

ASX and Media Release

27 July 2011

PROJECT FINANCING UPDATE

CREDIT APPROVALS RECEIVED FOR US\$170 MILLION SYNDICATED PROJECT DEBT FINANCE FACILITIES

Base Resources Limited (ASX:BSE) is pleased to advise that it has received confirmations of formal credit approval from a syndicate of banks sufficient to complete the US\$170 million syndicated project finance facilities (**Debt Finance Facility**).

The Debt Finance Facility forms part of the overall funding package for development of the Kwale Project, which includes the Debt Finance Facility together with a proposed equity capital raising. Further details of the Debt Finance Facility are set out below, and further details of the proposed equity capital raising will be released in due course.

The Debt Finance Facility comprises a US\$150 million of senior debt facility (**Senior Debt Facility**) (US\$5 million of which is currently subject to final board approval from one bank's board, expected to be received in August 2011) and a US\$20 million cost overrun facility (**Cost Overrun Facility**).

The Senior Debt Facility has the following key terms:

- A US\$80 million 6 year term loan (**Tranche A**) and a US\$70 million 8 year term loan (**Tranche B**).
- Interest at a margin of approximately 6.0% per annum above LIBOR pre-project completion and 5.5% per annum post-project completion (inclusive of a premium for political risk insurance).
- A 2.5% upfront fee payable in various stages with the first being 60 days following the receipt of credit approvals.
- Commitment fees of 1.5% per annum payable on undrawn amounts from the signing date of the loan documents.

The Cost Overrun Facility has the following key terms:

- To be repaid (if drawn) pro-rata with Tranche A.
- To carry an additional 0.5% per annum margin over the Senior Debt Facility on drawn amounts.
- The same upfront fee as the Senior Debt Facility (being a 2.5% upfront fee payable in various stages, the first being 60 days following the receipt of credit approvals).
- Commitment fees of 2.0% per annum payable on undrawn amounts from the signing date of the loan documents.

The finalisation of the Debt Finance Facility is subject to the agreement and execution of final documentation, which is expected to be concluded during September 2011.

This announcement is **not** intended to lift the trading halt on the company's securities.

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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\$65 million.

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.

With completion of off-take and financing arrangements planned for the 3rd quarter of 2011, 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.