

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING 31 MAY 2013

It is with great pleasure that I address you today as Executive Chairman of your Company having joined the Board last month. I have been involved in the mining industry in Senegal for the past twenty plus years and am one of the founders of Bassari.

I have joined the Board at an extremely important time for the Company as we progress a strategic review to maximise value for all shareholders. The review is considering corporate and operational strategies and to assist us in the process, Euroz Securities Limited has been appointed as a corporate advisor in relation to any corporate transactions which may eventuate from the Strategic Review. Importantly the Company's major shareholders, of whom I am one, are fully supportive of the strategic review. Equity funds raised in April have provided working capital while we work through the process.

As part of the review we have and will continue to review all expenditures to minimise overheads and operational costs. To date we have identified fixed cost savings of approximately \$1 million on an annualised basis.

During 2012 we were pleased to deliver our key objective of reaching one million ounces in gold resources at our flagship Makabingui Gold Project. This was achieved with a high overall gold grade of 2.6 g/t gold. We overcame many challenges during the year with slow sample assay turnaround times impacting on the drilling program and also resulted in slow news flow.

We have recently completed a strategic review of our exploration programs focussed on the discovery of World Class gold deposits within our 80 kilometre strike across three contiguous permits. The million ounce Makabingui Gold discovery demonstrates Bassari's excellent exploration track record and our review has highlighted five high priority target areas out of 32 targets identified by the aeromagnetic and radiometric survey carried out in 2012. The high priority targets are outlined in our Company presentation to follow.

Unfortunately we have seen the gold price fall from \$1,796/oz in August 2012 to around \$1,400 in recent times. Frustratingly for the Board and Bassari shareholders, due to the extremely disappointing market conditions for equity gold stocks over the last year, gold companies have been significantly sold down particularly the junior exploration companies. Even with Bassari's success in establishing a million ounce gold resource and identifying a multitude of gold targets, our stock price has tracked down with the market. During these periods of difficult market conditions it is important to focus on the company's fundamental assets which positions us well for the future.

There is positive news on gold with the World Gold Council recently reporting that the fundamentals remain robust for gold with growing demand in India and China and central banks consistently adding gold to their reserves whereby they have been making purchases in excess of 100T for the 7th consecutive quarter. Also there has been some strong buying of investment products such as gold bars and coins. However, the issue has been the fall in gold backed Exchange Traded Funds which in 2012 accounted for 6% of the world gold demand, and which fell by approximately 6%.

It should also be noted that good quality gold deposits are becoming much harder to find. The business intelligence provider, Intierra RGM, recently reported that new gold discoveries have declined by some 45% over the last decade.

Ten years ago discoveries were about 450 million ounces per two year periods. However the last four years showed that in 2009 and 2010, 250 million ounces were discovered at an average grade of 1.25 G/T and in 2011 and 2012 only 225 million ounces were discovered at an even lower average grade of 1.17 G/T. In this ten year study Africa led the way with 479 million ounces discovered at the high grade of 2.8 G/T. North America followed with 290 million ounces discovered at 1.3 G/T. Discoveries in Australasia in this period amounted to only 74 million ounces also at a low average grade of only 1.3 G/T.

With many exploration companies now finding it difficult to raise funds for exploration one can only assume gold discoveries will further decline with an ever increasing shortage of gold.

These encouraging facts on gold and based on the excellent potential to increase our gold resources within our three quality permits in Africa, I am confident of our long term future.

I and the Board appreciate the patience and support shown by shareholders during these times.

I would also like to thank our staff in both Melbourne and Senegal, our joint venture partners and Minerex, our drilling contractors for their untiring efforts and dedication. I also thank my fellow directors for their support and contributions they have made positioning the Company with solid foundations to continue to grow.

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

Alex Mackenzie
Chairman