

4 June 2015

Dear Shareholder

General meeting of Base Resources Limited shareholders – 6 July 2015

For those of you that don't know me, my name is Keith Spence and I have recently been appointed as Chairman of Base Resources, having been appointed as a Director of the company in February of this year.

Enclosed for your consideration is a notice calling a general meeting of shareholders to be held at the following time and location:

TIME: 11.00am (Perth time)
DATE: Monday, 6 July 2015
PLACE: Katitjin Centre, Australian Institute of Management
76 Birkdale Street
Floreat, Western Australia

The general meeting is being called for shareholders to consider the following matters:

- Ratification of the issue by the company of financing options as a result of drawdowns made, or to be made, under the US\$20 million unsecured debt facility with Taurus Funds Management.
- Approval for a six month extension to the expiry date of vested options issued during 2010.

More detail with respect to the above matters is set out in the explanatory memorandum accompanying the notice of meeting. I encourage you to read the enclosed documents and to either attend the general meeting in person or submit your vote using the **enclosed** personalised proxy form.

In addition to the formal business of the general meeting, your Directors will also be available at the meeting to take questions and discuss general matters relevant to your company.

I look forward to meeting you at the upcoming general meeting, or perhaps at our annual general meeting to be held later in the year.

Yours faithfully



Keith Spence
Chairman



**BASE
RESOURCES**

ABN 88 125 546 910

NOTICE OF GENERAL MEETING

TIME: 11.00am (Perth time)
DATE: Monday, 6 July 2015
PLACE: Katitjin Centre, Australian Institute of Management
76 Birkdale Street
Floreat, 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 General Meeting, please complete the enclosed Proxy Form and return it in accordance with the instructions set out on that form.

NOTICE OF GENERAL MEETING

Base Resources Limited (**Company**) gives notice that a general meeting of members will be held on Monday, 6 July 2015 at 11.00am (Perth time) (**General Meeting** or **Meeting**) at:

Katitjin Centre, Australian Institute of Management
76 Birkdale Street
Floreat, Western Australia

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the 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

RESOLUTION 1 – RATIFICATION OF ISSUE OF FINANCING OPTIONS

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 61,425,061 Financing Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, be ratified and approved."

Note: A voting exclusion statement for Resolution 1 is set out below.

RESOLUTION 2 – EXTENSION OF EXPIRY DATE OF 2010 OPTIONS

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

"That, for the purposes of ASX Listing Rule 6.23.4, section 208 of the Corporations Act, the waiver from ASX Listing Rule 6.23.3 granted by ASX to the Company and for all other purposes, members approve a six month extension to the expiry date of the 2010 Options in accordance with the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Note: A voting prohibition statement and voting exclusion statement for Resolution 2 are set out below.

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 Taurus Funds Management and its associates, however the Company need not disregard a vote if:

- it is cast by a person as proxy for a person which is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman of the 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.

Resolution 2: The Company will disregard any votes cast on Resolution 2 by, or on behalf of:

- Mr Andrew King, Mr Tim Carstens, Mr Colin Bwyne, Mr Sam Willis and Mr Winton Willesee and their respective associates; and
- a member of key management personnel of the Company's consolidated group (at the date of the Meeting) 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 key management personnel.

Dated 4 June 2015

By order of the Board

Chadwick Poletti

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 General Meeting.

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

RESOLUTION 1 – RATIFICATION OF ISSUE OF FINANCING OPTIONS

Overview

As announced on 23 December 2014, the Company entered into a US\$20 million unsecured debt facility (the **Taurus Facility**) with Taurus Funds Management Pty Limited (**Taurus**). In entering into this facility, the Company agreed to issue Taurus up to 61,425,061 options over unissued Shares (the **Financing Options**).

Half of the Financing Options were issued to Taurus on 23 December 2014 upon entry into the Taurus Facility, with the second half to be issued to Taurus pro-rata on drawdowns above US\$5 million. As at the date of this Notice, only the first half of the Financing Options (30,712,531) have been issued to Taurus.

As part of the Company's rescheduling of the Kwale Project Debt Facility in 2014 (refer to the Company's ASX announcement on 6 October 2014), the Company agreed to provide up to US\$15 million in additional liquidity to the Kwale Project by 30 June 2015. The Company has determined to fully draw upon the Taurus Facility and it is anticipated that these additional funds will be utilised to satisfy the additional liquidity requirement for the Kwale Project and for general corporate working capital. The Company will issue the second half of the Financing Options (30,712,530) to Taurus on the date the additional funds under the Taurus Facility become available, which is currently anticipated to be 18 June 2015.

ASX Listing Rule requirements

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including options) that a company can issue or agree to issue without member approval. Generally, the Company can issue or agree to issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without member approval. The facility agreement entered with Taurus in December 2014 to issue all of the Financing Options 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 and members subsequently approve it.

Resolution 1 seeks member approval under ASX Listing Rule 7.4 to ratify both the issue of the first half of the Financing Options on 23 December 2014 and the issue of the second half of the Financing Options that is anticipated to occur on 18 June 2015, with both issues being made without approval under ASX Listing Rule 7.1.

Resolution 1 has been included in this Notice to ensure the Company retains flexibility to issue further securities (if necessary) under ASX Listing Rule 7.1 without member approval. While the Company has no present intention to issue further securities in the near term (other than the second half of the Financing Options), 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 1 is that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the Financing Options. If Resolution 1 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 otherwise replenished in accordance with ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.5

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

- 30,712,531 Financing Options were issued by the Company on 23 December 2014.
- 30,712,530 additional Financing Options will be issued by the Company following further drawdown under the Taurus Facility, with this issue anticipated to occur on 18 June 2015.
- The Financing Options were, or will be, issued for nil cash, in part consideration for entry into the Taurus Facility and as consideration for further drawdown under that facility.
- Each Financing Option entitles the holder to acquire one Share upon payment of the exercise price of \$0.40 per option on or before the expiry date of 31 December 2018. There are no vesting conditions to the Financing Options. Upon issue, each Share will rank equally with all other Shares then on issue. The terms and conditions of the Financing Options are set out in **Schedule 2**.
- The Financing Options were, or will be, issued to Taurus, which is not a related party of the Company. As at 20 April 2015 (being the date Taurus last issued a Form 604, notice of change of interests of substantial holder), Taurus had an interest in approximately 16.8% of the Shares on issue. Should all Financing Options be exercised, Taurus would have an interest in approximately 24.9% of the Shares then on issue (this also assumes no other Shares are issued by the Company in the meantime).
- No funds were, or will be, raised from issuing the Financing Options. However, the further funds drawn under the Taurus Facility are intended to provide corporate working capital and the funding necessary to deliver up to US\$15 million in additional liquidity to the Kwale Project by 30 June 2015 (as referred to in the “Overview” section above).

Directors' recommendation on Resolution 1

The Directors recommend that members vote in **favour** of Resolution 1.

RESOLUTION 2 – EXTENSION OF EXPIRY DATE OF 2010 OPTIONS**Overview**

In July 2010, following member approval received on 30 June 2010, the Company issued options over unissued shares to the then directors of the Company (the **2010 Options**). The 2010 Options were issued to provide a market linked incentive package to the holders, and to ensure the holders' general ongoing commitment and contribution to the Company during its transitional phase in developing the Kwale Project.

The 2010 Options consist of two tranches:

- Tranche 1: exercise price of \$0.09.
- Tranche 2: exercise price of \$0.25.

50% of each tranche of 2010 Options vested on 22 November 2011 upon the Company making a decision to construct the Kwale Project provided the Company had the required debt funding for construction in place. The remaining 50% of each tranche of 2010 Options vested on 19 March 2014 upon the Company commencing production at the Kwale Project. Exercise of the options was also subject to specified VWAP hurdles relating to the Company's share price, which were also satisfied at the time of vesting. The 2010 Options are currently due to expire on 9 July 2015.

A total of 15.6 million 2010 Options remain on issue, representing approximately 2.46% of the Company's fully diluted capital and 2.77% of the current Shares on issue.

A copy of the current terms of issue of the 2010 Options, as amended in 2011 with member approval, is included as **Schedule 3**.

Proposal and reasons member approval is being sought

Member approval is being sought to amend the terms of issue of the 2010 Options to extend the applicable expiry date by a period of six months (the **Proposal**). The Proposal, if approved, would extend the expiry date of the 2010 Options from their current expiry on 9 July 2015 to 9 January 2016.

The Proposal required a waiver of ASX Listing Rule 6.23.3, which otherwise prohibits an entity from making a change which has the effect of (among other things) increasing the period for exercise of options. ASX granted the required waiver on 19 May 2015, conditional on the Company's members approving the Proposal.

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, all holders of 2010 Options, other than Mr Willesee, are related parties of the Company (being current directors or past directors within the last six months) and the Proposal, if approved and implemented, will constitute the giving of financial benefits to those related parties. For this reason, member approval is also being sought pursuant to Resolution 2 for the purposes of Chapter 2E of the Corporations Act.

Rationale for the Proposal

As noted above, the 2010 Options were issued to provide a market linked incentive package to the holders, and to ensure the holders' general ongoing commitment and contribution to Company during its transitional phase of development. Further, the 2010 Options were subject to vesting conditions relating to the attainment of key milestones in the company's development of its flagship asset, the Kwale Project, with exercise being further conditional on the Company's VWAP for Shares having reached specified levels.

All vesting and VWAP conditions for the 2010 Options have been satisfied. However, since vesting, holders have only had very limited opportunities to exercise their 2010 Options that vested in November 2011, and no practical opportunity to exercise their 2010 Options that vested in March 2014, due to reasons largely beyond their control (these restrictions are outlined further below).

The Proposal seeks to extend the expiry date for the 2010 Options by six months in an effort to provide the holders with a reasonable opportunity to exercise their options, which have fully vested in accordance with their terms, prior to expiry. If the Proposal is not approved by members and does not proceed, there is a risk that the holders of the 2010 Options will not have an opportunity to exercise their options prior to their current expiry on 9 July 2015, with those options subsequently lapsing. It is considered that this would be an unfair and unjust outcome given the intent behind issuing the options, particularly given all vesting and exercise conditions have otherwise been satisfied.

Restrictions on exercising the 2010 Options explained further

Since vesting, holders have only had very limited opportunity to exercise the 2010 Options pursuant to a combination of (i) the terms of issue of the options, (ii) the Company's former and current Securities Trading Policy (**STP**), (iii) the insider trading prohibitions in the Corporations Act, and (iv) lock-in arrangements that applied in the first 12 months following the Company's AIM listing in January 2013. These restrictions are explained further below.

- The terms of issue of the 2010 Options provide that options may not be exercised, or the underlying shares sold, until any “share trading blackout period (as per company policy)” then applying has expired.
- The relevant share trading blackout periods are prescribed in the current and former STP.
- For the period from vesting of the first half of the 2010 Options on 22 November 2011, until on or about 30 November 2012, the former STP applied which provided that directors and employees could not trade in the company’s securities during a “closed period”. These closed periods principally related to the two week period prior to release of the quarter, half-year and full year reports.
- For the period after on or about 1 December 2012, the current STP applied which provides that directors and employees cannot trade in the company’s securities during a “prohibited period”, or an AIM “close period”. Prohibited periods principally relate to the period from the end of the respective reporting period until release of the quarter, half-year and full year reports, as applicable. AIM close periods overlap substantially with the prohibited periods, but also include any time when “the company is in possession of unpublished price sensitive information”.
- The AIM restriction that applies when the Company is in possession of “unpublished price sensitive information” applies to all “applicable employees”, which includes all holders of 2010 Options. This restriction reflects, to a large degree, the insider trading prohibitions in the Corporations Act which, broadly speaking, prohibits a person from dealing in a company’s securities when in possession of “inside” or price sensitive information.
- During the period between vesting of the first half of 2010 Options on 22 November 2011 and 31 December 2012, there were only a small number of windows available for holders to exercise their options. However, these windows should be considered in light of the commercial reality that it is highly unusual to exercise options such a significant period prior to their expiry (at that stage, approximately 3.5 years prior to expiry). It is also relevant to note that prior approval was required before any of the 2010 Options could be exercised. It is anticipated (although, was not tested) that this approval would not have been forthcoming for the great majority of 2012 given the Company was in the middle of developing its maiden project, and given the number of other sensitive and confidential matters that were being considered by the Company and its management at any one time.
- During the period between 8 January 2013 and 7 January 2014, the holders of 2010 Options were subject to “lock-in” restrictions which applied pursuant to the AIM Rules. These lock-in restrictions prohibited the holders from disposing of any interest in the Company’s securities. While the holders were not strictly restricted from exercising vested options during this lock-in period, they were prohibited from selling any Shares. The restriction on selling Shares made exercise during this period practically very difficult for holders to sell Shares to fund the exercise price of the options.
- The AIM closed periods further proved to be particularly restrictive for holders of the 2010 Options during 2014 and 2015, with the Company being in possession of confidential unpublished price sensitive information for a large portion of 2014 and 2015. This information principally related to the Company’s debt rescheduling announced 17 July 2014, its takeover bid for World Titanium Resources Limited announced 23 December 2014, negotiation and entry into a new US\$20 million finance facility announced 23 December 2014, together with a number of matters currently being considered by the Company that are believed to be “unpublished price sensitive information” but are being withheld from immediate disclosure in reliance on the carve-out provided by ASX Listing Rule 3.1A. Announcements with respect to these matters will be made by the Company in due course in accordance with its continuous disclosure obligations.

Based on the above summary, it can be seen that holders have only had very limited opportunity to exercise their 2010 Options since vesting. It is for this reason, and in the interests of providing a fair and just outcome for the respective holders, that the Proposal is being put to members for their consideration.

Specific information required for the purposes of Chapter 2E

In accordance with Chapter 2E of the Corporations Act (in particular, section 219), the following information is provided in relation to Resolution 2.

- (a) A list of holders of 2010 Options, their respective holdings and their relationship to the Company, is set out below.

Name	Relationship to Base	Exercise price	Current expiry date	2010 Options held
T Carstens	Director	\$0.09	9 July 2015	2,500,000
		\$0.25	9 July 2015	2,500,000
C Bwy	Director	\$0.09	9 July 2015	3,600,000
		\$0.25	9 July 2015	5,000,000
S Willis	Director	\$0.09	9 July 2015	300,000
		\$0.25	9 July 2015	300,000
A King	Former director (resigned 19 May 2015)	\$0.09	9 July 2015	400,000
		\$0.25	9 July 2015	400,000
W Willesee	Former director (resigned 26 November 2013) and former company secretary (resigned 19 May 2015)	\$0.09	9 July 2015	300,000
		\$0.25	9 July 2015	300,000
Total				15,600,000

Each holder of 2010 Options is considered to be a related party of the Company, other than Mr Willesee. While Mr Willesee will benefit if the Proposal is approved by members, as he is not a related party of the Company, specific approval under Chapter 2E is not required in respect of Mr Willesee.

- (b) The benefit that is proposed to be given to the holders of 2010 Options, should members approve Resolution 2, is the benefit associated with extending the expiry date of the options by six months. One of the key inputs when determining the “value” of an option at a particular time is its period until expiry. The period until expiry is important in determining the value of an option as, simply put, it increases the chances that the option will be “in the money” (that is, the exercise price will be less than the share price) prior to its expiry.

Extending the expiry date of the 2010 Options will therefore increase the value of the options. It is this increased value of the options that constitutes the financial benefit proposed to be given to related parties pursuant to the Proposal.

In this context, it is worth noting that the Company’s Share price as at 21 May 2015 (being the last practical trading day prior to finalising this Notice) was \$0.12, and the 5 day and 30 day VWAPs were \$0.1239 and \$0.1207, respectively.

- (c) Set out above under the heading “Rationale for the Proposal” are detailed reasons for why the Company is putting forward the Proposal. In summary, the Proposal is intended to avoid an unfair and unjust outcome for the holders of the 2010 Options, given the limited

opportunities those holders have had to exercise their options since vesting (particularly so in recent times). Alternative methods for achieving a fair and just outcome for holders of the 2010 Options were considered, including payment of additional cash consideration to compensate for the loss of value should the 2010 Options not be able to be exercised prior to their current expiry date. However, on balance, extending the 2010 Options was considered to be the fairest alternative for holders, and was also considered the preferred approach for minimising potential costs to the Company and its members.

- (d) The approximate value of the Proposal to each applicable related party of the Company is set out in the table below. In summary, the financial benefit the subject of the Proposal has been valued as the difference between the value of the 2010 Options with their current expiry date of 9 July 2015, compared with an expiry date of 9 January 2016 should the Proposal be approved and proceed.

Related party	Value of the Proposal
T Carstens	\$25,000
C Bwyne	\$36,000
S Willis	\$3,000
A King	\$4,000
Total	\$68,000

The above valuation is based on the following key assumptions. For present purposes, this valuation has been conducted based on the Black Scholes option pricing methodology.

- Company's share price: \$0.12 (being the 30 day VWAP of Shares to 21 May 2015, rounded to the nearest cent).
 - Risk free rate: 1.75% (being the five year government bond rate).
 - Volatility: 66% (being the five year historical volatility of Shares).
- (e) Based on the above valuation and in accordance with applicable Australian accounting standards, if the Proposal is approved and proceeds, the Company will need to recognise an expense of approximately \$71,000 for the financial year ending 30 June 2016. This expense represents the increased value of the 2010 Options attributable to an extended expiry. This expense is, however, a non-cash item and is not considered material for the Company.
- (f) Set out below are details of the remuneration packages of the relevant related parties for the year ended 30 June 2014. It is anticipated that the remuneration packages for these related parties for the year ending 30 June 2015 will be approximately similar to those for the year ended 30 June 2014, noting that Mr King resigned from the Board on 19 May 2015 and will not receive any remuneration from the Company after that time.

Related party	Short term employment benefits		Post Employment benefits	Share based payment total		Total
	Salary / fees	2014 STI bonus	Superannuation	Options	Performance rights	
	\$	\$	\$	\$	\$	\$
T Carstens	411,800	157,248	25,000	-	219,610	813,658
C Bwyne	411,800	139,776	25,000	-	219,610	796,186
S Willis	89,250	NA	NA	-	-	89,250
A King	127,500	NA	NA	-	-	127,500

- (g) Set out below are details of the existing security interests of the relevant related parties in the Company.

Related party	2010 Options	Performance rights	Shares
T Carstens	5,000,000	4,231,581	1,228,522
C Bwyne	8,600,000	4,231,581	1,838,739
S Willis	600,000	Nil	200,000
A King	800,000	Nil	820,000

The performance rights referred to above were issued in accordance with the Company's existing Long Term Incentive Plan. Subject to satisfying the applicable vesting criteria (relating to absolute and relative total shareholder return over the three year vesting period), each performance right entitles the holder to be issued or transferred one Share. Each issue of performance rights to Mr Carstens and Mr Bwyne was the subject of separate member approval at the Company's 2012, 2013 and 2014 annual general meetings.

- (h) If all 2010 Options were to be exercised upon payment of the aggregate exercise price of \$2.764 million, 15.6 million new Shares would be issued by the Company. Based on the Company's current issued capital, and assuming no additional Shares were issued by the Company (including for the exercise of any other options on issue or vesting of performance rights), this would represent an increase in the Shares on issue of 2.77% as at the date of this Notice. That said, as the 2010 Options are already on issue, approving the Proposal will not increase the potential dilutive effect of the 2010 Options save to the extent that extending the expiry date of the 2010 Options increases the likelihood of those options ultimately being exercised.
- (i) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by members to decide if it is in the best interests of the Company to approve Resolution 2.

Directors' recommendation on Resolution 2

Mr King, Mr Carstens, Mr Bwyne and Mr Willis, as holders of 2010 Options, each has an interest in the Proposal and the outcome of Resolution 2 (**Interested Persons**). Given this interest, the Interested Persons were not involved in discussing or voting on the Proposal when this matter was considered by the Board. Each Interested Person, and their respective associates, will also be precluded from voting any Shares they own or control on Resolution 2.

As set out in more detail elsewhere in this Explanatory Memorandum, the Directors (other than the Interested Persons) (the **Non-Interested Directors**) considered the Proposal against the key alternatives, including making an additional cash payment to compensate the holders for their potential loss if the 2010 Options expire without the holders having had a reasonable opportunity to exercise their options. If the Proposal is not approved by members, the 2010 Options will expire on 9 July 2015 and there is the risk that the majority of holders will not have an opportunity to exercise their options prior to expiry given the applicable restrictions under the terms of issue of the options, the Company's Securities Trading Policy and the Corporations Act restrictions applying when a person is in possession of "inside information".

Balancing the desire to provide a fair and just outcome for the holders of 2010 Options with the interests of members generally, and in light of the relatively low "non-cash" cost to Company of undertaking the Proposal, the Non-Interested Directors are in favour of the Proposal and recommend members vote in favour of Resolution 2.

SCHEDULE 1

TERMS AND ABBREVIATIONS

Definition	Meaning
2010 Option	An Option to subscribe for one Share on the terms and conditions set out in Schedule 3.
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 General Meeting appointed in accordance with the Company's 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 (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.
Financing Option	An option to subscribe for one Share on the terms and conditions set out in Schedule 2.
General Meeting or Meeting	The general meeting of the Company notified to members by 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.
Loan Agreement	The US\$20 million Unsecured Loan Agreement between the Company and Taurus Funds Management.
Notice	This notice of General Meeting incorporating the Explanatory Memorandum and the Proxy Form.
Proxy Form	The proxy form enclosed with and forming part of this Notice.
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.
VWAP	Volume weighted average price.
\$	A reference to "\$" is to Australian currency, unless otherwise indicated.

SCHEDULE 2

TERMS OF ISSUE OF FINANCING OPTIONS

The Financing Options are subject to the following terms and conditions:

- (a) each Financing Option entitles the Option Holder to subscribe for and be allotted, credited as fully paid, one ordinary share in the capital of the Company (**Share**) at an exercise price per Share of A\$0.40 payable in cash (including by EFT);
- (b) the Financing Options will not be quoted on the Australian Securities Exchange or any other Approved Exchange without the approval the Option Holder;
- (c) a Financing Option is exercisable by the Option Holder giving written notice to the Company accompanied by payment of the exercise price for each Financing Option that is being exercised which price must be paid, unless otherwise agreed by the Option Holder, directly to the Lender (as defined in the Loan Agreement) as a prepayment or repayment by the Company to the extent required under the Loan Agreement;
- (d) a Financing Option is only exercisable on giving at least 2 Business Days written notice to the Company prior to 31 December 2018 (the **Expiry Date**);
- (e) each Financing Option lapses:
 - i. upon valid exercise of that Financing Option; or
 - ii. if it has not been validly exercised, on the day after the Expiry Date;
- (f) Financing Options must not be exercised except as to all of the Financing Options that can be exercised or in multiples of 1,000,000 Financing Options;
- (g) Shares to be issued following valid exercise of the Financing Options will be issued and allotted within 10 Business Days of the exercise date provided all documents and payments have been received and will rank equally with all other Shares on issue;
- (h) on issue and allotment of Shares pursuant to a valid exercise of Financing Options the Company shall procure that within three Business Days after issued and allotment its directors duly make application for the listing of those Shares on the Australian Securities Exchange or, with the prior consent of the Option Holder, any other Approved Exchange in accordance with its listing rules;
- (i) the Option Holder may transfer a Financing Option to any person but only with the prior consent of the Company (such consent not to be unreasonably withheld);
- (j) there are no participating rights or entitlements inherent in the Financing Options and the Option Holder will not be entitled, as a holder of the Financing Options, to participate in new issues of capital offered to the Company's shareholders during the currency of the Financing Options, but the Company will ensure that for the purposes of determining entitlements to any such issue the record date will be at least 10 Business Days after the Company has notified the Option Holder of the issue, and the Option Holder may exercise its Financing Options held at that time before the date for determining entitlements to participate in any such issues;
- (k) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Financing Options or the exercise price of the Financing Options or both shall be reconstructed (as appropriate) to the extent necessary to comply with rule 7.22 of the ASX Listing Rules in force at the time of the reorganisation, and in all other respects the terms of the Financing Options shall remain unchanged; and
- (l) if prior to the expiry date of the Financing Options the Company makes a pro rata bonus issue of shares to the holders of Shares and a Financing Option is not exercised before the record date to determine entitlements to that bonus issue, the number of Shares to be issued on exercise of the Financing Option is:
 - (i) the number of Shares that would have otherwise been issued upon exercise of the Financing Option; plus
 - (ii) the number of Shares which would have been issued to the Option Holder if the Financing Option has been exercised before the record date for the bonus issue,

with all new Shares so issued ranking equally in all respects with the other Shares on issue.

SCHEDULE 3

TERMS OF ISSUE OF 2010 OPTIONS

The 2010 Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Subject to these terms, the 2010 Options are exercisable at any time after the relevant vesting date until the date that is 5 years from the date of issue (**Expiry Date**). 2010 Options not exercised on or before the Expiry Date will automatically lapse.
- (b) The 2010 Options are divided into 2 tranches:
 - i. Tranche 1 comprising exactly one half of the 2010 Options issued to an option holder are exercisable at \$0.09 per 2010 Option (**Exercise Price**); and
 - ii. Tranche 2 comprising the remaining 2010 Options issued to an option holder and are exercisable at \$0.25 per 2010 Option (**Exercise Price**).
- (c) The 2010 Options vest as follows:
 - i. 50% of each tranche upon the Company making a decision to commence construction at the Kwale Project providing the Company has the required development financing in place;
 - ii. 50% of each tranche upon first production from the Kwale Project; and
 - iii. notwithstanding (i) and (ii) above, 100% of the Options will vest immediately upon:
 - A. the receipt of Court approval to a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act which as a consequence thereof would lead to a party acquiring a relevant interest in more than 50% of the shares in the Company;
 - B. a takeover bid being made for the Company's ordinary shares, the bidder acquiring a relevant interest in more than 50% of the shares and the takeover bid being declared unconditional; or
 - C. the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the 2010 Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (d) The 2010 Options are forfeited if the option holder's employment with the Company ceases prior to the 2010 Options vesting.
- (e) The following restrictions apply to the 2010 Options once vested:
 - i. the 2010 Options cannot be exercised until the 30 day VWAP (**VWAP Hurdle**) for the Company's shares is:
 - A. \$0.15 in respect of Tranche 1 2010 Options; and
 - B. \$0.35 in respect of Tranche 2 2010 Options; and
 - ii. Once the VWAP Hurdle has been achieved, the 2010 Options may not be exercised and the shares sold until any share trading blackout period (as per Company policy) then applying has expired.
- (f) The 2010 Options held by each option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (g) An option holder may exercise their 2010 Options by lodging with the Company, before the Expiry Date:
 - i. a written notice of exercise of 2010 Options specifying the number of 2010 Options being exercised; and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of 2010 Options being exercised,

(**Exercise Notice**).
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of 2010 Options specified in the Exercise Notice.
- (j) The Company will not apply for quotation of the 2010 Options on ASX. The 2010 Options are not transferrable.
- (k) All shares issued upon exercise of the 2010 Options will rank pari passu in all respects with the Company's then existing fully paid ordinary shares.
- (l) There are no participating rights or entitlements inherent in the 2010 Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the 2010 Options. However, the Company will send a notice to each holder of 2010 Options at least five business days before the record date. This will give option holders the opportunity to exercise their 2010 Options prior to the date for determining entitlements to participate in any such issue.
- (m) If from time to time on or prior to the Expiry Date the Company makes an issue of Shares to the holders of ordinary Shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of his 2010 Options an option holder will be entitled to have issued to him (in addition to the Shares which would otherwise be issued to him upon such exercise) the number of Shares of the class which would have been issued to him under that bonus issue (bonus Shares) if on the record date for the bonus issue he had been registered as the holder of the number of Shares of which he would have been registered as holder if, immediately prior to that date, he had duly exercised his 2010 Options and the Shares the subject of such exercise had been duly allotted and issued to him. The bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other Shares allotted upon exercise of the 2010 Options.
- (n) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

NOTES

These Notes form part of the Notice of General Meeting.

Right to vote

The Directors have determined that, for the purpose of voting at the General Meeting, the members entitled to vote are those persons who are the registered holders of Shares at 5.00pm (Perth time) on 4 July 2015.

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 Resolution 2 described in the section "Voting Prohibitions and Exclusions" above.

Appointment of proxies

Each member entitled to vote at the General Meeting may appoint a proxy to attend and vote at the 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 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 Resolution 2

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 Resolution 2 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 Resolution 2 if you want your Shares to be voted on that Resolution. 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 Resolution 2, such a person will not cast your votes on the that Resolution and your votes will not be counted in calculating the required majority if a poll is called on that Resolution.

Lodgement of proxy documents

For an appointment of a proxy for the 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 General Meeting. Proxy appointments received after this time will be invalid for the General Meeting.

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

By mail

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

By fax

1800 783 447 (in Australia)
+61 3 9473 2555 (outside
Australia)

Custodian voting

Intermediary Online subscribers
only (custodians)
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 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.

United Kingdom (CREST voting instruction)

Depository Interest holders in CREST (**DI Holders**) may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (**CREST Voting Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available at www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (Computershare UK) no later than 1 July 2015 at 11.00am (BST). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Form of instruction

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI Holders must complete, sign and return the Forms of Instruction sent to them together with this Notice to the Company's agent, Computershare UK, by no later than 1 July 2015 at 11.00am (BST).



**BASE
RESOURCES**

ABN 88 125 546 910

Lodge your vote:



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

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

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 11.00am (Perth time) Saturday, 4 July 2015

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

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.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:



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

☐

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.

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 General Meeting of Base Resources Limited to be held at the Katitjin Centre, Australian Institute of Management, 76 Birkdale Street, Floreat, Western Australia on Monday, 6 July 2015 at 11.00am (Perth time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: 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 Resolution 2 (except where I/we have indicated a different voting intention below) even though Resolution 2 is 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 Resolution 2 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	Ratification of issue of Financing Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Extension of expiry date of 2010 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting 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

/ /
