

30 May 2016

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Welcome to Bassari Resources Limited's annual shareholders meeting.

With continued strong support from our shareholders, we have made significant steps to bring the Makabingui gold project into production as well as continuing exploration work on other gold projects within our other permits. Shareholders have strongly supported the Company throughout the downturn in the market over the last two years. Recently Bassari has increased its shareholder numbers from just over 1,700 to over 2,100 indicating investor interest in our projects.

The funds raised primarily from shareholders over the past year have provided us with not only working capital but funds to complete all the Mining Code requirements to obtain a production permit including environmental impact studies. Also funds raised have enabled us to commence a follow-up drilling program at the highly prospective Konkoutou Gold Project in the Moura permit.

Previously, exploration work, drilling, aero-magnetics and detailed structural geological work on the Moura permit had identified a number of highly prospective gold targets, with Konkoutou being considered the most prospective. Earlier limited drilling at Konkoutou had returned some outstanding intersections.

Bassari's Exploration Manager, Mr Moussa Diba (AusIMM), reported that the present follow-up drilling program at Konkoutou has been completed. The primary aim was to drill the existing gaps between the known mineralised zones and find the continuity of the lodes. Most of the holes drilled have intersected expected mineralised zones characterised by the presence of quartz carbonate veins and veinlets with pyrite. The surface projection of the mineralised lodes on strike is estimated to be approximately 550 metres and remains open along strike and down dip. The assay results of this program, from in excess of 1100 samples sent for analysis, are due in the next few weeks.

With reference to the Makabingui gold project we reported in the March quarterly report that I met with the Minister of Mines and the Director of Mines on 26 April 2016 and agreed on all the previously undetermined terms of the Makabingui production permit (including duration, permit size, duties, taxes, royalties, social contributions). Since then the lawyers have drafted the production permit incorporating the agreed terms and it has recently been submitted to the Minister of Mines and to the Director of Mines and his Department.

We have been informed the final step is for the Minister of Finance to submit his comments (if any). If no response comes from the Minister of Finance within 21 days then the Mining Code states that his response is deemed to be favourable. Subsequently the mining permit can then be signed by the Minister of Mines. Accordingly, the Directors are confident that the signing of the permit and the issue of a Presidential Decree, which guarantees stability of the permit terms for the life of the project, is imminent.

With the permit being imminent, the Directors have re-opened negotiations with prospective funders of the Makabingui capex (estimated at \$US12 million), including financing options from equipment suppliers. We have also commenced an internal update of the 2014 Feasibility Study. Since 2014 the gold price has varied from the \$US1200/oz used in the study and some costs have varied including the largest cost, the oil price, which has reduced significantly. In addition, we are reviewing engineering and updating the mining plan in preparation of the commencement of production.

As you are all aware, the last few years has been a trying time for all mining companies, particularly the small companies, who have seen commodity prices savaged which in turn has affected investor confidence in the mining industry and their ability to raise funds.

In these circumstances the fantastic financial and moral support of Bassari's shareholders throughout these difficult years is greatly appreciated by the Board. We are now nearing the production stage where shareholders should begin to reap the benefit of their loyalty and financial support.

Finally, I would like to thank my fellow directors, Philip Bruce and Peter Spivey, for their contribution to the Company and also Ian Riley and the loyal staff of Bassari both in Senegal and here in Australia who have worked tirelessly and achieved so much in what has been a difficult investment market to advance the Company towards its production goal.

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

Alex Mackenzie
Chairman