



Bassari Resources Limited
ACN 123 939 042

Half Year Report - 30 June 2020

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

Your Directors submit the consolidated financial statements for the half year ended 30 June 2020 and the independent auditor's review report thereon and report as follows:

Directors

The names of the Directors of Bassari Resources Limited ("Bassari") in office at any time during or since the end of the period are as follows:

John Traicos (Executive Chairman)	(Appointed 7 May 2021)
Modou Guene (Executive Director)	(Appointed 31 July 2020)
Malik Easah (Non-Executive Director)	(Appointed 7 May 2021)
Conrad Karageorge (Non-Executive Director)	(Appointed 7 May 2021)
Andrew Goode (Executive Director/Chief Executive Officer)	(Appointed 1 June 2021)
Alex Mackenzie (Executive Chairman)	(Removed 7 May 2021)
Peter Spivey (Non-Executive Director)	(Resigned 30 July 2020)
Ian Riley (Executive Director)	(Resigned 30 July, 2020, re-appointed 5 August 2020, resigned 21 December 2020)

Principal activities

The principal activities of the Group are the preparation for the development of the Makabingui Gold Project and exploration and resource definition within two permit areas located in Senegal – Moura and Sambarabougou – in order to commence production and to delineate additional mineral (primarily gold) deposits that meet commercial parameters of grade and tonnage needed for profitable exploitation.

Result and Review of Operations

The loss for the Group after providing for income tax for the period amounted to \$28,858,000 (30 June 2019: \$941,000). The loss includes an impairment of the MGO mining and development asset of \$18,647,000, as well as impairment of property, plant and equipment of \$319,000. The impairment was as a result of a review of the project following delays resulting from funding shortages and COVID-19 related restrictions around travel and logistics. A further impairment of the exploration and evaluation assets relating to the Moura permit of \$6,281,000 was recorded during the half year. The detailed Review of Operations follows this Directors' Report.

Subsequent events

Bassari was suspended from trading by ASX on 1 April 2020 and remains suspended until sufficient funding is raised to allow activities on the Makabingui Gold Project to recommence and enable outstanding financial reports to be audited and lodged.

On 18 January 2021, Bassari received a notice of the intention of shareholders to call a general meeting for the purpose of removing a director and appointing additional directors. At a general meeting held on 7 May 2021, shareholders voted to remove Mr Alex Mackenzie as a director and appointed Mr John Traicos, Mr Malik Easah and Mr Conrad Karageorge as directors of the Company. On 1 June 2021, Mr Andrew Goode was appointed a director and acting Chief Executive Officer.

Initial emergency funding of \$400,000 was secured from Oceanic Capital Pty Ltd, subsequently increased to \$900,000 and further increased to \$1.4 million or such other amounts as may be agreed by the parties in writing.

Coris Bank International ("Coris") served a summons on Makabingui Gold Operation SA (MGO) for a proceeding that sought to execute the commissary pact and take possession of the Sambarabougou Exploitation Permit ("the Permit") in an attempt to avoid an alternative seizure and sale process. This action was postponed by Coris several times and was finally withdrawn by Coris. The Company now understands that Coris is seeking to pursue its original proceeding for a seizure and sale. An action listed for hearing on 7 September 2021 was postponed until 2

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November 2021 and the Company expects to have reached a final settlement with Coris by that time and for this action to also be withdrawn by Coris.

The Company and MGO continued discussions with the Department of Mines and Geology and the Government of Senegal to secure confirmation of the standing of the Sambarabougou Exploitation Permit and its renewal following its expiry in July 2022.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2020 that require disclosure in the half year 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.

Rounding of Amounts

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 Corporations (Rounding in Financial/Directors' Report) Legislative Instrument 2018/91. The company is an entity to which the Legislative Instrument applies. Amounts in the directors' report have been rounded off in accordance with the Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 30 June 2020 is provided with this report.

This report is made in accordance with a resolution of the directors, pursuant to section 307(c) of the Corporations Act 2001.



John Traicos
Executive Chairman
Melbourne
10 September 2021

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 the 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 a \$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 in excess of \$1.4 million.

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

The Company is working towards securing a more substantial funding package, which will be comprised of debt, equity or a mix of both, to ensure existing creditors (including Coris Bank International) are repaid, to provide further working capital to progress the Project towards production.

Sambarabougou Exploitation Permit (Makabingui Gold Project)

The Permit which was granted in July 2017 is due to expire in July 2022 and it is essential that the Permit be available and can be renewed for a further 5 years to facilitate investment to fund the Project as planned.

The Company and MGO worked to seek confirmations from the Department of Mines and the Government of Senegal that the Permit is in good standing and can be renewed by MGO for a further 5 years following its expiry in July 2022, subject to compliance with all permit terms and conditions. The Company is continuing discussions with the Department of Mines and the Government of Senegal.

Moura Exploration Permit

Group funding shortages resulted in the curtailment of substantial exploration work on the Moura permit and will therefore delay any exploration programmes until funding is available for the project. The Company is working towards securing sufficient funding to enable further exploration activities to be undertaken.

Project Update

The Company and MGO updated security at the Makabingui Gold Project with Gendarmes re-engaged by MGO and have met essential items of expenditure including contributions to the payment of arrear salaries due to workers.

Bassari together with MGO continues with the finalisation of the development schedule for the Project, to be implemented once sufficient funding is available.

Coris International Bank (“Coris”) legal action

The new Board and MGO continue to work with Coris Bank International (“Coris”) on a repayment solution for the existing debt which is secured by a charge over the Sambarabougou Exploitation Permit and MGO assets, and by a guarantee from Bassari.

Coris commenced two proceedings in Senegal to enforce its security over the permit involving appraisal of the market value of the mining licence and business assets and for seizure and sale actions should the Coris’ debt remain unpaid. The Company understands it will take at least 2 to 3 months before this seizure and sale process of the Permit crystallises, involving various steps to be completed including receipt of all required valuations, Court validation of the proposed terms of sale, Court approval of the sale and consent from the Department of Mines and/or the Government of Senegal to any transfer of the Permit. MGO were advised by Coris that if 80% of the outstanding debt was not repaid by 30 June 2021, Coris would continue enforcement proceedings. Given the status of the Permit and the importance of confirming the good standing of the permit before funding can be secured, MGO did not make any payment by 30 June 2021 and Coris accordingly continued with enforcement proceedings until a repayment solution is agreed.

Subsequently and without prior notice to the Company or MGO, Coris also served a summons on MGO for an additional proceeding seeking to execute the commissary pact and take possession of the Permit in an attempt to avoid the above seizure and sale process. MGO defended its position at the summary hearing held in Kedougou on 6 July 2021, with the hearing being deferred to 27 July 2021 and subsequently further postponed to 10 August 2021. The Company and MGO are continuing discussions with Coris and potential financiers to work towards a repayment solution with Coris. The Company and MGO have engaged advisers in Senegal to assist with the above matters, advise on MGO’s legal rights and to defend MGO’s position. Prior to the 10 August hearing, Coris requested this matter be removed from the Court list. Further action listed to be heard on 24 August 2021 to consider the terms and conditions for any sale of the Permit by public auction was withdrawn by agreement of the Court and was set to be heard on 7 September 2021. This action was postponed and will now be heard on 2 November, should no settlement be agreed beforehand.

The Company and its legal team in Senegal continue discussions with Coris, the Department of Mines and the Government of Senegal and potential financiers, working towards an agreed repayment solution with Coris and confirmation that the Permit is in good standing and can be renewed when the term expires in July 2022.

Forward-Looking Statement

This release may include forward-looking statements. Forward-looking statements include, are not necessarily limited to, statements concerning Bassari Resources Limited planned operation program and other statements that are not historic facts. When used in this document, the words such as “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements. Although BSR believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements. BSR confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

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

As lead auditor for the review of Bassari Resources Limited for the half-year ended 30 June 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



David Garvey
Director

BDO Audit Pty Ltd

Melbourne, 10 September 2021

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	30 June 2020 \$'000	30 June 2019 \$'000
Revenue from continuing operations		-	1
Corporate expenses		(2,740)	(197)
Employment and consultant costs		(461)	(601)
Occupancy costs		(32)	(57)
Travel and accommodation		(47)	(87)
Finance expenses		(129)	-
Asset costs		(96)	-
Other expenses		(106)	-
Impairment of mining and development assets	4	(18,647)	-
Impairment of exploration and evaluation assets	5	(6,281)	-
Impairment of property, plant and equipment		(319)	-
Loss from continuing operations before income tax		(28,858)	(941)
Income tax expense relating to continuing operations		-	-
Net loss for the period		(28,858)	(941)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss in the future</i>			
Exchange difference on translation of foreign operation		1,694	71
Total other comprehensive income for the period net of income tax		1,694	71
Total comprehensive income		(27,164)	(870)
Net loss for the period is attributable to:			
Non-controlling interest		(7,960)	(80)
Owners of Bassari Resources Limited		(20,898)	(861)
		(28,858)	(941)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		(8,134)	(79)
Owners of Bassari Resources Limited		(19,030)	(791)
		(27,164)	(870)
Earnings per share for loss attributable to owners of Bassari Resources Limited			
Basic loss per share (cents)		(0.86)	(0.04)
Diluted loss per share (cents)		(0.86)	(0.04)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 \$'000	31 December 2019 \$'000
CURRENT ASSETS			
Cash and cash equivalents	3	117	755
Trade and other receivables		154	131
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		271	886
NON-CURRENT ASSETS			
Property, plant and equipment		616	999
Mining and development assets	4	55,168	69,699
Exploration and evaluation assets	5	-	5,993
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		55,784	76,691
TOTAL ASSETS		56,055	77,577
CURRENT LIABILITIES			
Trade and other payables		7,735	5,060
Financial liabilities	6	18,383	13,207
Provisions		953	446
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		27,071	18,713
NON-CURRENT LIABILITIES			
Financial liabilities	6	-	2,984
Provisions		-	488
		<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES		-	3,472
TOTAL LIABILITIES		27,071	22,185
NET ASSETS		28,984	55,392
EQUITY			
Contributed equity	9	79,036	78,392
Reserves	10	8,763	6,783
Accumulated losses		(49,889)	(28,991)
Equity attributable to the owners of Bassari Resources Limited		<hr/>	<hr/>
Non-controlling interest	11	37,910	56,184
		(8,926)	(792)
		<hr/>	<hr/>
TOTAL EQUITY		28,984	55,392

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	77,153	7,257	(26,387)	6	58,029
Loss for the period	-	-	(861)	(80)	(941)
Other comprehensive income	-	70	-	1	71
Total comprehensive income for the period	-	70	(861)	(79)	(870)
Issue of ordinary shares and other equity instruments, net of costs	-	-	-	-	-
Non-controlling investment in subsidiary	-	122	-	-	122
Transactions with owners as owners	-	122	-	-	122
Balance at 30 June 2019	77,153	7,449	(27,248)	(73)	57,281
Balance at 1 January 2020	78,392	6,783	(28,991)	(792)	55,392
Loss for the period	-	-	(20,898)	(7,960)	(28,858)
Other comprehensive income	-	1,868	-	(174)	1,694
Total comprehensive income for the period	-	8,651	(20,898)	(8,134)	(27,164)
Issue of ordinary shares and other equity instruments, net of costs	644	-	-	-	644
Performance rights expense	-	112	-	-	112
Transactions with owners as owners	644	112	-	-	756
Balance at 30 June 2020	79,036	8,763	(49,889)	(8,926)	28,984

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 \$'000	30 June 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	1
Payments to suppliers and employees		(1,629)	(1,344)
Finance costs		(142)	
Net cash used in operating activities		(1,771)	(1,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration, evaluation and development expenditure		-	(3,857)
Payments for purchase of mining and development assets		(1,076)	(2,295)
Interest payments		-	(76)
Net cash used in investing activities		(1,076)	(6,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		572	-
Issue costs		(5)	-
Proceeds from borrowings		1,106	7,840
Repayment of borrowings		-	-
Net cash provided by financing activities		1,673	7,840
Net (decrease) / increase in cash and cash equivalents held		(1,174)	269
Cash and cash equivalents at beginning of financial period		(716)	86
Effects of changes in foreign exchange rates on cash held		362	166
Cash and cash equivalents at end of financial period	3	(1,528)	521

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 30 June 2020 has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 '*Interim Financial Reporting*'.

The half-year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2019 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

(a) Adoption of New and Revised Accounting Standards

The Group has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2020 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

(b) Rounding Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Legislative Instrument 2016/91 and in accordance with that Legislative Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(c) Going Concern

For the half year ended 30 June 2020, the Group made a loss after taxation of \$28,858,000 (2019: \$941,000), had net cash outflows from operating activities of \$1,362,000 (2019: \$1,343,000) and net cash outflows from investment activities of \$1,276,000 (2019: \$6,228,000). At 30 June 2020, the Group had net current liabilities of \$26,800,000 (31 December 2019: \$17,827,000) and reported cash and cash equivalents on hand of \$117,000 (31 December 2019: \$755,000) and financial liabilities of \$18,383,000 (31 December 2019: \$16,191,000). Current liabilities in relation to financial liabilities amount to \$18,383,000 (31 December 2019: \$13,207,000). The financial liabilities due to Coris Bank International are overdue and the bank has closed access to banking facilities as a result.

In order to meet its 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 future successful raising of necessary funding through debt or equity and the successful development and exploitation of the Makabingui Gold Project. 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 funding from debt instruments, equity issues and revenues from Makabingui Gold operation production. In particular, the Group has both secured and in the process of securing additional loan funding and is examining the numerous options for funding:

- Loan funding secured from Oceanic capital Pty Ltd to fund Group operations until longer term funds become available from Bishop Resources (UK) Limited. The loan is repayable on demand and to date, \$1.4 million has been made available, with interest accruing and payable when the loan is repaid. This loan was first drawdown in April 2021.

BASSARI RESOURCES LIMITED
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- Loan funding from Bishop Resources (UK) Limited (a director related entity) is being negotiated for an amount of \$15 million repayable 3 years after settlement. The loan will carry interest at the rate of 12% per annum, payable on settlement and will be secured by a pledge in favour of Bishop Resources (UK) Ltd of shares held by Bassari Mauritius Holding No 2 Ltd in Makabingui Gold Operation SA ("MGO") and a charge over the assets and undertakings of MGO. Loan funds will be applied in settlement of outstanding debts and to recommence development activities on the Makabingui Gold Project.
- A settlement with Coris Bank to repay the outstanding loan and overdraft is being negotiated with an agreement drafted requiring first payment of US\$3 million to be made upon 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.
- Letter of offer to raise capital, up to \$12 million, underwritten for \$6 million, to fund Makabingui Gold Project operations.
- Letter of offer by a large Perth based broking group to fund up to A\$50 million, including A\$12 million referred to above, by way of an equity raise to fund operations through to positive cashflows from production.
- It is managements intention to negotiate settlement terms for loan funds provided by ORABank and Senegal Nominees. Amounts outstanding are noted in note 6. The ORABank loan is denominated in Senegal Francs, and amounts to A\$389,000 as at 30 June 2020 exchange rates. Amounts owed to Senegal Nominees are A\$960,000.
- Arranging with employee representatives a repayment schedule to settle outstanding wages, related taxes, pensions and on-costs. Amounts owed to employees in Senegal amount to \$2.08 million, including taxes, leave provisions and all pension and other on-costs.
- Arrange with trade creditors, settlement of outstanding amounts to recommence trading relationships, and commence supply of plant and equipment for mining and production operations. Trade payables for the Group amount to \$5.2 million. 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.
- Commencement of gold production to generate revenues to fund operations and loan repayments. The timing and extent of any production may be impacted by the nature and extent of any restrictions placed upon commerce, workplaces and import and export of goods by the Senegal government in response to future events relating to the COVID-19 pandemic.

Whilst there is no certainty that additional debt or equity funding will be available to provide adequate working capital for the Group to achieve its planned objectives, the directors believe that the Group will be able to secure funding sufficient to meet requirements to continue as a going concern. The Board and the funding parties are committed to ensuring that the Group's gold project is funded and given every opportunity to succeed and is confident its funding targets can be achieved. Other than the matters detailed above the form, value and timing of any future transactions that may provide funding is yet to be determined and will depend, amongst other things, on capital markets, commodity prices and the success of the development of the mining assets.

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 and commence mining activities and production to meet the Group's financial requirements over the next 12 months.

On the basis that sufficient funding is expected to be raised and the commencement of production will produce revenues 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.

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 2 CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries with non-controlling interests in accordance with the Group's accounting policy:

Subsidiary entities consolidated	Country of Incorporation	Ownership interest	
		30 June 2020	31 December 2019
Bassari Resources SARL	Senegal	100%*	100%*
Bassari Equipment Pty Ltd	Australia	100%*	100%*
Bassari Mauritius Holdings Ltd	Mauritius	100%*+	100%*+
Bassari Mauritius Holdings No 2 Ltd	Mauritius	100%*+	100%*+
Bassari Mauritius Equipment Ltd	Mauritius	100%*+	100%*+

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

+ Companies incorporated in February 2010 have been dormant from incorporation.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the Group's accounting policy:

Subsidiary entities consolidated	Country of Incorporation	Principal activities	Ownership interest		Ownership interest - outside equity interests	
			30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
Makabingui Gold Operation SA	Senegal	Gold mining	63% #	63%	27%	27%
Douta Mining SA	Senegal	Dormant	63% ^	63%	27%	27%

Makabingui Gold Operation SA was incorporated in Senegal in April 2019. Bassari Resources Limited's ownership interest in Makabingui Gold Operation SA is held via Bassari Mauritius Holding No 2 Ltd

^ Douta Mining SA incorporated in Senegal in 2011. Bassari Resources Limited's ownership interest in Douta Mining SA is held via Bassari Mauritius Holding No 2 Ltd

NOTE 3 CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents in Statement of Cash Flow to cash and cash equivalents in Statement of Financial Position		
Cash at bank and in hand	117	755
Overdrawn accounts (note 6)	(1,645)	(1,471)
	(1,528)	(716)

NOTE 4 MINING AND DEVELOPMENT ASSETS

	30 June 2020	31 December 2019
	\$'000	\$'000
Development Assets		
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	(18,647)	-
Exchange translation difference	1,962	(759)
Total development assets	55,168	69,699

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

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 (“the 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. The assets will be transferred into mining assets when it has been deemed the mine is capable of operating in the manner intended by management. Development properties are tested for impairment in accordance with the policy of impairment of assets.

Permit

The Sambarabougou exploitation permit in Senegal (Permit) which was granted in July 2017 is due to expire in July 2022 and it is essential that the Permit be available and can be renewed for a further 5 years to facilitate investment to fund the Project as planned. The Company and its part owned subsidiary, Makabingui Gold Operation SA (MGO), are seeking to renew the Permit for a further 5 years following its expiry in July 2022, subject to compliance with all permit terms and conditions. The Company is continuing discussions with the Department of Mines and the Government of Senegal.

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 Mining Plus 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 updated in 2021 in preparation for raising funding and recommencing mining operations.

The methodology used in each of the estimations was consistent with industry practice and involved independent experts. Each provided a positive estimation of NPV. It is these estimations that the Directors have used as the basis for their Impairment Review. The key inputs into the NPV estimations were as follows:

Assumption	Value	Risk factors	Policy
Gold production (pits 1 and 2)	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 at 30 June 2020 was US1,793.	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.

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The most recent estimation of NPV, prepared by Mining Plus, was US\$68.9 million. At balance sheet date exchange rates this provides a NPV of A\$100 million. However, the model did not account for additional capital and operational expenditure to progress the Project to full production. The Directors also adjusted the discount rate used from 10% to 20% to better reflect the cost of capital to the Group and the risk associated with the Project due to delays in delivery of the Project. As a result of this approach the Directors have identified an impairment in the mining and development assets of \$18,647,000 at 30 June 2020. This is based on a calculation of Net Present Value using the key assumptions noted in the table above, resulting in an estimate of Net Present Value of \$55,168,000.

At 30 June 2020 the gold price was US1,793. The Group's cost of borrowing was 9% but has increased subsequent to year end to a discounted rate of 12%. Given the risk attached to the Project it is appropriate to use a 20% discount rate. All rates are pre-tax.

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.

NOTE 5 EXPLORATION AND EVALUATION ASSETS

	30 June 2020 \$'000	31 December 2019 \$'000
Costs carried forward in respect of areas of interest at cost	5,993	61,223
Expenditure incurred during the period	-	5,093
Transfer to mining and development assets	-	(60,196)
Impairment	(6,281)	-
Exchange translation difference	288	(127)
Total exploration and evaluation expenditure	-	5,993

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 exploration and evaluation assets include costs incurred to secure the mining concessions for the Moura permit.

Impairment of exploration assets

The status of all permits was reviewed at 30 June 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, at 30 June 2020 an impairment has been recorded against the Moura exploration permit.

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 6 FINANCIAL LIABILITIES

	30 June 2020	31 December 2019
	\$'000	\$'000
Current Financial Liabilities		
Loan facility and offset account (i)	14,689	10,812
Working capital loan facility (ii)	389	-
Bank overdraft (Coris)	1,645	1,471
Other loan (iii)	960	224
Convertible notes	700	700
	18,383	13,207
Non-Current Financial Liabilities		
Loan facility and offset account (i)	-	2,984
Financial liabilities – non-current	-	2,984
Total Financial liabilities	18,383	16,191

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 (“Coris”). An offset account was set up by Coris to secure some of the loan funds for scheduled interest payments. The net transactions of the were as follows:

	Net Balance \$'000
Balance as at 1 January 2020	13,796
Interest for the period	602
Payments and drawdowns	-
Exchange translation difference	291
	14,689
Balance at 30 June 2020	14,689
Current	14,689
Non-current	-

Total facility
Interest rate
Repayment terms

Fcfa 7 billion (\$17.067 million at period end rates)
9% pa

After loan drawdown, repayable interest only for first 6 months, and then in 12 equal monthly payments. Loan drawn down in 9 separate tranches, each with its own draw down date and repayments amount.

Security

Secured by mortgage over Sambarabougou Exploitation Permit and assets of Makabingui Gold Operations, SA.

At 30 June 2020 MGO had defaulted on the loan repayment schedules. Subsequently Coris has taken action to recover its loan debt and the bank overdraft, in total \$16,334,000 (FCFA 7,395,080,342) and enforce its security over the debt. MGO is currently negotiating a settlement with Coris for the payment of outstanding amounts including interest arrears, penalty interest and fees under the following terms:

- Payment of US\$3 million on signing the Agreement or no later than 7 October 2021;
- Payment of the balance of 50% of the debt no later than 30 November 2021; and
- Payment of the balance no later than 30 December 2021.

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(ii) Working capital loan

During the half year MGO secured a short-term funding agreement to provide working capital from ORABank-Senegal. The funding amount arranged was Fcfa 150 million, plus a set up fee of Fcfa 6.142 million. The loan term is 6 months and is provided under a promissory note from MGO with regard to repayment from revenues or capital raised in the future and property security provided by the former Chairman of Bassari Resources Limited. The amount remains outstanding at the date of this report, and management has determined it will negotiate settlement with ORABank upon availability of funds. No action has been notified to the Group in relation to recovery of the debt by ORABank.

(iii) Other loans

Other Loans of \$960k relate to advances received from Senegal Nominees, a company incorporated in Senegal for the purpose of providing working capital. Alex Mackenzie, former 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. The amount remains outstanding at the date of this report, and management has determined it will negotiate settlement with Senegal Nominees upon availability of funds. No action has been notified to the Group in relation to recovery of the debt by Senegal Nominees.

NOTE 7 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since 31 December 2019.

(a) Capital Expenditure Commitments

In order to commence the Makabingui Gold Project the Group has committed to a capital expenditure budget of US\$20million. This figure includes the acquisition of plant and equipment, the development of the processing plant, additional geology drilling and fulfilment of the mining contract with Junction Mining. Of the commitments, only the amounts with Junction Mining are contracted.

(b) Exploration Commitments

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

Name on Permit	Joint Venture Partner and Permit Holder	Remaining Expenditure Commitment	3-Year Expenditure Commitment	Permit last renewed
Moura	Sengold Mining NL	US\$ Nil	US\$ Nil	28 February 2016

NOTE 8 SEGMENT INFORMATION

The Group operated predominantly as an explorer with the view to identify and advance attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

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

NOTE 9 CONTRIBUTED EQUITY

	30 June 2020 \$000	31 December 2019 \$000
Ordinary shares		
Paid-up capital		
2,418,855,633 (2019: 2,375,554,967) fully paid ordinary shares	79,036	78,392

BASSARI RESOURCES LIMITED
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Reconciliation of movement in contributed equity:

	No.	\$
As at 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 ¹	31,100,668	466
Costs of issue		(5)
Total for the financial year	43,300,666	644
At 30 June 2020	2,418,855,633	79,036

¹ Included in the share placement are shares issued to Lamine Diouf, a consultant working with the Group's subsidiary MGO in Senegal. Mr Diouf contributed \$30,000 for 2 million ordinary shares and was also issued 5,160,667 ordinary shares to settle outstanding invoices for work previously carried out.

NOTE 10 RESERVES

	30 June 2020 \$000	31 December 2019 \$000
Foreign currency translation reserve (a)	8,068	6,200
Performance rights reserve (b)	695	583
	8,763	6,783

(a) Foreign Currency Translation Reserve

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.

(b) Performance Rights Reserve

Nature and purpose of reserve

This reserve records the value of the performance rights issued by the Company, in accordance with the measurement requirements of AASB 9. At the Group's AGM in 2017 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 the start of the period	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the period
31/5/2017	31/5/2020	\$0.00	22,000,000	-	-	(22,000,000)	-
31/5/2017	31/5/2022	\$0.00	22,000,000	-	-	-	22,000,000
			44,000,000	-	-	(22,000,000)	22,000,000

Tranche 1 vests upon the Group achieving a market capitalisation of \$70 million (expired during the period).

Tranche 2 vest upon the Group achieving a market capitalisation of \$105 million.

BASSARI RESOURCES LIMITED
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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 2018	20 April 2018
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

During the period an expense of \$112,000 was recorded in relation to performance rights.

NOTE 11 NON-CONTROLLING INTEREST

The non-controlling interest in Makabingui Gold Operation SA is 37%. 27% is held by the Project partner WATIC and 10% is held by the government of Senegal.

NOTE 12 SUBSEQUENT EVENTS

Subsequent to the balance date on 18 January 2021, Bassari received a notice of the intention of shareholders to call a general meeting for the purpose of removing a director and appointing additional directors. At a general meeting held on 7 May 2021, shareholders voted to remove Mr Alex Mackenzie as a director and appointed Mr John Traicos, Mr Malik Easah and Mr Conrad Karageorge as directors of the Company. On 4 June 2021, Mr Andrew Goode was appointed a director and acting Chief Executive Officer.

Initial emergency funding of \$400,000 was secured from Oceanic Capital Pty Ltd, subsequently increased to \$900,000 and further increased to \$1.4 million or as agreed by the parties in writing until a long term loan facility is finalised.

Coris Bank International (“Coris”) served a summons on Makabingui Gold Operation SA (MGO) for a proceeding that sought to execute the commissary pact and take possession of the Sambarabougou Exploitation Permit (“the Permit”) in an attempt to avoid an alternative seizure and sale process. This action was postponed by Coris several times and was finally withdrawn by Coris. The Company now understands that Coris is seeking to pursue its original proceeding for a seizure and sale. An action listed for hearing on 7 September 2021 has been postponed until 2 November 2021 and the Company expects to reach a final settlement with Coris before then and for this action to be withdrawn by Coris.

The Company and MGO continued discussions with the Department of Mines and Geology and the Government of Senegal to secure confirmation of the standing of the Sambarabougou Exploitation Permit and its renewal following its expiry in July 2022.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2020 that require disclosure in the half year report.

NOTE 13 ADJUSTMENTS TO FINANCIAL REPORT PUBLISHED 14 SEPTEMBER 2020

On 14 September 2020 the Group published its Half-Year Financial Report from the year ended 30 June 2020. The report was subject to ongoing auditor review. Subsequent to publishing the report the Group has made a number of adjustments to the financial statements. The adjustments made are as follows:

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
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1. Additional creditors were recorded in MGO, to recognise a number of liabilities arising that had previously not been recognised. The liabilities related to insurance, professional services and outstanding wages. Adjustment amounted to \$359,000.
2. Amortisation on MGO plant and equipment was recorded. Amortisation charge is \$96,000.
3. An impairment was recorded against mine and development assets and property, plant and equipment due to the cessation of activities. Impairment was recorded against assets that will need replacement and/or repair due to the lack of maintenance and the passage of time. Capitalised labour and service costs have been impaired and the costs of those services will necessarily be duplicated on the recommencement of operations. Total impairment was \$18,647,000 for mining and development assets and \$319,000 for property, plant and equipment.

As a result the loss for the half year was increased by \$19,421,000 to \$28,858,000. Of this additional loss \$7,022,000 was allocated to non-controlling interests, and \$12,399,000 to the owners to Bassari Resources Limited. The foreign exchange gain arising on translation of foreign operations increased by \$505,000 to \$1,694,000, increasing the foreign exchange reserve. A correction to the apportionment of the foreign exchange gain to non-controlling interests resulted in total comprehensive loss attributable to non-controlling interests increased by \$7,196,000 to \$8,134,000 for the half year, resulting in a debit balance of \$8,926,000 in non-controlling interest at 30 June 2020. Total comprehensive loss attributable to owners of Bassari Resources Limited increased by \$11,720,000 to \$19,030,000 for the half year.

The impact of the adjustments are outlined below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reported \$'000	Adjustments \$'000	Adjusted \$'000
Revenue from continuing operations	-	-	-
Corporate expenses	(2,481)	(259)	(2,740)
Employment and consultant costs	(361)	(100)	(461)
Occupancy costs	(32)	-	(32)
Travel and accommodation	(47)	-	(47)
Finance expenses	(129)	-	(129)
Asset costs	-	(96)	(96)
Other expenses	(106)	-	(106)
Impairment	(6,281)	(18,966)	(25,247)
Net loss for the period	(9,437)	(19,421)	(28,858)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss in the future</i>			
Exchange difference on translation of foreign operation	1,189	505	1,694
Total other comprehensive income for the period net of income tax	1,189	505	1,694
Total comprehensive income	(8,248)	(18,916)	(27,164)
Net loss for the period is attributable to:			
Non-controlling interest	(938)	(7,022)	(7,960)
Owners of Bassari Resources Limited	(8,499)	(12,399)	(20,898)
	(9,437)	(19,421)	(28,858)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest	(938)	(7,196)	(8,134)
Owners of Bassari Resources Limited	(7,310)	(11,720)	(19,030)
	(8,248)	(18,916)	(27,164)

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BALANCE SHEET	Reported \$'000	Adjustments \$'000	Adjusted \$'000
CURRENT ASSETS			
Cash and cash equivalents	116	1	117
Trade and other receivables	154	-	154
TOTAL CURRENT ASSETS	270	1	271
NON-CURRENT ASSETS			
Property, plant and equipment	1,020	(404)	616
Mining and development assets	73,328	(18,160)	55,168
Exploration and evaluation assets	-	-	-
TOTAL NON-CURRENT ASSETS	74,348	(18,564)	55,784
TOTAL ASSETS	74,618	(18,565)	56,055
CURRENT LIABILITIES			
Trade and other payables	7,383	352	7,735
Financial liabilities	17,422	961	18,383
Provisions	455	498	953
TOTAL CURRENT LIABILITIES	25,260	1,811	27,071
NON-CURRENT LIABILITIES			
Financial liabilities	960	(960)	-
Provisions	498	(498)	-
TOTAL NON-CURRENT LIABILITIES	1,458	(1,458)	-
TOTAL LIABILITIES	26,718	352	27,071
NET ASSETS	47,900	(18,916)	28,984
EQUITY			
Contributed equity	79,036	-	79,036
Reserves	8,084	679	8,763
Accumulated losses	(37,490)	(12,399)	(49,889)
Equity attributable to the owners of Bassari Resources Limited	49,630	(11,720)	37,910
Non-controlling interest	(1,730)	(7,196)	(8,926)
TOTAL EQUITY	47,900	(18,916)	28,984

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2020

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



John Traicos
Executive Chairman

Melbourne
10 September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bassari Resources Limited

Report on the Half-Year Financial Report

Disclaimer of conclusion

We were engaged to review the half-year financial report of Bassari Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

Basis for disclaimer of conclusion

The Group's mining and development asset (Makabingui Gold Project) is carried at \$55,168,000 on the consolidated statement of financial position, which represents over 98% of the Group's total assets at 30 June 2020. This asset relates to the Sambarabougou exploitation permit in Senegal, held by Makabingui Gold Operations SA (MGO), a partly owned subsidiary of Bassari Resources Limited (Bassari).

As disclosed in Note 6 to the financial report, MGO has a loan facility with Coris Bank International Ltd (Coris Bank) that is secured by a guarantee from Bassari and a mortgage over the Sambarabougou exploitation Permit and the assets of MGO and a bank overdraft. At 30 June 2020, MGO had defaulted on its loan facility and bank overdraft obligations, and Coris Bank has commenced legal proceedings to enforce its security. The amount owed to Coris Bank at 30 June 2020 inclusive of the Coris Bank Loan and overdraft is \$16,334,000.

The recoverability of this mining and development asset is dependent upon the Group renewing the Makabingui Gold Project exploitation permit, which is due to expire in July 2022, obtaining sufficient funding, through debt or equity, which will enable the Group to complete development and commence mine production, and settling the Coris Bank loan facility and overdraft.

As of the date of our report, the directors are still in the process of confirming the renewal of its exploration permit, raising funding, and reaching a settlement agreement with Coris Bank. We were unable to satisfy ourselves by alternative means of the recoverability of the Group's mining and development asset as at 30 June 2020 and were therefore unable to determine whether any adjustments might have been found necessary.

In addition, the directors have disclosed a material uncertainty in relation to Going Concern, as disclosed in Note 1(c) to the financial report. The ability of the Group to continue as a going concern is dependent upon a recapitalisation through a combination of equity fund raisings and new borrowings, and the settlement of current liabilities or negotiation of extended payment terms of its current liabilities. This includes reaching a binding settlement agreement with Coris Bank.

As of the date of our report, management were still in the process of finalising a settlement agreement with Coris Bank, and formalising its equity and debt funding proposals disclosed in Note 1(c). We were unable to obtain sufficient appropriate audit evidence to support management's assessment of going concern and unable to satisfy ourselves by alternative means concerning the validity of disclosures made in the financial report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. However, because of the matter described in the *Basis for disclaimer of conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

BDO Audit Pty Ltd



David Garvey
Director

Melbourne, 10 September 2021