Period Ended 31 December 2011

No options or rights were granted.

No shares were issued upon the exercise of remuneration options.

Additional Information

The earnings of the consolidated entity for the five years to 31 December 2012 are summarised below:

	31 Dec 2012 $000	6 months to 31 Dec 2011 $000	30 June 2011 $000	30 June 2010 $000	30 June 2009 $000
Revenue	141	131	182	125	389
Total loss before income tax	(2,072)	(983)	(3,005)	(1,774)	(884)
Total loss after income tax	(2,072)	(983)	(3,005)	(1,774)	(884)

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

Share price at financial year end $	0.03	0.05	0.06	0.22	0.08
Basic earnings per share (cents per share)	(0.4)	(0.3)	(1.5)	(1.4)	(0.9)

End of Audited Remuneration Report

DIRECTORS' REPORT (cont'd)

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. 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, 28 March 2013

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF BASSARI RESOURCES LIMITED

As lead auditor of Bassari Resources Limited for the year ended 31 December 2012, 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bassari Resources Limited and the entities it controlled during the period.

David Garvey
Partner

BDO Audit East Coast Partnership

Melbourne, 28 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	31 Dec 2012 $'000	6 months ended 31 Dec 2011 $'000
Revenue from continuing operations	5	141	131
Corporate expenses		(715)	(309)
Employment and consultant costs	6	(969)	(447)
Occupancy costs		(220)	(90)
Travel and accommodation		(251)	(88)
Asset costs	6	(58)	(180)
Loss from continuing operations before income tax	6	**(2,072)**	**(983)**
Income tax expense relating to continuing operations	8	**-**	**-**
Loss from continuing operations		**(2,072)**	**(983)**
Gain/(Loss) from discontinued operations	7	-	46
Loss for the period attributable to the owners of Bassari Resources Limited		**(2,072)**	**(937)**
Other Comprehensive Income			
Items that may be reclassified to profit and loss in the future			
Exchange difference on translation of foreign operation		196	(1,577)
Other comprehensive income/(loss) for the period net of income tax		196	(1,577)
Total Comprehensive loss for the period attributed to the owners of Bassari Resources Limited		**(1,876)**	**(2,514)**
Earnings per share for loss from continuing operations attributable to the owners of Bassari Resources Limited			
Basic earnings cents per share	18	(0.38)	(0.35)
Diluted earnings cents per share	18	(0.38)	(0.35)
Earnings per share from discontinued operations attributable to the owners of Bassari Resources Limited			
Basic earnings cents per share	18	-	0.02
Diluted earnings cents per share	18	-	0.02
Earnings per share for loss attributable to the owners of Bassari Resources Limited			
Basic earnings per share	18	(0.38)	(0.33)
Diluted earnings per share	18	(0.38)	(0.33)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
Notes to the financial statements are included on pages 34 to 67.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	31 December 2012 $'000	31 December 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	10	1,486	1,766
Trade and other receivables	11	185	172
TOTAL CURRENT ASSETS		**1,671**	**1,938**
NON CURRENT ASSETS			
Property, plant and equipment	12	1,381	2,667
Exploration and evaluation assets	13	33,651	23,392
TOTAL NON-CURRENT ASSETS		**35,032**	**26,059**
TOTAL ASSETS		**36,703**	**27,997**
CURRENT LIABILITIES			
Trade and other payables	14	1,200	870
Provisions	15	79	60
TOTAL CURRENT LIABILITIES		**1,279**	**930**
TOTAL LIABILITIES		**1,279**	**930**
NET ASSETS		**35,424**	**27,067**
EQUITY			
Contributed Equity	16	53,528	43,295
Reserves	17	(3,156)	(2,630)
Accumulated losses		(14,948)	(13,598)
TOTAL EQUITY		**35,424**	**27,067**

The above Statement of Financial Position should be read in conjunction with the accompanying notes. Notes to the financial statements are included on pages 34 to 67.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Issued Capital	Foreign Currency Transaction Reserve	Options Reserve	Accumulated Losses	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2011		**37,008**	**(2,302)**	**1,249**	**(12,661)**	**23,294**
Loss for the period		-	-	-	(937)	(937)
Other comprehensive loss		-	(1,577)	-	-	(1,577)
Total comprehensive loss for the period		**-**	**(1,577)**	**-**	**(937)**	**(2,514)**
Issue of ordinary shares and other equity instruments	16	6,287	-	-	-	6,287
Transactions with owners as owners		**6,287**	**-**	**-**	**-**	**6,287**
Balance at 31 December 2011		**43,295**	**(3,879)**	**1,249**	**(13,598)**	**27,067**
Loss for the period		-	-	-	(2,072)	(2,072)
Other comprehensive income		-	196	-	-	196
Total comprehensive income/(loss) for the period		**-**	**196**	**-**	**(2,072)**	**(1,876)**
Issue of ordinary shares and other equity instruments	16	10,233	-	-	-	10,233
Transfer to accumulated losses	17	-	-	(722)	722	-
Transactions with owners as owners		**10,233**	**-**	**(722)**	**722**	**10,233**
Balance at 31 December 2012		**53,528**	**(3,683)**	**527**	**(14,948)**	**35,424**

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 34 to 67.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 $'000	6 months to 31 December 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		44	64
Payments to suppliers and employees		(1,818)	(1,690)
Interest received		97	67
Net cash used in operating activities	24	**(1,677)**	**(1,559)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and evaluation expenditure		(8,871)	(2,889)
Payments for property, plant and equipment		(68)	(14)
Proceeds from sale of property, plant and equipment		-	76
Net cash used in investing activities		**(8,939)**	**(2,827)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	100
Proceeds from issue of equity securities		11,000	6,329
Issue costs		(767)	(442)
Net cash provided by financing activities		**10,233**	**5,987**
Net (decrease) or increase in cash and cash equivalents held		**(383)**	**1,601**
Cash and cash equivalents at beginning of financial period		**1,766**	**273**
Effects of changes in foreign exchange rates on cash held		**103**	**(108)**
Cash and cash equivalents at end of financial period	10	**1,486**	**1,766**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes. Notes to the financial statements are included on pages 34 to 67.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001 as appropriate for profit oriented entities.

The financial statements cover Bassari Resources Limited and controlled entities as a consolidated entity for the financial year ended 31 December 2012. Bassari Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Separate financial statements for Bassari Resources Limited as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however limited financial information for Bassari Resources Limited as an individual entity is included in Note 23.

The financial statements were authorised for issue by the Directors on 28 March 2013.

The financial report is presented in Australian currency.

The address of the registered office and principal place of business of the company is:

Level 17
500 Collins Street
Melbourne Vic 3000

Going Concern

The Group has incurred a net loss after tax of $2,072,000 for the year ended 31 December 2012 (31 December 2011: $937,000) and had cash outflows from operating and investing activities of $10,616,000 (31 December 2011: $4,386,000). The directors are aware that to advance the Group's exploration activities over the next 12 months additional funding will be required. The Group's ability to continue as a going concern is therefore dependent on the raising of funds sufficient to meet the Group's expenditure forecasts.

These matters give rise to a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The annual financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- At 31 December 2012, the Group had cash and cash equivalents of $1,486,000 (2011: $1,766,000) and had working capital, being current assets less current liabilities, of $392,000 (2011: $1,008,000).
- The Company has prepared cash flow budgets which include additional cash outflows for operational, resource project and exploration expenditure, which can be deferred in part if there are delays in raising capital or insufficient capital is raised to fund forecast expenditure.
- The Group has a history of successfully raising funds. The Group is currently negotiating with a number of parties to raise further capital in the short term, The Company has the ability to raise further capital without shareholder approval through its available 15% capacity under ASX Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

2. NEW STANDARDS AND INTERPRETATIONS

(a) New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior financial periods

(b) New, Revised or Amending Accounting Standards and Interpretations Adopted

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

The accounting standards that have not been early adopted for the period ended 31 December 2012, but will be applicable to the Bassari Group 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 Bassari.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement, which becomes mandatory for the Group's 31 December 2015 financial statements.

- AASB 10 Consolidated Financial Statements introduces a new definition of control in regards to consolidation, which becomes mandatory for the Group's 31 December 2013 financial statements.

- AASB 11 Joint Arrangements addresses joint operations and joint ventures, which becomes mandatory for the Group's 31 December 2013 financial statements.

- AASB 12 Disclosure of Interests in Other Entities addresses the disclosure requirements for all forms of interests in other entities, which becomes mandatory for the Group's 31 December 2013 financial statements.

- AASB 13 Fair Value Measurement consolidates the measurement and disclosure requirements in respect of fair values into one standard, which becomes mandatory for the Group's 31 December 2013 financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with International Financial Reporting Standards as adopted in Australia ensures that the financial report complies with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2012, and the comparative information presented in these financial statements for the six months ended 31 December 2011.

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

(a) Consolidation

The consolidated financial statements comprise the financial statements of Bassari Resources Limited and its subsidiaries at each period end ("the Group"). Subsidiaries are entities over which the Group has 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(b) Segment Reporting

The principal business and geographical segment of the company is mineral exploration within Senegal, West Africa. The company has its head office in Australia, which represents a non-material reportable segment.

Business and geographical segments

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

On this basis, no segment information is included in these financial statements.

(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 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
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(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 period in which the decision to abandon the area is made. In addition a provision is raised against exploration and evaluation expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable. Any such provision is charged against the results for the period.

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the entity's rights of tenure to that area of interest are current.

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

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

Exploration and evaluation expenditure is assessed for impairment if facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

For the purposes of impairment testing, exploration and evaluation expenditure is allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(f) Foreign Currency Translation

The functional and presentation currency of Bassari Resources Limited and its Australian subsidiaries is Australian dollars ($A).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the financial reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is Senegal FCFA. At reporting date, the assets and liabilities of the overseas subsidiary is translated into the presentation currency of Bassari Resources Limited at the closing rate at the end of the financial reporting period and income and expenses are translated at the weighted average exchange rates for the period. All resulting exchange differences are recognised as other comprehensive income and in a separate component of equity (foreign exchange translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

(g) Goods and Services Tax (“GST”)

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

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

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

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

(h) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(i) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect their accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(j) Leases

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(k) Property, Plant and Equipment

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

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

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

Depreciation

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

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

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

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

(l) Provisions

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

(m) Revenue Recognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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
*R*evenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(n) Share Based Payments

(i) Equity settled transactions

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

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(o) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Bassari Resources Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares during the period. The weighted average number of issued shares outstanding during the financial period does not include shares issued as part of an Employee Share Loan Plan that are treated as in-substance options.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(p) Trade and Other Payables

They represent liabilities for goods and services provided to the group prior to the end of the financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of new shares or options are recognised directly in equity as a reduction of the share or option proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

(r) Comparatives

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

(s) Rounding Amounts

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 31 December 2012 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 – 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Consolidated 2012 $'000	6 months ended 31 December 2011 $'000
5. REVENUE		
Interest revenue from bank deposits	97	67
Other revenue	44	64
	141	131

6. LOSS FOR THE PERIOD

Loss before income tax has been determined after:		
Employee benefits:		
Salaries, wages and oncosts	918	423
Superannuation – defined contribution	51	24
	969	447
Asset related expenses:		
Depreciation of non-current assets	58	30
Amortisation of leasehold improvements	-	96
Loss on disposal of plant and equipment	-	54
	58	180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Discontinued Operations

In the year ended 30 June 2011 the Douta Alluvial Project poured its first bar of gold and operated through to the June 2011 quarter when operations were placed on care and maintenance. The amounts disclosed below for the period ended 31 December 2011 represent expenses incurred on the Douta Alluvial Project.

	Consolidated	
		6 months ended 31 December
	2012 $'000	2011 $'000
Comprehensive income from discontinued operations was:		
Revenue	-	-
Cost of sales	-	-
Impairment costs	-	46
Gain/(Loss) attributable to discontinued operations before tax	-	46
Income tax expense	-	-
Loss attributable to discontinued operations	-	46
The cash flow from discontinued operations was:		
Net cash in operating activities	-	-
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Decrease in cash held	-	-
The net assets and liabilities from discontinued operations as at 31 December 2012 was:		
Total Assets	-	-
Provisions	-	-
Total Liabilities	-	-
Net Assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

8. INCOME TAXES

	Consolidated 2012 $'000	6 months ended 31 December 2011 $'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 2012 $'000	6 months ended 31 December 2011 $'000
Loss from operations	**(2,072)**	**(937)**
Income tax income calculated at 30% (2011 - 30%)	(622)	(281)
Income tax of other members of the tax consolidated group (net of inter-company transactions)		
Add tax effect of:		
Non-deductible expenses	(167)	(154)
Less tax effect of:		
Unused tax losses not recognized as deferred tax assets	789	435
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 2012 $'000	6 months ended 31 December 2011 $'000
Tax losses (revenue or operating losses) - Australia	2,456	1,667
Tax losses (capital)	-	-
	2,456	1,667

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

The benefit of these losses has not been brought to account at 31 December 2012 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.

Australian tax losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

John A Ballard	Chairman (Non Executive)
Chris H Young	Director (Non Executive)
Jozsef Patarica	Managing Director/CEO (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	
	$	$	$	$	$	$
31 December 2012	722,145			33,238		755,383
6 months ended 31 December 2011	303,623	-	-	15,077	-	318,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(b) Options and Rights Holdings

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

31 December 2012	Balance as at 1 January 2012	Granted as Remuneration	Options lapsed	Net other change	Balance as at 31 December 2012	Total Vested 31 December 2012	Total vested and exercisable 31 December 2012	Total unvested and not exercisable 31 December 2012
Directors								
J Patarica	1,255,469	-	(55,469)	-	1,200,000	1,200,000	1,200,000	-
C H Young	116,666	-	(16,666)	-	100,000	100,000	100,000	-
J A Ballard	-	-	-	-	-	-	-	-
KMP								
I Riley	511,424	-	(11,424)	-	500,000	500,000	500,000	-
TOTAL	**1,883,559**		**(83,559)**	**-**	**1,800,000**	**1,800,000**	**1,800,000**	**-**

31 December 2011	Balance as at 1 July 2011	Granted as Remuneration	Options lapsed	Net other change	Balance as at 31 December 2011	Total Vested 31 December 2011	Total vested and exercisable 31 December 2011	Total unvested and not exercisable 31 December 2011
Directors								
D S Tyrwhitt	500,000	-	-	(500,000)*	-	-	-	-
C A Wright	602,983	-	-	(602,983)**	-	-	-	-
J Patarica	1,217,804	-	-	37,665	1,255,469	1,255,469	1,255,469	-
J Warner	-	-	-	***-	-	-	-	-
C H Young	-	-	-	116,666****	116,666	116,666	116,666	-
J A Ballard	-	-	-	-	-	-	-	-
KMP								
I Riley	501,778	-	-	9,646	511,424	511,424	511,424	-
TOTAL	**2,822,565**	**-**	**-**	**(939,006)**	**1,883,559**	**1,883,559**	**1,883,559**	**-**

* Final notice as directors.
** Mr Wright acquired 190,830 share options pursuant to a renounceable rights issue. His final notice as a director included 793,813 options.
*** Mr Warner's initial notice as a director included 118,198 options. He acquired a further 201,626 options pursuant to a renounceable rights issue. His final notice as a director included 319,824 options.
**** Initial notice as a director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(c) Shareholdings

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

31 December 2012	Balance as at 1 January 2012	Received as Remuneration	Options Exercised	Net Change Other	Net Change Other **	Balance as at 30 December 2012
Directors						
C Young	300,000	-	-	-	-	300,000
J Ballard	600,000	-	-	168,386	-	768,386
J Patarica	338,979	-	-	209,798	-	548,777
KMP						
I Riley	40,182	-	-	-	-	40,182
TOTAL	**1,279,161**	**-**	**-**	**378,184**		**1,657,345**

31 December 2011	Balance as at 1 July 2011	Received as Remuneration	Options Exercised	Net Change Other	Net Change Other **	Balance as at 31 December 2011
Directors						
J P Warner*	-	-	-	1,823,627	(1,823,627)	-
C Young**	-	-	-	300,000	-	300,000
J Ballard**	-	-	-	600,000	-	600,000
C A Wright	1,335,800	-	-	381,658	(1,717,458)	-
J Patarica	263,650	-	-	75,329	-	338,979
KMP						
I Riley	20,533	-	-	19,649	-	40,182
TOTAL	**1,619,983**	**-**	**-**	**3,200,263**	**(3,541,085)**	**1,279,161**

* Mr Warner's initial notice as a director included 1,418,376. He acquired a further 405,251 shares pursuant to a renounceable rights issue. His final notice as a director included 1,823,627 shares.
** Initial notice

10. CASH AND CASH EQUIVALENTS

	2012 $000	2011 $000
Cash at bank and cash on hand	1,486	566
Term deposits	-	1,200
	1,486	**1,766**

Cash at bank and deposits at call bear floating interest rates between 5% and 0% (2011: 5% and 0%).

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	Consolidated 2012 $'000	Consolidated 2011 $'000
11. TRADE AND OTHER RECEIVABLES		
CURRENT		
Other receivables	**185**	**172**

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 2011	**3,811**	**254**	**1,720**	**5,785**
Additions	-	-	14	14
Disposals	-	(24)	(444)	(468)
Foreign currency translation difference	(157)	(6)	(39)	(202)
Balance at 31 December 2011	**3,654**	**224**	**1,251**	**5,129**
Adjustment	(58)	(4)	(69)	(131)
Additions	64	4	-	68
Disposals	(70)	-	(163)	(233)
Transfer from exploration and evaluation assets	21	-	134	155
Foreign currency translation difference	9	-	1	10
Balance at 31 December 2012	**3,620**	**224**	**1,154**	**4,998**
Accumulated depreciation				
Balance at 1 July 2011	**1,321**	**156**	**778**	**2,255**
Depreciation	431	23	162	616
Disposals	-	(15)	(331)	(346)
Foreign currency translation difference	(49)	(2)	(12)	(63)
Balance at 31 December 2011	**1,703**	**162**	**597**	**2,462**
Adjustment	(58)	(4)	(69)	(131)
Depreciation	1,018	39	453	1,510
Disposals	(70)	-	(163)	(233)
Foreign currency translation difference	4	-	5	9
Balance at 31 December 2012	**2,597**	**197**	**823**	**3,617**
Net book value				
As at 31 December 2011	1,951	62	654	2,667
As at 31 December 2012	**1,023**	**27**	**331**	**1,381**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Costs carried forward in respect of areas of interest at cost	23,392	21,348
Expenditure incurred during the period	8,871	2,889
Depreciation capitalised	1,452	490
Assets transferred to Property plant and equipment	(155)	-
Exchange translation difference	91	(1,335)
Total exploration and evaluation expenditure	**33,651**	**23,392**

The ultimate recoupment of capitalised expenditure in relation to each area of interest is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas the results of which are still uncertain.

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

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

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2012	**2011**
	$'000	**$'000**
CURRENT		
Trade and other payables	1,200	870

15. PROVISIONS

CURRENT		
Employee entitlements	79	60
	79	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

16 CONTRIBUTED EQUITY

	Consolidated 2012 $000	2011 $000
(a) Ordinary shares		
Paid-up capital		
572,654,403 (2011: 352,648,689) fully paid ordinary shares	**53,528**	**43,295**

Movement in ordinary share capital	**No.**	**$'000**
At 30 June 2011	**234,097,128**	**37,008**
Shares issued during the year:		
Shares issued to settle loan	6,666,667	400
Shares placed at 6 cents	35,000,000	2,100
Shares placed at 5.5 cents	76,884,894	4,229
Cost of capital raising		(442)
Total for the financial period	118,551,561	6,287
At 31 December 2011	**352,648,689**	**43,295**
Shares issued during the year		
Shares placed at 5 cents	180,000,000	9,000
Share Purchase Plan at 5 cents	40,000,000	2,000
Options exercised at 11 cents	5,714	1
Cost of capital raising		(768)
Total for the financial period	220,005,714	10,233
At 31 December 2012	**572,654,403**	**53,528**

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

At 31 December 2012 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 31 DECEMBER 2012

(b) Options

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

Issue Date	Expiry date	Exercise Price $	31 December 2012 No.	31 December 2011 No.
9 March 2010	31 January 2013	0.45	2,100,000	2,100,000
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	1,000,000
4 May 2011	31 December 2013	0.30	1,500,000	1,500,000
17 August 2011	30 November 2012	0.11	-	38,442,496
23 August 2011	30 November 2012	0.11	-	20,833,343

Full details and exercise of options during the financial period are contained in Note 26 – 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 31 DECEMBER 2012

17. RESERVES

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Options reserve	527	1,249
Foreign currency translation reserve	(3,683)	(3,879)
	(3,156)	(2,630)

(a) Options Reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefits expensed. There have been no share based payments in the year, 2011 – Nil. Refer to Note 26 and the remuneration section of the Director's Report for details.

(ii) Movements in Reserve

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Balance at the beginning of the period	1,249	1,249
Transfer to accumulated losses	(722)	-
Balance at end of period	527	1,249

(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	
	2012	**2011**
	$'000	**$'000**
Balance at the beginning of the period	(3,879)	(2,302)
Movement during the period	196	(1,577)
Balance at end of period	(3,683)	(3,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

18. EARNINGS PER SHARE

	Consolidated	
	2012 $'000	**2011 $'000**
(a) Reconciliation of earnings to net loss		
Loss from continuing operations	(2,072)	(983)
Gain from discontinued operations	-	46
Net loss	**(2,072)**	**(937)**
Earnings used in the calculation of basic and diluted EPS	(2,072)	(937)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	550,669,349	281,324,559
(c) Basic earnings per share		
From continuing operations	(0.38)	(0.35)
From Discontinued operations	-	0.02
Total basic earnings per share attributable to owners of Bassari Resources Limited	**(0.38)**	**(0.33)**
(d) Diluted earnings per share		
From continuing operations	(0.38)	(0.35)
From Discontinued operations	-	0.02
Total diluted earnings per share attributable to owners of Bassari Resources Limited	**(0.38)**	**(0.33)**

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

19. DIVIDENDS

During the financial period, 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 31 DECEMBER 2012

20. 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 on its permits in respect of the permit exploration programs. Expenditure commitment is for 3 years from the date of renewal of each permit. The commitment for each permit is:

Name on Permit	Joint Venture Partner and Permit Holder	Expenditure Commitment
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

21. CONTINGENT LIABILITIES

Judgement has been made against Bassari Resources SARL in a matter brought by seven former employees of the company, for wrongful dismissal. The judgement, which is being appealed, approximates $54,000. Other than this matter, the directors are not aware of any other contingent liabilities at 31 December 2012.

22. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2012	Percentage owned 2011
Bassari Resources SARL	Senegal	Ordinary	100%*	100%*
Bassari Equipment Pty Ltd Bassari	Australia	Ordinary	100%*	100%*
Mauritius Holdings Ltd Bassari	Mauritius	Ordinary	100%*#	100%*#
Mauritius Holdings No 2 Ltd Bassari	Mauritius	Ordinary	100%*#	100%*#
Mauritius Equipment Ltd	Mauritius	Ordinary	100%*#	100%*#
Douta Mining SA	Senegal	Ordinary	63% ^	63% ^

* The proportion of ownership interest is equal to the proportion of voting power held.

\# Companies incorporated in February 2010 have been dormant from incorporation to 31 December 2012.

^ Douta Mining SA incorporated in Senegal in 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

23. PARENT ENTITY INFORMATION

	Parent Entity	
	2012 $'000	**2011 $'000**
Information relating to Bassari Resources Limited		
Financial Position		
Current assets	1,595	1,879
Non-current assets	35,746	41,882
Total assets	37,341	43,761
Current liabilities	(1,100)	(753)
Non-current liabilities	(817)	(817)
Total Liabilities	(1,917)	(1,570)
Net assets	35,424	42,191
Contributed equity	59,859	49,626
Reserves	527	1,249
Accumulated losses	(24,962)	(8,684)
Total equity	35,424	42,191
Financial performance		
Total revenue	97	67
Profit/(loss) for the period	(19,935)	(3,591)
Comprehensive income/(loss) for the period	(19,935)	(3,591)

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

Capital Commitments

Operating rental lease

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

Within one year	79	67
One to five years	44	115

Finance Leases

There are no commitments in relation to finance leases.

Contingent Liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

24. CASH FLOW INFORMATION

	Consolidated	
	2012 $'000	**6 months ended 31 December 2011 $'000**
Reconciliation of cash and cash equivalents		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	1,486	1,766
Reconciliation of loss for the period to net cash flows from operating activities:		
Loss for the period	(2,072)	(937)
Non cash flows in loss		
Depreciation	58	126
Loss on disposal of assets	-	54
Changes in assets and liabilities		
(Increase) in receivables	(13)	(8)
Increase/(Decrease) in other liabilities	331	(620)
Increase/(Decrease) in provisions	19	(174)
Cash flows from operations	**(1,677)**	**(1,559)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the consolidated entity's operations in Senegal and Australia. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been through the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments are cash flow interest rate risk. The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Financial Assets		
Cash and cash equivalents	1,486	1,766
Loans and receivables	185	172
Total Financial Assets	**1,671**	**1,938**
Financial Liabilities		
Loans and payables	1,200	870
Total Financial Liabilities	**1,200**	**870**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(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 balance date the consolidated entity had the following mix of financial assets and liabilities that were subject to interest:

	Consolidated	
	2012	2011
	$'000	$'000
Cash and cash equivalents	1,486	1,766
Financial liabilities	-	-
Net Financial Assets/(Liabilities)	**1,486**	**1,766**

The consolidated entity's exposure to interest rate risk, as well as potential opportunities, are constantly reviewed, and consideration given to available products and the relative benefits of available fixed and variable instruments. The following sensitivity analysis is based on the interest rate risk/opportunity in existence at balance date.

At the period end date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated	
	2012	2011
Judgements of reasonably possible movements:	$'000	$'000
+1% (100 basis points)	(149)	(177)
+1% (100 basis points)	149	177

(c) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group's main credit risk is associated with bank default. However the Group invests most of its cash with financially sound Australian banking institutions. The group's maximum credit risk is $1,671,000 (2011: $1,938,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(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:

	2012		**2011**	
	Carrying Amount $'000	**Net fair value $'000**	**Carrying Amount $'000**	**Net fair value $'000**
Financial Assets				
Cash	1,486	1,486	566	566
Short term deposits	-	-	1,200	1,200
Receivables	185	185	172	172
Total Financial Assets	**1,671**	**1,671**	**1,938**	**1,938**

Financial Liabilities				
Accounts payable and sundry creditors	1,200	1,200	870	870
Other loans	-	-	-	-
Total Financial Liabilities	**1,200**	**1,200**	**870**	**870**

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(f) Commodity Price Risk

The Group is exposed to Commodity Price Risk. The risk arises from is activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The consolidated entity does not hedge its exposures.

26. SHARE BASED PAYMENTS

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.

	2012 $	**2011 $**
Options issued to directors, employees and consultants	-	-
Total share based payments	**-**	**-**

(a) Options

The following options relating to share based payments were outstanding at 31 December 2012:

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.

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.

2,100,000 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.

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.

Share based payments to directors and employees, Nil (for the period ended 31 December 2011, Nil) 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 31 DECEMBER 2012

	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at beginning of the period	84,583,940	0.15	25,308,101	0.24
Granted	-	-	-	-
Issued	-	-	59,275,839	0.11
Exercised	(5,714)	0.11	-	-
Lapsed	(78,978,226)	0.13	-	-
Outstanding at period end	5,800,000	0.31	84,583,940	0.15
Exercisable at period end	5,800,000	0.31	84,583,940	0.15

The options outstanding at 31 December 2012 had a weighted average exercise price of $0.31 (2011: $0.14) and a weighted average remaining contractual life of 0.4 years (2011: 0.9 years).

Share based payments to directors and employees granted in previous financial years 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

No options were granted in the period (2011: Nil). All options granted in previous periods 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 $Nil (2011: $Nil) and relates, in full, to equity settled share based payment transactions.

27. AUDITORS' REMUNERATION

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

	2012 $	**6 months ended 31 December 2011 $**
Audit or review of financial reports of the entity		
BDO East Coast Partnership	43,220	-
BMS Audit (NSW-VIC) Pty Ltd, a firm related to the lead auditor	18,466	41,200
Taxation services		
BMS Audit (NSW-VIC) Pty Ltd, a firm related to the lead auditor	8,518	9,700
Total remuneration	**70,204**	**50,900**

The auditors did not receive any other benefits.

28. SUBSEQUENT EVENTS

Since the end of the financial year the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

29. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties except in relation to the transactions stated below. Transactions with related parties:

(a) Director Related Entities

Consulting fees of $80,000 (2011: Nil) were paid to Sennen Trove Pty Ltd, a company in which Mr John Ballard holds a financial interest. The fees were paid on normal commercial terms, for corporate advisory services provided and included as remuneration in the remuneration report.

Consulting fees of $34,500 (2011: $10,500) were paid to Chris Young Consulting Pty Ltd, a company in which Mr Chris Young holds a financial interest. The fees were paid on normal commercial terms, for geological consulting services provided and included as remuneration in the remuneration report.

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

(b) Consolidated Entities

Details of controlled entity companies are shown in Note 22.

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

	2012 $	2011 $
Bassari Resources Senegal SARL	29,162,355	34,248,770
Bassari Equipment Pty Ltd	1,113,866	1,113,866
Douta Mining SA	(817,331)	(817,331)

Repayment of amounts owing to the Company at 31 December 2012 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other credits. The Company has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Bassari Resources Limited (the Company):

   (a) The financial report and the Remuneration Report included in the Directors' Report, designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the period ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001;

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

3. This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the directors.

Jozsef Patarica
Director

Signed at Melbourne this 28th day of March 2013

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bassari Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Bassari Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2012, 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 disclosing entity 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 disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the disclosing 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 disclosing 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*, which has been given to the directors of Bassari Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Bassari Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $2,072,000 during the year ended 31 December 2012 and, as of that date, the consolidated entity had cash outflows from operating and investing activities of $10,616,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 27 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bassari Resources Limited for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

David Garvey
Partner

Melbourne, 28 March 2013

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 27 March 2013 was 572,654,403 ordinary shares fully paid.

(a) Distribution of shareholder numbers at 27 March 2013

Size of Holding	Number of Shareholders	%	Number of Shares Held	%
1 - 1,000	60	3.42	5,270	0.00
1001 - 5,000	83	4.74	290,052	0.05
5001 - 10,000	131	7.48	1,051,676	0.18
10,001 - 100,000	752	42.92	34,248,384	5.98
100,001 and over	726	41.44	537,059,021	93.78

(b) There were 424 shareholders with a total shareholding of 3,466,952 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 27 March 2013 are:

Name	Number of Shares Held	%
Zero Nominees Pty Ltd	59,968,985	10.47
Senegal Nominees SARL	31,679,879	5.53
Tiga Trading Pty Ltd	31,186,309	5.45

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (cont'd)

(d) 20 Largest Shareholders – Ordinary Shares at 27 March 2013

Rank	Name	Number of Shares Held	%
1	Zero Nominees Pty Ltd	59,968,985	10.47
2	Senegal Nominees S.A.R.L.	31,679,879	5.53
3	Tiga Trading Pty Ltd	31,186,309	5.45
4	Mr Allan Endresz	22,000,000	3.84
5	Senegal Nominees SURL (No 1 account)	10,229,926	1.79
6	Balmoral Super Pty Ltd	10,000,000	1.75
7	Mr Lamine Diouf	6,069,163	1.06
8	Tilpa Pty Ltd	6,000,000	1.05
9	Mr Andrew Nikolaus Mauderer & Mrs Jennifer Elaine Mauderer	5,241,304	0.92
10	Inkese Pty Ltd	5,000,000	0.87
11	Mr Andrew William McKenzie & Mrs Catherine Patricia McKenzie	4,200,000	0.73
12	Mr Kevin Joseph Ross & Mrs Lynette Suzanne Ross	4,111,112	0.72
13	LFR Pty Ltd	4,000,000	0.70
14	Hawthorn Grove Investments Pty Ltd	3,750,000	0.65
15	Senegal Nominees SURL (No 6 acct)	3,706,764	0.65
16	Greatside Holdings Pty Ltd	3,250,000	0.57
17	Reama Pty Ltd	3,200,928	0.56
18	Mr David Kenneth Anderson & Mrs Charmayne Anderson	3,000,000	0.52
19	Mr Robert William F Young & Mrs Celia Margaret F Young	2,812,997	0.49
20	Cazcrest Pty Ltd	2,700,000	0.47

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	28.02.2012	70%
Sambarabougou	W.A.T.I.C	26.04.2011	70%
Bounsankoba	Libah Investments Ltd	05.08.2010	70%

CORPORATE GOVERNANCE STATEMENT

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

The various corporate governance practices are discussed within this statement, and for further information on the corporate governance policies adopted by Bassari Resources Limited, refer to the website: www.bassari.com.au

The directors support and are committed to maintaining best practice in corporate governance principles and the following description of the governance arrangements for the year ended 31 December 2012 addresses those principles set out in the ASX Corporate Governance Council's Revised Principles and Recommendations.

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

1.3 Provide the information indicated in the *Guide to reporting on Principle 1.*	Yes Yes Yes	A Board charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement. A performance evaluation process is included in the Board Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement. The Board will conduct a performance evaluation for senior executives on an annual basis in accordance with the process above.
2. Structure the Board to add value 2.1 A majority of the Board should be independent directors	Yes	The majority of the Board's directors are independent directors of the Company. Mr John Ballard is an independent Non-Executive Director and Chairman Mr Chris Young is an independent Non-Executive Director Mr Jozsef Patarica is an Executive Director.
2.2 The chair should be an independent director	Yes	The chairman is an independent Non-Executive Director and the Board considers the chairman is qualified and experienced for the role.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Yes	The roles of chair and chief executive officer are filled by separate people. The Board considers that this structure is optimal for the Company's current size and growth aspirations.
2.4 The Board should establish a nomination committee	No formal nomination committee or procedures have been adopted as yet. Where necessary, the nomination committee will seek advice of external advisers in connection with the suitability of applicants for Board membership.	The Board has reviewed the mix of skills and experienced on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The Board supports the nomination and re-election of the directors at the Company's forthcoming Annual General Meeting

2.5 Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website.
2.6 Provide the information indicated in the *Guide to reporting on Principle 2.*	Yes	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. The required information is: (a) The skills, experience and relevant expertise of each Director are listed in the annual report. (b) The name of the Directors independent under the ASX definition and the Company's materiality threshold is listed in the annual report. (c) The Directors may take independent professional advice at the expense of the Company. In the event of the inability of the Board members to form a common view, each Director is entitled to seek independent advice. (d) The period of office held by each Director is listed in the annual report. (e) Departures from ASX Corporate Governance principles and recommendations have been explained.
3. Promote ethical and responsible decision making 3.1 Establish a code of conduct and disclose the code or a summary of the code.	Yes	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the Company's website.
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	No	The Company is in the process of establishing a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives, irrespective of gender, age ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Board is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Yes	Due to the size and nature of the Company, the Board has not yet determined measurable objectives for gender diversity across the workplace and at the Board level. The Board will assess any need to achieve a broader pool of skilled and experienced senior management and Board candidates, with the aim of identifying measurable objectives and strategies on gender diversity.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, woman in senior executive positions and women on the Board.	Yes	There are currently no women senior executives and no women on the Board of the Company.
3.5 Provide the information indicated in the *Guide to reporting on Principle 3.*	Yes	This information is available on the Company's website.
4. Safeguard integrity in financial reporting 4.1 The Board should establish an audit committee.	Yes	The three Board members currently sit as the audit committee.
4.2 The audit committee should be structured so that is consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members	No	Bassari considers that a majority of independent directors is not the optimal composition of the Board to add value to the Company. The chairman of the audit committee is also currently the chairman of the Board and is considered to be an independent director and is suitably experienced for this role.

4.3 The audit committee should have a formal charter	Yes	The Board has adopted an audit and risk charter. The charter is available on the Company's website.
4.4 Provide the information indicated in the *Guide to reporting on Principle 4.*	Yes	The required information is: (a) The names and qualifications of those who sit on the audit committee, and a record of the number of audit committee meetings, appear in the annual report. (b) Explanation of any departures from the recommendation has been provided. (c) The audit committee charter may be viewed on the Company's website. (d) A statement of the selection and appointment of the external auditor is contained in the audit committee charter.
5. Make timely and balanced disclosure 5.1 Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the Company's website.
5.2 Provide the information indicated in the *Guide to reporting on Principle 5.*	Yes	The Company's continuous disclosure policy is available on the Company's website.
6. Respect the rights of shareholders 6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	Yes	The Company has adopted a shareholder communications policy. The Company uses its website (www.bassari.com.au) , annual report, market announcements and media disclosures to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the Company's website.

6.2 Provide the information indicated in the *Guide to reporting on Principle 6.*	Yes	The Company's shareholder communication policy is available on the Company's website.
7. Recognise and manage risk 7.1 Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	Yes	The Company has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The audit and risk charter is available on the Company's website and is summarised in this Corporate Governance Statement.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	No	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews the effectiveness of the Company's management of internal controls and material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3 The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the management and	Yes	The Board receives annually, the assurances from the chief executive officer and chief financial officer by signed declaration.

internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks		
7.4 Provide the information indicated in the *Guide to reporting on Principle 7.*	Yes	The Board has adopted an audit and risk charter which includes a statement of the Company's risk policies. This charter is available on the Company's website and is summarised in this Corporate Governance Statement. The Company has identified key risks within the business and has received a statement of assurance from the chief executive officer and chief financial officer.
8. Remunerate fairly and responsibly 8.1 The Board should establish a remuneration committee	No	While the Company is not of a sufficient size at this stage to require a separate Remuneration and Nomination Committee, at a time appropriate to the needs of the Company, it is envisaged that a Remuneration and Nomination Committee will be set up. At this stage, the Board of the Company shall constitute the Remuneration and Nomination Committee.
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.
8.3 Provide the information indicated in the *Guide to reporting on Principle 8.*	Yes	The Board has adopted a Nomination and Remuneration Charter. The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.

ABN 84 123 939 042

Level 17,
500 Collins Street
MELBOURNE VIC 3000

Telephone: (03) 9614 0600
Facsimile: (03) 9614 0550
Email: admin@bassari.com.au
www.bassari.com.au