

ASX and Media Release

30 November 2012

Securities Trading Policy

Base Resources Limited (ASX:BSE) (“Base” or the “Company”) is pleased to advise that it has updated its Corporate Governance policies.

The updated policies can be found on the Company’s website at www.baseresources.com.au.

In accordance with the Listing Rules of ASX the Company’s Securities Trading Policy is provided below.

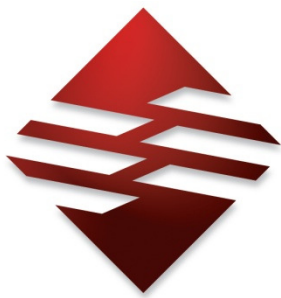
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**BASE
RESOURCES LTD**

**CORPORATE GOVERNANCE PLAN
BASE RESOURCES LIMITED
(COMPANY)**

ABN 88 125 546 910

Extract – Securities Trading Policy

SECTION 9 SECURITIES TRADING POLICY

1. INTRODUCTION

The Company is a public company incorporated in Australia. The Company's securities are listed on both the Australian Securities Exchange ("ASX") and the AIM market of the London Stock Exchange ("AIM").

- (a) These guidelines set out the policy on the sale, purchase and conversion/exercise of securities in the Company by its Directors and employees.
- (b) Directors of the Company and employees are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.
- (c) The purpose of this Security Trading Policy is to:
 - (i) assist Directors and employees to avoid conduct known as 'insider trading' which is prohibited under the Corporations Act and the AIM Rules for Companies. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act and the AIM Rules for Companies.
 - (ii) explain the type of conduct in relation to dealings in securities of the Company that is prohibited under the Corporations Act and the AIM Rules for Companies, which is applicable to all Directors and employees of the Company;
 - (iii) establish a best practice procedure relating to dealing in securities that provides protection to both the Company and employees against the misuse of unpublished information which could materially affect the value of the Company's securities.

2. WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

This policy applies to the sale, purchase and conversion/exercise of any securities of the Company and its subsidiaries, including the entering into of transactions or arrangements which operate to limit the economic risk of a security holding.

3. WHAT IS INSIDER TRADING?

3.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (**Price Sensitive Information**); and

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- (b) that person:
 - (i) buys or sells securities in the Company; or
 - (ii) procures someone else to buy or sell securities in the Company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

3.2 Examples

To illustrate the prohibition described above, the following are possible examples of Price Sensitive Information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

- (a) the Company considering a major acquisition or disposal of assets;
- (b) the threat of major litigation against the Company;
- (c) the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
- (d) a material change in debt, liquidity, cash flow or liabilities;
- (e) a significant new development proposal i.e. new product or technology;
- (f) the granting (or loss) or a major contract;
- (g) management or business restructuring proposal; and
- (h) a share issue proposal.

3.3 Dealing through third parties

A person does not need to be a Director or employee of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "Associates" in this policy).

3.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

3.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the

sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

4.1 General rule

- (a) Directors and employees are not permitted to trade the Company's securities during the specific "prohibited periods" detailed below.
- (b) The prohibited periods are:
 - (i) the period from the end of a quarter until and including the day quarterly results are announced (which may also be an AIM "Close Period");
 - (ii) the period from the end of the half until and including the day half year results are announced (which may also be an AIM "Close Period");
 - (iii) the period from the end of the financial year until and including the day full year results are announced (which is an AIM "Close Period"); and
 - (iv) the day of the annual general meeting.

Details on the Close Period restrictions imposed by the AIM Rules (during which no dealing approval may be granted) are specified in Section 5 of this policy.

- (c) The Company may at its discretion vary this rule in relation to a particular prohibited period by general announcement to all Directors and employees either before or during the period. In particular, the Company may announce additional prohibited periods during which the Company's securities may not be traded, including while it considers matters which are exempt from immediate disclosure to ASX under the continuous disclosure rules. However, this rule may not be varied to permit the Company's securities to be traded during AIM "Close Periods".
- (d) However, if a Director or employee of the Company is in possession of Price Sensitive Information which is not generally available to the market, then he or she must not deal in the Company's securities at any time, even if such trading might otherwise be permitted by the securities trading policy.

4.2 No short-term trading in the Company's securities

Directors and employees should never engage in short-term trading of the Company's securities except for the exercise of options where the resulting shares will be sold shortly thereafter.

4.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price-sensitive'. For example, where an individual is aware that the Company is about to sign

a major agreement with another company, they should not buy securities in either the Company or the other company.

4.4 Derivatives

For the avoidance of doubt, Directors and employees are prohibited from trading during prohibited periods in financial products issued or created over or in respect of the Company's securities.

4.5 Prohibition against hedging unvested entitlements

Directors and employees participating in equity based incentive plans are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

4.6 Exceptions

- (a) Directors and all employees may at any time:
 - (i) acquire Company securities under a bonus issue made to all holders of securities of the same class;
 - (ii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
 - (iii) acquire, or agree to acquire shares or acquire or exercise options or performance rights under an employee incentive scheme operated by the Company;
 - (iv) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and
 - (v) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme.
- (b) Exceptional Circumstances:
 - (i) A Director or an employee, who is not in possession of inside information in relation to the Company, may be given prior written clearance to sell or otherwise dispose of the securities of the Company, but not to purchase, other than during a window period under the trading policy where such a person is in severe financial hardship or there are other exceptional circumstances. However, consideration will be given to the requirements under AIM outlined on Section 5 of this policy
 - (ii) A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the Company. For example, a tax liability of such a person would not normally

constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining prior written clearance to sell or otherwise dispose of securities during a prohibited period.

- (iii) Other examples include if the person is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for him or her to do so.
 - (iv) In recognition of the case that exceptional circumstances, by their nature, cannot always be specified in advance, it is envisaged that there may be other circumstances, which have not been identified in this policy, that may be deemed exceptional by the Chairman or the Managing Director (where the Chairman is involved).
 - (v) The person seeking clearance to trade in exceptional circumstances must seek prior written approval to do so (in accordance with paragraph 5 below) and satisfy the Chairman, the Board or the Managing Director (as the case may be) that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.
 - (vi) If the Chairman, the Board or the Managing Director is in any doubt in making such determinations on behalf of the Company, consideration should be given to the purpose of the listing rules and the discretion should be exercised with caution.
 - (vii) Any written approval to deal in the Company's securities during the exceptional circumstances shall specify the duration of such clearance.
- (c) It is noted that as the Company has in place an active share option plan:
- (i) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of the options; and
 - (ii) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.

Were this to occur at a time when the person possessed inside information then the sale of Company securities would be a breach of insider trading laws, even though the person's

decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

4.7 Notification of periods when Directors and employees can trade

The Company Secretary will endeavour to notify all Directors and employees of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 4.1 and Section 5.

5. SPECIFIC AIM RESTRICTIONS IN RELATION TO THE COMPANY'S SECURITIES

5.1 Close Period Dealings

- (a) In addition to and notwithstanding Australian laws, the AIM Rules also impose restrictions in relation to the Company's securities. AIM Rule 21 provides that the Company must ensure that its Directors and **applicable employees** (as defined in the AIM Rules) do not deal in the Company's AIM listed securities during a **close period** (as defined in the AIM Rules).
 - (i) A Director includes persons acting in that capacity whether or not formally appointed.
 - (ii) An **applicable employee** means any Company employee who is likely to be in possession of **unpublished price sensitive information** by virtue of that person's employment position (whether or not the person holds any Company securities).
- (b) Dealing here, for present purposes, has a similar meaning as for Australian law – and includes buying or selling Company shares and being granted or exercising any options over Company shares.
- (c) **Close period** means any of the following:
 - (i) the lesser of the period of 2 months before publication of the Company's annual results and the period between financial year end and annual results publication time;
 - (ii) (because the Company reports on a quarterly basis) the lesser of the period of 1 month before notification of the Company's quarterly results and the period between quarter end and quarter results publication time; and
 - (iii) when the Company is in possession of unpublished price sensitive information.
- (d) **Unpublished price sensitive information** is akin to inside information and means information which meets all of the following:
 - (i) relates to the Company;

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- (ii) is specific or precise;
 - (iii) has not been made public; and
 - (iv) if it were made public, would be likely to have significant effect on the price or value of the Company's AIM securities.
- (e) What are the consequences of breaching the AIM Rules?
- (i) The London Stock Exchange plc may, amongst other things, fine the Company or cancel its admission to AIM (AIM Rule 42).
 - (ii) A breach of the AIM Rules may also amount to a breach of Australian law (e.g. in relation to insider trading).

6. APPROVAL AND NOTIFICATION REQUIREMENTS

- (a) Any Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman or the Board before doing so.
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities the Chairman must obtain the prior approval of the remaining Board members before doing so.
- (c) Any employees who are first or second line reports to the Managing Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain his prior approval before doing so.
- (d) Following approval obtained in accordance with paragraph 6 (a), (b) or (c) as relevant, any Director or employee who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary without delay in writing of the details of the transaction. The details of the transaction which need to be confirmed in writing to the Company Secretary include the following:
 - (i) name
 - (ii) the name of any person who dealt on one's behalf;
 - (iii) details of the holder of the interest in securities the subject of the dealing;
 - (iv) the nature of the transaction;
 - (v) the date of the dealing;
 - (vi) the number of securities subscribed for, bought or sold;
 - (vii) the amount paid or received for those securities;

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- (viii) the number of securities held by the relevant person (directly or indirectly) before and after the dealing; and
 - (ix) any other information required for the purposes of compliance with ASX and AIM requirements.
- (e) This notification obligation operates at all times.
 - (f) The form to complete and send to the Company Secretary available on request from the Company Secretary.

7. ASX, AIM AND OTHER SECURITIES EXCHANGES NOTIFICATION FOR DIRECTORS

- (a) Under the AIM Rules, Directors dealings (either personally or through an associate) must be notified “without delay”. This applies to dealings in respect of AIM listed securities, and specifies notification by the Company to AIM through a Regulatory Information Service provider (AIM Rule 17).
- (b) The ASX Listing Rules require the Company to notify the ASX within five business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company.
- (c) Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities of the Company to ensure that the compliance requirements of both AIM and the ASX are met.
- (d) The Company Secretary will arrange for the lodgement of notification to AIM without delay and for the appropriate ASX appendix 3X, 3Y or 3Z notification to be lodged with ASX within 5 business days.
- (e) In addition, the ASX Listing Rules require the disclosure by listed companies in Appendix 3Ys of instances where trading by Directors occurred during a prohibited period where prior written clearance was required, and if so, whether that clearance was provided.

8. MATERIAL CHANGES TO THE SECURITIES TRADING POLICY

For purposes of the ASX Listing Rules, amendments to the Company's trading policy that would constitute a material change and which would require that the amended policy be given to ASX for release to the market include:

- (a) changes to the periods specified in the trading policy when the Company's Directors and employees are prohibited from trading in the Company's securities;
- (b) changes with respect to the trading that is excluded from the operation of the Company's trading policy; and

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- (c) changes with respect to the exceptional circumstances in which the Company's Directors and employees may be permitted to trade during a prohibited period.

9. EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with this Securities Trading Policy for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.