



**ASX and Media Release**

31 August 2011

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## **BASE SHAREHOLDERS APPROVE \$140M SHARE PLACEMENT MAJOR FUNDING MILESTONE FOR KWALE PROJECT**

**Heavy mineral sands developer, Base Resources Limited (ASX:BSE) (Base)** is pleased to advise that its shareholders have unanimously approved the placement of approximately 254 million shares to sophisticated and professional investors at A\$0.55 per share (**Placement**). With the A\$13.6 million from Tranche 1 completed in August, the approval of Tranche 2 secures an additional A\$126.1 million towards the equity funding of the Company's US\$256 million Kwale Project in Kenya, East Africa.

Following shareholder approval for the Placement, the current renounceable rights issue giving eligible shareholders the opportunity 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**) will complete the A\$170 million equity raising announced on 1 August.

Base Resources' Managing Director, Tim Carstens said "Our shareholders' vote of confidence yesterday and that of the investment community that strongly supported the placement bring us one very significant step closer to realizing the potential of the Kwale Project."

"Together with the US\$170 million credit approved syndicated project finance facilities previously announced, the proceeds of the Placement and Rights Issue will provide the funding necessary to develop Kwale and continue to build Base Resources. We are firmly on track to commence construction activities in October" Mr Carstens said.

As announced to ASX on 1 August 2011, 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**). The Securing of shareholder approval for the Placement satisfied the key condition of the Rights Issue Underwriting.

The Underwriting, together with firm commitments received from certain existing shareholders to exercise their Rights under the Rights Issue, suggest that the minimum amount which should be raised under the Rights Issue will be approximately A\$26.3 million (A\$166 million in total under the Equity Issues).

In accordance with Section 251AA of the Corporations Act, the information in relation to the resolutions passed by shareholders of Base Resources Limited at the Extraordinary General Meeting held on 31 August 2011 is as follows:

## **EXTRAORDINARY GENERAL MEETING HELD ON 31 AUGUST**

### **SUMMARY OF RESULTS**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Proxy Discretion</b>
Resolution 1 – Approval of issue of shares pursuant to the first tranche Share Placement	56,140,078	0	19,044,096	2,634,717
Resolution 2 – Approval for issue of shares pursuant to the second Tranche share placement	56,818,850	0	18,365,324	2,634,717

#### **ENDS**

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**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.

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 2013.