



Bassari Resources Limited

ACN 123 939 042

Half Year Report - 30 June 2012

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2012

Your Directors submit the consolidated financial statements for the half year ended 30 June 2012 and the independent auditor's review report thereon and report as follows:

Directors

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

Mr John Ballard (Chairman)
Mr Jozsef Patarica (Managing Director/CEO)
Mr Chris Young (Non-Executive Director)

Principal activities

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

Result and Review of Operations

The loss for the Consolidated Entity after providing for income tax for the period amounted to \$864,000 (31 December 2011: \$937,000). The detailed Review of Operations follows this Directors' Report.

Subsequent events

There have been no significant events that have occurred subsequent to 30 June 2012 that require disclosure in the half year report.

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 Class Order 98/0100. The company is an entity to which the Class Order applies. Amounts in the directors' report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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 2012 is provided with this report.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Jozsef Patarica
Director

Melbourne
13 September 2012

Corporate

Capital Raising

In March 2012, the Company announced a capital raising of \$11 million, comprising a \$9.0 million two-tranche placement of 180 million fully paid ordinary shares at \$0.05 per share to institutional and sophisticated investors (Placement) and an underwritten Share Purchase Plan (SPP) to raise a further \$2 million.

The proceeds from the Placement and SPP were for a drilling program at the Company's Makabingui Gold Project and Konkouto Prospect, undertaking a high resolution aeromagnetic survey, soil geochemistry and working capital.

Tranche1 (\$2.64 million) was settled on 28 March 2012 and 52.8 million shares were issued.

Tranche 2 (\$6.36 million) was approved at a general meeting held 2 May 2012 and 127.2 million shares were issued on 4 May 2012.

The underwritten SPP to raise \$2 million received strong support from shareholders and was significantly oversubscribed. Applications were in excess of \$3.5 million and resulted in a scale-back of shareholder applications on a pro-rata basis. As the SPP was oversubscribed there were no shortfall shares taken up by the Underwriter.

A Presidential election held in Senegal on 25 March 2012 was conducted without incident with Mr Macky Sall declared the President-elect of the West African nation. The inauguration of Mr Sall as President was conducted on 3 April 2012

Exploration Activities

- Makabingui Gold Project
 - Resource drilling was ramped up with three multipurpose rigs drilling from 17 April 2012.
 - 12,500 cumulative metres were drilled in 100 holes showing continuity of mineralisation from the start of program 17 March 2012.
 - The majority of holes intersected lode alteration confirming across/along strike and down dip extensions of the extensive stacked lode system confirming the continuity of mineralisation.
 - Initial assay results from combined Reverse Circulation (RC) and Diamond Drilling (DD) program, representing only 10% of all samples submitted, confirmed resource growth. Results included the following new intercepts:
 - 4m @ 12.0 g/t gold from 319 metres
 - 2m @ 3.2 g/t gold from 40 metres
 - 1m @ 29.8 g/t gold from 39 metres
 - 8m @ 1.6 g/t gold from 156 metres

- Konkouto Gold Prospect
 - Stage 2 combined RC and DD program was completed, 3,240 metres of RC in 40 holes and 1,082 metres of DD in 5 holes, with all assays results received.
 - New high grade assay results confirmed continuity of mineralisation and included the following intercepts:
 - 2m @ 20.9 g/t gold from 164 metres
 - 2m @ 10.4 g/t gold from 173 metres

BASSARI RESOURCES LIMITED

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REVIEW OF OPERATIONS FOR THE HALF YEAR ENDED 30 JUNE 2012

- Mineralised zone over a strike length in excess of 600 metres, open both to the east and west along strike. Work commenced on an updated interpretation and geological model incorporating all assays.
- Completion of regional termite mound sampling program within the Sambarabougou and Bounsankoba permits was completed with sampling undertaken on a grid of 400 metres by 50 metres.
- Airborne Geophysical Survey
 - Flying a high resolution aeromagnetic/radiometric survey was completed across all of the Company's permits.

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 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



David Garvey

Partner

BDO East Coast Partnership

Melbourne, 13 September 2012

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2012

		Consolidated	
	Notes	30 June 2012	31 December 2011
		\$'000	\$'000
Revenue from continuing operations	3	99	131
Corporate expenses		(162)	(309)
Employment and consultant costs		(481)	(447)
Occupancy costs		(112)	(90)
Travel and accommodation		(152)	(88)
Asset costs		(56)	(180)
Loss from continuing operations before income tax		(864)	(983)
Income tax expense relating to continuing operations		-	-
Loss from continuing operations		(864)	(983)
Gain from discontinued operations		-	46
Loss for the period attributable to the owners of Bassari Resources Limited		(864)	(937)
Other Comprehensive Income			
Exchange difference on translation of foreign operation		(449)	(1,577)
Other comprehensive income for the period net of income tax		(449)	(1,577)
Total Comprehensive Income for the period attributed to the owners of Bassari Resources Limited		(1,313)	(2,514)
Earnings per share for loss from continuing operations			
Basic earnings per share (cents)		(0.2)	(0.3)
Diluted earnings per share (cents)		(0.2)	(0.3)
Earnings per share for loss attributable to owners of the Bassari Resources Limited			
Basic earnings per share (cents)		-	(0.3)
Diluted earnings per share (cents)		-	(0.3)

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

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	30 June 2012	31 December 2011
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents		7,761	1,766
Trade and other receivables		310	172
TOTAL CURRENT ASSETS		8,071	1,938
NON CURRENT ASSETS			
Property, plant and equipment		2,171	2,667
Exploration and evaluation assets	4	27,556	23,392
TOTAL NON-CURRENT ASSETS		29,727	26,059
TOTAL ASSETS		37,798	27,997
CURRENT LIABILITIES			
Trade and other payables		1,667	870
Provisions		73	60
Financial liabilities		-	-
TOTAL CURRENT LIABILITIES		1,740	930
TOTAL LIABILITIES		1,740	930
NET ASSETS		36,058	27,067
EQUITY			
Contributed Equity	9	53,599	43,295
Reserves		(3,079)	(2,630)
Accumulated losses		(14,462)	(13,598)
TOTAL EQUITY		36,058	27,067

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 2012

	Note	Issued Capital	Foreign Currency Transaction Reserve	Options Reserve	Accumulated Losses	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2011		37,008	(2,302)	1,249	(12,661)	23,294
Loss for the period		-	-	-	(937)	(937)
Other comprehensive income		-	(1,577)	-	-	(1,577)
Total comprehensive income for the period		-	(1,577)	-	(937)	(2,514)
Issue of ordinary shares and other equity instruments, net of costs		6,287	-	-	-	6,287
Transactions with owners as owners		6,287	-	-	-	6,287
Balance at 31 December 2011		43,295	(3,879)	1,249	(13,598)	27,067
Loss for the period		-	-	-	(864)	(864)
Other comprehensive income		-	(449)	-	-	(449)
Total comprehensive income for the period		-	(449)	-	(864)	(1,313)
Issue of ordinary shares and other equity instruments, net of costs		10,304	-	-	-	10,304
Transactions with owners as owners		10,304	-	-	-	10,304
Balance at 30 June 2012		53,599	(4,328)	1,249	(14,462)	36,058

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 2012

	Note	30 June 2012	31 December 2011
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		39	64
Payments to suppliers and employees		(980)	(1,690)
Interest received		60	67
		<hr/>	<hr/>
Net cash used in operating activities		(881)	(1,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and evaluation expenditure		(3,368)	(2,889)
Payments for property, plant and equipment		(65)	(14)
Proceeds from sale of property, plant and equipment		-	76
		<hr/>	<hr/>
Net cash used in investing activities		(3,433)	(2,827)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	100
Proceeds from issue of equity securities		11,000	6,329
Issue costs		(696)	(442)
		<hr/>	<hr/>
Net cash provided by financing activities		10,304	5,987
		<hr/>	<hr/>
Net increase in cash and cash equivalents held		5,990	1,601
		<hr/>	<hr/>
Cash and cash equivalents at beginning of financial period		1,766	273
Effects of changes in foreign exchange rates on cash held		5	(108)
		<hr/>	<hr/>
Cash and cash equivalents at end of financial period		7,761	1,766
		<hr/>	<hr/>

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 30 June 2012 has been prepared in accordance with the Corporations Act 2001 and International Financial Reporting Standard ("IAS") 34 '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 period ended 31 December 2011 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2012 in accordance with the continuous disclosure obligations of the ASX listing rules. Comparative figures have been adjusted to conform with changes in presentation for the current period.

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 applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2012. There has been no 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 Class Order Co 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(c) Comparative Period

The prior reporting period was a six month period due to the Company changing its year end from June to December. The comparative period has been identified for reporting purposes as the previous six month period. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, this period is the 6 months ended 31 December 2011. The comparative Statement of Financial Position is as at 31 December 2011.

(d) Going Concern

The Group has incurred a net loss after tax of \$864,000 for the half year ended 30 June 2012 (31 December 2011: \$937,000) and had cash outflows from operating and investing activities of \$4,314,000 (31 December 2011: \$4,386,000). The directors are aware that to advance the Group's exploration activities over the next 12 months additional funding will be required. The Group's ability to continue as a going concern is therefore dependent on the raising of funds sufficient to meet the Group's expenditure forecasts.

These matters give rise to a material uncertainty over the consolidated entity's ability to continue as a going concern.

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2012

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

- At 30 June 2012, the Group had cash and cash equivalents of \$7,761,000 and had working capital, being current assets less current liabilities, of \$6,331,000 (2011: \$1,008,000).
- The Company has prepared cash flow budgets which include additional cash outflows for resource project and exploration expenditure, which can be deferred wholly or in part if insufficient capital is raised to fund that activity.
- The Group has a history of successfully raising funds.

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

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

NOTE 2 CONTROLLED ENTITIES

Subsidiary entities consolidated	Country of Incorporation	Class of shares	Percentage owned 30 June 2012	Percentage owned 31 December 2011
Bassari Resources SARL	Senegal	Ordinary	100%*	100%*
Bassari Equipment Pty Ltd	Australia	Ordinary	100%*	100%*
Bassari Mauritius Holdings Ltd	Mauritius	Ordinary	100%#	100%#
Bassari Mauritius Holdings No 2 Ltd	Mauritius	Ordinary	100%#	100%#
Bassari Mauritius Equipment Ltd	Mauritius	Ordinary	100%#	100%#
Douta Mining SA	Senegal	Ordinary	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 30 June 2012.

^ Dوتا Mining SA incorporated in Senegal in 2011.

NOTE 3 REVENUE

	30 June 2012 \$'000	31 December 2011 \$'000
Interest revenue from bank deposits	60	67
Other revenue	39	64
	<u>99</u>	<u>131</u>

NOTE 4 EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	30 June 2012	31 December 2011
	\$'000	\$'000
Costs carried forward in respect of areas of interest at cost	23,392	21,348
Expenditure incurred during the period	4,116	2,889
Depreciation capitalised	643	490
Cost base transferred to Property, plant & equipment *	(156)	-
Exchange translation difference	(439)	(1,335)
Total exploration and evaluation expenditure	27,556	23,392

* During the period the company undertook a review of the company's asset register. As a result the cost base of the assets has been previously overstated. The overcharge of \$156,000 has been reversed in the current period and the adjusted amount has been reflected in Property, plant and equipment for the period.

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

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

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

NOTE 5 SUBSEQUENT EVENTS

There have been no significant events that have occurred subsequent to 30 June 2012 that require disclosure in the half year report.

NOTE 6 CONTINGENT LIABILITIES

There are no contingent liabilities at period end and no change since 31 December 2011.

NOTE 7 COMMITMENTS FOR EXPENDITURE

(a) Capital Expenditure Commitments

The Company has no capital expenditure commitments.

(b) Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity are required to meet the minimum expenditure requirements of the Department of Mining. Minimum expenditure commitments may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts. The company has committed to spend a total of US\$6.1 million over the three years from renewal date in respect of these exploration permits.

BASSARI RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2012

Name on Permit	Joint Venture Partner and Permit Holder	Permit Renewal Date	Commitment
Moura	Sengold Mining NL	28 February 2012	US\$2.5M
Sambarabougou	W.A.T.I.C	26 April 2011	US\$2.4M
Bounsankoba	Libah Investments Ltd	5 August 2010	US\$1.2M

Expenditure commitment is for 3 years from the date of renewal of each permit.

At 30 June 2012 commitments pursuant to an exploration drilling contract was \$2,383,000.

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.

NOTE 9 CONTRIBUTED EQUITY

	Consolidated	
	30 June 2012	31 December 2011
	\$000	\$000
(a) Ordinary shares		
Paid-up capital		
572,648,689 (31 December 2011: 352,648,689) fully paid ordinary shares	53,599	43,295
Movement in ordinary share capital	No.	\$'000
At 30 June 2011	234,097,128	37,008
Shares issued during the period:		
Shares issued to settle loan	6,666,667	400
Shares placed at 6 cents	35,000,000	2,100
Shares placed at 5.5 cents	76,884,894	4,229
Cost of capital raising		(442)
Total for the financial period	118,551,561	6,287
At 31 December 2011	352,648,689	43,295
Shares issued at 5 cents	52,800,000	2,640
Shares issued at 5 cents	40,000,000	2,000
Shares issued at 5 cents	127,200,000	6,360
Cost of capital raisings		(696)
Total for the financial period	220,000,000	10,304
At 30 June 2012	572,648,689	53,599

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2012

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 consolidated entity's financial position as at 30 June 2012 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



Jozsef Patarica
Director

Melbourne
13 September 2012

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bassari Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bassari Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Bassari Resources Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Bassari Resources Limited 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bassari Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bassari Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bassari Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(d) in the financial report, which indicates that the consolidated entity incurred a net loss of \$864,000 during the half year ended 30 June 2012 and cash outflows from operating and investing activities of \$4,314,000. These conditions, along with other matters as set forth in Note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey'. Above the signature is a small, stylized 'BDO' logo.

David Garvey

Partner

Melbourne, 13 September 2012