BASSARI RESOURCES

ANNUAL REPORT
31 DECEMBER 2020

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BASSARI RESOURCES LIMITED
ACN 123939042

CORPORATE DIRECTORY

Board of Directors
John Traicos, Executive Chairman
Andrew Goode, CEO and Executive Director
Malik Easah, Director
Modou Guene, Executive Director
Ian Riley, CFO and Executive Director

Company Secretary
Ian Riley

Principal and Registered Office
25 Colin Street
Perth WA 6005
Telephone: +613 9629 9925

Email: admin@bassari.com.au
Web: www.bassariresources.com

Auditors
BDO Audit Pty Ltd
Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne Vic 3008

Share Registry
Link Market Services
Tower 4, 727 Collins Street
Melbourne Vic 3008
Tel: 1300554474

Bankers
National Australia Bank
330 Collins Street
Melbourne Vic 3000

Solicitors
Larri Legal
6/152 High Street
Fremantle WA 6160

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Corporate Governance
The Company's Corporate Governance Statement and Charters can be accessed on the Bassari web site www.bassariresources.com

DIRECTORS' REPORT

The Directors of Bassari Resources Limited ("the Company" or "Bassari" or "BSR") 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 2020.

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 Traicos (Executive Chairman), appointed 7 May 2021
Alex Mackenzie (Executive Chairman), removed 7 May 2021
Andrew Goode (CEO and Executive Director), appointed 1 June 2021
Malik Easeh (Non-Executive Director), appointed 7 May 2021
Modou Guene (Executive Director), appointed 30 July 2020
Peter Spivey (Non-Executive Director), resigned 30 July 2020
Ian Riley (Executive Director), resigned 31 July 2020, appointed 4 August 2020, resigned 21 December 2020, appointed 16 December 2021
Conrad Karageorge (Non-Executive Director), appointed 7 May 2021, resigned 13 November 2021

John Traicos – appointed 7 May 2021

John Traicos is a lawyer with more than 30 years' experience in legal and corporate affairs in Australia and Southern Africa. He has acted as a commercial and legal manager to several Australian resource companies and has been involved in resource projects and acquisitions in Australia, Africa and Indonesia. John is admitted to practice law in Western Australia and has been Legal and Commercial Manager and Company Secretary for several resource companies including MZI Resources Limited (2012 – 2019), Prilya Limited (2000 – 2005), Tanami Gold ML (2005 – 2007) and Strike Energy Limited (2007 – 2011).

Andrew Goode - appointed 1 June 2021

Andrew has had 40 years' experience in open pit and underground mining and has managed mining projects in many countries throughout the world. His expertise includes the development, operation and construction of open pits and gold plants, planning, scheduling, contract compilation, tendering and high-level management.

Andrew was educated at the Western Australian School of Mines in Kalgoorlie and holds a Bachelor of Applied Science (Mining Engineering). He is a Member of the Australian Institute of Mining and Metallurgy and a Member of the Society for Mining, Metallurgy and Exploration (SME) and a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers.

Malik Easeh – appointed 7 May 2021

Malik Easeh was a founding Director of Cardinal Resources Limited where he spearheaded the acquisition of all tenements and played a key role in the discovery and development of the seven million-ounce Namdini Gold Project in Northern Ghana. Cardinal Resources was purchased by Shandong Gold Company for approximately AU$600 million. Mr Easeh has over fifteen years of exploration, mining and project development experience, and is a resident of Ghana.

Modou Guene – appointed 30 July 2020

Modou is a Qualified Accountant and a financial manager with 15 years' experience. He has held the position of General Treasurer of the Senegal Chamber of Mines since 2013 and is the CEO of Makabingui Gold Operation SA ("MGO") since incorporation. Modou's CEO role includes responsibility for finance, administration and human resources, and maintaining strong links with all levels of government in Senegal, particularly the Mining and Finance Departments.

Ian Riley, FCA, Diploma Commerce, - first appointed 26 June 2019

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 was also CFO and Company Secretary for a Shanghai based, Australian listed company in the merchant card business, prior to joining Bassari.

Alexander Seaforth Mackenzie – appointed 12 April 2013, removed 7 May 2021

Alex graduated as a chartered accountant in 1971 and for many years worked at Price Waterhouse concentrating on the mining sector. From 1985, Alex has been a consultant to the mining industry and has held directorships in mining companies operating in Senegal, Ghana, Ecuador and Australia. In 1993, he identified the potential of a drilling and feasibility program at Sabodala in Senegal. Since that time, he has worked predominantly in Senegal promoting and developing that country's mineral resource industry. Alex was voted off the Board at a General Meeting held May 2021.

Peter Spivey BSc, Post Grad Diploma Extractive Metallurgy, GDAFI – appointed 18 May 2016, resigned 30 July 2020.

Peter is a successful mine developer and operator having started in the industry in 1981 in Australia. He is a metallurgist by background with postgraduate business qualifications. Most of Peter's work has been in the gold sector, but he has also worked in iron ore and mineral sands projects.

Peter resigned from the Board in July 2020.

Conrad Karageorge, – appointed 7 May 2021, resigned 13 November 2021.

Conrad Karageorge is a corporate adviser with experience in the technology and resources sectors. Conrad has taken degrees in law and commerce and is admitted to practice law in Western Australia. Conrad has undertaken roles with Nkwe Platinum Limited, Argent Minerals Limited and Minrex Minerals Ltd. He is also a director of data analytics companies Jurimetrics and Mine Machine.

Conrad resigned from the Board in November 2021.

COMPANY SECRETARY

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

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 develop the Makabingui Gold Project on the Makabingui Gold Operation exploitation permit and to further progress exploration and resource definition within the Makabingui permit area, located in Senegal in order to identify mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation. In addition, the Group, following a scoping study and feasibility study of its Makabingui Gold Project is moving toward gold production.

DIRECTORS' REPORT (cont'd)

OPERATING RESULTS

The consolidated loss for the Group for the year amounted to $31.305 million (2019: $3.396 million). This included an impairment expense of $24.409 million relating to the cessation of operations, resulting in the write down on development assets, property, plant and equipment and exploration assets.

FINANCIAL POSITION

The net assets of the consolidated entity have decreased by $29.972 million to $25.420 million on 31 December 2020 (2019: $55.392 million). The major movements were:

- An impairment of assets of $24.409 million, resulting in a loss arising of $31.305 million.
- Share issues during the year raised cash of $0.567 million (net of costs); and
- Proceed from borrowings of $1.078 million.

The consolidated entity had a working capital deficit, being current assets less current liabilities, of $29.509 million as of 31 December 2020 compared to $17.827 million on 31 December 2019.

REVIEW OF OPERATIONS

Overview

Bassari Resources Limited is an Australian company, formerly listed on the ASX, focused on discovering and developing profitable gold resources in the Birimian Gold Belt in south-eastern Senegal, West Africa. Bassari has targeted Senegal in view of its great under explored potential, the high prospectively of the Birimian Gold Belt and Senegal's stable economy and support for the mining industry.

The Company's exploitation permit, Sambarabougou (Makabingui Gold Project), covers an area of 128 km² of the Birimian Gold Belt. Drilling to date has resulted in the discovery of substantial gold assets including a gold resource of one (1) million ounces (2019: 1 million ounces) *(Note 1)* at a grade of 2.6 g/t at Makabingui (ASX Announcement 26 June 2014), with probable extensions to that deposit, particularly to the east. Other highly prospective gold projects have been identified over a strike length of 60 kms including a 12 km strike at Makabingui South and strikes at Konkoutou North and Konkoutou Hill.

Makabingui Gold Project – Feasibility Study Results

Within the Makabingui gold resources of one million ounces, closer spaced drilling identified approximately 180,000 ounces of mineable near surface high-grade gold grading at an average of 5.6 g/t. As a result, a permit to mine the 180,000 ounces was granted by the Senegal government.

An independent bankable feasibility study* (ASX Announcement 6 September 2017) highlighted that the mining of the near surface gold would produce net cash after costs of US$76.9 M ($A118 M) at a gold price of US$1,200 ounces.

Makabingui Gold Project – Operations, Mining and Covid-19

In early 2020, like most countries across the globe, Senegal implemented lock-down and movement restrictions on its population to contain the spread of COVID-19, the Coronavirus Pandemic. This involved restrictions on travel, movement of equipment, shipping and staff isolation.

Bassari implemented COVID-19 preventative methods at its Makabingui mining camp, including hand washing, face masks, avoiding close personnel contact ('social distancing'), making the Bassari medical clinic at Douta available with protective equipment, setting up a quarantine area and temperature testing carried out daily for all staff.

The restrictions resulted in a delay to the mining start-up at the Makabingui Gold Operation, which had been planned to commence, although Junction Contract Mining ("Junction") the Australian mining contractor remained in Senegal ready to commence.

DIRECTORS' REPORT (cont'd)

REVIEW OF OPERATIONS (cont'd)

Bassari also experienced significant financial difficulties following the suspension of Bassari shares from trading on ASX from 1 April 2020. Bassari's ability to raise funding to commence the mining phase once the restrictions of movement which were in force to deal with Covid, was severely impacted resulting in the Project being put on hold.

Note 1 The Makabingui gold resource and reserves estimates have been previously reported and the relevant market announcements cross referenced. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical data underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Moura Exploration Permit

Group funding shortages resulted in the curtailment of substantial exploration work on the Moura permit and delay to exploration programmes until funding is available. The Company has provided equipment to the joint venture partner to continue minimal works but has been unable to provide the necessary funding to enable the joint venture to meet the required work program.

After the end of the financial year Bassari's joint venture partner made a claim of full title to the permit which Bassari vigorously opposed until the permit lapsed in mid-2022.

ASX – Bassari share trading suspension and subsequent de-listing from 4 April 2022

Bassari ("BSR") shares were suspended from trading on 1 April 2020 by ASX due to the 2019 Annual Report of the company not being lodged by 31 March 2020 as required by the ASX Listing Rules. The late lodging of the Annual Report resulted from the cessation of operations due to the initial impact of restrictions imposed by government in Senegal and Australia in response to the COVID-19 pandemic, which in turn impacted the preparation and audit of the financial report. BSR's 2019 Annual Report was lodged with ASX on 24 April 2020.

On 27 April 2020, BSR received from ASX, a letter requiring BSR directors to respond to question raised by ASX following a review of the Annual Report. BSR's detailed response to all matters raised was provided to ASX on 4 May 2020 and both the ASX letter and BSR's response were posted on ASX on 14 May 2020. The response stated that BSR directors and management were doing everything within their powers to rectify the matters raised in the qualified audit opinion and 'inherent uncertainty' comment, to ensure BSR met the requirements of ASX listing rule 12.2 allowing ASX to consider reinstatement of BSR share trading.

The two key matters raised by ASX were the qualification by Bassari's auditor of the 2019 Annual Financial Report, arising from a negative equity position of one of Bassari's subsidiaries. The second matter referred to the inadequate financial position of Bassari. Bassari resolved the negative equity position of the Senegal subsidiary by the third quarter of 2020. Bassari directors sought to engage with Coris Bank International to seek an extension of time to finalise loan repayments, whilst seeking alternative funding arrangements. Whilst the Coris bank loan has now been finalised and funding with Bishop Resources (UK) Ltd secured, the matter was not finalised within a timeframe that the ASX had set.

In response to a request for a three-month extension of time before permanent de-listing, the ASX responded in late March 2022 of its decision to not grant an extension and accordingly Bassari de-listing became effective on 4 April 2022.

FACTORS AND BUSINESS RISKS AFFECTING FUTURE BUSINESS DEVELOPMENT

The following factors and business risks have a material impact on the Company's success in delivering its strategy:

Access to funding

The Company's ability to successfully develop its projects is contingent on the ability to fund the projects from operating cash flows or through affordable debt and equity raisings.

DIRECTORS' REPORT (cont'd)

Exchange rates

The Company is exposed to changes in the US dollar (USD) and the West African franc (FCFA). The Company's CAPEX and OPEX costs will primarily be denominated in both currencies.

DIVIDENDS

During the financial year, no dividends were paid (2019 $Nil). The Directors have not recommended the payment of a dividend.

SHARES

At the date of this report 2,418,855,633 ordinary shares were on issue.

SHARE OPTIONS

At the date of this report, there were no unissued ordinary shares of the Company under option. No shares were issued during the year on conversion of options.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Bassari was suspended from trading by ASX on 1 April 2020 and subsequent to the end of the financial year was permanently de-listed, effective 4 April 2022.

There were no other significant changes in the affairs of the consolidated entity during the financial year other than the capital issues noted previously in this report.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Corporate

On 7 May 2021, a General Meeting of all Bassari shareholders was called and funded by certain shareholders, resulting in changes to the Bassari Board of Directors. Resolutions were passed removing Mr Alex Mackenzie as a director and appointing, Mr John Traicos, Mr Malik Easah and Mr Conrad Karageorge to join Mr Modou Guene to the Board. On 4 June 2021, Andrew Goode was appointed as a director of Bassari and Acting CEO.

In addition to the changes to the Bassari Board, the Company secured changes in early July 2021 to the board of directors of Makabingui Gold Operations SA (MGO) which resulted in the removal of Mr Alex Mackenzie and Mr Moussa Diba as directors and their replacement by Mr Malik Easah and Mr Andrew Goode.

Makabingui Project Manager returns to Dakar

Mr Andrew Goode, MGO Project Manager, returned to Senegal following the reconstitution of the Bassari Board to undertake an appraisal of the current status of the Makabingui Gold Project (the Project). Mr Goode has met with the MGO Director General, Mr Modou Guene, MGO's legal advisor, MGO employees' representatives, the MGO joint venture partner representative and Project suppliers, to bring them up to date on the current plans for MGO to ready itself for a restart of activities to enable the Project to be ready for production. All meetings were productive, and Andrew Goode and Modou Guene received cooperation and support from all parties.

Funding

Since the appointment of the new Directors, the Board and management secured an initial $400,000 loan facility in 2021, secured over the assets of the Company, to meet urgent and essential funding requirements of the Company in the short term. The loan facility was subsequently increased by $500,000 taking the total loan funds to $900,000 and increased further with the drawdown to date being in excess of $3.1 million.

- Lender — Oceanic Capital Pty Ltd ("Oceanic")
- Term — On demand
- Interest rate — 15% per annum
- Discount rate — 12% per annum

The discount rate is applied to interest payments provided that conditions pursuant to the loan agreement are met.

DIRECTORS' REPORT (cont'd)

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

Funding (cont'd)

The Company also secured a long-term substantial funding package of $15,000,000 in late 2021, which has ensured the Group's major debts (including Coris Bank International) are paid in full (see ASX Announcement 29-10-2021).

- The more significant details of the loan facility include:
- Lender — Bishop Resources (UK) Ltd. **("Bishop")**
- Loan amount — AUD15 million
- Interest rate — 15% per annum
- Loan period — 36 months from settlement date
- Security — Pledge by Bassari Mauritius Holding No 2 Ltd of its shareholding in MGO

Following the securing of the two debt financing facilities described, the directors entered into a suite of agreements with Bishop to amend the loan facility, increasing the amount to $25 million, with drawdowns to date approximating $22.9 million. In addition, agreements were entered into with Oceanic and convertible note holders, BCM International Ltd, for the Company's indebtedness to these parties to be assigned to Bishop. The debt is convertible into equity at the Lender's discretion at any time up to 60 days prior to the repayment date. The conversion of debt to equity will be carried out at the lower of:

(a) $0.004 (0.4cents) each; and
(b) The issue price of any capital raising carried out by Bassari Resources prior to the conversion with a floor of $0.001 (0.1 cents) each

An equal number of Bassari conversion options will also be issued.

The conversion of these debts to equity will require Bassari shareholder approval at a general meeting of Bassari shareholders. The repayment date for the loan amounts is 30 June 2024 should shareholder approval of conversion of the loan amounts to equity in Bassari not be provided. All the required approvals in Senegal, for Makabingui Gold Resources SA ("MGO") to enter into these agreements has been obtained at the MGO Board level including Government appointees to the MGO Board has been received and documents are now being registered in the various Senegalese authorities' records.

Binding term sheet

On 31 August 2022 the Company entered into a binding term sheet with Bishop Resources NL ("Bishop") and its subsidiary Bishop Resources UK Ltd, which has provided financial support for the Group as noted above. The term sheet sets out an agreement for Bishop to acquire a 100% interest in Bassari Mauritius Holding No 2 Ltd ("Bassari Muritius") and Bassari Resources Senegal Ltd ("Bassari Senegal"). Bssari Mauritius and Bassari Senegal are the holders of Bassari's projects, including its 64% shareholding in Makabingui Gold Operation SA ("MGO"). This Term Sheet effectively replaces the funding agreement outlined above, should the term set out be completed. The Binding Term Sheet is an alternative transaction to the conversion of debt to equity.

The term sheet provides that in exchange for acquiring 100% of Bassari Mauritius and Bassari Senegal, Bishop will:

- Provide cash contribution to the costs and expenses of Bassari on an incurred basis of up to a maximum $500,000;
- Provide an effective cash payment of $1 to cancel all debt and any accrued interest provided under the deed of loan between Bassari and Bishop on or about 4 April 2022, which will be discharged and no longer owing by Bassari.
- Issue of 2 million worth of shares on Completion at an issue price equal to the issue price of shares set by Bishop under the Bishop IPO (or if such price has not been set by Completion, then $0.20)
- Issue of 3 million worth of shares upon the receipt of a JORC 2012 report on the Makabingui Gold Project containing a minimum of 1 million ounces (at a minimum grade 2.6g/t) within 2 years of Completion at an issue price being the IPO price, with pro rata adjustment to the number of Shares to be issued should the JORC 2012 report identify less than 1 million ounces in the Makabingui Gold Project resource;
- Cancel the existing Bishop debt at Completion, totalling an estimated $29.34 million;

DIRECTORS' REPORT (cont'd)

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

Binding term sheet (cont'd)

- Assume other Bassari debts approximating $1.75 million, through the execution of debt assumption agreements between Bishop, Bassari and each creditor for the satisfaction of such debts via the issue of Shares at the IPO price or on such terms as may be agreed by the applicable parties.

The terms effectively value Bassari's 63 percent holding of Bassari Mauritius at $53.3 million, with further consideration of up to $3 million deferred until completion of the JORC report. The net assets of the disposal group on 31 December 2021 amount to $27.657million. Bassari's loan and investment in the subsidiaries was fully impaired during the year.

MOU with State of Senegal

The Company and MGO entered into a Memorandum of Understanding with the Department of Mines and Geology and the Government of Senegal to secure confirmation of the standing of the Sambarabougou Exploitation Permit, granted in July 2017 and its renewal following its expiry after 5 years in July 2022. The key terms for the memorandum are:

- Reaching and completing the settlement arrangement with Coris.
- Re-commence operations and pre-production works and commence mining in accordance with an agreed schedule of works towards gold production in August 2022.
- Pay all outstanding employee obligations and retain staff.
- Meet all outstanding project obligations to project contractors, to ensure compliance with the schedule of works.
- Provide monthly project reports to the State of Senegal.
- Not transfer the licence during project re-start phase.

Confirmation of the renewal of the permit for a further 5-year term was received from the Government of Senegal on 1 June 2022.

Coris settlement agreement

The Company and MGO reached and entered into a settlement arrangement with Coris providing settlement payments in 3 instalments totalling US$13.3 million. The first instalment of US$3 million was made on 8 October 2021, with a second instalment of US$2 million paid on 6 December 2021. Further repayments were delayed until the completion of capital raising, necessitating an amendment to the original settlement agreement. Agreement was reached with Coris, and the loan repaid in full with a final payment on 15 March 2022 from loan funding provided by Bishop.

Moura Permit

Subsequent to the end of the financial year Bassari's joint venture partner made a claim of full title to the permit. Bassari is vigorously defending its position as holder of 70% of this permit.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 31 December 2020 that require disclosure in the annual financial report.

INDEMNITIES AND INSURANCE – OFFICERS

No indemnity has been provided to the Directors and Key Management and no insurance has been paid for Directors and Officer Insurance.

INDEMNITIES AND INSURANCE – AUDITOR

The Company has not, during or since the financial year end, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

DIRECTORS' REPORT (cont'd)

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2020 and the number of meetings attended by each director was:

Name	Number of Meetings Held	Number Eligible to Attend	Number of Meetings Attended
A S Mackenzie	5	5	4
P Spivey	2	2	2
Ian Riley	5	5	5
Modou Guene	2	2	2

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

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 a 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the *Corporations Act* 2001 is included on page 14 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, other than the Company's continuing efforts to develop the Makabingui Gold Project and further its exploration activities on the Moura permit as described in the Review of Operations.

ENVIRONMENTAL REGULATION

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

COVID-19 PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. The restrictions upon travel and logistics in Senegal has inhibited the Group's ability to develop the project further and operations at the mine site have been minimal during the period. It is expected that as restrictions ease activities at the site can be resumed. The Group's management will be attending to local requirements to provide a safe working environment.

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 Corporation (Rounding in Financial/Directors Report) Legislative Instrument 2016/91. 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.

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

John Traicos
Executive Chairman

Melbourne, 17 October 2022

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

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
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 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

David Garvey
Director

BDO Audit Pty Ltd

Melbourne

17 October 2022

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
Revenue from continuing operations		-	1
Project related costs	14	(3,540)	-
Corporate expenses		(473)	(882)
Employment and consultant costs	13	(1,440)	(1,354)
Occupancy costs		(84)	(394)
Travel and accommodation		(51)	(403)
Depreciation of non-current assets		(200)	(141)
Other expenses		(236)	(191)
Finance costs		(872)	(32)
Impairment expenses	14	(24,409)	-
Loss from continuing operations before income tax		**(31,305)**	**(3,396)**
Income tax expense relating to continuing operations	15	-	-
Loss from continuing operations		**(31,305)**	**(3,396)**
Other comprehensive Income			
Items that may be reclassified to profit or loss in the future			
Exchange difference on translation of foreign operations		597	(671)
Other comprehensive income for the year net of income tax		597	(671)
Total comprehensive income for the year		**(30,708)**	**(4,067)**
Net loss for the year is attributable to:			
Owners of Bassari Resources Limited		(22,335)	(2,604)
Non-controlling interest		(8,970)	(792)
		(31,305)	(3,396)
Total comprehensive income for the year is attributable to:			
Owners of Bassari Resources Limited		(21,416)	(3,269)
Non-controlling interest		(9,292)	(798)
		(30,708)	(4,067)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
CURRENT ASSETS			
Cash and cash equivalents	2	3	755
Trade and other receivables	6	47	131
TOTAL CURRENT ASSETS		**50**	**886**
NON-CURRENT ASSETS			
Property, plant and equipment	5	498	999
Mining and development assets	3	54,431	69,699
Exploration and evaluation assets	4	-	5,993
TOTAL NON-CURRENT ASSETS		**54,929**	**76,691**
TOTAL ASSETS		**54,979**	**77,577**
CURRENT LIABILITIES			
Trade and other payables	7	10,792	5,060
Financial liabilities	8	18,253	13,207
Provisions	9	514	446
TOTAL CURRENT LIABILITIES		**29,559**	**18,713**
NON-CURRENT LIABILITIES			
Financial liabilities	8	-	2,984
Provisions	10	-	488
TOTAL NON-CURRENT LIABILITIES		-	3,472
-			
TOTAL LIABILITIES		**29,559**	**22,185**
NET ASSETS		**25,420**	**55,392**
EQUITY			
Contributed equity	11	79,037	78,392
Reserves	12	7,471	6,783
Accumulated losses		(51,004)	(28,991)
Equity attributable to the owners of Bassari Resources Limited		35,504	56,184
Non-controlling interest		(10,084)	(792)
TOTAL EQUITY		**25,420**	**55,392**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2019		**77,153**	**7,257**	**(26,387)**	**6**	**58,029**
Loss for the year		-	-	(2,604)	(792)	(3,396)
Other comprehensive income		-	(665)	-	(6)	(671)
Total comprehensive income for the year		**-**	**(665)**	**(2,604)**	**(798)**	**(4,067)**
Issue of ordinary shares and other equity instruments net of transaction costs	11	1,239	-	-	-	1,239
Share based payments – performance rights	12	-	191	-	-	191
Transactions with owners as owners		**1,239**	**191**	**-**	**-**	**1,430**
Balance at 31 December 2019		**78,392**	**6,783**	**(28,991)**	**(792)**	**55,392**
Loss for the year		-	-	(22,335)	(8,970)	(31,305)
Other comprehensive income		-	919	-	(322)	597
Total comprehensive income for the year		**-**	919	(22,335)	(9,292)	(30708)
Issue of ordinary shares and other equity instruments net of transaction costs	11	645	-	-	-	645
Share based payments – performance rights	12	-	91	-	-	91
Performance rights lapsed	12	-	(322)	322	-	-
Transactions with owners as owners		**645**	**(231)**	**322**	**-**	736
Balance at 31 December 2020		**79,037**	**7,471**	**(51,004)**	**(10,084)**	**25,420**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,693)	(3,365)
Interest received		1	1
Finance costs paid		(900)	(4)
Net cash used in operating activities	2	**(3,592)**	**(3,368)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(1,131)
Payments for mining and development assets		(409)	(6,434)
Payments for capitalised exploration and evaluation expenditure		-	(4,357)
Net cash used in investing activities		**(409)**	**(11,922)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		572	1,264
Share Issue costs		(5)	(25)
Proceeds from borrowings		1,078	14,684
Repayments of borrowings		-	(1,623)
Net cash provided by financing activities		**1,645**	**14,300**
Net decrease in cash and cash equivalents held		**(2,356)**	**(990)**
Cash and cash equivalents at beginning of financial year		**(716)**	**86**
Effects of changes in foreign exchange rates on cash held		**1,310**	**188**
Cash and cash equivalents at end of financial year	2	**(1,762)**	**(716)**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2019. 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 19.

The financial statements were authorised for issue by the Directors on 17 October 2022.

The financial report is presented in Australian dollars.

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

- 25 Colin Street
- West Perth WA 6005

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 2020, and the comparative information presented in these financial statements for the year ended 31 December 2019.

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

(a) Consolidation

The consolidated financial statements comprise the financial statements of Bassari Resources Limited and its subsidiaries at each period end (“the Group”). Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the entity. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

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.

Basis of Preparation (cont'd)

(b) 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 parent and the presentation currency of the financial report is Australian dollars. The functional currency of the overseas subsidiaries is CFA Franc (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.

(c) Going Concern

For the year ended 31 December 2020, the Group made a loss after taxation of $31,305,000, including non-cash expenses of $24,777,000, had net cash outflows from operating activities of $3,592,000 and net cash outflows from investment activities of $409,000. On 31 December 2020, the Group had net current liabilities of $29,509,000, including current financial liabilities of $18,253,000, and reported cash and cash equivalents of $3,000.

After year end, the Group has been reliant on loan funding from Bishop Resources (UK) Ltd ("Bishop") and Oceanic Capital Pty Ltd ("Oceanic") to both fund its activities and to settle its long outstanding liabilities that existed on 31 December 2020. Details of the funding are contained in note 22.

To meet obligations over the next twelve months, as well as its operational expenditure commitments, and continue as a going concern the Group is dependent upon the ongoing support of Bishop or other fund raising through debt or equity. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Management has prepared cash flow projections for a period of twelve months from the date of approval of the financial report. Forecast cash inflows include ongoing funding from Bishop in the form of debt.

Bassari (and its subsidiary Bassari Mauritius Holding Ltd) has agreed a binding term sheet with Bishop Resources NL (**Bishop**) (and its subsidiary Bishop Resources UK Ltd) which will result in Bishop acquiring a 100% interest in Bassari Mauritius Holding No 2 Ltd (**Bassari Mauritius**) and Bassari Resources Senegal SARL (**Bassari Senegal**) (**Agreement**). Bassari Mauritius and Bassari Senegal are the holders of Bassari's [63%] interest in the Makabingui Gold Project in Senegal.

Basis of Preparation (cont'd)

(c) Going Concern (cont'd)

This transaction with Bishop is being pursued as an alternative to the equity conversion of the $29.3 million debt currently owed to Bishop by Bassari under the existing Bishop debt facilities. Under the agreement, as consideration for the acquisition of Bassari Mauritius and Bassari Senegal, Bishop has agreed to forgive all debts and interest owing by Bassari under the existing Bishop debt facilities, provide Bassari with a cash contribution of up to $500,000 as a contribution to the costs and expenses of Bassari (on an as incurred basis) and issue Bassari $2 million worth of shares in Bishop. Up to a further $3 million worth of shares in Bishop will be issued upon receipt by Bishop of a JORC 2012 resource at the Makabingui Gold Project containing 1Moz gold at a minimum grade of 2.6g/t within 2 years of completion of Bishop's acquisition of Bassari Mauritius and Bassari Senegal, adjusted pro-rata should the resource yield less than 1Moz gold.

The issue price of Bishop shares issued under the transaction will be the same price of shares issued by Bishop pursuant to its IPO capital raising, or if that price has not been set at completion of the transaction, then $0.20.

The Term Sheet also provides for Bishop to assume the debts of Bassari, an amount approximating A$1.75 million and with the creditors of MGO approximating US$5.9 million.

The Agreement is subject to various conditions precedent including agreement of formal documentation, Bishop conducting further due diligence on Bassari and receipt of all required Government and third-party approvals. Such conditions must be satisfied or waived by various due dates over the next three months. Should the conditions not be satisfied or waived by their due dates then either party may terminate the Agreement and the equity conversion of the debt currently owed by Bassari to Bishop under the existing Bishop debt facilities will be pursued. In the meantime, Bishop has agreed to continue to work with Bassari on its ongoing urgent funding requirements.

On completion of the transaction and assumption of Bassari debts by Bishop, the $500,000 received as a contribution to the costs and expenses of Bassari will provide funding to allow the Directors to review the ongoing future of Bassari as a non-trading entity.

Settlement of liabilities as of 31 December 2020

Funding from Bishop referred to above has allowed the Bassari Group to settle a number of material liabilities that existed on 31 December 2020, including:

- A settlement with Coris Bank to repay the outstanding loan and overdraft was negotiated with an agreement requiring first payment of US$3 million to be made no later than 7 October 2021, a second payment of 50% of the unpaid balance by end of October and a final payment of the balance due by end of December 2021. At the end of December 2021, payments totalling US$5 million had been made. Management renegotiated the loan repayment terms, which required the loan to be repaid in full by no later than 15 March 2022. At the date of this report, the Coris Bank International loan facility has been repaid in full.
- After the end of the financial year, the amount due to ORABank was settled in full. The balance on 31 December 2020 was $379,000 at year end exchange rates.
- After the end of the financial year all amounts due to employees on 31 December 2020 have been paid in full. Amounts accrued as of 31 December 2020 amounted to $772,000 at year end exchange rates.
- After the end of the financial year, significant payments have been made to suppliers in settlement of amounts due, either paid in full or partial settlement to recommence trading relationships and commence supply of plant and equipment for mining and production operations. At the date of this report no legal actions by trade creditors have been notified to the Group in relation to recovery action being taken.

Basis of Preparation (cont'd)

(c) Going Concern (cont'd)

Notwithstanding the above, the directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities through the normal course of business, and are confident that the Group will achieve the necessary funding to meet the Group's financial requirements over the next 12 months.

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.

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

(d) Rounding Amounts

The company is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors Report) Legislative Instrument 2016/91 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.

(e) Use of judgements and estimates

In preparing the consolidated financial statements management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which these estimates are revised and in any future periods affected.

(a) Judgments

Information about judgments made in applying the accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 Mining and development assets
- Note 4 Exploration and evaluation assets
- Note 5 Property, plant and equipment
- Note 10 Provisions

(b) Assumptions and Estimation Uncertainties

An impairment was recorded against Mining and Development Assets, Exploration and evaluation assets and Property plant and equipment during the year. The impairments were based upon assumptions about the future economic conditions and recoverability of the assets, and estimations of future cash flows that will be derived from use of the assets. The information about these assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 December 2020 is included in Notes 3 and 4.

The Group is required to make estimates and assumptions as to the future events and circumstances, in particular, whether successful development and commercialisation of the Moura exploration and evaluation permit, and of the Makabingui Gold Project mining and development asset and related property, plant and equipment, will be achieved. In addition, the Group makes estimates and assumptions regarding the recording of provisions

Basis of Preparation (cont'd)

(e) Use of judgements and estimates (cont'd)

Critical to the assessments are estimates of ore reserves, the timing of estimated cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the recoverability of ore reserves becomes available, may impact assessment of the recoverable amount of both the Moura and Makabingui projects. If information becomes available suggesting that the recovery of expenditures capitalised is unlikely, the relevant capitalised amount will be impaired and written off to profit or loss in the period in which the information becomes available.

During the year, the Group impaired the carrying value of the Moura exploration and evaluation permit to Nil (refer note 4), and recorded an impairment expense against the Makabingui Gold Project mining and development asset (refer note 3) and property, plant and equipment (refer note 5)

2. CASH AND CASH EQUIVALENTS

	2020 $000	2019 $000
Cash at bank and on hand	3	755

Cash at banks bear floating interest rates between 1% and 0% p.a. (2019: 1% and 0% p.a.).

Accounting policy

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, 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.

Cash flow information

	2020 $'000	2019 $'000
Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	3	755
Overdraft (*note 8)*	(1,765)	(1,471)
	(1,762)	(716)

2. CASH AND CASH EQUIVALENTS (cont'd)

Cash flow information (cont'd)

	2020 $'000	2019 $'000
Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(31,305)	(3,396)
Non-cash flows in loss		
Depreciation	200	141
Impairment	24,409	-
Share based payments	168	191
Foreign exchange expense	(1,162)	-
Changes in assets and liabilities		
(Increase)/Decrease in receivables	85	(31)
(Decrease)/Increase in trade payables	3,946	(622)
Increase in provisions	68	349
Cash flows used in operations	**(3,592)**	**(3,368)**

3. MINING AND DEVELOPMENT ASSETS

	2020 $'000	2019 $'000
Costs carried forward in respect of areas of interest at cost	69,699	-
Expenditure incurred during the period	2,154	10,262
Transfer from exploration and evaluation assets	-	60,196
Impairment expense (note 14)	(17,756)	-
Exchange translation difference	334	(759)
Total mining and development assets	**54,431**	**69,699**

Accounting policy

Development expenditure incurred is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of the mine and the related infrastructure. The Makabingui Gold project has been operated previously under an exploration permit and is currently operating under an exploitation permit.

The development decision and the mining decision was effectively made at the same time, with some initial development and preparation work undertaken to confirm the operation. These costs were capitalised and all of the accumulated exploration costs classified into development assets. Mining and development assets are tested for impairment in accordance with the policy of impairment of assets.

3. MINING AND DEVELOPMENT ASSETS (cont'd)

Accounting policy – Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. Any assets that are not yet amortised at the reporting date or have yet to be brought into use are tested for impairment.

When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is impaired and is written down to its recoverable amount.

In 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Profit or Loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

At the balance date the site is not yet in production.

Permit

The Sambarabougou exploitation permit in Senegal (Permit) was initially granted in July 2017 with expiration in July 2022.

Subsequent to balance date, the Company and MGO entered into a Memorandum of Understanding with the Department of Mines and Geology and the Government of Senegal to secure confirmation of the standing of the Sambarabougou Exploitation Permit, granted in July 2017 and its renewal following its expiry after 5 years in July 2022. The key terms for the memorandum were:

- Reaching and completing the settlement arrangement with Coris Bank International Limited (refer note 8). Subsequent to balance date, the loan with Coris Bank International Limited as has been repaid (refer note 22).
- Re-commence operations and pre-production works and commence mining in accordance with an agreed schedule of works towards gold production in August 2022. Significant works at the mine site and the Douta plant site are ongoing to prepare for production.
- Pay all outstanding employee obligations and retain staff. All outstanding obligations to employees have been satisfied subsequent to balance date.

3. MINING AND DEVELOPMENT ASSETS (Cont'd)

- Meet all outstanding project obligations to project contractors, to ensure compliance with the schedule of works. Commitments to project contractors are being me progressively to the date of this report.
- Provide monthly project reports to the State of Senegal. Reports to the State are made regularly and at directors' meetings at which the State representatives are in attendance; and
- Not transfer the licence during project re-start phase.

The Company and its part owned subsidiary, Makabingui Gold Operation SA (MGO), submitted an application to renew the Permit for a further 5 years following its expiry in July 2022, subject to compliance with all permit terms and conditions noted above. The Company received confirmation on 1 June 2022 from the Government of Senegal that the permit has been renewed for a further term of 5 years.

Critical accounting estimates, assumptions and judgements

Impairment of mining and development assets
Due to the cessation of mining operations as a result of funding issues and the impacts of COVID-19 on mobility in Senegal, the Group has undertaken a review of expenditure capitalised in the mining and development asset.

The Group based its decision to develop the Makabingui Gold Project on, amongst other considerations, a Bankable Feasibility Study, developed with the assistance of independent mining consultants Mincore in 2017. Subsequent to that report, the Group engaged Reynolds Consulting Pty Ltd to assist in its mine plan, including the development of a Mine Optimisation. This included a review and update of the resource, and an estimation of the Net Present Value ("NPV") of the proposed mining operations. This estimation was reassessed in February 2022 with the company engaging an independent expert to assist the directors in updating a NPV of the proposed mining operations in preparation for raising funding and recommencing mining operations.

The methodology used in each of the estimations was consistent with industry practice and as mentioned, involved the assistance of an independent expert. The NPV provided an estimation of NPV in the range of $60 million to $113 million. It is these estimations the Directors have used as the basis for their Impairment Review. Key inputs into the NPV estimations were:

Assumption	Value	Risk factors	Policy
Gold production (pits 1 and 2 only)	121,238 oz	The quantity of gold recovered does not reach the identified reserve.	Highly selective mining technique, led by mining geologist.
Gold price	US$1800	The price dips below the assumed price. The gold price on 31 December 2020 was US1,893.	Price used is within the range of the quoted price over the period of this report, no plans for hedging at date of report.
Project capital cost	US$24 million	The capital costs are understated, or additional funding required for additional capital is not available.	Control of payments including lodging project budget with bank for funding purposes.
Production cost	Various	Costs are understated or not controlled.	Management of mining contract costs and control of processing plant internally.
Processing rate	300,000 tonnes per annum	Processing under-utilisation resulting in increased costs per unit	Investment in processing plant and equipment, management of process.
Discount rate	20%	Cost of funding exceeds discount rate.	Monitoring of Internal rate of Return and cost of funding.

3. MINING AND DEVELOPMENT ASSETS (Cont'd)

The most recent estimation of NPV, prepared by Reynolds Consulting Pty Ltd in February 2022, provided a range of US$60 million to US$113.1 million. The range was varied based on the gold price – the low being US$1,500 per oz and the high being US$2,000. The gold price in 2022 has varied between a low of US$1,840 and high of US$2,050. At balance sheet date exchange rates this NPV would range between a low of A$77.8 million and a high of $146.7 million. On 30 June 2020 the directors considered the carrying value of the development assets and based on an estimation of the NPV of the project recorded an impairment of $18,647,000 at the June average rates.

Based on the review of the most recent estimated NPV the directors have recorded no further impairment. However, there are risks attached to the need for additional capital to be raised, and the costs of the additional capital have not been fully identified.

This and the going concern risks discussed in note 1 mean that no impairment has been reversed during the period to 31 December 2020.

Covid-19 pandemic

The Government restrictions introduced in response to the Covid-19 pandemic in Senegal and globally has impacted operations at the mine development site, with travel restrictions resulting in a halt to the development of the processing plant and the mining operation. Whilst restrictions have eased in Senegal, and globally, the Directors are aware the situation can change at any time. The Directors have therefore considered the impact on operations and expect that there will be an impact on the costs of developing the Project due to increased protocols at the site and country borders. Logistical impacts will also impact the timelines of the project delivery. These impacts increase the risk profile of the Project.

4. EXPLORATION AND EVALUATION ASSETS

	2020 $'000	2019 $'000
Costs carried forward in respect of areas of interest at cost	5,993	61,223
Expenditure incurred during the year	139	5,093
Transfer to mining and development assets	-	(60,196)
Impairment	(6,338)	-
Exchange translation difference	206	(127)
Total exploration and evaluation expenditure	**-**	**5,993**

Accounting policy

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.

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.

Exploration expenditure on areas of interest where the decision to develop mining operations has been taken is transferred to Mining and Development Assets. The expenditure is tested for impairment at the date of transfer, and then accounted for in accordance with accounting policies applying to the relevant assets. The decision to develop mining operations at the Makabingui Gold Operation was taken upon receipt of an exploitation permit, with reference to previous feasibility studies and the development of a mining plan.

Costs of site restoration are not provided for at the exploration stage, being met for each site as exploration progresses and are included in exploration and evaluation expenditure at each relevant stage.

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.

Critical accounting estimates, assumptions and judgements

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 permit costs comprise costs incurred to secure permits in Senegal.

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

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Impairment of exploration assets

The status of all permits was reviewed on 31 December 2020, and impairment considered. The Group's current focus remains on the development of the Makabingui Gold Project. Whilst there remains a commitment to further exploring and developing the Moura exploration permit, the Group's financial position means that it cannot commit resources to develop the asset. As such, on 31 December 2020 an impairment has been recorded against the Moura exploration permit.

Subsequent to the end of the financial year Bassari's joint venture partner made a claim of full title to the permit. Bassari is vigorously defending its position as holder of 70% of this permit and pursuing its rights having been advised the permit lapsed in mid-2022.

Exploration Commitments

The Company has no commitment for expenditure on this tenement after an exploitation permit was applied for on 27 December 2016.

5. PROPERTY PLANT AND EQUIPMENT

	2020 $'000	2019 $'000
Plant and equipment at cost	6,808	6,822
Less Accumulated depreciation	(6,808)	(6,822)
	-	-
Camp assets at cost	233	228
Less Accumulated depreciation	(72)	-
Less Accumulated impairment	(161)	(72)
	-	156
Motor vehicles at cost	1,521	1,525
Less Accumulated depreciation	(1,312)	(1,244)
	209	281
Furniture and fittings at cost	202	201
Less Accumulated depreciation	(170)	-
Less Accumulated impairment	(28)	(167)
	4	34
Computer equipment at cost	98	96
Less Accumulated depreciation	(37)	-
Less Accumulated impairment	(61)	(37)
	-	59
Computer software at cost	542	542
Less Accumulated depreciation	(192)	
Less Accumulated impairment	(65)	(73)
	285	469
	498	**999**

5. PROPERTY PLANT AND EQUIPMENT (cont'd)

2020	Plant & equipment	Camp assets	Motor vehicles	Furniture & fittings	Computer equipment	Computer software	Total
Opening balance	-	156	281	34	59	469	999
Additions	-	-	-	-	-	-	-
Depreciation charged	-	-	(74)	(3)	-	(123)	(200)
Impairment	-	(161)	-	(28)	(61)	(65)	(315)
Foreign exchange variance	-	5	2	1	2	4	14
Closing balance	-	-	209	4	-	285	498

2019	Plant & equipment	Camp assets	Motor vehicles	Furniture & fittings	Computer equipment	Computer software	Total
Opening balance	-	-	8	-	-	-	8
Additions	-	165	317	40	68	542	1,132
Depreciation charged	-	(9)	(44)	(6)	(9)	(73)	(141)
Closing balance	-	156	281	34	59	469	999

Accounting policy

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and plant and equipment over their expected useful lives as follows: Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and plant and equipment over their expected useful lives as follows:

Plant and equipment	3-10 years
Camp assets	3-7 years
Motor vehicles	5 years
Furniture & fittings	3-5 years
Computer equipment	3-5 years
Computer software	3-4years

Plant and equipment comprise assets acquired and assembled for the purpose of use in the process of Gold Ore, and include buildings, machinery, equipment and fixtures within the processing plant.

Camp assets comprise buildings, fixtures, fittings and equipment within the Douta Camp complex.

Furniture and fittings comprise all assets at the Dakar Office and the Guest House, including furniture, fixtures, fittings and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of property, plant and equipment

As noted in note 3 the project was put on hold during the year, and as a result impairment of the plant and equipment held was considered. Given that all operations were suspended all assets that were for use in the project were impaired and the carrying value written down to zero. The motor vehicles and software were considered useful to maintain the site and any residual operations. They were therefore not written down to zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

6. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Sundry receivables	**47**	**131**

Accounting policy

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment or expected credit loss. Receivables expected to collect within 12 months are classified as current assets. All other receivables are classified as non-current assets.

7. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Trade and other payables	**7,931**	**3,744**
Accrued expenses and other payables	**1,514**	**1,146**
Payroll and related taxes and other liabilities	**1,347**	**170**
	10,792	**5,060**

Accounting policy

Trade and other payables 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.

Liabilities in Senegal owned subsidiaries

	2020 $'000	2019 $'000
Amounts owing FCFA	**6,970**	**3,646**
Amounts owing USD	**1,494**	**505**
Amounts owing AUD	**866**	**82**
	9,330	**4,233**

Included in liabilities due in Senegal owned subsidiaries are liabilities in relation to payroll responsibilities. Due to the Group's funding issues MGO has not been able to fulfil payroll compliance requirements, including filing and payment of payroll taxes. An estimate of possible penalties and interest charges has been included in payroll and related taxes and other liabilities. The management of MGO and Bassari Senegal are in regular contact with the local authorities whilst they are in the process of ensuring compliance with all local filing requirements.

8. FINANCIAL LIABILITIES

	2020 $'000	2019 $'000
Current Financial Liabilities		
Loan facility and offset account *(i)*	14,452	10,812
Bank overdraft *(ii)*	1,765	1,471
Other loans *(ii)*	1,336	224
Convertible notes *(iv)*	700	700
Financial liabilities	**18,253**	**13,207**
Non-Current Financial Liabilities		
Loan facility and offset account (i)	**-**	**2,984**
Total Financial liabilities	**18,253**	**15,833**

Detail of financial liabilities

(i) Coris Bank Loan

The loan balance relates to the project facility arrangement between Makabingui Gold Operation SA ("MGO") and Coris Bank International Ltd. During the year MGO completed the drawdown of the full facility of Fcfa 7 billion ($17.067 million converted at year end rates of XOF410.15 to $1). The transactions of the loan account and the sequester account offsetting the balance were as follows:

	Loan Account $'000	Offset Account $'000	Net Balance $'000
Loan balance brought forward	16,251	(2,455)	13,796
Loan drawdown	-	-	-
Interest for the period	586	-	586
Deposits	-	-	-
Payments	(2,257)	2,257	-
Foreign exchange variance	58	12	70
Balance on 31 December 2020	**14,638**	**(186)**	**14,452**
Current	14,638	(186)	14,452
Non-current	-	-	-

The key terms of the loan are as follows:

Total facility	Fcfa 7 billion ($17.067 million at year end rates)
Interest rate	9% pa
Repayment terms	After loan drawdown, repayable after first 6 months interest only, in 12 monthly payments.
Security	Secured by mortgage over Sambarabougou Exploitation Permit and assets of Makabingui Gold Operations, SA.

Subsequent to the year end the Group entered into an agreement with Coris to settle the loan balance, the offset account, the Coris bank overdraft (see (ii)) and penalty charges and interest. The amounts were fully settled in March 2022.

8. FINANCIAL LIABILITIES (cont'd)

Detail of financial liabilities

(ii) Bank overdraft

Subsequent to the year-end access to the Coris bank account was withdrawn. The balance was subsequently rolled into the Coris loan account as part of the negotiated settlement. On 31 December 2020 the balance was FCFA 727,414,514, which translates to $1,764,618 at year end rates.

(iii) Other loans

Other Loans of $957k relate to advances received from Senegal Nominees, a company incorporated in Senegal for the purpose of providing working capital, and a short-term working capital loan from ORABank amounting to $379k.

Alex Mackenzie, the ex-Chairman of Bassari Resources Limited, has a financial interest in Senegal Nominees. The loan is provided free of interest and is repayable upon demand of the provider.

(iv) Convertible notes

Convertible notes remain outstanding. Interest charged during the year of $56,000 (2019: $28,000) was charged to profit or loss in relation to interest on the current unsecured loan facility. Interest has been accrued and included in other payables. Interest accrued on the convertible notes amounts to $0.343 million. The convertible notes all passed the redemption dates in 2015 and 2016. Subsequent to the end of the financial year, BCM International Ltd entered into a Deed of Assignment with Bishop Resources (UK) Ltd ("Bishop") to assign the Convertible Note principal and interest accrued to 31 March 2022 to Bishop and for the total debt of Bishop to be settled by the issue of Bassari shares, subject to Bassari shareholder approval. See also Events Subsequent to Balance Date note to the financial report.

Accounting policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. During the period, no interest costs were capitalised into the mine development asset as activities at the project were on hold.

Convertible notes are accounted for as the aggregate of a liability component and an equity component. At initial recognition, the fair value of the liability component of the convertible note is determined using a market interest rate for an equivalent non-convertible note. The remainder of the proceeds is allocated to the conversion option as an equity component, recognised in the Statement of Changes in Equity. Transaction costs associated with issuing the convertible notes are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished in conversion or maturity.

9. PROVISIONS (CURRENT)

	2020 $'000	2019 $'000
Employee entitlements	**514**	**446**

Accounting policy

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.

10. PROVISIONS (NON-CURRENT)

	2020 $'000	2019 $'000
Government settlement	**-**	**488**

Accounting policy

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Critical accounting estimates, assumptions and judgements

Senegal tax assessment

Provision was made in 2019 in relation to an approved settlement amount in relation to an assessment of taxes payable by Bassari Resources Senegal SARL, a subsidiary of Bassari Resources Limited. However, as the settlement was not progressed or formally discussed the Directors have determined that any amount payable is contingent upon a ruling against the Bassari Resources Senegal SARL. Details of the matter are contained in Note18.

11. CONTRIBUTED EQUITY

	2020	2019
(a) Ordinary Shares	**$000**	**$000**
Paid-up capital		
2,418,855,633 (2019: 2,375,554,967) fully paid ordinary shares	**79,037**	**78,392**

Reconciliation of movement in contributed equity

On 1 January 2018	2,287,293,060	77,153
Share placement at 1.4 cent	11,285,715	158
Share placement at 1.4 cent	4,642,858	65
Share placement at 1.4 cent	1,000,000	14
Share placement at 1.4 cent	43,000,000	602
Share placement at 1.5 cent	28,333,334	425
Costs of issue		(25)
Total for the financial year	88,261,907	1,239
On 31 December 2019	2,375,554,967	78,392
Share placement at 1.5 cent	12,199,998	183
Share placement at 1.5 cent	31,100,668	466
Cot of placement		(4)
Total for the financial year	43,300,666	645
On 31 December 2020	**2,418,855,633**	**79,037**

(b) Options

The Company issued no options during the year and had no options outstanding on 31 December 2020.

Accounting policy

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.

Rights Attached to Equity Holdings

(a) Ordinary Shares

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

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

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.

On 31 December 2020 there were no partly paid shares outstanding.

(b) Options

No options have been exercised during the year and there were no options outstanding at the end of the 2020 financial year.

11. CONTRIBUTED EQUITY (cont'd)

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital and accumulated losses.

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. The company has not been able achieve this at year end. Subsequent to the year end the Company has entered into financing arrangements with Bishop Resources (UK) Ltd providing the Group with a source of funding to pay its debts and fund operations. The funding arrangements include an equity conversion option, and details can be found in note 1 *Going Concern*.

The Group has utilised short term borrowings to fund initial project investment to supplement equity raised in the market. The basis for deciding on the level of debt funding to undertake is market conditions, the availability of debt and equity funding and balancing short term and long-term funding aims.

12. RESERVES

	2020 $'000	2019 $'000
Foreign currency translation reserve (a)	7,119	6,200
Performance rights reserve (b)	352	583
	7,471	**6,783**

(a) Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operation's functional currency is different from the Group's presentation currency.

(ii) Movements in Reserve

	2020 $'000	2019 $'000
Balance at the beginning of the year	6,200	6,865
Movement during the year	919	(665)
Balance at end of year	**7,119**	**6,200**

b) Performance Rights Reserve

(i) Nature and purpose of reserve

This reserve records the value of the performance rights issued by the Company. At the Group's AGM, in 2018 it was resolved to award long term performance rights to key personnel of the Group, and performance rights were awarded to 18 officers of the Group. The performance rights were issued in two tranches and details were as follows:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other (i)	Balance at the end of the year
31/5/2017	31/5/2020	$0.00	20,000,000	-	-	(20,000,000)	-
31/5/2017	31/5/2022	$0.00	20,000,000	-	-	-	20,000,000
			40,000,000	-	-	(20,000,000)	20,000,000

12. RESERVES (cont'd)

(i) The first tranche of performance rights expired without vesting.

Tranche 1 vests upon the Group achieving a market capitalisation of $70 million.
Tranche 2 vest upon the Group achieving a market capitalisation of $105 million.

To value the performance rights the Group used Monte-Carlo simulation model to value the rights. The inputs and assumptions used in the valuation are as follows:

Input	**Tranche 1**	**Tranche 2**
Number of rights	22,000,000	22,000,000
Valuation Date	20 April 2017	20 April 2017
Vesting Period	3 years from date of issue	5 years from date of issue
Spot Price	$0.018	$0.018
Volatility	90%	90%
Vesting Condition	BSR achieving a market capitalisation of $70,000,000 or more	BSR achieving a market capitalisation of $105,000,000 or more
Estimated vesting period	2.14 years	3.94 years
Risk Free Rate	1.74%	2.04%
Dividend Yield	0%	0%
Value per performance right	$0.0155	$0.0157

(ii) Movements in Reserve

	2020 $'000	**2019 $'000**
Balance at beginning of the year	583	392
Expense during the year	91	191
Lapsed during the year	(322)	-
Balance at end of year	**352**	**583**

13. EMPLOYMENT – CONSULTING COSTS

	2020 $'000	**2019 $'000**
Salaries, wages, on-costs and consultant fees	1,342	1,148
Share based payments *	91	191
Superannuation – defined contribution	7	15
	1,440	**1,354**

* Cost relates to amortisation of performance rights over the vesting period. For details see note 12(b).

14. EXPENSES

During the year the Group's activities at the MGO Project were suspended due to the impacts of COVID-19 and the availability of funds, as described in note 3. As a result, expenditure incurred on the project during the current and prior periods was minimal.

(a) Project costs

Project costs recorded in the statement of profit or loss and other comprehensive income relate to costs incurred on the development of the mine site during the period that operations were suspended. The costs related to fuel, costs of running the camp, security, consultant costs and other related costs.

(b) Impairment

Impairment arose on the project and also on the exploration assets of the Group. The amounts were:

	$'000	**$'000**
Development expenditure	17,756	-
Exploration expenditure	6,338	-
Property plant and equipment	315	-
	24,409	**-**

15. INCOME TAXES

	2020 $'000	**2019 $'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	**-**	**-**

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:

	2020 $'000	**2019 $'000**
Loss from operations	(31,056)	(3,396)
Income tax calculated at 27.5% (2019 – 27.5%) Income tax of other members of the tax consolidated group (net of inter-company transactions	(8,540)	(934)
Add tax effect of:		
Non-deductible expenses/ (non-assessable items)	6,712	37
Less tax effect of:		
Unused tax losses not recognised as deferred tax assets	1,828	897
	-	**-**

15. INCOME TAXES (cont'd)

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

	2020 $'000	2019 $'000
Tax losses (revenue or operating losses)		
Australia	4,724	4,497
	4,724	**4,497**

Tax losses have been adjusted for prior income tax returns lodged. Refer to comment below regarding review of tax loss availability

Accounting policy

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.

Critical accounting estimates, assumptions and judgements

The benefit of the tax losses has not been brought to account on 31 December 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

(a) The Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised.

(b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and

(c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

15. INCOME TAXES (cont'd)

Other matter – availability of carry forward tax loses

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

Any tax losses in Senegal would also be available to be carried forward, together with previous exploration expenditure incurred on mining projects in Senegal. No Senegal tax losses have been recognised in this financial report.

16. DIVIDENDS

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

17. CONTINGENT LIABILITIES

Senegal tax assessment

Bassari Resources Senegal SARL, a subsidiary of Bassari Resources Limited, has been subject to a review in Senegal in relation to taxes payable in that country. A notification of tax adjustment was received in September 2015, followed by confirmation of tax adjustment received in November 2015, claiming an amount equivalent to $A17.6 million. The amount notified was in relation to Value Added Tax ("VAT"), import duties and taxes on expenditures incurred in Senegal and other taxes, including corporate tax.

Bassari Resources Senegal SARL has operated from incorporation under the Senegal Mining Code in Senegal. The Senegal Mining Code provides the company with a total exemption from the tax regime and taxes of any nature. Accordingly, Bassari refutes the legitimacy of the tax adjustment. The Company has sought and received legal advice that as an exploration company, and according to joint venture agreements signed and approved by the Senegalese Minister of Mines, Bassari benefits from a total tax exemption under Senegalese mining legislation. The directors are therefore satisfied that the position they have taken is supported by strong legal advice.

The directors believe that based on legal advice received that there is no liability, any liability is contingent on a ruling against the company, which the directors consider remote. Accordingly, no liability has been recognised in the current period, and the provision previously made has been reversed.

Other than these matters, the Directors are not aware of any other contingent liabilities on 31 December 2020.

18. SUBSIDIARIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 2020	Percentage owned 2019
Bassari Resources Senegal SARL	Senegal	Ordinary	100%*	100%*
Bassari Equipment Pty Ltd	Australia	Ordinary	100%*	100%*
Bassari Mauritius Holdings Ltd	Mauritius	Ordinary	100%*#	100%*#
Bassari Mauritius Holdings No 2 Ltd	Mauritius	Ordinary	100%*#	100%*#
Bassari Mauritius Equipment Ltd	Mauritius	Ordinary	100%*#	100%*#
Douta Mining SA	Senegal	Ordinary	63% ^	63% ^
Makabingui Gold Operation 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 2020

^ Douta Mining SA was incorporated in Senegal in 2011.

~ Makabingui Gold Operation SA was incorporated in Senegal in 2018.

19. PARENT ENTITY INFORMATION

	2020 $'000	2019 $'000
Information relating to Bassari Resources Limited		
Financial Position		
Current assets	24	752
Non-current assets	4	54,520
Total Assets	**28**	**55,272**
Current liabilities	(2,266)	(1,626)
Non-current liabilities	-	-
Total Liabilities	**(2,266)**	**(1,626)**
Net Liabilities	**(2,238)**	**53,646**
Contributed equity	85,367	84,722
Reserves	352	583
Accumulated losses	(87,957)	(31,659)
Total Equity	**(2,238)**	**53,646**

	2020 $'000	2019 $'000
Financial Performance		
Total revenue	-	1
Loss for the year	(56,298)	(1,137)
Comprehensive income for the year	(56,298)	(1,137)

The parent company has not entered into any guarantees with its controlled entities or associates.

Capital Commitments

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

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.

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

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

	2020	2019
	$'000	$'000
Financial Assets		
Cash and cash equivalents	3	755
Other receivables	47	131
Total Financial Assets	**50**	**886**
Trade and other payables	10,792	5,060
Financial liabilities	18,253	16,191
Total Financial Liabilities	**29,045**	**21,251**

20. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Interest Rate Risk

The Group's exposure to interest rate risk, which is that a financial instrument's value will fluctuate as a result of changes in market interest rates, relates primarily to cash as disclosed in note 2. At balance date the Group had the following mix of financial assets and liabilities that were subject to interest:

	2020	2018
	$'000	$'000
Cash and cash equivalents – variable rates	3	755
Overdraft – variable rates	(1,765)	(1,471)
Loan payable – fixed rates	(14,452	(13,796)
Loan payable – interest free	(1,336)	(224)
Convertible Note liabilities – fixed rate	(700)	(700)
Net Financial Liabilities	**(18,250)**	**(15,212)**

The Group'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 year-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:

	2020	2019
	$'000	$'000
Judgements of possible movements:		
+1% (100 basis points**)**	(17)	(7)
-1% (100 basis points)	17	7

The Group's interest rates are fixed for Loan payables and Convertible Note liabilities. Cash and cash equivalents and the overdraft balances are subject to variable rates and compose the basis for the sensitivities in the table above.

(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 $3,000 (2019: $755,000).

(d) Fair Values

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents: 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.

Borrowings – overdraft and loan advances: The amounts are carried at amortised cost and are short term in nature as the balances are repayable in less than 12 months. Therefore the carrying amounts approximate fair value.

Borrowings – convertible notes: The carrying amount approximates fair value because of their short-term nature. Fair value is calculated upon recognition and interest charged on fair value.

20. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Liquidity Risk Management

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments.

Ultimate responsibility for liquidity risk management rests with the Board of directors which has built an appropriate liquidity risk framework for the management of the group's short, medium and long-term funding and liquidity management requirements.

Trade and other payables are contractually due within 6 months.

Loans received are short term and are repayable within 18 months of receipt according to agreed terms. Subsequently repayment terms have been renegotiated.

(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 Group does not hedge its exposures. None of the Group's financial instruments are currently impacted by commodity price risk.

(g) Foreign currency translation risk

The Group's operations are carried out in Senegal and consequently the Group undertakes transactions in foreign currency and is exposed to foreign currency risk through foreign currency rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

On 31 December the Group's financial instruments denominated in other currencies was as follows:

	2020	2019	2020	2019
	Fcfa '000	Fcfa '000	$'000	$'000
Cash and cash equivalents	568	16,708	1	41
Trade and other receivables	10,000	38,055	24	93
Trade and other payables	(3,846,317)	(1,883,036)	(9,331)	(4,591)
Financial liabilities	(7,205,019)	(6,178,076)	(17,478)	(15,063)
Net Financial (Liabilities)/Assets	**(11,040,768)**	**(8,006,349)**	**(26,784)**	**(19,520)**

The risk is measured using sensitivity analysis and cash flow forecasting. At 31 December a variance in the exchange rate would have resulted in the following sensitivities:

	AUD up 4% (2019; 2%)		**AUD down 12%** (2019: 2%)	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Net Asset	11,008	383	(16,558)	(398)
Equity	11,008	383	(16,558)	(398)
Profit after tax	-	-	-	-
Foreign exchange gain/loss	11,008	383	(16,558)	(398)

Over the year the foreign exchange rate with the Senegal FCFA varied between a high of FCFA412.22 to $1 and a low of FCFA347.75 to $1. This is a total variance of 18.5% maximum throughout the year, with a 4% variance above the average, and 12% below the average exchange rate. Therefore 4% increase and a 12% decrease are considered a reasonable measure of sensitivity.

The Group has previously not taken measures to manage the risk of foreign currency rate fluctuations impacting the translation of foreign operations as such measures would have required the availability of surplus funds. The development of the mining operations has provided the opportunity to raise project funding locally to manage foreign currency risk. This funding was raised in Senegal francs, which is referenced to the Euro. Purchases are, largely made in Senegal francs or US dollars. Management will continue to manage foreign currency translation risk in accordance with the availability of funding and the requirements of project funding.

21. AUDITOR'S REMUNERATION

During the year the auditor of the Company earned the following remuneration:

	2020 $	2019 $
Audit or review of financial reports of the Group		
BDO Audit Pty Ltd	90,000	57,841
Firms not related to the lead auditor		
Audit services	37,195	15,202
Total remuneration	**127,195**	**73,043**

The auditor did not receive any other benefits.

22. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Corporate

On 7 May 2021, a General Meeting of all Bassari shareholders was called and funded by certain shareholders, resulting in changes to the Bassari Board of Directors. Resolutions were passed removing Mr Alex Mackenzie as a director and appointing, Mr John Traicos, Mr Malik Easah and Mr Conrad Karageorge to join Mr Modou Guene to the Board. On 4 June 2021, Andrew Goode was appointed as a director of Bassari and Acting CEO.

In addition to the changes to the Bassari Board, the Company secured changes in early July 2021 to the board of directors of Makabingui Gold Operations SA (MGO) which resulted in the removal of Mr Alex Mackenzie and Mr Moussa Diba as directors and their replacement by Mr Malik Easah and Mr Andrew Goode.

Makabingui Project Manager returns to Dakar

Mr Andrew Goode, MGO Project Manager, returned to Senegal following the reconstitution of the Bassari Board to undertake an appraisal of the current status of the Makabingui Gold Project (the Project). Mr Goode has met with the MGO Director General, Mr Modou Guene, MGO's legal advisor, MGO employees' representatives, the MGO joint venture partner representative and Project suppliers, to bring them up to date on the current plans for MGO to ready itself for a restart of activities to enable the Project to be ready for production. All meetings were productive, and Andrew Goode and Modou Guene received cooperation and support from all parties.

Funding

Since the appointment of the new Directors, the Board and management secured an initial $400,000 loan facility, secured over the assets of the Company, to meet urgent and essential funding requirements of the Company in the short term. The loan facility was subsequently increased by $500,000 taking the total loan funds to $900,000 and increased further with the drawdown to date being in excess of $3.1 million.

- Lender — Oceanic Capital Pty Ltd ("Oceanic")
- Term — On demand
- Interest rate — 15% per annum
- Discount rate — 12% per annum

22. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

Funding (cont'd)

The Company has also secured a long-term substantial funding package of $15,000,000, which will ensure existing creditors (including Coris Bank International) are paid in full (see ASX Announcement 29-10 2021).

- The more significant details of the loan facility include:
- Lender — Bishop Resources (UK) Ltd. **("Bishop")**
- Loan amount — AUD15 million
- Interest rate — 15% per annum
- Loan period — 36 months from settlement date
- Security — Pledge by Bassari Mauritius Holding No 2 Ltd of its shareholding in MGO

Following the securing of the two debt financing facilities described, the directors entered into a suite of agreements with Bishop to amend the loan facility, increasing the amount to $25 million, with drawdowns to date approximating $22.9 million. In addition, agreements were entered into with Oceanic and BCM International Ltd for the Company's indebtedness to these parties to be assigned to Bishop and for the total debt approximating $30 million to be converted into equity in Bassari. All the required approvals in Senegal, for Makabingui Gold Resources SA ("MGO") to enter into these agreements has been obtained at the MGO Board level including Government appointees to the MGO Board has been received and documents are now being registered in the various Senegalese authorities' records. The conversion of these debts to equity will require Bassari shareholder approval at a general meeting of Bassari shareholders.

Binding term sheet

On 31 August 2022 the Company entered into a binding term sheet with Bishop Resources NL ("Bishop") and its subsidiary Bishop Resources UK Ltd, which has provided financial support for the Group as noted above. The term sheet sets out an agreement for Bishop to acquire a 100% interest in Bassari Mauritius Holding No 2 Ltd ("Bassari Mauritius") and Bassari Resources Senegal Ltd ("Bassari Senegal"). Bassari Mauritius and Bassari Senegal are the holders of Bassari's projects, including its 63% shareholding in Makabingui Gold Operation SA ("MGO"). This Term Sheet effectively replaces the funding agreement outlined above, should the term set out be completed. The Term Sheet is an alternative transaction to the conversion of debt to equity.

The term sheet provides that in exchange for acquiring 100% of Bassari Mauritius and Bassari Senegal, Bishop will:

- Provide cash contribution to the costs and expenses of Bassari on an incurred basis of up to a maximum $500,000.
- Provide an effective cash payment of $1 to cancel all debt and any accrued interest provided under the deed of loan between Bassari and Bishop on or about 4 April 2022, which will be discharged and no longer owing by Bassari.
- Issue of 2 million worth of shares on Completion at an issue price equal to the issue price of shares set by Bishop under the Bishop IPO (or if such price has not been set by Completion, then $0.20)
- Issue of 3 million worth of shares upon the receipt of a JORC 2012 report on the Makabingui Gold Project containing a minimum of 1 million ounces (at a minimum grade 2.6g/t) within 2 years of Completion at an issue price being the IPO price, with pro rata adjustment to the number of Shares to be issued should the JORC 2012 report identify less than 1 million ounces in the Makabingui Gold Project resource.
- Cancel the existing Bishop debt at Completion, totalling an estimated $29.34 million.
- Assume other Bassari debts approximating $1.75 million, through the execution of debt assumption agreements between Bishop, Bassari and each creditor for the satisfaction of such debts via the issue of Shares at the IPO price or on such terms as may be agreed by the applicable parties.

The terms effectively value Bassari's holding of Bassari Mauritius at $53.3 million, with further consideration of up to $3 million deferred until completion of the JORC report. The net assets of the disposal group on 31 December 2021 amount to $27.657million. Bassari's loan and investment in the subsidiaries amounted to $55.652 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

22. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

MOU with State of Senegal

The Company and MGO entered a Memorandum of Understanding with the Department of Mines and Geology and the Government of Senegal to secure confirmation of the standing of the Sambarabougou Exploitation Permit, granted in July 2017 and its renewal following its expiry after 5 years in July 2022. The key terms for the memorandum are:

- Reaching and completing the settlement arrangement with Coris;
- Re-commence operations and pre-production works and commence mining in accordance with an agreed schedule of works towards gold production in August 2022.
- Pay all outstanding employee obligations and retain staff.
- Meet all outstanding project obligations to project contractors, to ensure compliance with the schedule of works.
- Provide monthly project reports to the State of Senegal.
- Not transfer the licence during project re-start phase.

Confirmation of the renewal of the permit for a further five (5) year term was received on 1 June 2022.

Coris settlement agreement

The Company and MGO reached and entered a settlement arrangement with Coris providing settlement payments in 3 instalments totalling US$13.3 million. The first instalment of US$3 million was made on 8 October 2021, with a second instalment of US$2 million paid on 6 December 2021. Further repayments were delayed until the completion of capital raising, necessitating an amendment to the original settlement agreement. Agreement was reached with Coris, and the loan repaid in full with final payment on 15 March 2022.

Moura Permit

Subsequent to the end of the financial year Bassari's joint venture partner made a claim of full title to the permit. Bassari is vigorously defending its position as holder of 70% of this permit.

Other than the matters referred to above, 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.

23. 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:

- **Director Related Entities**

Consulting fees of $171,500 (2019: $145,695) were paid to MA Consulting a company in which Mr Alex Mackenzie holds a financial interest. The fees were paid on normal commercial terms, for in country (Senegal) consulting and advisory services provided.

Consulting fees of $Nil (2019: $88,128) were paid to Peter Spivey (Director). The fees were paid on normal commercial terms, for in country (Senegal) consulting services provided, and are included as remuneration in the remuneration report.

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

23. RELATED PARTY TRANSACTIONS (cont'd)

Funds were received to assist with working capital during the year from Senegal Nominees, a company incorporated in Senegal in which Alex Mackenzie is a shareholder and director. The balance on 31 December 2020 of the funds advanced to the Group was $957,000 (2019: $223,974). Amounts were advanced to Bassari Resources Ltd, Bassari Resources Senegal SARL and Makabingui Gold Operation SARL with no set term for repayment and is interest free.

- **Consolidated Entities**

Details of controlled entity companies are shown in Note 19.

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

	2020 $	2019 $
Bassari Resources Senegal SARL	**46,720,952**	46,643,542
Bassari Equipment Pty Ltd	**1,113,866**	1,113,866
Makabingui Gold Operation SA	**1,435,773**	502,815

Repayment of amounts owing to the Company on 31 December 2020 and all future debts due to the Company, by the controlled entities are subordinated in favour of all other creditors. The Company has agreed to provide sufficient financial assistance to the controlled entities as and when it is needed to enable the controlled entities to continue operations.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

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

Mr Alex Mackenzie
Mr Peter Spivey
Mr Ian Riley (resigned 31 July 2020, appointed 4 August 2020)
Mr Modou Guene (appointed 30 July 2020)

For information on change of directors after balance date, refer Note 22 *Events subsequent to the end of the financial year.*

Other key management personnel

No other person had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Compensation

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

	2020 $	2019 $
Short-term employee benefits	516,764	599,823
Share-based payments	33,787	54,267
	550,551	**654,090**

25. NEW STANDARDS AND INTERPRETATIONS

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

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

The Group adopted AASB 16 *Leases* during the year. The Group does not have any material operating leases commitments that will be accounted for under this standard.

Accordingly, the Group's lease arrangement disclosures have not been materially impacted by the adoption of this standard.

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

The Group has not adopted any revised or amending standards not yet effective early. The Directors believe there are no revisions or amendments that would materially impact the content and presentation of the financial report.

DIRECTORS' DECLARATION

- 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 Group 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 2020 and of its performance for the year ended on that date; and

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

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

- The financial statements and notes comply with International Financial Reporting Standards, as disclosed in Note 1; and

- 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 2020.

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.

John Traicos
Executive Chairman

Perth, 17 October 2022

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

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bassari Resources Limited

Report on the Audit of the Financial Report

Disclaimer of opinion

We were engaged to audit the financial report of Bassari Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

As disclosed in the financial report in note 1(c) (Going Concern), note 3 (Impairment of Mining and Development Assets) and note 22 (Events subsequent to the end of the financial year), the completion of the Bishop Resources (UK) Limited's and Bishop Resources NL's (collectively 'Bishop') acquisition of Bassari Mauritius Holding No 2 Ltd and the funding arrangements with Bishop Resources (UK) Limited are critical to the activities of the Company.

We have been unable to obtain sufficient appropriate audit evidence to support management's assertions and respective disclosures on these matters because sufficient information was not available to us. In addition, the Company has not yet prepared financial reports for the half-year ended 30 June 2021, the year ended 31 December 2021, or the half-year ended 30 June 2022. Consequently, we were unable to determine whether any adjustments to the amounts and disclosures were necessary.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

BDO Audit Pty Ltd

David Garvey
Director

Melbourne, 17 October 2022