

NOTICE OF ANNUAL GENERAL MEETING

& EXPLANATORY MEMORANDUM

Notice of 2014 Annual General Meeting

TIME: 11.30am (Perth time)
DATE: Wednesday, 19 November 2014
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 or are in doubt as to how you should vote, you should consult with your professional advisers.

If you are unable to attend the Annual General Meeting, please complete the enclosed Proxy Form 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



**BASE
RESOURCES**

NOTICE OF ANNUAL GENERAL MEETING

Base Resources Limited (**Company**) gives notice that its annual general meeting of members will be held on Wednesday 19 November 2014 at 11.30am (Perth time) (**Annual General Meeting or 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 (or elsewhere in the body of this Notice).

Items of Business

Accounts and Reports

To receive and consider the financial report of the Company, the Directors' report and the auditor's report for the year ended 30 June 2014.

Resolution 1 – Adoption of the Remuneration Report

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

"That, the Remuneration Report, which forms part of the Directors' report for the financial year ended 30 June 2014, be adopted."

Note: In accordance with section 250R(3) of the Corporations Act, 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.

Resolution 2 – Re-election of Mr Andrew King as a Director

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

"That Mr Andrew King, who retires by rotation in accordance with rule 3.6(a) of the Company's constitution, be re-elected as a Director of the Company."

Resolution 3 – Re-election of Mr Samuel Willis as a Director

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

"That Mr Samuel Willis, who retires by rotation in accordance with rule 3.6(a) of the Company's constitution, be re-elected as a Director of the Company."

Resolution 4 – Election of Mr Mike Stirzaker as a Director

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

"That Mr Michael Stirzaker, having consented in writing to act, be elected as a director of the Company, in accordance with the Company's constitution, with effect from the close of the Annual General Meeting."

Resolution 5 – Re-election of Mr Michael Anderson as a Director

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

"That Mr Michael Anderson, who retires by rotation in accordance with rule 3.6(a) of the Company's constitution, be re-elected as a Director of the Company."

Resolution 6 – Approval of the grant of performance rights to Mr Tim Carstens

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, members approve the grant of 1,799,394 Performance Rights by the Company to Mr Tim Carstens and the acquisition of Shares by Mr Carstens upon the vesting of any such Performance Rights, in accordance with the Base Resources Long Term Incentive Plan and otherwise in accordance with the terms and conditions summarised in the Explanatory Memorandum accompanying this Notice."

Note: A voting prohibition statement and voting exclusion statement for Resolution 6 are set out below.

Resolution 7 – Approval of the grant of performance rights to Mr Colin Bwye

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, members approve the grant of 1,799,394 Performance Rights by the Company to Mr Colin Bwye and the acquisition of Shares by Mr Bwye upon the vesting of any such Performance Rights, in accordance with the Base Resources Long Term Incentive Plan and otherwise in accordance with the terms and conditions summarised in the Explanatory Memorandum accompanying this Notice."

Note: A voting prohibition statement and voting exclusion statement for Resolution 7 are set out below.

Resolution 8 – Renewal of proportional takeover provisions

To consider and, if thought fit, pass the following resolution as a **special resolution**:

“That, for the purposes of section 648G of the Corporations Act and for all other purposes, rule 38 of the Company’s constitution be renewed for a period of three years from the date of the Annual General Meeting.”

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 (where appropriately authorised) intends to vote all available undirected proxies in **favour** of all Resolutions.

Voting prohibitions and exclusions

Resolution 1

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of key management personnel of the Company’s consolidated group (at the date of the Meeting or whose remuneration is disclosed in the remuneration report) (**KMP**) and any of their closely related parties (such as close family members and controlled companies), unless the vote is cast:

- by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of KMP.

Resolutions 6 and 7

The Company will disregard any votes cast on Resolutions 6 and 7 by, or on behalf of:

- Mr Tim Carstens, Mr Colin Bwye and their respective associates; and
- a member of KMP (and their closely related parties) acting as a proxy,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to vote undirected proxies as the Chairman sees fit and exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the KMP.

Dated 08 October 2014

By order of the Board



Winton Willesee
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.

Accounts And Reports

The annual financial report, Directors' report and auditor's report for the Company for the year ended 30 June 2014 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 Company's 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;
- conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- 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.

Resolution 1 – Adoption of the Remuneration Report

Overview

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 2014 is set out in the Company's

2014 Annual Report. Members can view the Annual Report on the Company's website: www.baseresources.com.au and on ASX's website: www.asx.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 requires 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 2014.

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.

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 Resolution 1.

Resolution 2 – Re-election of Mr Andrew King as a Director

Mr Andrew King became a Director on 28 May 2008, and was last re-elected at the Company's 2011 annual general meeting held on 28 November 2011. In accordance with rule 3.6(a) of the Company's constitution, Mr King will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

Mr King is a mining engineer with over 35 years' experience in the mineral resources industry. He brings to the Company a considerable depth of knowledge and expertise in technical and corporate disciplines. Further details of Mr King's qualifications and experience can be found in the Company's 2014 Annual Report.

Directors' recommendation on Resolution 2

The Directors, other than Mr King whose re-election is the subject of the Resolution, are of the view that the Board has benefited and will continue to benefit from the skills, knowledge and experience that Mr King brings to the Company and recommend that members vote in **favour** of Resolution 2.

Resolution 3 – Re-election of Mr Samuel Willis as a Director

Mr Samuel Willis became a Director on 23 May 2007, and was last re-elected at the Company's 2011 annual general meeting held on 28 November 2011. In accordance with rule 3.6(a) of the Company's constitution, Mr Willis will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

Mr Willis is an experienced company director in the resources and energy sectors. Mr Willis provides the Company with in excess of 15 years' experience and expertise in capital markets, corporate finance and executive board involvement with emerging companies. Further details of Mr Willis' qualifications and experience can be found in the Company's 2014 Annual Report.

Directors' recommendations on Resolution 3

The Directors, other than Mr Willis whose re-election is the subject of the Resolution, are of the view that the Board has benefited and will continue to benefit from the skills, knowledge and experience that Mr Willis brings to the Company and recommend that members vote in **favour** of Resolution 3.

Resolution 4 – Election of Mr Mike Stirzaker as a Director

Mr Stirzaker became an alternate to Mr Trevor Schultz on 28 November 2011, when Mr Schultz was elected at the Company's 2011 annual general meeting held on that day.

In accordance with rule 3.6(a) of the Company's constitution, Mr Schultz must retire by rotation at the Annual General Meeting and has advised the Company he will not offer himself for re-election.

Mr Stirzaker now offers himself for election as a Director of the Company.

Mr Stirzaker has 30 years' commercial experience, mainly in mining finance and mining investment. He began his career in Sydney as a Chartered Accountant with KPMG, having obtained a B.Com from the University of Cape Town. He moved into investment banking with Wardley James Capel (part of the HSBC Group) and then Kleinwort Benson Limited in London. From 1993 to 2007 he was part of the natural resource advisory and investment firm, RFC Group Limited, where he became Joint Managing Director. He has also been a shareholder and Director of Tennant Metals Pty. Limited, a privately owned physical metal trader and investor, and was the Finance Director of Finders Resources Limited, an ASX listed company with copper & gold projects in Indonesia. In 2010, Mike joined the private equity mining fund manager, Pacific Road Capital Management Pty Limited as an Executive Director.

Further details of Mr Stirzaker's qualifications and experience can be found in the Company's 2014 Annual Report.

Directors' recommendations on Resolution 4

The Directors are of the view that the Board has benefited and will continue to benefit from the skills, knowledge and experience that Mr Stirzaker brings to the Company and recommend that members vote in **favour** of Resolution 4.

Resolution 5 – Re-election of Mr Michael Anderson as a Director

Mr Michael Anderson became a Director on 28 November 2011, when elected at the Company's 2011 annual general meeting held on that day. In accordance with rule 3.6(a) of the Company's constitution, Mr Anderson will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

Mr Anderson has over 20 years' industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. He subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited, and most recently as Managing Director at Exco Resources Limited, where he oversaw the successful development of the White Dam Gold Project, and the sale of the Exco Resources' Cloncurry Copper Project to Xstrata.

Mr Anderson joined Taurus Funds Management (a significant shareholder of the Company) as a Director in August 2011, and Mr Anderson is Taurus' nominee on the Board. Further details of Mr Anderson's qualifications and experience can be found in the Company's 2014 Annual Report.

Directors' recommendations on Resolution 5

The Directors, other than Mr Anderson whose re-election is the subject of the Resolution, are of the view that the Board has benefited and will continue to benefit from the skills, knowledge and experience that Mr Anderson brings to the Company and recommend that members vote in favour of Resolution 5.

Resolutions 6 And 7 – 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) 1,799,394 Performance Rights to Mr Carstens (and the acquisition of Shares by Mr Carstens upon the vesting of any such Performance Rights) (the subject of Resolution 6); and
- (b) 1,799,394 Performance Rights to Mr Bwye (and the acquisition of Shares by Mr Bwye upon the vesting of any such Performance Rights) (the subject of Resolution 7),

under the Base Resources Long Term Incentive Plan (**Plan**), for the purposes of ASX Listing Rule 10.14 and for all other purposes.

The Plan was approved by members at the Company's 2012 annual general meeting on 29 November 2012. The Plan is designed to attract executives and maintain a stable leadership team and explicitly align the interests of the Company's leadership team with that of members. The Plan seeks to grant certain 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. As explained in the Company's 2012 notice of annual general meeting, the Plan operates on the basis of a series of cycles (**Plan Cycle**). Each Plan Cycle commences annually on 1 October and consists of a three year period (**Performance Period**), after which the Performance Rights will vest subject to their terms of issue (including the achievement of specified Performance Criteria).

The Performance Rights proposed to be granted to Mr Carstens (the subject of Resolution 6) and Mr Bwye (the subject of Resolution 7) are in respect of the 2014 Plan Cycle.

The Performance Rights are to be issued in accordance with the terms of the Plan. 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, was set out in Annexure A of the Company's 2012 notice of annual general meeting, which is available from www.asx.com.au.

EXPLANATORY MEMORANDUM

CONTINUED

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.

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) 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%

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).

(b) 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%

Further details of the Performance Rights can also be found in the Company's 2014 Annual Report.

Reasons member approval is being sought

Specific approvals for Mr Carstens' and Mr Bwye's respective grants under the Plan are 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 and for all other purposes, 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 of those Performance Rights under the Plan.

Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a Company issuing shares to related parties without member approval under ASX Listing Rule 10.11, and is an exception to the Company's 15% placement capacity in ASX Listing Rule 7.1.

Chapter 2E of the Corporations Act also regulates the provision of "financial benefits" to "related parties" by a public company. For the purposes of Chapter 2E, Mr Carstens and Mr Bwye, being Directors, are "related parties" of the Company and the grant of Performance Rights pursuant to the Plan will constitute the giving of "financial benefits".

The Board (other than Mr Carstens and Mr Bwye, because of their interest in Resolutions 6 and 7 respectively) considers that the grant of Performance Rights to Mr Carstens and Mr Bwye is an appropriate and reasonable component of their respective remuneration, and that the financial benefit represented by the grant of the Performance Rights falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, it is unnecessary to seek specific member approval of Resolutions 6 and 7 for the purposes of Chapter 2E of the Corporations Act.

Specific information required by ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 6 and 7.

- (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 6) 1,799,394 Performance Rights which, subject to vesting, will result in the issue or transfer to Mr Carstens of 1,799,394 Shares; and
 - (ii) (Resolution 7) 1,799,394 Performance Rights which, subject to vesting, will result in the issue or transfer to Mr Bwye of 1,799,394 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) The Performance Rights will be issued in accordance with the terms of the Plan (a summary of which was set out in the Company's 2012 notice of annual general meeting). The key terms of the Performance Rights are also summarised above.
- (e) Since 29 November 2012 (the date the Plan was approved by members):
 - (i) Mr Carstens was issued in aggregate 3,607,218 Performance Rights under the Plan. These grants were approved by members at the Company's 2012 and 2013 annual general meetings and the Performance Rights were issued for nil cash consideration.
 - (ii) Mr Bwye was issued in aggregate 3,607,218 Performance Rights under the Plan. These grants were approved by members at the Company's 2012 and 2013 annual general meetings and the Performance Rights were issued for nil cash consideration.
 - (iii) No other person of the kind referred to in ASX Listing Rule 10.14 has been issued securities under the Plan since it was approved by members at the 2012 annual general meeting.
- (f) Mr Carstens and Mr Bwye are the only persons of the kind referred to in ASX Listing Rule 10.14 who are entitled to participate in the Plan. Any future grants to Directors under the Plan will remain subject to member approval under ASX Listing Rule 10.14.
- (g) No loans will be advanced to Mr Carstens or Mr Bwye in respect of the acquisition of the Performance Rights.
- (h) Should Resolutions 6 and/or 7 be approved by members, 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.

Directors' recommendation on Resolutions 6 and 7

Subject to below, the Directors recommend that members vote in **favour** of Resolutions 6 and 7.

Mr Carstens does not make a recommendation in relation to Resolution 6 as he has an interest in the outcome of that Resolution. Mr Bwye does not make a recommendation in relation to Resolution 7 as he has an interest in the outcome of that Resolution.

EXPLANATORY MEMORANDUM

CONTINUED

Resolutions 8 – Renewal of Proportional Takeover Provisions

Rule 38 of the Company's constitution (Proportional Takeover Provisions) provides that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover bid unless a resolution to approve the bid is passed (or deemed to have been passed) by holders of shares in the relevant bid class.

A copy of the Company's constitution, as approved by members at the Company's 2011 annual general meeting, is available from the company's website: www.baseresources.com.au.

Under the Corporations Act, the Proportional Takeover Provisions must be renewed every three years or they will cease to have effect. The Proportional Takeover Provisions were adopted at the Company's 2011 annual general meeting on 28 November 2011. Without refreshed member approval, the Proportional Takeover Provisions will cease to have effect on 28 November 2014. If renewed, the Proportional Takeover Provisions will operate on the same basis as the existing rule 38 for a further period of three years from the date of the Annual General Meeting.

Resolution 8 is a special resolution which means to pass it requires at least 75% of the votes cast by members entitled to vote to be voted in favour of the Resolution.

What is a proportional takeover bid?

A proportional takeover bid is an off market takeover bid sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares (ie less than 100%). If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance of their shares.

What are the effects of the Proportional Takeover Provisions?

The effects of the Proportional Takeover Provisions are as follows:

- (a) If a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a meeting of members is convened where a resolution to approve the proportional takeover bid is voted upon. The vote is decided by a simple majority (and will be binding on the minority). The bidder and its associates are excluded from voting on the resolution.
- (b) The meeting and the vote on the resolution must take place no more than 14 days before the last day of the bid period.
- (c) If the resolution is rejected before this deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any valid transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts are taken as rescinded.
- (d) If the resolution is not voted on within the specified deadline, the resolution will be deemed to have been approved.
- (e) If the resolution is approved, or deemed to have been approved, all valid transfers of shares under the proportional takeover bid must be registered.
- (f) The Proportional Takeover Provisions do not apply to full takeover bids.

Reasons for renewing the Proportional Takeover Provisions

The Directors consider that members should have the opportunity to vote on a proposed proportional takeover bid.

A proportional takeover bid may result in control of the Company changing without members having an opportunity to dispose of all of their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Members are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority shareholder in the Company. The bidder may be able to acquire control of the Company without paying an adequate control premium.

The Board believes that the Proportional Takeover Provisions are desirable to give members protection from these risks inherent in proportional takeover bids. They give effect to a protection that the Corporations Act provisions are intended to provide.

The Proportional Takeover Provisions allow members to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

Review of Proportional Takeover Provisions

While the Proportional Takeover Provisions have been in effect, there have been no takeover bids for the Company (proportional or full). Consequently, there are no relevant examples against which to review the advantages or disadvantages of the Proportional Takeover Provisions for the Directors and members. The Directors are not aware of any potential takeover bid which was discouraged by the Proportional Takeover Provisions.

Potential advantages and disadvantages of renewing the Proportional Takeover Provisions

The potential advantages for members of the renewal of the Proportional Takeover Provisions include the following:

- (a) members will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) the provisions may assist members and protect them from being locked in as a minority;
- (c) they increase the bargaining power of members and may assist in ensuring that a proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of members may assist individual members assess the likely outcome of the proportional takeover bid and may assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for members of the renewal of the proportional takeover provisions include the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) members may lose an opportunity to sell some of their Shares at a premium;
- (c) individual members may consider that the Proportional Takeover Provisions would restrict their ability to deal with their Shares as they see fit; and
- (d) the likelihood of a proportional takeover succeeding may be reduced.

The Board considers that the Proportional Takeover Provisions have no potential advantages or disadvantages for the Directors in performing their duties, and that they would remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted or not. However, the Board believes that the potential advantages for members of renewing the proportional takeover provisions for a further three years outweigh the potential disadvantages.

Knowledge of any acquisition proposals

As at the date this Explanatory Memorandum was prepared, the Directors are not aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company. Those Directors who hold Shares have the same interest in the proposal as all members. Details of shareholdings of Directors are contained in the Company's Annual Report.

Directors' recommendation on Resolutions 8

The Board believes that the renewal of the Proportional Takeover Provisions is in the best interests of the Company and unanimously recommends that members vote in **favour** of Resolution 8.

SCHEDULE 1

Terms and Abbreviations

DEFINITION	MEANING
Annual General Meeting or 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 2014.
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 Company's constitution.
Closely related party	<p>Closely related party of a member of the KMP means:</p> <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 (ABN 88 125 546 910).
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.
Key management personnel (KMP)	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 (as approved by members at the Company's 2012 annual general meeting).
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.

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 17 November 2014.

Chairman's voting intention

The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of all Resolutions.

Voting prohibitions application to KMP

KMP and their closely related parties are prohibited under the Corporations Act from voting in a manner contrary to the voting exclusions for Resolutions 1, 6 and 7 described in the section "Voting Prohibitions and Exclusions" above.

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. Generally, these sections 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 Resolutions 1, 6 and 7

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, 6 and 7 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. The Chairman intends to vote (where appropriately authorised) all available undirected proxies **in favour** of all Resolutions.

If you appoint the Chairman as your proxy and wish to direct him how to vote, you can do so by marking the boxes for the relevant Resolution (ie by directing him to vote "for", "against" or "abstain").

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, 6 and 7 if you want your Shares to be voted on those Resolutions. If you appoint a member of the KMP or any closely related party of a member of KMP and you do not direct them how to vote on Resolutions 1, 6 and 7, such a person will not cast your votes on the those 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:

Online:

www.investorvote.com.au

By mail:

Computershare Investor Services Pty Ltd
GPO Box 242 Melbourne
Victoria 3001, Australia

By fax

By faxing a completed proxy form to
1800 783 447 (in Australia) or
+61 3 9473 2555 (outside Australia)

By email

wwillesee@baseresources.com.au

For Intermediary Online subscribers only (custodians) please visit
www.intermediaryonline.com

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.



**BASE
RESOURCES**

www.baseresources.com.au



**BASE
RESOURCES**

ABN 88 125 546 910

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

or email to: wwillesee@baseresources.com.au

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

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

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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



For your vote to be effective it must be received by 11.30am (Perth time) Monday, 17 November 2014

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 or abstain as they choose (to the extent permitted by law). 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 for Postal Forms

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 help tab, "Printable 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.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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

I ND

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 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 Wednesday, 19 November 2014 at 11.30am (Perth time) and at any adjournment or postponement of that Meeting.

Chairman 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, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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, 6 and 7 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 Andrew King as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Mr Samuel Willis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Mike Stirzaker as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-Election of Mr Michael Anderson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of the Grant of Performance Rights to Mr Tim Carstens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of the Grant of Performance Rights to Mr Colin Bwyne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting (where appropriately authorised) intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

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

Computershare +