



ASX Release

2 September 2016

Updated Securities Trading Policy

Base Resources Limited (ASX & AIM: BSE) ("**Base Resources**") advises that its Securities Trading Policy has been updated to take account of the new European Union Market Abuse Regulation (which applies to Base Resources by virtue of its AIM listing) and consequent amendments to the AIM Rules for Companies.

A copy of the updated Securities Trading Policy is attached.

ENDS.

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Keith Spence	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwy	Executive Director

Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Michael Stirzaker	Non-Executive Director
Malcolm Macpherson	Non-Executive Director

COMPANY SECRETARY

Chadwick Poletti

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SECURITIES TRADING POLICY

1. INTRODUCTION

Base is a public company incorporated in Australia. Base's shares are listed on both the Australian Securities Exchange (**ASX**) and the London Stock Exchange's AIM (**AIM**).

- This document sets out the policy requirements for dealing in Base securities by Directors and employees of Base and its subsidiaries.
- Base Directors and employees are encouraged to be long-term holders of Base securities. However, it is important that care is taken in the timing of any dealing in Base securities.
- The purpose of this Policy is to:
 - assist Directors and employees to avoid conduct known as "insider trading" or "insider dealing" which is prohibited under the Corporations Act and the European Union's Market Abuse Regulation (**MAR**) (which applies due to Base's AIM listing). In some respects, Base's policy extends beyond the strict requirements of the Corporations Act and the MAR;
 - explain the type of conduct in relation to dealings in Base securities that is prohibited under the Corporations Act and the MAR, which is applicable to **all** Directors and employees of Base and its subsidiaries; and
 - establish a best practice procedure relating to dealing in Base securities that provides protection to Base, its Directors and employees against the misuse of unpublished information which could materially affect the price or value of Base securities.

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

For the purposes of this Policy, **dealing** (or to **deal**) in securities includes:

- trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things);
- advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in securities; and
- conversion or exercise of any securities of Base or its subsidiaries.

This Policy also extends to the entering into of transactions or arrangements which operate to limit the economic risk of a security holding in Base.

3. WHAT IS INSIDER TRADING?

3.1 Prohibition

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

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of Base securities (**Price Sensitive Information**); and
- (b) that person:
 - (i) buys or sells securities in Base;
 - (ii) procures someone else to buy or sell securities in Base; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of Base.

Insider dealing is akin to insider trading and is also an offence under the MAR. In broad terms, insider dealing arises where a person:

- (c) possesses information (akin to Price Sensitive Information) that is of a precise nature, which has not been made public, relating, directly or indirectly, to Base or its securities, and which, if it were made public, would be likely to have a significant effect on the prices of Base securities (**inside information**); and
- (d) uses inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, Base securities.

For the purposes of this Policy, the term “Price Sensitive Information” is taken to include “Inside Information”. Further, references in this Policy to “insider trading” are taken to be references to both insider trading and insider dealing.

3.2 Examples

To illustrate the prohibitions described above, the following are possible examples of Price Sensitive Information which, if made available to the market, may be likely to affect materially or significantly the price or value of Base securities:

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

3.3 Dealing through third parties

A person does not need to be a Director or employee of Base or its subsidiaries to be guilty of insider trading in relation to Base securities. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

3.4 Information however obtained

It does not matter how or where a person obtains information – it does not have to be obtained from Base to constitute Price Sensitive Information.

3.5 Employee share schemes

The insider trading prohibition does not apply to acquisitions of Base securities by employees made under employee equity incentive schemes, nor does it apply to the acquisition of shares as a result of the vesting and/or exercise of securities under an employee equity incentive scheme. However, the insider trading prohibition does apply to the sale/disposal of shares acquired under an employee equity incentive scheme, including the sale of shares acquired following the vesting and/or exercise of Base securities granted under an employee equity incentive scheme.

4. GUIDELINES FOR DEALING IN BASE SECURITIES

4.1 General rule

- (a) Directors and employees of Base and its subsidiaries are not permitted to deal in Base securities during the specific "**prohibited periods**" detailed below.
- (b) The **prohibited periods** are:
 - (i) the period from the end of a quarter until and including the day the quarterly results are announced;
 - (ii) the longer of the following periods:
 - (A) the period from the end of the half year until and including the day the half year results are announced; and
 - (B) the period of 30 days before announcement of the half year results;
 - (iii) the longer of the following periods:
 - (A) the period from the end of the financial year until and including the day the full year results are announced; and
 - (B) the period of 30 days before announcement of the full year results; and
 - (iv) the day of the annual general meeting.
- (c) The prohibited periods referred to above incorporate the "close periods" specified for the purposes of the MAR.
- (d) Base may at its discretion vary this rule in relation to a particular prohibited period by general announcement to all Directors and employees either before or during the period. In particular, Base may announce additional prohibited periods during which dealing in Base securities is **not** permitted, including while it considers matters which are exempt from immediate disclosure to ASX under the continuous disclosure rules.
- (e) However, if a Director or employee of Base or its subsidiaries is in possession of Price Sensitive Information which is not generally available to the market, then he or she must

not deal in Base securities at any time, even if such trading might otherwise be permitted by this Policy.

4.2 No short-term dealing in Base securities

Directors and employees of Base and its subsidiaries should never engage in short-term or speculative dealing in Base securities except for the exercise of options where the resulting shares will be sold shortly thereafter.

4.3 Securities in other companies

Dealing in securities of other companies with which Base may be dealing is prohibited where an individual possesses information which is not generally available to the market and is “price-sensitive”. For example, where an individual is aware that Base is about to sign a major agreement with another company, they should not buy securities in either Base or the other company.

4.4 Derivatives and financing arrangements

For the avoidance of doubt, Directors and employees of Base and its subsidiaries are prohibited from dealing during prohibited periods in financial products issued or created over or in respect of Base securities.

Financing arrangements (including margin loans) related to Base securities pose risks to compliance with this Policy and applicable insider trading laws, particularly where the terms of the financing arrangements may place persons in a position of conflict with their obligations under this Policy and/or with insider trading laws.

The following requirements apply to Directors, members of EXCO and any employee of Base or its subsidiaries who is a direct or once-removed report to a member of EXCO in relation to financing arrangements with respect to Base securities:

- (a) before entering into any financing arrangement, the relevant individual must follow the approvals procedures outlined in paragraph 5;
- (b) the relevant individual must ensure that the terms of the financing arrangements do not require, or allow for, the disposal of relevant Base securities at any time when this Policy would prohibit the person from dealing in the relevant Base securities; and
- (c) the relevant individual must promptly inform the Company Secretary of any call that is made under the applicable financing arrangements, and the terms of that call.

4.5 Prohibition against hedging unvested entitlements

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

4.6 Exceptions

- (a) Directors and employees of Base and its subsidiaries may at any time:
 - (i) acquire Base securities under a bonus issue made to all holders of securities of the same class;

- (ii) acquire Base securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
- (iii) acquire, or agree to acquire shares or acquire or exercise options or performance rights under an employee incentive scheme operated by Base;
- (iv) withdraw ordinary shares in Base held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
- (v) acquire ordinary shares in Base as a result of the exercise of options held under an employee option scheme;
- (vi) undertakings or elections to take up entitlements under a rights issue or other pre-emptive offer (including an offer of Base securities in lieu of a cash dividend);
- (vii) allowing entitlements to lapse under a rights issue or other pre-emptive offer (including an offer of Base securities in lieu of a cash dividend);
- (viii) the sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue; and
- (ix) undertakings to accept, or the acceptance of, a takeover offer.

Notwithstanding that the above dealings are excluded from the operation of this Policy, they remain subject to the insider trading prohibitions under the Corporations Act and insider dealing prohibitions under MAR.

(b) Exceptional circumstances

- (i) A Director or an employee, who is not in possession of Price Sensitive Information in relation to Base, may be given prior written clearance to sell or otherwise dispose of the securities of Base, but not to purchase, during a prohibited period where such a person is in severe financial hardship or there are other exceptional circumstances.
- (ii) A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of Base. For example, a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining prior written clearance to sell or otherwise dispose of securities during a prohibited period.

Other examples include if the person is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the securities of Base or there is some other overriding legal or regulatory requirement for him or her to do so.
- (iii) In recognition of the case that exceptional circumstances, by their nature, cannot always be specified in advance, it is envisaged that there may be other circumstances, which have not been identified in this Policy, that may be deemed exceptional by the Chairman, or the Board (where the Chairman is involved).
- (iv) The person seeking clearance to trade in exceptional circumstances must seek prior written approval to do so (in accordance with paragraph 5 below) and satisfy the Chairman or the Board (as the case may be) that they are in severe financial hardship or that their circumstances are otherwise exceptional and that

the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

- (v) If the Chairman or the Board (as applicable) is in any doubt in making such determinations on behalf of Base, consideration should be given to the purpose of this Policy and the discretion should be exercised with caution.
- (vi) Any written approval to deal in Base securities due to exceptional circumstances shall specify the duration of such clearance.

5. APPROVAL AND NOTIFICATION REQUIREMENTS

- (a) **Any** Director wishing to deal in Base securities must obtain the prior approval of the Chairman or the Board before doing so.
- (b) If the Chairman wishes to deal in Base securities the Chairman must obtain the prior approval of the remaining Board members before doing so.
- (c) Any employee of Base or its subsidiaries who is a direct or once-removed report to a member of EXCO wishing to deal in Base securities must obtain prior approval of a member of EXCO before doing so.
- (d) Following approval obtained in accordance with paragraphs 5 (a), (b) or (c) (as applicable), any Director or employee who deals in Base securities **must** notify the Company Secretary without delay in writing of the details of the transaction. The details of the transaction which need to be confirmed in writing to the Company Secretary include the following:
 - (i) name;
 - (ii) the name of any person who dealt on one's behalf;
 - (iii) details of the holder of the interest in securities the subject of the dealing;
 - (iv) the nature of the transaction;
 - (v) the date of the dealing;
 - (vi) the number of securities subscribed for, bought or sold;
 - (vii) the amount paid or received for those securities;
 - (viii) the number of securities held by the relevant person (directly or indirectly) before and after the dealing; and
 - (ix) any other information requested for the purposes of compliance with ASX, AIM and MAR requirements.

This notification obligation operates at all times.

- (e) The form to complete and send to the Company Secretary for the purposes of the notification in paragraph 5(d) is available on request from the Company Secretary.

6. NOTIFICATION REQUIREMENTS FOR DIRECTORS AND OTHER PDMRs

- (a) Directors of Base and other persons discharging management responsibility (**PDMRs**) must notify the Company Secretary in accordance with paragraph 5(d) immediately where they or a person closely associated acquires or disposes of a relevant interest in any securities of Base to ensure that the notification requirements of ASX, AIM and the UK Financial Conduct Authority (**FCA**) are met.

- (b) **PDMRs** for the purpose of this Policy means:
 - (i) the Directors of Base, the Company Secretary and Base's General Managers; and
 - (ii) any other senior executive who has regular access to Price Sensitive Information and power to take managerial decisions affecting the future developments and business prospects of Base, as notified to such individuals from time to time.
- (c) A **person closely associated** means a:
 - (i) spouse, or a partner considered to be equivalent to a spouse;
 - (ii) a dependent child;
 - (iii) a relative who has shared the same household for at least one year on the date of the transaction concerned; or
 - (i) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to in subparagraphs (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.
- (d) Under the MAR, dealings in Base securities over €5,000 within a calendar year by PDMRs or a person closely associated must be notified within three business days through a Regulatory Information Service provider and to the FCA through its website. The ASX Listing Rules require Base to notify ASX within five business days after any dealing in securities of Base (either personally or through an associate) which results in a change in the relevant interests of a Director in Base securities.
- (b) The Company Secretary will arrange for lodgement of notification to ASX, the appropriate Regulatory Information Service provider and FCA within the prescribed time periods.

7. MATERIAL CHANGES TO THE SECURITIES TRADING POLICY

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

- (a) changes to the periods specified in this Policy when Directors and employees are prohibited from trading in Base securities;
- (b) changes with respect to the trading that is excluded from the operation of this Policy; and
- (c) changes with respect to the exceptional circumstances in which Directors and employees may be permitted to trade during a prohibited period.

8. EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with this Policy for dealing in Base securities does not absolve that individual from complying with the law, which must be the overriding consideration when dealing in Base securities.

9. CONSEQUENCES

Strict compliance with this Policy is mandatory for all Directors and employees of Base and its subsidiaries.

Contravention of the Corporations Act or the MAR is a serious matter and may result in criminal or civil liability for those involved. Breaches of this Policy may also damage Base's reputation in the investment community and undermine general confidence in the market for Base securities. Therefore, breaches of this Policy will be taken seriously and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

Effective 1 September 2016