

Makabingui Gold Project Update

OPEN BRIEFING with Managing Director Jozsef Patarica

ASX ANNOUNCEMENT: 29 September 2014

Bassari Resources (ASX: BSR)

Bassari Resources Limited (ASX:BSR) is an Australian listed gold exploration and development company focused on discovering and delineating high-grade gold resources which can be developed into profitable operations in the Birimian gold belt in Senegal, West Africa. Bassari's core project is the Makabingui Gold Project with JORC Reserve of 158,000 ounces in 860,000 tonnes at 5.7g/t gold

Market Cap: \$21 million

In this Open Briefing, Managing Director Jozsef Patarica discusses:

- **Makabingui gold grade and processing path**
- **Maiden Ore Reserve Statement**
- **Project funding and gold price**

Open Briefing interview:

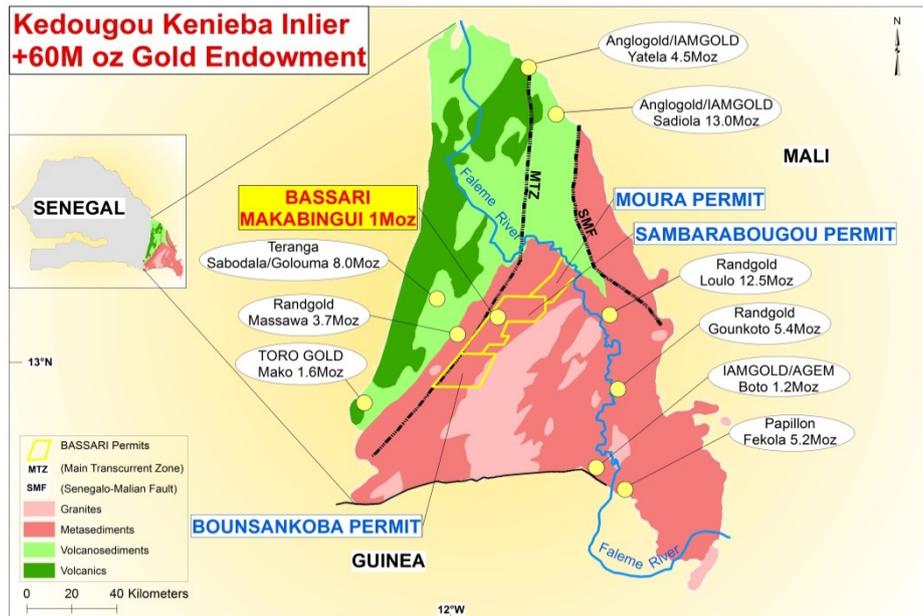
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Bassari Resources (Bassari) is developing its key Makabingui Gold Project in Senegal, West Africa which aims to produce 50,000 oz per annum at an attractive C1 production cost of US\$683/oz with a low US\$12 million capex requirement. What is it about Makabingui, its location and geological attributes that makes this project so attractive for you as the developer?

MD Jozsef Patarica

The most important aspect of Makabingui is its high gold grade. The saying “**Grade is King**” is the key for any deposit and we certainly have grade on our side. Makabingui will commence with mining operations focused on four high-grade pits from within the one million ounce gold resource. Our feasibility study showed an **NPV of US\$63M** and an outstanding **IRR of 404%**. Importantly Senegal is a very stable country and pro mining. The government is looking to aggressively grow the economy with a cornerstone to their growth strategy being mining. We have a substantial land package which sits right in the middle of the Kedougou Kenieba Inlier which is host to over 60 million ounces of gold resources and growing. Our substantial land package hosts multiple prospects along the 80km of strike highlighting the potential for significant growth.

Makabingui ticks all the boxes with high gold grade, low operating costs and low start-up capital which delivers a rapid payback period. The processing path is very simple with metallurgical recoveries over 95%.



Kedougou Kenieba Inlier

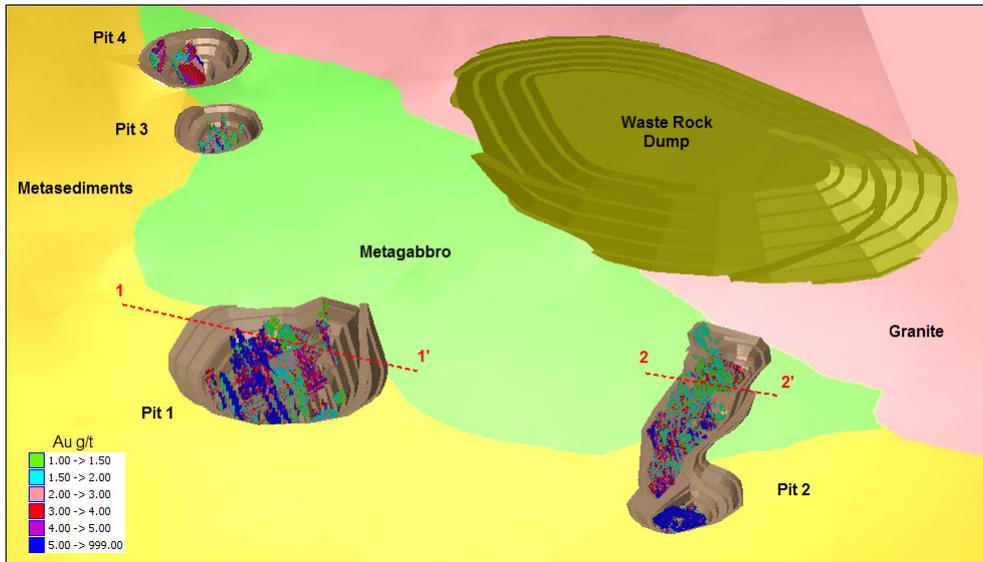
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One of the key attractions is the short term to payback on this project, how will the mine be engineered to best extract the ore? The plant will have a standard gravity with carbon-in-leach (CIL) circuit with recoveries expected to be at the higher end, 95%. Are you confident that the ore will recover at that expected rate and what can you tell us about the metallurgy as this has been an issue in other West African gold stories over the past few years?

MD Jozsef Patarica

We have been able to keep the capital cost low, delivering a rapid payback period by using a significant amount of existing infrastructure and equipment in Senegal. All of this is owned by Bassari and in very good operating condition. We have an existing gravity plant which will be upgraded to treat hard rock ore from Makabingui, a water dam to supply water to the processing plant, an established camp to accommodate employees and mobile equipment which will be used during the construction period as well as supporting operations. We will be engaging the services of a mining contractor to initially mine the four pits.

Operations will commence by mining high grade open pits where mineralisation starts at surface. The high grade ore will be trucked to the processing plant where it will be treated through a processing plant capable of extracting gold from both gravity and CIL. We are confident in the high metallurgical recoveries, 95%, because of the comprehensive metallurgical program undertaken from a very early stage in the resource drilling program.



High Grade Open Pit Mine Area Layout



Existing Gravity Plant

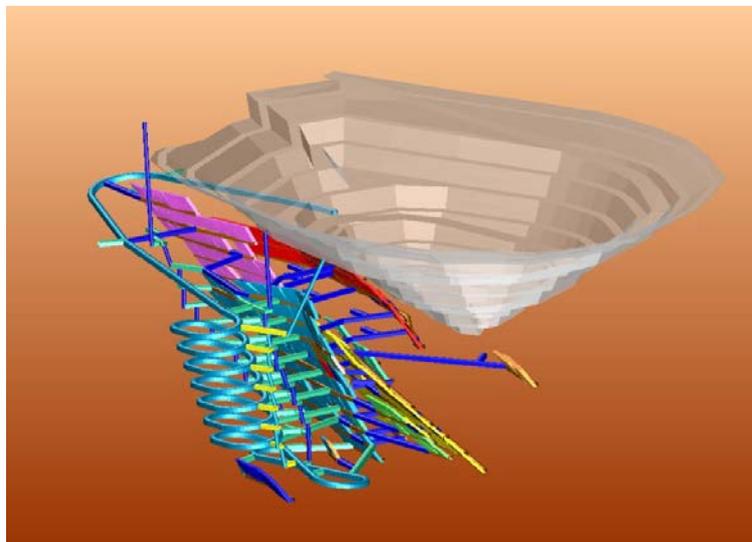
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Bassari has recently announced a maiden gold ore reserve and high grade underground extension to Makabingui (ASX release 2 & 16 September). According to the Underground Scoping Study there is an additional 180,000 ounces which can be potentially mined below Pit 1. How much of an impact to the initial 3.4 year life of mine will this make and how does it affect your planning for development. What other extensions do you think are possible along strike?

MD Jozsef Patarica

The maiden open pit gold ore reserve underpins our first stage high grade open pit development strategy. We will commence the initial stage of the operation by mining open pits with significant potential to not just extend along strike but also to develop additional high grade pits in and around the current one million ounce resource area. We have a very good understanding of the geology from our extensive exploration activities which include considerable drilling. We know there is gold on our properties; it's a matter of focusing on the areas we can convert to economic resources.

Our underground scoping study demonstrates that we have more than one option to extend the initial mine life to way beyond the initial 3.4 years. The underground operation will be accessed from the existing pits and our mine planning will take into account the time needed to develop the access required to ensure we have continuity of production.



Underground Mine Plan Looking North East

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One of the key attractive attributes of Makabingui is the relatively low capex of \$12 million. What are your current funding requirements and where will the \$12 million in project funding be sourced from given that project funding for gold has been very hard to come by in recent times?

MD Jozsef Patarica

We are reviewing funding options with banks, financial institutions and mining services companies interested in providing the development funding for the project. We are working through due diligence processes and co-ordinating site visits with some visits already completed. Our existing funds have enabled us to continue working on the plant upgrade design work as well as developing the mine services contract which we aim to award before year end.

We are focused on delivering all the fundamentals to ensure that Makabingui delivers the high returns we expect. Our development team is well underway, we have delivered our maiden open pit ore reserve (158,000 ounces), we are unlocking options to extend the mine life with a further 120,000 ounces already identified underground and now focused on delivering the mining permit on the back of our Environmental and Social Impact Study which is progressing well.

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The gold price has come under some downward pressure over the past few days with production costs globally averaging higher than ever around US\$1,100 an ounce. How this impact on Makabingui and what does is the schedule for early works, mining commencement, plant construction and first production, should all finance requirement be met?

MD Jozsef Patarica

We carried out our study work at US\$1,200 an ounce and the current gold price is still higher than our assumption. Makabingui is a highly profitable operation with a significant margin on the US\$683 an ounce production cost even with the gold price below US\$1,200 per ounce.

Our detailed engineering of the processing plant is well underway and we are finalising various procurement packages. We are focused on optimising the outcome of the feasibility study and importantly looking for options to fast track the development phase to deliver first gold. Our current project timeline has Makabingui pouring first gold mid next year.

We believe now is the time for developing a project with highly skilled people available and pricing of equipment being significantly lower than the boom days. The highly credentialed development team is focused on unlocking and delivering value through the development phase of Makabingui.

With our feasibility study for the initial open pit mining stage showing an **NPV of US\$63M** and an **IRR of 404%** plus the potential of significant additional reserves identified in our underground scoping study Makabingui is set to transition Bassari into a highly profitable gold producer in 2015. With the current market capitalisation of Bassari at only \$18 million there is significant upside for shareholders underpinned by Makabingui.

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Thank you Jozsef

For more information on Bassari Resources Limited, visit www.bassari.com.au or call Jozsef Patarica on +61 3 9614 0600.

Forward-Looking Statement

This release may include forward-looking statements which are based on assumptions and judgements of management regarding future events and results. Statements regarding Bassari Resources Limited plans with respect to future exploration and drilling are forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Bassari Resources Limited that could cause actual results to differ materially from such statements. Bassari Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Competent Persons Statement

The information in this announcement that relates to the Mineral Resources and Exploration Results has been reviewed and approved by Mr Chris Young who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young is a non-executive director and consultant to Bassari Resources Limited and has over 40 years' experience in the industry and has more than five years' experience which is relevant to the style of mineralisation being reported upon and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Young consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Mineral Resource information referred to in the announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not changed since it was last reported.

The Competent Person signing off on the overall Ore Reserves Statement is John Wyche. Mr Wyche is a Member of The Australasian Institute of Mining and Metallurgy who has 27 years of experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Wyche is a full time employee of Australian Mine Design and Development Pty Ltd and acts as a consultant mining engineer to Bassari Resources. Mr Wyche is not an employee of Bassari Resources and does not hold shares or other equities in Bassari.