
BASSARI RESOURCES LIMITED

ACN 123 939 042

NOTICE OF GENERAL MEETING

TIME: 10.30am (Australian Eastern Standard Time)

DATE: **Tuesday, 23 August 2011**

PLACE: RACV City Club
The Theatrette
501 Bourke Street
Melbourne VIC 3000

This Notice of Meeting and the accompanying Explanatory Statement should be read in their entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 3) 9629 9925.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of Shareholders to which this Notice of Meeting relates will be held at 10.30am (AEST) on **Tuesday 23 August 2011** at:

RACV City Club
The Theatrette
501 Bourke Street
Melbourne VIC 3000

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects the Company and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the time and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, or
- (b) facsimile on facsimile number (+61 2) 9287 0309,

so that it is received no later than 10:30 am (AEST) on **Sunday 21 August 2011**.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders will be held at 10.30am (AEST) on Tuesday, 23 August 2011 at RACV City Club, The Theatre, 501 Bourke Street, Melbourne, Victoria.

Shareholders should review carefully the Explanatory Statement accompanying this Notice of Meeting as it contains important information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7pm on 21 August 2011.

The Company lodged a prospectus with ASIC and ASX on 12 July 2011 for a pro-rata renounceable rights issue. The prospectus will not affect the Company's issue of securities under the Resolutions proposed at this General Meeting.

Terms and abbreviations used in this Notice of Meeting and the accompanying Explanatory Statement and Proxy Form are defined in the Glossary section at the back of this Notice of Meeting.

AGENDA

RESOLUTION 1 – RATIFICATION OF PLACEMENT TO INSTITUTIONS AND SOPHISTICATED INVESTORS

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the prior issue of 35,000,000 fully paid ordinary Shares at an issue price of \$0.06 (6 cents) per Share in the issued capital of the Company on 15 July 2011 to the persons and in the proportions described in Schedule 1 to the Notice of Meeting, be approved."

Voting Exclusion Statement

In accordance with the Listing Rules, the Company will disregard any votes cast on this Resolution 1 by any person and any associate or nominee of that person who participated in the issue.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – ISSUE OF OPTIONS TO INSTITUTIONS AND SOPHISTICATED INVESTORS

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 17,500,000 Options, exercisable at \$0.11 (11 cents) each on or before 30 November 2012, to the persons described in Schedule 2 to the Notice of Meeting."

Voting Exclusion Statement

In accordance with the Listing Rules, the Company will disregard any votes cast on this Resolution 2 by:

- any person and any associate or nominee of that person who may participate in the issue; and
- any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO SENEGAL NOMINEES S.A.R.L.

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 6,666,667 Shares at an issue price of \$0.06 (6 cents) and 3,333,333 Options, exercisable at \$0.11 (11 cents) each on or before 30 November 2012, to discharge the balance of \$400,000 drawn down by the Company against a loan facility from Senegal Nominees S.A.R.L., or for the benefit of Senegal Nominees S.A.R.L..”

Voting Exclusion Statement

In accordance with the Listing Rules, the Company will disregard any votes cast on this Resolution by Senegal Nominees S.A.R.L. and any associate or nominee of Senegal Nominees S.A.R.L.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Shareholders are specifically referred to the Glossary section at the back of this Notice of General Meeting which contains definitions of capitalised terms used both in this Notice of General Meeting and the Explanatory Statement.

PROXIES

Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy need not be a member of the Company; and
- c) a member of the Company entitled to cast two or more votes at the General Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes of the member.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

"SNAP-SHOT" TIME

The Board has determined that all Shares that are quoted on ASX at 7.00 pm (AEST) on Sunday, 21 August 2011 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

CORPORATE REPRESENTATIVE

A body corporate may appoint an individual as its representative to attend and vote at the General Meeting and exercise any other powers the body corporate can exercise at the General Meeting.

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

An appointment of Corporate Representative form is enclosed if required.

ENQUIRIES

Shareholders are required to contact Mr Ian Riley on (+ 61 3) 9629 9925 if they have any queries in respect of the matters set out in these documents.

Dated 20 July 2011
BY ORDER OF THE BOARD



JOZSEF PATARICA
MANAGING DIRECTOR/CEO

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.30am (AEST) on Tuesday, 23 August 2011 at RACV City Club, The Theatre, 501 Bourke Street, Melbourne, Victoria.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions as set out in the Notice of Meeting.

SPECIAL BUSINESS

RESOLUTION 1 – RATIFICATION OF PLACEMENT TO INSTITUTIONS AND SOPHISTICATED INVESTORS

Listing Rule 7.1 provides that a company must not, without shareholder approval (but subject to certain exceptions), issue or agree to issue during any 12 month period any equity securities (including ordinary shares and options over unissued ordinary shares) if the number of those securities exceeds 15% of the number of fully paid securities on issue at the commencement of that 12 month period. Listing Rule 7.4 provides for subsequent approval of issues of securities in certain circumstances.

35,000,000 Shares were issued on 15 July 2011 to the persons and in the proportions described in Schedule 1 to the Notice of Meeting. The Company now seeks subsequent Shareholder approval under this Resolution 1 for the issue of such Shares for the purpose of Listing Rule 7.4 and in accordance with Listing Rule 7.5 (and for all other purposes).

Outlined below is the information required to be provided to Shareholders pursuant to Listing Rule 7.5 for the purpose of obtaining Shareholder approval under Listing Rule 7.4:

- (a) the number of Shares the Company issued is 35,000,000 and the Shares rank equally in all respects with all other ordinary Shares in the Company on issue;
- (b) the Shares were issued for a consideration of \$0.06 (6 cents) per Share;
- (c) the Shares issued are fully paid ordinary shares in the capital of the Company;
- (d) the Shares were issued to the persons described in Schedule 1, all of whom are not Related Parties or deemed to be Related Parties under the Listing Rules;
- (e) the issue of Shares raised \$2,100,000 and will be applied to the Company's exploration program and for working capital requirements of the Company.

If this resolution is passed, the Company will, pursuant to Listing Rule 7.1, be able to issue up to 15% of its issued Share capital as described above without the requirement to seek further approval of Shareholders. The Directors believe this will be beneficial to the Company as it will allow it to raise further funds to continue its exploration activities as may be required.

RESOLUTION 2 – ISSUE OF OPTIONS TO INSTITUTIONS AND SOPHISTICATED INVESTORS

Resolution 2 is proposed to obtain Shareholder approval for the issue of 17,500,000 Options to the persons described in Schedule 2 to the Notice of Meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (f) the maximum number of securities to be issued is 17,500,000 Options;
- (g) the Options will be issued on a date no later than three (3) months after the date of the meeting (or such other date as is permitted by an ASX waiver of the Listing Rules, the *Corporations Act 2001* and/or the Australian Securities and Investments Commission);
- (h) the issue price of the Options will be nil;
- (i) the Options will have an exercise price of \$0.11 (eleven cents) each and will expire on 30 November 2012;
- (j) the Options will be issued to the persons described in Schedule 2, all of whom are not Related Parties or deemed to be Related Parties under the Listing Rules;
- (k) the Options shall have the terms set out in Schedule 3 to this Explanatory Statement; and
- (l) there will be no funds raised through the issue of the Options and any funds raised upon exercise of the Options will be applied as working capital at the time of exercise.

The Options will be issued on a one-for-two free-attaching basis and fractional entitlements will be rounded up. As such, the number of Options to be issued pursuant to this Resolution 2 may be increased slightly as a result of rounding.

Shareholder approval for the proposed issue of shares under Resolution 2 is required pursuant to ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period, any equity securities or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve (12) month period. One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting. By obtaining shareholder approval to the issue of the shares the subject of Resolution 2, the Company maintains the ability to issue further securities up to the 15% limit without further shareholder approval to take advantage of opportunities which may arise to raise additional capital.

RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO SENEGAL NOMINEES S.A.R.L.

Resolution 3 is proposed to obtain shareholder approval for the issue of 6,666,667 fully paid ordinary Shares in the Company and 3,333,333 1 for 2 free-attaching Options to Senegal Nominees S.A.R.L. to discharge the balance of AU\$400,000 drawn down by the Company against a loan facility.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (m) the maximum number of securities to be issued is 6,666,667 fully paid ordinary Shares in the Company and 3,333,333 1 for 2 free-attaching Options;
- (n) the Shares and free-attaching Options will be issued on a date no later than three (3) months after the date of the meeting (or such other date as is permitted by an ASX waiver of the Listing Rules, the *Corporations Act 2001* and/or the Australian Securities and Investments Commission);
- (o) the issue price of the Shares will be \$0.06 (6 cents) per share;
- (p) the Options will be free-attaching on a one-for-two basis and will have a nil issue price and an exercise price of \$0.11 (eleven cents) each and will expire on 30 November 2012;
- (q) the Shares and free-attaching Options will be issued to Senegal Nominees S.A.R.L.;

- (r) the Shares to be issued pursuant to Resolution 3 will be fully paid ordinary shares in the capital of the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary Shares. The Company will apply to ASX for quotation of the Shares;
- (s) the free-attaching Options shall have the terms set out in Schedule 3 to this Explanatory Statement; and
- (t) The funds raised by the issue will be applied discharge the balance of AU\$400,000 drawn down by the Company against a loan facility provided by Senegal Nominees S.A.R.L.

Shareholder approval for the proposed issue of shares under Resolution 3 is required pursuant to ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period, any equity securities or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve (12) month period. One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting. By obtaining shareholder approval to the issue of the shares the subject of Resolution 3, the Company maintains the ability to issue further securities up to the 15% limit without further shareholder approval to take advantage of opportunities which may arise to raise additional capital.

SCHEDULE 1 to Notice of General Meeting

List of Recipients of Shares issued on 15 July 2011 (Resolution 1)

| | Number of Shares issued |
|--|---|
| Institutional Investors | 5,835,000 |
| Clients of RBS Morgans and Patersons Securities | 19,166,666 |
| Other wholesale individuals (sophisticated investors) | <u>9,998,334</u> |
| | Total number issued: <u>35,000,000</u> |

SCHEDULE 2 to Notice of General Meeting

List of Recipients of Options (Resolution 2)

| | Number of Options to be issued |
|--|---|
| Institutional Investors | 2,917,500 |
| Clients of RBS Morgans and Patersons Securities | 9,583,333 |
| Other wholesale individuals (sophisticated investors) | <u>4,999,167</u> |
| | Total number to be issued: <u>17,500,000</u> |

SCHEDULE 3 to Notice of General Meeting

Option Terms

- (a) Each Option entitles the holder to acquire one ordinary fully paid share in the capital of the Company.
- (b) The Options are exercisable at any time on or before 5:00 pm Melbourne time on 30 November 2012 ("the Exercise Period") by completing the Option exercise form and delivering it together with the payment for the number of shares in respect of which the Options are exercised to the registered office of the Company. Any Option that is not exercised during the Exercise Period automatically lapses.
- (c) The exercise price of the Options is 11 cents (\$0.11) per Option payable in full on exercise.
- (d) Subject to the Corporations Act, the ASX Listing Rules, and the Constitution of the Company, Options are freely transferable. All shares issued upon exercise of Options will rank *pari passu* in all respects with, and will have the same terms as, the Company's then issued ordinary fully paid shares. The Company will apply for official quotation by ASX of all shares issued upon exercise of Options.
- (e) The Options will not give any right to participate in dividends until shares are issued pursuant to the exercise of the relevant Options.
- (f) There are no participation rights or entitlements inherent in the Options. Option holders are not entitled to participate in new issues of securities offered to shareholders without first exercising the Options. Subject to any waiver granted by ASX, the Company will send notices to Option holders at least five business days prior to the record date applying to offers of securities made to shareholders during the currency of the Options.
- (g) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of the Exercise Period, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction

Shares issued upon the exercise of Options will be fully paid ordinary shares and will have the same voting and other rights as the existing shares of the Company.

GLOSSARY

\$ means Australian dollars.

AEST means the time as observed in Melbourne, Victoria, Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context requires or permits, the financial market known as the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX, as amended or replaced from time to time except to the extent of any written waiver granted by ASX.

Board means the board of directors of the Company.

Business Day means any day other than a Saturday, Sunday or public holiday in the State of Victoria.

Chairman means the chairman of the General Meeting.

Company or **Bassari** means Bassari Resources Limited (ACN 123 939 042).

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting or **Meeting** means the general meeting of the Company convened by this Notice of Meeting.

Non-Executive Directors means the Directors who do not perform an executive function in addition to their role as a director.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Option means an option over any unissued Share or Shares.

Patersons Securities means Patersons Securities Limited [ABN 69 008 896 31 1] (AFSL 239052).

RBS Morgans means RBS Morgans Corporate Limited [ABN 32 010 539 607] (AFSL 235407).

Resolutions means the resolutions set out in the Notice of Meeting, and **Resolution** means any one of them.

Schedule means a Schedule to this Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share or Shares.