



**BASE
RESOURCES**

2017

Notice of annual general meeting

TIME: 10.30 am (Perth time)
DATE: Wednesday, 22 November 2017
PLACE: Quest West Perth
54 Kings Park Road
West 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 at
www.baseresources.com.au and at www.asx.com.au**

Base Resources Limited
ABN 88 125 546 910



Notice of annual general meeting

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Notice of annual general meeting

Base Resources Limited (**Company**) gives notice that its annual general meeting of members will be held on Wednesday, 22 November 2017 at 10.30am (Perth time) (**Annual General Meeting or Meeting**) at:

Quest West Perth
54 Kings Park Road
West 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 2017.

Item 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 2017, be adopted."

Note: In accordance with section 250R(3) of the Corporations Act, the vote on Item 1 is advisory only and does not bind the Directors or the Company. A voting prohibition statement for Item 1 is set out below.

Item 2 – Re-election of Mr Michael Stirzaker as a Director

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

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

Item 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 in accordance with rule 3.6 of the Company's constitution, be re-elected as a Director of the Company."

Notice of annual general meeting

Item 4 – 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 2,113,056 Performance Rights by the Company to Mr Tim Carstens and the acquisition of Shares by Mr Carstens upon the vesting and exercise 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 Item 4 are set out below.

Item 5 – 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 2,113,056 Performance Rights by the Company to Mr Colin Bwye and the acquisition of Shares by Mr Bwye upon the vesting and exercise 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 Item 5 are set out below.

Item 6 – Reinserting the 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, in accordance with section 136 of the Corporations Act, the Company adopt and reinsert the proportional takeover provisions in rule 38 of the Company’s constitution 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 Items.

Voting prohibitions and exclusions

See the Notes to the Explanatory Memorandum for further details regarding voting prohibitions and exclusions applicable to key management personnel, as well as relevant considerations when appointing the Chairman or key management personnel as your proxy.

Item 1: The Company will disregard any votes cast (in any capacity) on Item 1 by or on behalf of a member of the Company's key management personnel named in the remuneration report and any of their closely related parties (such as close family members and any controlled companies), unless the vote is cast:

- by a person as proxy for a person entitled to vote on Item 1 in accordance with a direction on the proxy appointment; or
- by the Chairman of the Meeting as proxy for a person entitled to vote on Item 1 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 the Company's key management personnel.

Items 4 and 5: The Company will disregard any votes cast on Items 4 or 5 by, or on behalf of:

- Mr Tim Carstens and Mr Colin Bwye (being the only Directors eligible to participate in the Base Resources Long Term Incentive Plan) and their respective associates; and
- a member of key management personnel of the Company's consolidated group 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 18 October 2017

By order of the Board



Chadwick Poletti
Company Secretary

Explanatory memorandum

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

This 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 2017 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 date of the Annual General Meeting to the Company Secretary (that is, by 5.00pm (Perth time) on Wednesday, 15 November 2017).

ITEM 1 – ADOPTION OF THE REMUNERATION REPORT

Overview

Pursuant to the Corporations Act, the Directors have included a Remuneration Report in their Directors' report for the year ended 30 June 2017. 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 2017 is set out in the Company's 2017 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. Of itself, a failure of members to vote in favour of Item 1 will not require the Directors to alter any of the arrangements contemplated by the Remuneration Report, but the Board will take the outcome of the vote very seriously when considering the Company's future remuneration policy. 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 2017.

The Company's Remuneration Report did not receive an "against" vote of 25% or more at the Company's previous annual general meeting held on 23 November 2016.

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 for the Meeting, you are encouraged to direct your proxy how to vote on Item 1 by marking either "For", "Against" or "Abstain" on the Proxy Form.

Explanatory memorandum

No Directors' recommendation on Item 1

Because Item 1 deals with remuneration of the Company's key management personnel, and in light of the provisions in the Corporations Act relating to voting by key management personnel and their closely related parties on such remuneration related resolutions, the Directors do not make a recommendation to members about how to vote on Item 1.

ITEM 2 – RE-ELECTION OF MR MICHAEL STIRZAKER AS A DIRECTOR

Mr Michael 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. Mr Stirzaker was subsequently elected as a Director at the Company's 2014 annual general meeting. In accordance with rule 3.6 of the Company's constitution, Mr Stirzaker automatically retires at the Annual General Meeting and, being eligible, offers himself for re-election.

Mr Stirzaker has over 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 Bachelor of Commerce from the University of Cape Town. Mr Stirzaker 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 producing copper in Indonesia. In 2010, Mr Stirzaker joined the private equity mining fund manager, Pacific Road Capital Management as a partner. The Pacific Road Resources Fund II is a major shareholder of the Company, with Mr Stirzaker appointed as its nominee on the Company's Board.

Further details of Mr Stirzaker's qualifications, experience and contributions to the Company can be found in the Company's 2017 Annual Report.

Mr Stirzaker is a member of the Board's Remuneration & Nomination Committee and the Risk Committee.

Directors' recommendation on Item 2

Consistent with the recommendation of the Remuneration & Nomination Committee whose role it is to consider a Director's suitability for re-election, the Directors, other than Mr Stirzaker whose re-election is the subject of Item 2, 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 the re-election of Mr Stirzaker as a Director.

ITEM 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 2014 annual general meeting. In accordance with rule 3.6 of the Company's constitution, Mr Willis automatically retires 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 and is currently a director of Checkside (a consulting firm that specialises in Strategic HR, Recruitment and Leadership), as well as non-executive director of oil and gas explorer Elixir Petroleum Limited. 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 small and mid-cap companies.

Mr Willis is Chairman of the Audit Committee, is a member of the Remuneration & Nomination Committee and is a member of the Risk Committee.

If re-elected, Mr Willis will continue to qualify as an independent director in accordance with the definition of independence adopted in the Company's Board Charter. Further details of Mr Willis' qualifications, experience and contributions to the Company can be found in the Company's 2017 Annual Report.

Directors' recommendation on Item 3

Consistent with the recommendation of the Remuneration & Nomination Committee whose role it is to consider a Director's suitability for re-election, the Directors, other than Mr Willis whose re-election is the subject of Item 3, 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 the re-election of Mr Willis as a Director.

ITEMS 4 AND 5 – APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO MR TIM CARSTENS AND MR COLIN BWYE UNDER THE BASE RESOURCES LONG TERM INCENTIVE PLAN

Member approval is sought for the grant of:

- (a) 2,113,056 Performance Rights to Mr Carstens (and the acquisition of Shares by Mr Carstens upon the vesting and exercise of any such Performance Rights) (the subject of Item 4); and
- (b) 2,113,056 Performance Rights to Mr Bwye (and the acquisition of Shares by Mr Bwye upon the vesting and exercise of any such Performance Rights) (the subject of Item 5),

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

Explanatory memorandum

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 primarily seeks to grant eligible employees the opportunity to share in the growth and value of the Company's business over the longer term by giving these employees an opportunity to be allocated Shares in the future, depending on the Company's corporate performance.

Generally, 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 achievement of specified Performance Criteria).

The Plan was first approved by members at the Company's 2012 annual general meeting and was subsequently re-approved, in an updated form, by members at the 2015 annual general meeting. The Performance Rights proposed to be granted to Mr Carstens (the subject of Item 4) and Mr Bwye (the subject of Item 5) are in respect of the 2017 Plan Cycle commencing on 1 October 2017 and, in all material respects, will be issued in accordance with the terms of the Plan as approved by members at the Company's 2015 annual general meeting and as otherwise specified in this Explanatory Memorandum. This is consistent with the terms of issue of Performance Rights offered to other eligible employees of the Company

under the 2017 Plan Cycle. A summary of the general terms and conditions of the Plan that will apply to the Performance Rights to be granted to Mr Carstens and Mr Bwye was set out in schedule 2 of the Company's 2015 notice of annual general meeting, which is available from www.asx.com.au. The specific Performance Criteria (as defined below) that will apply to the Performance Rights to be granted to Mr Carstens and Mr Bwye are described below.

Performance Rights and applicable Performance Criteria

A Performance Right as provided for by the Plan, is a right to be allocated a Share upon exercise and payment of the applicable exercise price (if any), subject to meeting specified performance criteria and performance hurdles (**Performance Criteria**).

The Performance Rights that are proposed to be granted to Mr Carstens and Mr Bwye and which are the subject of Items 4 and 5 will have a nil exercise price and an expiry date of 30 September 2025. The Board further determined that the Performance Criteria described below will apply to grants of Performance Rights to Mr Carstens and Mr Bwye:

- (a) 50% of the Performance Rights will be subject to a total shareholder return (**TSR**) hurdle, 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 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 as at 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.

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 within that comparator group. 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 the Company relative to TSRs of TSR Comparator Group	% of Relative TSR Performance Rights that vest
Less than 40th percentile	Nil
40th percentile	25% (Threshold performance)
Between 40th and 50th percentile	Pro-rata between 25% and 50% vesting
50th percentile	50% (Target performance)
Between 50th and 75th percentile	Pro-rata between 50% and 100% vesting
75th percentile and above	100% (Stretch performance)

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 the Company's relative placing within the TSR Comparator Group).

Explanatory memorandum

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% (Threshold performance)
Between 40.5% and 56%	Pro rata between 25% and 50%
56% (16% compound annual growth rate)	50% (Target performance)
>56% and <73%	Pro rata between 50% and 100%
73% or greater (20% compound annual growth rate or more)	100%

Further details of the Performance Rights can also be found in the Company's 2017 Annual Report.

Reasons member approval is being sought

ASX Listing Rules

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 allocated (by way of

newly issued Shares or the acquisition of existing Shares on-market) upon vesting of those Performance Rights, and subsequent exercise, in accordance with 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. If approval is given under ASX Listing Rule 10.14, further approval under ASX Listing Rule 7.1 is not required.

Chapter 2E of the Corporations Act

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 Items 4 and 5, 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 not necessary to seek specific member approval of Items 4 and 5 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 Items 4 and 5.

- (a) Mr Carstens and Mr Bwye are Directors.
- (b) The maximum number of securities to be issued by the Company is:
 - (i) (Item 4) 2,113,056 Performance Rights which, subject to vesting and subsequent exercise, will result in the allocation to Mr Carstens of 2,113,056 Shares; and
 - (ii) (Item 5) 2,113,056 Performance Rights which, subject to vesting and subsequent exercise, will result in

the allocation to Mr Bwye of 2,113,056 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, or any subsequent exercise following vesting, of the Performance Rights.
- (d) The Performance Rights will, in all material respects, be issued in accordance with the terms of the Plan as approved by members at the Company’s 2015 annual general meeting (a summary of which was set out in the Company’s 2015 notice of annual general meeting). The key terms of the Performance Rights (including applicable Performance Criteria) are also summarised above.
- (e) Since 13 November 2015 (the date the Plan was last approved by members):
 - (i) Mr Carstens has been issued 8,690,373 Performance Rights under the Plan. These grants were approved by members at the Company’s 2015 and 2016 annual general meetings and the Performance Rights were issued for nil cash consideration. These Performance Rights remain on foot and subject to vesting in accordance with their terms of issue (which will be tested as at the end of their 3 year Performance Period, being 30 September 2018 and 30 September 2019, respectively).

Explanatory memorandum

- (ii) Mr Bwye has been issued 8,690,373 Performance Rights under the Plan. These grants were approved by members at the Company's 2015 and 2016 annual general meetings and the Performance Rights were issued for nil cash consideration. These Performance Rights remain on foot and subject to vesting in accordance with their terms of issue (which will be tested as at the end of their 3 year Performance Period, being 30 September 2018 and 30 September 2019, respectively).
- (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 last approved by members at the Company's 2015 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 Items 4 and/or 5 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 Items 4 and 5

Subject to below, the Directors recommend that members vote in favour of Items 4 and 5.

Mr Carstens does not make a recommendation in relation to Item 4, and Mr Bwye does not make a recommendation in relation to Item 5, given their respective interest in the outcome of Items 4 and 5.

ITEM 6 – REINSERTING THE 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 and are omitted

from the constitution. The Proportional Takeover Provisions were adopted at the Company's 2011 annual general meeting on 28 November 2011, and were renewed at the annual general meeting held 19 November 2014. By operation of the Corporations Act, the Proportional Takeover Provisions will cease to have effect on 19 November 2017. Accordingly, Item 6 proposes to amend the Company's constitution to adopt and reinsert the Proportional Takeover Provisions, in a form identical to rule 38 of the constitution.

If the Proportional Takeover Provisions are reinserted into the Constitution as proposed in Item 6, these provisions will then operate for a further period of three years from the date of the Annual General Meeting.

Item 6 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 Item.

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). Each member affected will be entitled to vote (except that 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.

Explanatory memorandum

- (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 reinserting 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

Since the Proportional Takeover Provisions were first inserted in the Company's constitution on 28 November 2011, 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 reinserting the Proportional Takeover Provisions

The potential advantages for members of reinserting 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;
- (d) the Proportional Takeover Provisions (and the member approval mechanism that it contemplates) may make it more probable that any potential takeover bid will be a full bid for the whole shareholding of each member, such that members may have the opportunity to dispose of all their Shares rather than a proportion; and
- (e) knowing the view of the majority of members may assist individual members to 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 reinserting the proportional takeover provisions include the following:

- (a) proportional takeover bids for Shares 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 reinserting the Proportional Takeover Provisions to take effect 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 Item 6

The Board believes that modifying the Constitution to reinsert the Proportional Takeover Provisions is in the best interests of the Company and unanimously recommends that members vote in favour of Item 6.

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.
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 key management personnel 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.

Definition	Meaning
Items	The items of business referred to in this Notice, and Item means any of the items of business referred to in this Notice (as the context requires).
key management personnel or 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 Rights	Performance rights issued in accordance with the Rules of the Company's Long Term Incentive Plan, as applies from time to time.
Proxy Form	The proxy form enclosed with and forming part of this Notice.
Remuneration Report	Has the meaning given to this term by the <i>Corporations Act</i> .
Shares	Fully paid ordinary shares in the Company.
\$	A reference to "\$" is to Australian currency, unless otherwise indicated.

Notes

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

RIGHT TO VOTE

The Directors have determined that, for the purpose of voting at the Meeting, the members entitled to vote are those persons who are registered holders of Shares at 4.00pm (Perth time) on 20 November 2017.

CHAIRMAN'S VOTING INTENTION

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

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 Items 1, 4 and 5 described in the section "Voting Prohibitions and Exclusions" in the Notice.

APPOINTMENT OF PROXIES

Each member entitled to vote at the Meeting may appoint a proxy to attend and vote at the 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 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 an Item, the proxy must not vote on a show of hands.

PROXIES ON ITEMS 1, 4 AND 5

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 Items 1, 4 or 5 on the Proxy Form, you will be

expressly authorising the Chairman to vote on the relevant Item in accordance with the Chairman's stated voting intention, even though the Item is connected directly or indirectly with remuneration of a member of KMP. The Chairman intends to vote (where appropriately authorised) all available undirected proxies in favour of all Items.

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 Item (ie by directing him to vote "for", "against" or "abstain").

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

LODGEMENT OF PROXY DOCUMENTS

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

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

Online:

www.investorvote.com.au

By mobile:

Scan the QR Code on your proxy form and follow the prompts

Custodian voting:

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

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)

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

Notes

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.

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 16 November 2017 at 2.30am (GMT). 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 16 November 2017 at 2.30am (GMT).





**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

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

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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

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 10:30am (Perth time) Monday, 20 November 2017

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 →**



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 Annual General Meeting of Base Resources Limited to be held at Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on Wednesday, 22 November 2017 at 10:30am (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 Items 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though Items 1, 4 and 5 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 Items 1, 4 and 5 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
Item 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Re-election of Mr Michael Stirzaker as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Mr Samuel Willis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of the grant of Performance Rights to Mr Tim Carstens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approval of the grant of Performance Rights to Mr Colin Bwy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Reinserting the proportional takeover provisions	<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 / /
