



ASX and Media Release

1 August 2011

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EQUITY CAPITAL ISSUES

FIRM COMMITMENTS RECEIVED FOR \$140 MILLION PLACEMENT

1 FOR 3 RIGHTS ISSUE TO EXISTING SHAREHOLDERS

Base Resources Limited (ASX:BSE) (Base) is pleased to advise of the following equity issues (**Equity Issues**) to be completed at A\$0.55 per new share to raise up to A\$170.0 million:

1. An unconditional placement of 24.8 million new shares at A\$0.55 per share to raise approximately A\$13.6 million (**Tranche 1 Placement**);
2. A placement of approximately 229.2 million shares at A\$0.55 per share to raise approximately A\$126.1 million which is conditional on obtaining prior shareholder approval (**Tranche 2 Placement**); and
3. A one for three pro-rata renounceable rights issue which will offer the opportunity to eligible shareholders to subscribe for approximately 55.1 million new shares at A\$0.55 per share to raise up to approximately A\$30.3 million (**Rights Issue**).

The proceeds of the Equity Issues (assuming Tranche 2 is approved by shareholders), combined with the US\$170 million credit approved syndicated project finance facilities referred to in Base's ASX announcement on 27 July 2011, will provide the necessary funding for the development of the Kwale Project.

Unconditional commitments have been received from sophisticated and professional investors for the Tranche 1 Placement and Tranche 2 Placement (**Share Placements**), with subscribers including a number of Base's existing significant shareholders. Appetite for participation has been strong with the Share Placements being significantly over-subscribed.

A prospectus for the Rights Issue will be lodged with ASIC and ASX shortly, and is expected to be posted to eligible shareholders on 11 August 2011.

Further details and key dates for the Equity Issues are as follows:

1. The record date for the Rights Issue will be 10 August 2011. New shares issued pursuant to the Share Placements will not participate in the Rights Issue;
2. The Tranche 1 Placement is expected to be completed on 11 August 2011 and, subject to receiving shareholder approval, the Tranche 2 Placement is expected to be completed on 1 September 2011;

3. The general meeting of shareholders to consider the Tranche 2 Share Placement is scheduled for 31 August 2011. A notice of meeting and explanatory memorandum for this meeting will be sent to shareholders shortly; and
4. The Rights Issue has been conditionally underwritten such that the underwriter will subscribe for (or arrange subscriptions for) the issue of any shortfall under the Rights Issue up to a maximum of A\$12.5 million (**Underwriting**). Other than conditions considered usual for this type of arrangement, the key condition to the Underwriting is that shareholders approve the Tranche 2 Share Placement. The Underwriting is also subject to a number of termination events which are not considered unusual in an issue of this type, details of which will be provided in the Rights Issue prospectus.

Undertakings have also been received from certain existing shareholders to exercise Rights under the Rights Issue of approximately 25 million shares (representing approximately A\$13.8 million in proceeds). These undertakings, combined with the Underwriting, mean that if shareholders approve the Tranche 2 Share Placement, the minimum amount which should be raised under the Rights Issue will be approximately A\$26.3 million (and A\$166 million in total under the Equity Issues).

RFC Corporate Finance Limited is the lead manager and book runner for the Equity Issues and underwriter of the Rights Issue. Euroz Securities Limited is co-lead manager of the Share Placements.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under, or an exemption from, the US Securities Act of 1933 (**Securities Act**). Base has not registered and does not intend to register any of the Rights or the new shares issued under the Rights Issue (**New Shares**) under the Securities Act. Neither the Rights nor the New Shares will be offered or sold to the public in the United States. Further, Base is not registered as an "investment company" under the U.S. Investment Company Act of 1940, as amended in reliance on an exemption therefrom.

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Corporate Details:**Board of Directors:**

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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.

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.

A realistic development time line should see the Kwale Project in production in the last quarter of 2013.