

ASX and Media Release
25 February 2011

Kwale Project Resource Update

HIGHLIGHTS

- **7.17 million tonne increase in Measured and Indicated Resources at Central and South Dunes for a combined total of 146 million tonnes at 4.89% Total Heavy Mineral (1% cut-off).**
- **Contained mineral increases of 16% for each of rutile and ilmenite but a decrease of 3% for zircon.**
- **Net 4% increase in assemblage value per resource tonne with increases of 10% and 11% in rutile and ilmenite grade respectively, offsetting an 8% decrease in zircon grade.**
- **59% of the combined Resource now in the “Measured” category.**

Base Resources Limited (ASX:BSE) (“Base”) is pleased to announce an updated JORC-compliant Resource estimate for the Kwale Project showing an increase in resource tonnes, contained mineral and value of the mineral assemblage.

The previous resource estimate for the Kwale Project was prepared by the prior owners in 2001 and formed the basis of the original definitive feasibility study last updated in 2006. As part of the enhanced definitive feasibility study (“EDFS”) currently being completed by Base, a drilling program to better define lithology, grade and assemblage within the Central and South dunes for detailed mine planning and process design confirmation was completed in December. Following a detailed mineralogical assessment, including more refined geometallurgical domaining, the resource has now been remodeled and re-classified. With the benefit of the additional work undertaken, the proportion of the resource classified as “Measured” has now increased from 28% to 59%.

Base Resources’ Managing Director, Tim Carstens said the Resource update is qualitatively significant as it incorporates and reflects work now undertaken internally by Base.

“Our work confirms and extends the Resource value on which the acquisition of the Kwale Project was based and, with a significant proportion of the resource moved into the “Measured” category, further reinforces our confidence in the Project,” Mr. Carstens said.

“The 5% overall increase in resource tonnes is the result of further drilling to test the extremities of the deposits, partially offset by the exclusion of lower grade material at the bottom of the South Dune. This net increase, combined with increases in average rutile and ilmenite grades of 10% and 11% respectively, results in contained mineral gains of 16% for each whilst an 8% decline in average zircon grade results in a 3% decrease in contained zircon.

The net result is an increase of 7.17 million resource tonnes and, on the basis of the long term TZMI price forecasts adopted to date for economic modeling and announcements, an implied mineral assemblage value per resource tonne that is 4% higher than previous resource estimates.”

This Resource estimate is now forming the basis of the Ore Reserve estimate and detailed mine planning for the purposes of the EDFs which is due for completion in the June quarter of 2011.

Kwale Project Resource Statement (at 1% THM cut-off)

Dune	Classification	Resource (Mt)	HMC (%)	HMC (Mt)	Ilmenite (%)	Ilmenite (Mt)	Rutile (%)	Rutile (Mt)	Zircon (%)	Zircon (Mt)
Central	Measured	46.21	7.06%	3.26	4.01%	1.85	0.93%	0.43	0.43%	0.20
	Indicated	29.94	4.56%	1.37	2.47%	0.74	0.61%	0.18	0.26%	0.08
	Total	76.15	6.08%	4.63	3.40%	2.59	0.80%	0.61	0.36%	0.28
South	Measured	40.02	3.77%	1.51	1.95%	0.78	0.54%	0.22	0.22%	0.09
	Indicated	29.85	3.36%	1.00	1.36%	0.41	0.39%	0.12	0.17%	0.05
	Total	69.87	3.59%	2.51	1.70%	1.19	0.48%	0.33	0.20%	0.14
Combined	Measured	86.23	5.53%	4.77	3.05%	2.63	0.75%	0.65	0.33%	0.29
	Indicated	59.79	3.96%	2.37	1.92%	1.15	0.50%	0.30	0.22%	0.13
	Total	146.02	4.89%	7.14	2.59%	3.78	0.65%	0.94	0.29%	0.42

Tables showing resource estimates at varying cut-off grades are included as an appendix to this announcement. The limited variation in these resource estimates clearly indicates that there is relatively little low grade material in the deposits.

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Competent Person's Statement

Information in this announcement that relates to Mineral Resources at the Kwale Project is based on information compiled by BSE's Manager – Geology, Scott Curruthers, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Carruthers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carruthers consents to the inclusion in this announcement of the information based on his work in the form and context in which it appears.

Corporate Details:

Board of Directors:

Andrew King	Non Executive Chairman
Tim Carstens	Managing Director
Colin Bwye	Executive Director
Sam Willis	Non Executive Director
Winton Willesee	Non Executive Director/ Company Secretary

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About Base Resources

Base Resources Limited (ASX:BSE) is developing the world-class Kwale Mineral Sands Project in Kenya, East Africa. Kwale is an advanced and highly competitive project in a sector with a significant forecast supply shortfall widely expected to emerge in the medium term.

The Kwale Project represents an advanced development opportunity with all material project approvals, permits and licenses required for development currently in place and a full definitive feasibility study (DFS) having been completed, representing an investment of in excess of US\$60 million by the previous owners.

The Project enjoys a high level of support from the Government of Kenya as well as the local community and, located just 50km from Mombasa, Kenya's principal port facility, is well serviced by existing physical infrastructure.

Importantly, two pilot plant operations at Kwale provide confidence in processing behaviour and indicate a suite of readily marketable products. The Project's high value mineral assemblage and low stripping ratio result in a projected revenue to cash cost ratio that would place Kwale in the top quartile of world producers.

An updated and enhanced DFS is underway and will be completed in the June quarter of 2011 with a view to completing off-take and financing arrangements in the 3rd quarter of 2011. A realistic development time line should see the Kwale Project in production in 2013.

Base Resources also has a portfolio of early stage exploration projects in Western Australia's Mid West region, with established targets for iron ore, gold, base metals and uranium. The Company continues to progress the granting of the tenements, the evaluation of their potential and the consideration of the various development alternatives to maximize realized value.

The Board of Base Resources brings together a diverse skill set and considerable experience in all aspects of exploration and development, operations, finance, corporate development and capital markets - together with a commitment to unlock value for its shareholders from the Company's growing and diverse portfolio of assets in both Africa and Australia.

Appendix - Kwale Project Resource Estimate

Dune	Classification	HM Cutoff %	tonnes	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	tonnes
			Mt					HMC Mt
Central	Measured	1	46.21	7.06%	4.01%	0.93%	0.43%	3.26
Central	Measured	1.5	46.18	7.06%	4.01%	0.93%	0.43%	3.26
Central	Measured	2	44.76	7.23%	4.11%	0.96%	0.44%	3.24
Central	Indicated	1	29.94	4.56%	2.47%	0.61%	0.26%	1.37
Central	Indicated	1.5	29.35	4.63%	2.50%	0.62%	0.27%	1.36
Central	Indicated	2	27.00	4.88%	2.64%	0.65%	0.28%	1.32
Central	Total	1	76.15	6.08%	3.40%	0.81%	0.36%	4.63
Central	Total	1.5	75.53	6.11%	3.43%	0.81%	0.37%	4.62
Central	Total	2	71.76	6.34%	3.56%	0.84%	0.38%	4.55
South	Measured	1	40.02	3.77%	1.95%	0.54%	0.22%	1.51
South	Measured	1.5	39.91	3.78%	1.95%	0.54%	0.22%	1.51
South	Measured	2	38.79	3.83%	1.98%	0.55%	0.23%	1.49
South	Indicated	1	29.85	3.36%	1.36%	0.39%	0.17%	1.00
South	Indicated	1.5	28.30	3.48%	1.40%	0.40%	0.17%	0.98
South	Indicated	2	26.32	3.61%	1.44%	0.41%	0.18%	0.95
South	Total	1	69.87	3.60%	1.70%	0.47%	0.20%	2.51
South	Total	1.5	68.20	3.65%	1.72%	0.48%	0.20%	2.49
South	Total	2	65.10	3.74%	1.76%	0.49%	0.21%	2.44
Combined	Measured	1	86.24	5.53%	3.36%	0.81%	0.36%	4.77
Combined	Measured	1.5	86.08	5.54%	3.36%	0.81%	0.36%	4.77
Combined	Measured	2	83.55	5.65%	3.44%	0.83%	0.37%	4.72
Combined	Indicated	1	59.79	3.96%	2.00%	0.52%	0.22%	2.37
Combined	Indicated	1.5	57.65	4.06%	2.04%	0.53%	0.23%	2.34
Combined	Indicated	2	53.31	4.25%	2.14%	0.55%	0.24%	2.27
Combined	Total	1	146.02	4.89%	2.80%	0.69%	0.31%	7.14
Combined	Total	1.5	143.73	4.95%	2.83%	0.70%	0.31%	7.11
Combined	Total	2	136.86	5.11%	2.93%	0.72%	0.32%	6.99