



BASE IRON LTD

23rd October 2008

QUARTERLY REPORT – SEPTEMBER 2008

Base Iron Limited (ASX: BSE) is pleased to attach the Appendix 5B report for the September quarter.

During the September quarter, the Company's activities were focussed on completing a successful Initial Public Offer, which was achieved with the Company being admitted to the Official List of ASX on 26 September.

With the exploration program commencing in earnest in October with an aeromagnetic survey across the full portfolio of projects, exploration activities in the September quarter were limited and related to planning and preparation.

Base will commence releasing comprehensive quarterly activities report narratives from the December quarter.

For further information contact:

Tim Carstens
Managing Director
Base Iron Limited
Tel: 61 8 9322 8910
Website: www.baseiron.com.au

ASX Code: BSE

Capital Structure

Total number of shares on issue:

38 000 001

Board of Directors

Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Winton Willesee	Non-Executive Director and Company Secretary
Sam Willis	Non-Executive Director

Project Locations



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Base Iron Limited

ABN

88 125 546 910

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(22)	(22)
(b) development		
(c) production		
(d) administration	(207)	(207)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	16	16
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (GST)	20	20
	(192)	(192)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(175)	(175)
(b) equity investments		
(c) other fixed assets	(6)	(6)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(181)	(181)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(374)	(374)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(374)	(374)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,897	3,897
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,897	3,897
Net increase (decrease) in cash held			
		3,523	3,523
1.20	Cash at beginning of quarter/year to date	419	419
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,942	3,942

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	80
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

- Directors Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	nil	nil
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	180
4.2 Development	
Total	180

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	47	419
5.2 Deposits at call	3,895	-
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.22)	3,942	419

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	E59/1209 PL59/1721 PL59/1722 ELA70/3329 ELA20/673 ELA20/674 ELA20/675 ELA59/1444 ELA59/1448 ELA70/3330 ELA59/1547	Directly Held Directly Held Directly Held Beneficially Held Beneficially Held Beneficially Held Beneficially Held Beneficially Held Beneficially Held Beneficially Held Beneficially Held Directly Held	0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	38,000,001	22,900,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,580,000 2,150,000 3,000,000		<i>Exercise price</i> \$0.25 \$0.25 \$0.25	<i>Expiry date</i> 2 July 2011 19 June 2011 31 December 2011
7.8 Issued during quarter	3,580,000 3,000,000		<i>Exercise price</i> \$0.25 \$0.25	<i>Expiry date</i> 2 July 2011 31 December 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:23 October 2008.....
(Director/Company secretary)

Winton Willesee

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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ABOUT BASE IRON

Base Iron (ASX: BSE) is an iron ore exploration company focussed on the Mid West region of Western Australia. With a portfolio of 6 highly prospective projects, it is well positioned to take advantage of the opportunities presented by a buoyant and evolving iron ore sector as well as the development of the Mid West iron ore province as it emerges as a strategic alternative supply source to the Pilbara.

The iron ore sector has both enjoyed dramatic growth and undergone significant transformation in recent times as a result of the rapid expansion of the steel industries of, firstly, China and now India and Russia. This expansion and transformation is presenting unprecedented opportunities for additional iron ore producers, new provinces and broader product ranges to enter the market. These dynamics and developments in the broader iron ore sector, as well as the Mid West region particularly, are overviewed in an independent report by [Oyster Consulting](#).

Base Iron's objective is the identification and development of iron ore deposits to take advantage of these opportunities, starting with its suite of six projects in the Mid West. These projects are in close proximity to both infrastructure (existing and planned) and current projects either in production or under development and the Directors believe they have significant potential to host banded iron formations (BIF) and secondary iron accumulations.

The Board of Base Iron brings together a diverse skill set and considerable experience in all aspects of exploration and development, operations, finance, corporate development and capital markets. It is a highly enthusiastic Board who, with the funds raised through its IPO, is well resourced and equipped to deliver on its plans.

The funds raised are being applied to a systematic exploration program focussed on early resource definition. We will also be looking to secure interests in additional ground positions that are strategically consistent and complementary to those already held.

For further enquiries contact:

Tim Carstens
Managing Director
Base Iron Ltd
Tel (08) 9322 8910

Warrick Hazeldine / Annette Ellis
Media and Investor Relations
Purple Communications
Tel: (08) 9485 1254

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