

**CHAIRMAN'S ADDRESS TO 2011 ANNUAL GENERAL MEETING****25 November 2011**

- I intend to provide a short outline of the events that have impacted your Company over the year to 30 June, and the period since that date. I was appointed to the Board in July this year and subsequently appointed Chairman in August, in an interim role, shortly thereafter. Accordingly, I cannot take credit for the activities of the Company for the reporting period. Mr Patarica, our Managing Director, will be providing a more detailed presentation at the conclusion of the meeting.
- As we are all aware, the share price has not responded to our recent drilling results as well as we might have hoped. In addition to the general market malaise in which most small explorers find themselves, many people have proffered many different reasons for the current price. I will not seek to opine on this today. Suffice to say I believe the underlying fundamentals of the Company's permit areas and the drilling results to date point to a fundamental value in excess of where the Company currently trades.
- The year from 1 July 2010 offered many positive – and some not so positive – events:
  - In July 2010 the Company secured additional drilling resources to support a ramp up in its exploration program. This was followed in later months by encouraging RAB results at the Sekhoto prospect in the

southern section of the company's Bounsankoba permit (Southern most permit) – allowing identification of specific areas for follow up RC drilling. The Company announced new gold intersections in September 2010, in what we refer to as the “Lafia Gold Corridor”, a 40km long strike zone extending in a NE direction across the Company's Bounsankoba and Sambarabougou permits. The Company's identified prospects of Sekhoto, Massa Massa, Lafia South, Lafia North and Makabingui are located in or close to this corridor. You will hear more about those names from Jozsef.

- Continued infill drilling at Makabingui on the Sambarabougou (or central) permit area returned more strong gold intercepts in January this year, culminating in an initial resource announcement of 240,000 ozs in May. There have been further significant intercepts since that time. The Company is currently awaiting the results of a review by AMC Consultants, who have been engaged to conduct a global resource estimate for the target area. In addition it is awaiting the imminent arrival of further assays for Makabingui.
- The Company's alluvial project produced its first gold in November 2010. However, after considering the approaching wet season at the time and the costs associated with the project, the Board took the decision to place the project on care and maintenance towards the end of the financial year. The Company is now exploring options to achieve some financial gain from the project; however its focus has reverted to its core activity of undertaking gold exploration over its West African Permit areas.

### **Progress since 30 June 2011**

- Since the end of the financial year strong gold intercepts continued at the Company's Makabingui prospect with, among others, the significant intersection of 7m @54g/t Au, and encouraging intersections at the Konkouto prospect area in the Moura (or northern) permit resulting from RAB drilling. As Jozsef will

outline, with the recent end of the wet season in Senegal, Bassari started drilling at Konkouto as of last weekend.

- On the people front, we were pleased that our Exploration Manager, Mr Moussa Diba, could visit from Senegal for the Africa Down Under Conference in September and meet some of our shareholders and the broking community. We were saddened by the loss of founding director and previous Chairman, Mr Clive Wright. Mr Wright was larger than life and is sorely missed.
- On a strategic front, and as noted in the Annual Report, the Company has been receiving a number of unsolicited approaches regarding our prospect areas – some direct to the MD and others via the Company’s main shareholder representative and Senegal based consultant, Mr Alex McKenzie. One of my key objectives since becoming Chairman has been to endeavour to formalise a consistent strategy in respect of corporate activity. This has included use of specialist advisors to assist management in reviewing such approaches within a consistent framework, and imposing an appropriate timetable to bring to a head approaches that have substance and may add to shareholder value. It is my intention that this process should continue.
- My appointment to the Board in July was expressed as part of a plan to provide a greater mix of corporate, technical and financial expertise at Board level. As part of my role as an independent director and interim Chairman, I have attempted to continue that process by seeking views of some of the larger shareholders in the Company on initiating a four person Board. In addition to the managing director and myself, I would propose the addition of two directors who could support management via their combined substantive mining company management and Board experience, geological skills and deep knowledge of the Company’s ground in West Africa.
- Some will have noted I have always referred to my appointment as “interim” Chairman. It was and still is my intention to bring on board members who have the expertise to take over this position. However, to do so successfully one must

ultimately have shareholder support and unfortunately I have been unable to reach a consistent opinion on this matter – either as to the appropriate number or the identity of potential members. In light of divergent opinion, and if elected, I would still propose to take forward a four person Board composition.

- In considering Board composition, a key factor is the potential for conflict where the boundaries between non-executive directors and consultants becomes blurred. My background as a lawyer, banker and corporate adviser makes me somewhat concerned at the potential for conflict where ever non-executive directors, or even major shareholders, act as consultants – other than in one off or special circumstances. I do not think I need to highlight any further the difficulty facing a managing director where the person reporting to the MD as a consultant, is also a major shareholder, chairman or non-executive director, particularly where a small Board is concerned. I recognise that in small company environments such situations are often unavoidable, but where they occur it is essential they occur in an open and public fashion so the interests of the shareholders as a whole can be properly considered.
- We will shortly move to the formal business of the meeting. However, before doing so I want to be clear on the fundamentals of this Company. While I have heard many diverse and sometimes disparate views on the Company covering where to drill, how to progress and even what to say and when to say it, at no time has the prospectivity of the permit areas held by the Company been questioned. In this regard the basic fundamentals should not be forgotten. The Company has expended significant time, money and effort on the ground in Senegal identifying 13 prospect areas. It has had success at its first attempt with the Makabingui resource – you will hear more from Jozsef on that. As of last weekend, the RC rig started at the Konkouto area in the Moura permit and we all hold high, and based on the opinions of the Company geo's, justifiable hopes that we will have another successful result in that area.
- It doesn't take a mathematician to realise we have only scratched the surface of the areas we currently control and have identified for further exploration. Going

forward the Board and management must focus on realising the potential of these remaining prospects in such manner as they see appropriate – having consideration to the views of others – but otherwise free of fear or favour and supported by a truly independent Board focussed on the interests of all shareholders and the Company as a whole.

- Finally, I'd like to express my thanks to our Australian and Senegalese staff for their efforts over the period. They are the ones at the rock face (excuse the pun) and are valued highly for their efforts.