



Bassari Resources Limited
ACN 123 939 042

Half Year Report - 30 June 2014

Your Directors submit the consolidated financial statements for the half year ended 30 June 2014 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 Alex Mackenzie (Executive Chairman)
Mr Jozsef Patarica (Managing Director/CEO)
Mr Chris Young (Non-Executive Director)
Mr Phillip Bruce (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. In addition, the Group, following completion of a scoping study and feasibility study of its Makabingui Gold Project is rapidly moving to become a gold producer.

Result and Review of Operations

The loss for the Consolidated Entity after providing for income tax for the period amounted to \$756,000 (30 June 2013: \$943,000). The detailed Review of Operations follows this Directors' Report.

Subsequent events

In July 2014 the Company completed a placement raising \$1.08 million at 2 cents per share, with funds raised for working capital and to advance the Makabingui Gold Project.

On 8 August 2014 the Company announced a 1 for 5 non-renounceable pro rata rights issue to shareholders, to raise up to \$4.6 million, before costs of the issue. Funds raised in the Rights Issue which closed on 8 September 2014, \$556,000, which will provide further development funds for the Makabingui Gold Project, along with working capital. The Company will have approximately 201.7M shares available to place at not less than \$0.02 (2 cents) to raise up to a further \$4.03M before costs, for a period of 3 months from 8 September 2014.

There have been no other significant events that have occurred subsequent to 30 June 2014 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 2014 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.

A handwritten signature in black ink, appearing to read 'Alex Mackenzie', with a long horizontal stroke extending to the right.

Alex Mackenzie
Executive Chairman

Melbourne
12 September 2014

Makabingui Gold Project – Feasibility Study

Bassari completed and released a Feasibility Study for the Makabingui Gold Project on 26 June 2014. The study is based on a 300ktpa hard rock operation initially from 4 high grade pits over a mine life of 3.4 years. The project is technically and commercially feasible and can generate strong cash flows at the low end of industry operating costs.

Highlights of the project, applying a gold price of US\$1200/ounce, are summarised as:

- Low cost, highly profitable and significant free cash flows
- Production (recovered gold) 171,000 ounces
- Average annual gold production 50,000 ounces
- Average gold grade to the mill >5.6 g/t gold
- High processing recovery 95%
- Processing rate 300ktpa
- Initial project mine life 3.4 years
- Cash cost US\$683/ounce
- Low additional capital cost US\$12M
- NPV (8% discount rate) US\$63M
- IRR 404%
- Pre-capex free cash flow (after tax) US\$88M
- Payback from production start <12 months

An indicative development timeframe to first gold production is eight months, with the critical path being the processing plant construction. Mining permit applications have been lodged with the Senegal mining authorities and Environmental and Social Impact Study field work has been completed, with the report to be lodged in support of the permit to mine.

Strong potential exists to significantly increase the mine life given that mineralisation remains open along strike and at depth in the current resource area. There is also much larger resource potential close to the existing project area along strike to the south (see further comment, Sambarabougou permit priorities in addition to the Makabingui Gold Project).

Capital Raising

The Company undertook a capital raising in late December 2013, and placed shares for a value of \$0.13 million by 31 December 2013. The capital raising was completed by 22 January 2014, raising a further \$0.38 million at 0.6 cents per share. The total raised was \$0.51 million.

On 18 February 2014 the Company announced that it was undertaking a capital raising by offering to eligible shareholders a Share Purchase Plan (SPP) and the right to apply for up to \$15,000 of shares in the Company. The SPP closed on 7 March 2014 and raised \$820,400 before costs to be applied to working capital and to further progress the Makabingui Gold Project studies.

On 19 March 2014, HEGL Investments Pty Ltd exercised the option to convert \$250,000 secured loan funds to 31,250,000 ordinary shares in the Company at 0.8 cents per share.

In April, the Company raised \$1 million via the placement of 111,424,405 fully paid ordinary shares at 0.9 cents per share with international mining contractor, BCM International Limited ('BCM'), as a cornerstone investor and a significant shareholder.

Exploration Activities

- **Sambarabougou permit priorities in addition to the Makabingui Gold Project**

Bassari is extremely positive of the much larger exploration potential that exists within close proximity to both the Makabingui Gold Project and also within the three contiguous permits. Previous artisanal activity, to the south of the existing resource has identified potential for multiple new areas of mineralisation within a significant NE trending shear zone, and further highlights the prospectivity of Makabingui. Makabingui South is defined by highly anomalous soil and termite mound gold anomalies and significant gold intercepts returned from previous wide spaced RAB & RC drilling are worthy of rapid follow up. The structural interpretation indicates the presence of a major mineralised gold corridor.

- **Moura and Bounsankoba permit priorities**

The most northern of the Company's three contiguous permits, Moura contains the Konkouto, Daloto East, Kawsara, Bountou and Sambali prospects. The Konkouto prospect is the most advanced with RC drilling results returning significant gold intercepts. Gold mineralisation at Konkouto is located in a tightly folded sedimentary package constituted by shale and greywacke, and intruded by quartz-feldspar-porphyry. Native gold is associated with arsenopyrite and pyrite in quartz. The mineralised quartz veins are interpreted to be extensional structures developed within a north-north-west trending and north-north-east dipping thrust fault (shear zone). Further drilling is proposed.

The southern of the three permits is Bounsankoba where limited exploration drilling has been done to date. Sekhoto to the south of the permit has shown from soil, termite and RAB drilling, strong gold anomalies, also from trenching carried out. Lode gold mineralisation was identified with highly anomalous trench results, NE trending and cross structures. RC drilling follow up is planned.

Forward-Looking Statement

This report 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 report that relates to 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. 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.

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF BASSARI RESOURCES LIMITED

As lead auditor for the review of Bassari Resources Limited for the half-year ended 30 June 2014, 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 of Bassari Resources Limited and the entities it controlled during the period.



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 12 September 2014

BASSARI RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Consolidated	
	30 June 2014 \$'000	30 June 2013 \$'000
Revenue from continuing operations	4	10
Corporate expenses	(169)	(297)
Employment and consultant costs	(437)	(458)
Occupancy costs	(91)	(104)
Travel and accommodation	(57)	(79)
Asset costs	(6)	(15)
Loss from continuing operations before income tax	(756)	(943)
Income tax expense relating to continuing operations	-	-
Loss for the period attributable to the owners of Bassari Resources Limited	(756)	(943)
Other Comprehensive Income <i>Items that may be reclassified to profit or loss in the future</i>		
Exchange difference on translation of foreign operation	(3,179)	4,129
Other comprehensive income for the period net of income tax	(3,179)	4,129
Total Comprehensive Income for the period attributed to the owners of Bassari Resources Limited	(3,935)	3,186
Earnings per share for loss attributable to owners of Bassari Resources Limited		
Basic earnings per share (cents)	(0.08)	(0.15)
Diluted earnings per share (cents)	(0.08)	(0.15)

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 2014

	Notes	30 June 2014 \$'000	31 December 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		89	-
Trade and other receivables		99	87
TOTAL CURRENT ASSETS		188	87
NON CURRENT ASSETS			
Property, plant and equipment		104	521
Exploration and evaluation assets	3	43,553	44,919
TOTAL NON-CURRENT ASSETS		43,657	45,440
TOTAL ASSETS		43,845	45,527
CURRENT LIABILITIES			
Trade and other payables		668	554
Financial liabilities		-	250
Provisions		144	154
TOTAL CURRENT LIABILITIES		812	958
TOTAL LIABILITIES		812	958
NET ASSETS		43,033	44,569
EQUITY			
Contributed equity	8	58,978	56,579
Reserves		935	4,114
Accumulated losses		(16,880)	(16,124)
TOTAL EQUITY		43,033	44,569

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 2014

	Contributed Equity	Foreign Currency Translation Reserve	Options Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	53,528	(3,683)	527	(14,948)	35,424
Loss for the period	-	-	-	(943)	(943)
Other comprehensive income	-	4,129	-	-	4,129
Total comprehensive income for the period	-	4,129	-	(943)	3,186
Issue of ordinary shares and other equity instruments, net of costs	2,116	-	-	-	2,116
Transactions with owners as owners	2,116	-	-	-	2,116
Balance at 30 June 2013	55,644	446	527	(15,891)	40,726
Balance at 1 January 2014	56,579	4,114	-	(16,124)	44,569
Loss for the period	-	-	-	(756)	(756)
Other comprehensive income	-	(3,179)	-	-	(3,179)
Total comprehensive income for the period	-	(3,179)	-	(756)	(3,935)
Issue of ordinary shares and other equity instruments, net of costs	2,399	-	-	-	2,399
Transactions with owners as owners	2,399	-	-	-	2,399
Balance at 30 June 2014	58,978	935	-	(16,880)	43,033

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 2014

	30 June 2014 \$'000	30 June 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2	-
Payments to suppliers and employees	(662)	(1,489)
Interest received	2	10
	<hr/>	<hr/>
Net cash used in operating activities	(658)	(1,479)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capitalised exploration and evaluation expenditure	(1,362)	(1,638)
Proceeds from sale of property, plant and equipment	-	14
	<hr/>	<hr/>
Net cash used in investing activities	(1,362)	(1,624)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity securities	2,197	2,010
Issue costs	(48)	(153)
	<hr/>	<hr/>
Net cash provided by financing activities	2,149	1,857
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held	129	(1,246)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of financial period	-	1,486
Effects of changes in foreign exchange rates on cash held	(40)	89
	<hr/>	<hr/>
Cash and cash equivalents at end of financial period	89	329
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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 2014 has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with 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 year ended 31 December 2013 and considered together with any public announcements made by Bassari Resources Limited during the half year ended 30 June 2014 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 applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2014. 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 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) Going Concern

The Group has incurred a net loss after tax of \$756,000 for the half year ended 30 June 2014 (2013: \$943,000) and had cash outflows from operating and investing activities of \$2,020,000 (2013: \$3,103,000). The directors are aware that to advance the Group's exploration activities over the next 12 months additional funding will be required. At 30 June 2014 the Group had cash reserves of \$89,000 (31 December 2013:\$Nil) and net current liabilities, being current assets less current liabilities, of \$624,000 (31 December 2013: \$871,000). These matters give rise to a material uncertainty over the consolidated entity's ability to continue as a going concern. 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. Directors believe there are reasonable grounds for the Group to be able to pay its debts as and when they become due and payable.

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:

- In July 2014 the Company issued 54,004,156 fully paid ordinary shares at \$0.02 (2 cents) per share, raising \$1,080,083 to fund working capital and development of the Makabingui Gold Project.
- On 8 August the Company announced a 1 for 5 pro rata Non Renounceable Rights Issue of approximately 229,568,252 fully paid ordinary shares at an issue price of \$0.02 (2 cents) per share. The Rights Issue raised \$556,000 before costs to fund working capital and project development expenditure and the Company will have approximately 201.7M shares available to place at not less than \$0.02 (2 cents) to raise up to a further \$4.03M before costs, for a period of 3 months from 8 September 2014.
- 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 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 company 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 consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 2 CONTROLLED ENTITIES

	Country of Incorporation	Class of shares	Percentage owned 2014	Percentage owned 2013
Subsidiary entities consolidated				
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 2014.
- ^ Douta Mining SA incorporated in Senegal in 2011.

NOTE 3 EXPLORATION AND EVALUATION ASSETS

	30 June 2014 \$'000	31 December 2013 \$'000
Costs carried forward in respect of areas of interest at cost	44,919	33,651
Expenditure incurred during the period	1,362	2,927
Depreciation capitalised	379	1,048
Exchange translation difference	(3,107)	7,293
Total exploration and evaluation expenditure	43,553	44,919

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 4 SUBSEQUENT EVENTS

In July 2014 the Company completed a placement raising \$1.08 million at 2 cents per share, with funds raised for working capital and to advance the Makabingui Gold Project.

On 8 August 2014 the Company announced a 1 for 5 non-renounceable pro rata rights issue to shareholders, to raise up to \$4.6 million, before costs of the issue. Funds raised in the Rights Issue which closed on 8 September 2014, \$556,000 which will provide further development funds for the Makabingui Gold Project, along with working capital. The Company will have approximately 201.7M shares available to place at not less than \$0.02 (2 cents) to raise up to a further \$4.03M before costs, for a period of 3 months from 8 September 2014.

Other than the matters referred to in the above paragraphs, there have been no significant events that have occurred subsequent to 30 June 2014 that require disclosure in the half year report.

NOTE 5 CONTINGENT LIABILITIES

There are no contingent liabilities at period end and no change since 31 December 2013.

NOTE 6 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 Senegal Department of Mining & Geology (DMG). 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\$10.2 million over the three years from renewal dates in respect of these exploration permits.

Name on Permit	Joint Venture Partner and Permit Holder	Permit Renewal Date	Remaining Expenditure Commitment	Commitment
Moura	Sengold Mining NL	28 February 2012	US\$1.11M	US\$2.5M
Sambarabougou	W.A.T.I.C	13 September 2013	US\$5.03M	US\$6.5M
Bousankoba*	Libah Investments Ltd	14 June 2010	US\$0.72M	US\$1.2M

*Permit renewal lodged June 2013

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

NOTE 7 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 8 CONTRIBUTED EQUITY

	30 June 2014	31 December 2013
	\$000	\$000
(a) Ordinary shares		
Paid-up capital 1,093,837,102 (2013: 771,319,369) fully paid ordinary shares	<u>58,978</u>	<u>56,579</u>
Movement in ordinary share capital	No.	\$'000
At 1 January 2014	771,319,369	56,579
Share placement at 0.6 cents*	22,033,333	-
Share placement at 0.6 cents	25,999,999	156
Share placement at 0.6 cents	36,414,573	218
Share issue plan, at 0.86 cents	95,395,423	820
Shares issued to settle outstanding financial liability at 0.8cents	31,250,000	250
Share placement at 0.9 cents	111,424,405	1,003
Costs of issue		(48)
Total for the financial period	<u>322,517,733</u>	<u>2,399</u>
At 30 June 2014	<u>1,093,837,102</u>	<u>58,978</u>

* 22,033,333 fully paid ordinary shares were issued on 2 January 2014, the funds were received prior to 31 December 2013.

BASSARI RESOURCES LIMITED
ACN 123 939 042
DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2014

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 2014 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



Alex Mackenzie
Executive Chairman

Melbourne
12 September 2014

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 2014, 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, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 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

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 2014 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 2014 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(c) in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$756,000 during the half-year ended 30 June 2014 and had cash outflows from operating and investing activities of \$2,020,000. In addition the consolidated entity had a net working capital deficit being current assets less current liabilities of \$624,000. The ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set forth in Note 1(c), 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



James Mooney
Partner

Melbourne, 12 September 2014