



ABN 88 125 546 910

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

TIME: 1.15pm (Perth time)
DATE: 29 November 2012
PLACE: Duxton Hotel
1 St Georges Terrace
Perth, Western Australia

**This is an important document. Please read it carefully and in its entirety.
If you do not understand it please consult with your professional advisers.**

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on that form.

The Annual Report is available for viewing on www.baseresources.com.au

NOTICE OF ANNUAL GENERAL MEETING

Base Resources Limited (**Company**) gives notice that its annual general meeting of members will be held on 29 November 2012 at 1.15pm (Perth time) (**Annual General Meeting**) at:

**Duxton Hotel
1 St Georges Terrace
Perth, Western Australia**

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms and abbreviations used in this Notice (including in the Explanatory Memorandum and the Proxy Form) are defined in Schedule 1 to this Notice (or elsewhere in the body of this Notice).

ITEMS OF BUSINESS

1. ACCOUNTS AND REPORTS

To consider the financial report of the Company and the reports of the Directors and the auditor for the year ended 30 June 2012.

Members can view the Company's 2012 Annual Report, which contains these reports, on the Company's website (www.baseresources.com.au) in the "Investor Centre" section.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**.

"That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report, which forms part of the Directors' report for the year ended 30 June 2012, be adopted."

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. A voting prohibition statement for Resolution 1 is set out below.

3. RESOLUTION 2 – RE-ELECTION OF MR WINTON WILLESEE AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**.

"That Mr Winton Willesee, who retires by rotation in accordance with rule 3.6(c) of the Company's constitution, being eligible, be re-elected as a director of the Company."

Short Explanation: Under the Company's constitution, if no election of Directors is scheduled to occur at the Annual General Meeting, then one Director must retire from office at the Annual General Meeting. Accordingly, Mr Willesee retires as a director of the Company in accordance with these retirement provisions. Directors who retire under this rule are eligible for re-election. For the purposes of rule 3.6 of the Company's constitution, member approval is being sought to re-elect Mr Willesee as a Director. Further details about Mr Willesee are set out in the Explanatory Memorandum.

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**.

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue of up to 61,629,998 Shares on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, be approved."

Short Explanation: Under the ASX Listing Rules, the Company may seek member approval to ratify an issue of securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period. A voting exclusion statement for Resolution 3 is set out below.

5. RESOLUTION 4 – APPROVAL OF THE BASE RESOURCES LONG TERM INCENTIVE PLAN

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**.

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9), section 260C(4) of the Corporations Act and for all other purposes, the members approve the establishment of, and the issue of Performance Rights and Shares, pursuant to the vesting of those Performance Rights, under the Base Resources Long Term Incentive Plan, the terms and conditions of which are summarised in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Under the ASX Listing Rules, any issue of securities under an employee incentive scheme will not be counted towards the Company's 15% placement capacity under ASX Listing Rule 7.1 if, within 3 years before the date of issue, members approve the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 7.2 (Exception 9), member approval is being sought so that any securities in the Company issued under the Base Resources Long Term Incentive Plan (**Plan**) in the next 3 years do not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1. Member approval is also being sought for the purposes of section 260C(4) of the Corporations Act to enable the Company to fund the acquisition of Shares on-market should the Company wish to do this rather than issue new Shares on vesting or exercise of the Performance Rights granted under the Plan. A voting prohibition statement and voting exclusion statement for Resolution 4 are set out below.

6. RESOLUTION 5 – APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS TO MR TIM CARSTENS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**.

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,193,304 Performance Rights by the Company to Mr Tim Carstens and the acquisition of Shares by Mr Carstens upon the vesting of those Performance Rights, in accordance with the Base Resources Long Term Incentive Plan and otherwise in accordance with the terms and conditions which are summarised in the Explanatory Memorandum accompanying this notice."

Short explanation: Under the ASX Listing Rules, the Company must not, without member approval, issue securities under an employee incentive scheme to a director or an associate of a director. For the purposes of ASX Listing Rule 10.14, member approval is being sought so that Mr Carstens, can be granted the specified number of Performance Rights under the Plan and that Shares can be acquired upon the vesting of those Performance Rights. A voting prohibition statement and voting exclusion statement for Resolution 5 are set out below.

7. RESOLUTION 6 – APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS TO MR COLIN BWYE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**.

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,193,304 Performance Rights by the Company to Mr Colin Bwye and the acquisition of Shares by Mr Bwye upon the vesting of those Performance Rights, in

accordance with the Base Resources Long Term Incentive Plan and otherwise in accordance with the terms and conditions which are summarised in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Under the ASX Listing Rules, the Company must not, without member approval, issue securities under an employee incentive scheme to a director or an associate of a director. For the purposes of ASX Listing Rule 10.14, member approval is being sought so that Mr Bwye, can be granted the specified number of Performance Rights under the Plan and that Shares can be acquired upon the vesting of those Performance Rights. A voting prohibition statement and voting exclusion statement for Resolution 6 are set out below.

8. OTHER BUSINESS

To consider any other business brought forward in accordance with the Company's constitution or the law.

CHAIRMAN'S VOTING INTENTION

The Chairman of the meeting intends to vote all available proxies in **favour** of all Resolutions.

VOTING PROHIBITIONS AND EXCLUSIONS

Voting prohibition statement (Corporations Act) – Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Company's key management personnel (**KMP**) (details of whose remuneration are included in the Remuneration Report) or any of their closely related parties. However, such a person may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a member of the Company's KMP or any of their closely related parties and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman of the meeting and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the KMP of the Company.

Voting prohibition statement (Corporations Act) – Resolutions 4, 5 and 6

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 4, 5 or 6 if:

- (a) the proxy is either;
 - (i) a member of the KMP for the Company; or
 - (ii) a closely related party of a member of the KMP for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorised the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the KMP of the Company.

Voting exclusion statement (ASX Listing Rules) – Resolutions 3, 4, 5 and 6

Further to the Corporations Act voting prohibition set out above, under ASX Listing Rule 14.11, the Company will disregard any votes cast on:

- (a) Resolution 3 by any person who participated in the issue and their associates; and
- (b) Resolutions 4, 5 and 6 by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of those Directors.

However, the Company need not disregard a vote (subject to the voting prohibition above) if it is cast by a person as a 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 Annual General 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.

Dated 23 October 2012

By order of the Board



Winton Willesee
Director and Company Secretary

EXPLANATORY MEMORANDUM

The Explanatory Memorandum has been prepared to provide members with information about the items of business to be considered at the Annual General Meeting.

The Explanatory Memorandum is important and should be read carefully, in its entirety, by all members. The Explanatory Memorandum is part of the Notice.

1. ACCOUNTS AND REPORTS

The annual financial report, Directors' report and auditor's report for the Company for the year ended 30 June 2012 will be laid before the Annual General Meeting.

There is no requirement for members to approve these reports. However, the Chairman will allow a reasonable opportunity for members to ask questions or make comments about those reports and the management of the Company. Members will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Annual General Meeting date to the Company Secretary.

2. RESOLUTION 1: REMUNERATION REPORT

2.1 Overview

Section 300A of the Corporations Act requires the Directors to include a Remuneration Report in their report for a financial year. Section 250R(2) of the Corporations Act requires that the Remuneration Report be put to the vote at the Annual General Meeting.

The Remuneration Report that forms part of the Directors' Report for the year ended 30 June 2012 is set out in the Company's 2012 Annual Report. Members can view the Annual Report on the Company's website: www.baseresources.com.au.

Section 250R(3) of the Corporations Act provides that the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Corporations Act has been amended to require that, if a company's remuneration report receives an 'against' vote of 25% or more at two consecutive annual general meetings, a resolution must be put at the later of the two annual general meetings that another meeting be held (within 90 days) at which all directors (other than the Managing Director) who were in office at the date of that resolution must stand for re-election. In summary, members will be entitled to vote in favour of holding a

general meeting to re-elect the Board if the Remuneration Report receives "two strikes".

By way of summary, the Remuneration Report:

- explains the Company's remuneration policy and the process for determining the remuneration of the Directors and executive officers;
- addresses the relationship between the Company's remuneration policy and the Company's performance; and
- sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2012.

There will be a reasonable opportunity for members to comment on and ask questions about the Remuneration Report at the Annual General Meeting.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form for that Resolution.

2.2 No Directors' recommendation on Resolution 1

Because Resolution 1 deals with remuneration of KMP, and in light of the provisions in the Corporations Act relating to voting by KMP and their closely related parties on such remuneration related resolutions, the Directors do not make a recommendation to members about how to vote on this item of business.

3. RESOLUTION 2: RE-ELECTION OF MR WINTON WILLESEE AS A DIRECTOR

Mr Winton Willesee became a Director on 23 May 2007, and was last re-elected on 25 November 2010. In accordance with the retirement provisions under rule 3.6(c) of the Company's constitution, Mr Willesee will retire and offer himself for re-election.

Mr Willesee is an experienced company director. Mr Willesee brings a broad range of skills and experience in strategy, company administration, corporate governance, company public listings, merger and acquisition transactions, reconstructions and corporate finance from his background with listed and unlisted public and other companies.

Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of CPA Australia and a Chartered Secretary.

Directors' recommendations on Resolution 2

The Directors (except for Mr Willesee, who refrains from making a recommendation in relation to his own re-election) recommend that members vote in **favour** of the re-election of Mr Willesee as a Director.

4. RESOLUTION 3: RATIFICATION OF ISSUE OF PLACEMENT SHARES

As announced on 11 October 2012, the Company issued 61,629,998 fully paid ordinary shares in the Company (**Placement Shares**) to institutional investors at an issue price of \$0.40 per share to raise a total of \$24,651,999 before costs (**Placement**). This

Placement is part of the Company's broader capital raising, which included a pro-rata entitlement offer to members.

4.1 ASX Listing Rule requirements

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without member approval. Generally, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without member approval. The issue of the Placement Shares was within this 15% threshold.

ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without member approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue did not breach ASX Listing Rule 7.1 when made if members subsequently approve it.

Resolution 3 seeks member approval under ASX Listing Rule 7.4 to ratify the prior issue of the Placement Shares made without approval under ASX Listing Rule 7.1. Resolution 3 has been included in this Notice to ensure the Company retains the flexibility to issue further securities (if necessary) under ASX Listing Rule 7.1 without member approval. The requirement to obtain member approval for a future issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise.

The effect of approving Resolution 3 is that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit.

If Resolution 3 is not approved by members, it may limit the ability of the Company to issue securities without member approval until the Company's 15% capacity is replenished, in accordance with ASX Listing Rule 7.1.

4.2 Information required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the Company provides the following information:

- A total of 61,629,998 Placement Shares were issued by the Company on 12 October 2012 at an issue price of \$0.40 per Placement Share.
- The Placement Shares are fully paid ordinary shares in the Company and rank equally with all other Shares on issue.
- The Placement Shares were issued to sophisticated and professional investors in Australia, the United Kingdom and elsewhere overseas, who are not related parties of the Company or associates of related parties of the Company.
- The funds raised from the issue of the Placement Shares will be applied to the development of Base's Kwale Mineral Sands Project in Kenya, provide for additional working capital and pay the costs of the capital raising announced by the Company on 4 October 2012 (which included the Placement).

4.3 Directors' recommendation on Resolution 3

The Directors recommend that members vote in **favour** of Resolution 3.

5. RESOLUTION 4: APPROVAL OF THE BASE RESOURCES LONG TERM INCENTIVE PLAN

Resolution 4 seeks member approval for the purposes of ASX Listing Rule 7.2 (Exception 9), section 260C(4) of the Corporations Act and all other purposes of the Base Long Term Incentive Plan (**Plan**) and the grant of performance rights (**Performance Rights**) and Shares (upon the vesting or exercise (as the case may be) of those Performance Rights) under the terms of the Plan.

5.1 ASX Listing Rule 7.2 (Exception 9)

As referred to under paragraph 4.1 above, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares issued or transferred pursuant to the vesting or exercise (as the case may be) of performance rights or share options) that a company can issue or agree to issue without member approval. Generally, a company may not, without member approval, issue in any 12 month period, a number of equity securities which is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

ASX Listing Rule 7.2 (Exception 9) effectively provides that securities issued pursuant to an employee incentive plan are not included in the calculation of the 15% for ASX Listing Rule 7.1 purposes, provided that the employee incentive scheme and the securities to be issued pursuant to the scheme have been approved by members within the 3 years prior to the issue of securities.

The approval of members is being sought to provide the Company with maximum flexibility to undertake equity raisings in the future without the need for further member approval. The requirement to obtain member approval for an issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise. It should be noted that, notwithstanding any approval by members of Resolution 4, any future equity raising will remain subject to the 15% limit set out in ASX Listing Rule 7.1.

A summary of the terms and conditions of the Plan are set out in Annexure A of this Explanatory Memorandum.

5.2 Section 260C(4) of the Corporations Act

Under section 260A of the Corporations Act, the Company is prohibited from financially assisting the acquisition of its Shares except in certain limited circumstances, or if an exemption from this prohibition applies. Section 260C(4) of the Corporations Act provides an exemption from this prohibition for financial assistance provided under an approved employee share scheme.

If Resolution 4 is passed, the exemption will only apply where Shares are acquired by or for the benefit of employees or directors who hold a salaried employment or office in the Company or a related body corporate. The exemption will not apply to the extent that funds are used to acquire Shares, by or for the benefit of any other person.

The Plan includes a mechanism that allows the Company to contribute amounts to a trustee of a trust to fund the acquisition of newly issued Shares or existing Shares on-market – that is, financially assisting the acquisition of Shares in the Company. Accordingly, the Company seeks member approval of the Plan, for the purpose of obtaining the benefit of the exemption from the prohibition against the Company financially assisting the acquisition of Shares under the Plan pursuant to section 260C(4) of the Corporations Act.

5.3 Performance Rights and Performance Criteria

A Performance Right as provided for by the Plan, is a right to acquire a Share at nil cost (ie nil exercise price), subject to meeting specified performance criteria and performance hurdles (**Performance Criteria**).

The Board proposes that the general Performance Criteria described below apply to grants of Performance Rights:

- (a) 50% of the Performance Rights will be subject to a total shareholder return hurdle (**TSR**), which ranks the TSR performance of the Company against a comparative group of companies (**Relative TSR Performance Rights**); and
- (b) 50% of the Performance Rights will be subject to the achievement of the Company's specific internal TSR targets over the three year Performance Period (**Absolute TSR Performance Rights**).

Broadly, TSR is the return to shareholders over a period calculated by reference to capital value growth and dividends and distributions on the relevant shares.

The Plan will operate on the basis of a series of cycles (**Plan Cycle**). Each Plan Cycle will commence annually on 1 October, with the first Plan Cycle commencing on 1 October 2011. Each Plan Cycle will consist of a three year period (**Performance Period**), after which the Performance Rights will vest subject to their terms of issue (including the achievement of Performance Criteria).

Testing of the Performance Criteria will be conducted on the last day of the Performance Period. To the extent that the Performance Criteria are not satisfied over the Performance Period, the Performance Rights are automatically forfeited and no Shares will be provided in respect of those Performance Rights.

(a) **Initial grants under the Plan**

The Board proposes to make an initial grant of approximately 4,343,752 Performance Rights under the Plan to certain eligible employees. This number represents 1,911,471 Performance Rights for the Plan Cycle commencing 1 October 2011 (**2011 Plan Cycle**) and 2,432,281 Performance Rights for the Plan Cycle commencing 1 October 2012 (**2012 Plan Cycle**). This number does not include the Performance Rights that are proposed to be issued to Mr Carstens (the subject of Resolution 5) and Mr Bwye (the subject of Resolution 6).

(b) **Relative TSR Performance Rights**

The TSR of the Company will be compared to the TSR of each member of a selected comparative group of companies (**TSR Comparator Group**) for the purposes of determining the rank of the Company. The percentage TSR is converted to a percentile ranking, which is used to determine the proportion of the Relative TSR Performance Rights that will vest:

TSR of Company relative to TSR's of TSR Comparator Group	% of Relative TSR Performance Rights that vest
Less than 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Pro rata between 50% and 100%

75th percentile or above	100%
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Notwithstanding the above, the Board has absolute discretion to determine that no Relative TSR Performance Rights vest if the Company's TSR is negative (despite its relative placing within the TSR Comparator Group).

(c) **Absolute TSR Performance Rights**

The proportion of Absolute TSR Performance Rights which vest will be determined on the basis of the following scale:

The Company's 3-year TSR	% of Absolute TSR Performance Rights that vest
Less than 40.5%	Nil
40.5% (12% Compound annual growth rate)	25%
Between 40.5% and 60%	Pro rata between 25% and 50%
60% (17% Compound annual growth rate)	50%
Between 60% and 100%	Pro rata between 50% and 100%
100% or greater (26% Compound annual growth rate or greater)	100%

5.4 Directors' recommendation on Resolution 4

The Directors recommend that members vote in **favour** of Resolution 4.

6. RESOLUTIONS 5 AND 6: APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO MR TIM CARSTENS AND MR COLIN BWYE UNDER THE BASE RESOURCES LONG TERM INCENTIVE PLAN

Member approval is sought for the grant of:

- (a) 2,193,304 Performance Rights to Mr Carstens (the subject of Resolution 5); and
- (b) 2,193,304 Performance Rights to Mr Bwye (the subject of Resolution 6),

under the Plan described in Resolution 4 above, for the purposes of ASX Listing Rule 10.14. The Performance Rights proposed to be granted to Mr Carstens and Mr Bwye are in respect of both the 2011 and 2012 Plan Cycles as follows:

Director	2011 Plan Cycle	2012 Plan Cycle
Mr Carstens	1,175,031	1,018,273
Mr Bwye	1,175,031	1,018,273

A summary of the terms and conditions of the Plan, which will apply to the Performance Rights to be granted to Mr Carstens and Mr Bwye, is set out in Annexure A of this Explanatory Memorandum.

6.1 ASX Listing Rule 10.15

Specific approval for Mr Carstens' and Mr Bwye's grant under the Plan is required in accordance with the ASX Listing Rules, which provide that the Company must not, without member approval, issue securities under an employee incentive scheme to a director or an associate of a director. For the purposes of ASX Listing Rule 10.14, member approval is being sought so that Mr Carstens and Mr Bwye, can be granted Performance Rights under the Plan and that Shares can be acquired (by way of newly issued Shares or the acquisition of existing Shares on-market) upon the vesting or exercise (as the case may be) of those Performance Rights under the Plan.

ASX Listing Rule 10.15 sets out a number of matters which must be included in the notice of meeting proposing an approval under ASX Listing Rule 10.14. For the purposes of ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 5 and 6:

- (a) Mr Carstens and Mr Bwye are directors of the Company.
- (b) The maximum number of securities to be issued by the Company is:
 - (i) (Resolution 5) 2,193,304 Performance Rights (which upon vesting will result in the issue or transfer to Mr Carstens of 2,193,304 Shares); and
 - (ii) (Resolution 6) 2,193,304 Performance Rights (which upon vesting will result in the issue or transfer to Mr Bwye of 2,193,304 Shares).
- (c) The Performance Rights will be granted to Mr Carstens and Mr Bwye for nil cash consideration and Mr Carstens and Mr Bwye will not be required to pay any amount on vesting of the Performance Rights.
- (d) As at the date of this Notice, no Performance Rights have been granted (and no Shares have been issued or transferred upon the vesting or exercise (as the case may be) of those Performance Rights) under the Plan.
- (e) The names of all persons subject to ASX Listing Rule 10.14 who are entitled to receive Performance Rights (and be issued or transferred Shares upon the vesting or exercise (as the case may be) of those Performance Rights) are Mr Carstens and Mr Bwye.
- (f) No loans will be advanced to Mr Carstens or Mr Bwye in respect of the acquisition of the Performance Rights.
- (g) Should Resolutions 5 and/or 6 be passed, the relevant Performance Rights will be granted to Mr Carstens and/or Mr Bwye, respectively, as soon as possible after the date of the Annual General Meeting and in any event within 12 months of the date of the Annual General Meeting.

Further details of the Performance Rights can be found in the Company's 2012 Annual Report.

6.2 Directors' recommendation on Resolutions 5 and 6

Subject to below, the Directors recommend that members vote in **favour** of Resolutions 5 and 6.

Mr Carstens does not make a recommendation in relation to Resolution 5 as he has an interest in the outcome of that Resolution. Mr Bwye does not make a recommendation in relation to Resolution 6 as he has an interest in the outcome of that Resolution.

SCHEDULE 1

TERMS AND ABBREVIATIONS

Definition	Meaning
Annual General Meeting	The annual general meeting of the Company notified to members by this Notice.
Annual Report	The Company's annual report for the year ending 30 June 2012.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires.
ASX Listing Rules	The official listing rules of ASX, as from time to time amended or waived in their application to a party.
Board	The board of Directors.
Chairman	The Chairman of the Annual General Meeting appointed in accordance with the Constitution.
closely related party	Closely related party of a member of the KMP means: <ul style="list-style-type: none"> • a spouse or child of the member; • a child of the member's spouse; • a dependant of the member or of the member's spouse; • anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; • a company that the member controls; or • a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	Base Resources Limited (ACN 125 546 910).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Explanatory Memorandum	The explanatory memorandum enclosed with and forming part of this Notice.
KMP	Key management personnel has the same meaning as in the accounting standards. The term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director.
Notice	This notice of Annual General Meeting incorporating the Explanatory Memorandum and the Proxy Form.
Performance Right	Rights issued under the Plan to certain employees, which entitle the holder to a contractual right to acquire one Share in the Company, subject to satisfying the requisite criteria.
Plan	The Base Resources Long Term Incentive Plan.

Definition	Meaning
Placement	The issue of 61,629,998 Placement Shares to institutional investors, announced on 11 October 2012, in order to raise \$24,651,999 before costs.
Placement Shares	The 61,629,998 Shares issued under the Placement for \$0.40 per Share.
Proxy Form	The proxy form enclosed with and forming part of this Notice.
Remuneration Report	Has the meaning given to it by the Corporations Act.
Resolutions	The resolutions referred to in this Notice, and Resolution means any of the resolutions referred to in this Notice (as the context requires).
Shares	Fully paid ordinary shares in the Company.
\$	A reference to "\$" is to Australian currency, unless otherwise indicated.

NOTES

These Notes form part of the Notice of Annual General Meeting.

Right to vote

The Directors have determined that, for the purpose of voting at the Annual General Meeting, the members entitled to vote are those persons who are the registered holders of Shares at 4.00pm (Perth time) on 27 November 2012.

Appointment of proxies

Each member entitled to vote at the Annual General Meeting may appoint a proxy to attend and vote at the Annual General Meeting. A proxy need not be a member and can be an individual or a body corporate. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Annual General Meeting. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Members and their proxies should be aware of these provisions of the Corporations Act provide that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.

Proxies on Resolution 1, 4, 5 and 6

If you appoint the Chairman as your proxy (or the Chairman is appointed by default) and you do not complete any of the boxes "For", "Against" or "Abstain" opposite Resolutions 1, 4, 5 or 6 on the Proxy Form, **you will be expressly authorising** the Chairman to vote on the relevant Resolution in accordance with the Chairman's stated voting intention, even though the Resolution is connected directly or indirectly with remuneration of a member of the KMP of the Company. The Chairman intends to vote all available proxies **in favour** of each Resolution.

If you appoint a member of the KMP (other than the Chairman) or any closely related party of a member of the KMP as your proxy, you must direct that person how to vote on Resolutions 1, 4, 5 and 6 if you want your Shares to be voted on those Resolutions. If you appoint a member of the KMP and you do not act in accordance with the above, your proxy will not cast your votes on the above Resolutions and your votes will not be counted in calculating the required majority if a poll is called on those Resolutions.

Lodgement of proxy documents

For an appointment of a proxy for the Annual General Meeting to be effective:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (eg a power of attorney) or a certified copy of it,

must be received by the Company at least 48 hours before the start of the Annual General Meeting. Proxy appointments received after this time will be invalid for the Annual General Meeting.

The following addresses are specified for the purposes of receipt of proxies:

By mail:

PO Box 928
West Perth WA 6872

By delivery

Base Resources Limited
Level 1, 50 Kings Park Road
West Perth WA

By fax:

+61 8 9322 8912

By email

wwillesee@baseresources.com.au

Bodies corporate

A body corporate, which is a member, may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment must comply with section 250D of the Corporations Act. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Annual General Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

ANNEXURE A

SUMMARY OF TERMS AND CONDITIONS OF THE PLAN

1.	Purpose of the Plan	The purpose of the Plan is to attract executives and maintain a stable leadership team and explicitly align the interests of the Company's leadership team with that of members, by establishing a long term incentive plan for senior officers and employees of the Company (Eligible Employees). The Plan seeks to grant Eligible Employees the opportunity to share in the growth and value of the Company's business over the longer term by giving these employees an opportunity to be granted Shares in the future, depending on the Company's corporate performance (Performance Criteria).
2.	Term of the Plan	<p>The Plan was approved by the Board on 30 June 2012. The Plan will operate on the basis of a series of cycles (Plan Cycle). Each Plan Cycle will commence annually on 1 October, effective from 1 October 2011. Each Plan Cycle will consist of a three year period (Performance Period).</p> <p>The Board has absolute and unfettered discretion in connection with the Plan and in the exercise of any power or discretion under the Plan.</p>
3.	Securities offered	The type of securities that the Company may offer to Eligible Employees under the Plan are Performance Rights. Each Performance Right provides a contractual right to acquire one Share in the Company, subject to satisfying the relevant Performance Criteria.
4.	Eligibility and Participation	<p>The Board may in its absolute discretion offer Eligible Employees the opportunity to be issued with Performance Rights having regard to (amongst other factors) their position in the Company. Eligible Employees will be generally given a written offer in September (Offer) to participate in the next Plan Cycle.</p> <p>An Eligible Employee who wishes to accept the Offer must complete and sign the acceptance form attached to the Offer (Acceptance Form) and return this to the Company on or before the closing date of the Offer. After receipt of the Acceptance Form, the Company must grant the Performance Rights to the Eligible Employee, making the employee a Participant in the Plan.</p>
5.	Terms of the grant	<p>The grant of Performance Rights, and the exercise or settlement of these rights, requires no exercise price or other consideration to be paid by the Eligible Employee. A Performance Right will vest on a date provided for in the Offer letter (typically at the end of the Plan Cycle, three years from the date of grant). This is subject to the Eligible Employee satisfying the Performance Criteria and employment conditions over the Performance Period.</p> <p>The Performance Rights will not be quoted on ASX. The Performance Rights do not give Participants the right to attend or speak at the Company's general meetings or at class meetings. Performance Rights cannot be transferred or assigned to another party, except with the prior consent of the Board. Participants are not entitled to participate in any new issues of securities as a result of holding Performance Rights.</p> <p>Once vested, Performance Rights will be settled by the transfer of Shares from the trustee of the Trust (Trustee). The Company will either issue the trustee with these Shares or ensure the Trustee acquires the requisite number of Shares (typically on market).</p> <p>Each Share allocated on vesting of a Performance Right ranks equally with other fully paid Shares on issue, at the time.</p>
6.	Purchase price	<p>Participants are not required to pay or give consideration for the grant of Performance Rights, or for the transfer of Shares on vesting of those Performance Rights.</p> <p>Performance Rights only vest if the Performance Criteria applicable to them have been satisfied over the Performance Period.</p>
7.	Limitation on	The number of Performance Rights that may be issued under the Plan is affected by the

	issues	<p>ASIC prescribed limits concerning employee incentive scheme offers, which are made without a prospectus.</p> <p>Currently these limits provide that:</p> <ul style="list-style-type: none"> the number of Shares that may be issued; and the number of Shares issued during the previous five years under all of the Company's employee incentive schemes (including as a result of the exercise of options to acquire Shares granted during the previous five years under any such employee share scheme), must not exceed 5% of the total number of Shares on issue. <p>In complying with this 5% threshold, unregulated offers and the following will be disregarded:</p> <ul style="list-style-type: none"> grants to persons outside Australia; grants that do not need disclosure under Chapter 6D.2 of the Corporations Act because an exemption exists under section 708 of the Corporations Act (ie share issues to senior managers, professional and sophisticated investors); and that are made under a prospectus or product disclosure statement.
8.	Vesting and Performance Conditions	<p>A Performance Right will automatically vest, without any further action on by the Participant, provided the relevant Performance Criteria are satisfied by the end of the three year Period Performance.</p> <p>There are two Performance Criteria used to determine the proportion of Performance Rights which will vest:</p> <ul style="list-style-type: none"> 50% of the Performance Rights will be subject to a total shareholder return hurdle (TSR), which ranks the TSR performance of the Company against a comparative group of companies (Relative TSR Performance Rights); and 50% of the Performance Rights will be subject to the achievement of the Company's specific internal TSR targets over the three year Performance Period (Absolute TSR Performance Rights). <p>For further information about these Performance Criteria, please refer to the paragraph 5.3 of the Explanatory Memorandum concerning Resolution 4.</p> <p>To the extent that these Performance Criteria are not satisfied over the Performance Period, the Performance Rights will be forfeited and no Shares will be provided subject to certain limited exceptions.</p>
9.	Cessation of Employment – Qualifying Reasons	<p>If an Eligible Employee ceases to be employed by the Company prior to the end of the Performance Period, due to one of the following:</p> <ul style="list-style-type: none"> the death, total and permanent disablement, retirement or redundancy of the Eligible Employee; the member of the Company's group of companies employing the Eligible Employee ceasing to be a member of that group; or any other exceptional reason as determined by the Board, <p>(together the Qualifying Reasons),</p> <p>the Board will determine in its absolute discretion, the number of unvested Performance Rights which will remain on foot and become capable of vesting. All remaining unvested Performance Rights, which the Board does not make a determination to remain on foot, are automatically forfeited.</p>

10.	Forfeiture of Performance Rights	<p>Unvested Performance Rights will be forfeited upon the earliest to occur of:</p> <ul style="list-style-type: none"> the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied; the date an Eligible Employee ceases to be employed by a Group Member, other than for a Qualifying Reason; when an Eligible Employee holding these rights acts fraudulently or dishonestly or in breach of their obligation to any Group Member; or if a Participant purports to transfer a Performance Right or grant any security interest in or over or otherwise dispose of or deal with any Performance Right without the prior written consent of the Board.
11.	Change of control	<p>If a takeover bid for 50% or more of the Shares in the Company becomes unconditional or a compromise or scheme of arrangement is approved under which the Company is acquired or amalgamated with another entity, or a person (together with its associates) acquires a relevant interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board (Change of Control Event), a test date will arise. The Board will be required to test the extent to which the Performance Criteria have been satisfied:</p> <ul style="list-style-type: none"> on the basis of the offer price of the relevant transaction; and in the case of Absolute TSR Performance Rights, by reducing the TSR target pro rata to the unexpired portion of the Performance Period, as of the date of the Change in Control Event.
12.	Dividends, voting rights and entitlement offers	<p>Performance Rights under the Plan have no voting rights in respect of general or class meetings. However, Shares issued on vesting of the Performance Rights will rank equally with other Shares then on issue.</p> <p>Upon certain corporate actions such as a pro rata issue of Shares, or any other reorganisation effecting the Company's issued capital, the number of Performance Rights, or the number of Shares to which each Participant may be entitled, will be adjusted in the manner as determined by the Board and in accordance with the ASX Listing Rules and the AIM Rules for Companies (to the extent applicable for the Company). This will be done in order to minimise or eliminate any material advantage / disadvantage to a Participant resulting from a corporate action such as a capital raising or capital reconstruction.</p> <p>Where additional Performance Rights are granted to the Participant, they will be subject to the same terms and conditions as the original Performance Rights, unless the Board determines otherwise.</p>
13.	Aim Rules for Companies	<p>Notwithstanding any other rule of the Plan, to the extent the AIM Rules for Companies apply to the Company, during an AIM Close Period:</p> <ul style="list-style-type: none"> No Performance Rights may be granted by the Company to an eligible employee who is a Director or an applicable employee. No Shares may be allocated or transferred to a Participant that is a Director or an applicable employee. No Performance Rights can be transferred or assigned by a Participant that is a Director or an applicable employee.
14.	Administration of the Plan	<p>The Board and the Trustee will manage and administer the Plan, with absolute and unfettered discretion, in accordance with the rules of the Plan and the relevant trust deed. The Board and the Trustee may decide to delegate the management and administration of the Plan to a committee.</p> <p>The Board may in its absolute discretion amend the rules of the Plan, or instruct and consent to the Trustee to do so, by written instrument without member or Participant approval (subject to the requirement to obtain the consent of a Participant whose rights are adversely affected, unless the amendment is proposed for specified permitted purposes).</p>

000001 000 BSE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Base Resources Limited
PO Box 928
West Perth, WA, 6872
Australia

By delivery:

Base Resources Limited
Level 1, 50 Kings Park Road
West Perth WA
6005

By email:

wwillesee@baseresources.com.au

Alternatively you can fax your form to
(within Australia) 08 9322 8912
(outside Australia) +61 8 9322 8912

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 1.15pm (Perth time) Tuesday 27 November 2012**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View the Annual Report, 24 hours a day, 7 days a week:

www.baseresources.com.au

Review and update your securityholding:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Base Resources Limited hereby appoint

☐ the Chairman of the meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the Annual General Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Base Resources Limited to be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Thursday, 29 November 2012 at 1.15pm (Perth time) and at any adjournment or postponement of that meeting.

Chairman expressly authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the meeting intends to vote all available proxies in favour of each Resolution.

Important Note: If the Chairman of the meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Winton Willesee as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the Base Resources Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the grant of Performance Rights to Mr Tim Carstens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of the grant of Performance Rights to Mr Colin Bwyne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

BSE

999999A