

ASX and Media Release

14 June 2012

PROJECT FINANCING UPDATE

Base Resources Limited (ASX:BSE) ("Base") is pleased to advise that solid progress is being made towards an initial utilization of the US\$170 million project debt facilities (**Project Finance Facility**).

Under the terms of the Debt Finance Facility, Base is able to commence utilization of the debt facility within 6 months of requiring the funds. This ability to drawdown early and concurrent with equity funds being available significantly reduces risks associated with funding continuity. With the funds not required until around November 2012, we have been working towards an initial utilization in June. While the majority of conditions precedent (**CP's**) have now been satisfied, a couple are taking longer to finalise than expected and this initial utilization is now likely to occur during July.

The key CP's to drawdown as previously advised and their current status are as follows:

- *The execution of security documentation, the form of which has been agreed, including Government of Kenya consent to the security interests;*

All security documentation has now been executed. Government of Kenya consent, via a Direct Agreement between the Government, the Lenders and Base, has been agreed and is progressing through execution.

- *The execution of off-take agreements covering 70% of projected revenue;*

Documentation has been agreed with parties in relation to further rutile as well as zircon off-take, with the finalization of the Direct Agreements between the parties required by the terms of the Project Finance Facility being the final step before execution. These negotiations are well advanced and the successful conclusion of these additional agreements will, together with the off-take arrangements already concluded, be sufficient to see the satisfaction of the CP.

- *Gazetting of the taxation concessions that the Government of Kenya has committed to through the Investment Agreement.*

Some of the required notices have now been published in the Kenya Gazette with the balance awaiting Ministerial signature, having already been approved by the Attorney General.

In January, Endeavour Financial, a London based debt advisory firm, were engaged to undertake a coordinating role in the process to achieving first draw down and will provide ongoing administrative support and advice.

Base has been active in managing the composition of the Project Finance Facility syndicate to ensure its smooth operation. In view of the restructuring of WestLB AG currently underway, it was considered appropriate to remove WestLB from the syndicate with Nedbank Capital, The Standard Bank of South Africa Limited and Caterpillar Structured Finance increasing their participation. This assignment was completed with effect from 22 May and all terms of the Project Finance Facility remain unchanged.

ENDS

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Corporate Details:

Board of Directors:

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|------------------|--|
| Andrew King | Non-Executive Chairman |
| Tim Carstens | Managing Director |
| Colin Bwye | Executive Director |
| Sam Willis | Non-Executive Director |
| Michael Anderson | Non-Executive Director |
| Trevor Schultz | 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, a full definitive feasibility study (DFS) having been completed and funding in place.

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 second half of 2013.