



**BASE
RESOURCES LTD**

11 August 2010

Company Announcements Office
Australian Securities Exchange
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear sir

DESPATCH OF PROSPECTUS AND LETTER TO INELIGIBLE SHAREHOLDERS

Base Resources Limited (ASX: BSE) advises that the despatch of the Prospectus lodged with ASIC and ASX dated 1 August 2011 has been completed.

Further, attached is a copy of the letter despatched to those Base Resources shareholders considered to be ineligible shareholders for the purposes of the Base Resources renounceable rights issue.

Further Information;

Winton Willesee
Director and Company Secretary



11 August 2011

Dear Shareholder

Rights Issue – Notice to Ineligible Shareholders

We are writing to you in relation to your shareholding in Base Resources Ltd ABN 88 125 546 910 (Base).

On 1 August 2011, Base announced to ASX that it would be undertaking a conditionally underwritten pro-rata renounceable entitlement offer (**Rights Issue**) of one new fully paid ordinary share in Base (**New Share**) for every three ordinary fully paid shares (**Shares**) held by Eligible Shareholders (defined below) at an issue price of A\$0.55 per Share to raise approximately A\$30.3 million.

Base is also undertaking a placement of approximately 254 million Shares at an issue price of A\$0.55 per Share to raise approximately A\$139.7 million. Subject to limited exceptions, the placement is only to sophisticated and professional investors in Australia.

Basis of participation

The Rights Issue is being extended to Eligible Shareholders only. Eligible Shareholders are those shareholders who:

- a. are the registered holder of Shares as at 5:00pm (Perth time) on 10 August 2011 (**Record Date**);
- b. have a registered address in Australia or New Zealand;
- c. subject to certain limited exceptions, are not in the United States or a US Person or acting for the account or benefit of a US Person (to that extent); and
- d. are eligible under all applicable securities laws to receive an offer under the Rights Issue,

or, in Base's absolute discretion, they are persons resident in any other country who are reasonably able to demonstrate to Base that they are otherwise eligible to participate in the Rights Issue relying on a relevant exemption from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they are resident or have a registered address.

Shareholders who do not satisfy the above eligibility criteria are **Ineligible Shareholders**.

Base is of the view that it is unreasonable to extend the Rights Issue to Ineligible Shareholders, having regard to the number of Ineligible Shareholders, the number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders and the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

As Base has determined that you do not satisfy the eligibility criteria, Base is unfortunately unable to extend to you the opportunity to subscribe for New Shares in the Rights Issue. This notice is to inform you about the Rights Issue and is not an offer of Shares in Base. You are not required to do anything in response to this letter.

Base has, however, appointed Euroz Securities Limited as a nominee (**Nominee**) to arrange the sale of those rights that would otherwise have been issued to Ineligible Shareholders had they been Eligible Shareholders. The Nominee will direct the net proceeds (if any) to Base or another party on its instruction to facilitate pro rata payments to Ineligible Shareholders.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which the rights may be sold and the manner in which any sale is made. The proceeds of sale (if any) will be distributed to the Ineligible Shareholders for whose benefit the rights have been sold in proportion to the number of rights they would have been issued had they been Eligible Shareholders (after deducting brokerage commission and other expenses).

The ability to procure subscribers for rights or to sell rights on ASX, and the price at which rights can be sold, will depend on various factors, including market conditions. To the maximum extent permitted by law, neither Base nor the Nominee, nor their respective related bodies corporate, nor the Directors, officers, employees, agents or advisers of any of them, will be liable for a failure to sell rights at any particular price.

Any interest earned on the proceeds of the sale of these rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Base.

If you have any questions in relation to any of the above matters and this letter, please seek professional advice.

On behalf of the directors of Base, I thank you for your continued support of Base.

Yours faithfully



Winton Willesee
Company Secretary
BASE RESOURCES LTD

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 under the Securities Act. Neither the Rights nor the New Shares will be offered or sold to the public in the United States. There will be no public offer in the United States or in any country where such an offer would contravene local securities laws. Further, Base is not registered as an “investment company” under the U.S. Investment Company Act of 1940, as amended (1940 Act) in reliance on an exemption therefrom.