

ASX and Media Release

11 July 2012

CLARIFICATION OF INACCURATE MEDIA COVERAGE

Base Resources Limited (ASX:BSE) (“Base”), the Kenyan-focused mineral sands developer, responded to a factually incorrect and misleading report in the Western Australian media today which suggests construction at the Company’s Kwale Project in Kenya is delayed pending drawdown of the project debt facility.

Managing Director, Tim Carstens confirmed that development at Kwale commenced in October last year and physical construction commenced in January this year.

“Construction at Kwale is around 17% complete, and the project remains on schedule and within budget. What’s more, we have consistently reported construction progress to the market over the last several months.”

Mr Carstens added that Base is comfortable with its progress towards satisfying the final conditions precedent in July to make an early drawdown of the project’s US\$170 million Debt Finance Facility.

“As announced to the market on 14 June, while we don’t require these funds until November 2012, under the terms of the Debt Finance Facility we can drawdown within six months of requiring the funds. We believe it is prudent to pursue drawdown ahead of schedule, and we continue to progress the last remaining conditions precedent, which we reasonably expect to meet later this month, to achieve first drawdown well in advance of the November funding requirements,” he said.

Mr Carstens also added that the short-term impacts on the sector following a sales downgrade announced by Iluka earlier this week have no bearing on Base or the Kwale Project which is only planned to commence production at the end of 2013.

“Base’s offtake agreements are being finalised now on the basis of fixed volumes and flexible pricing and so the current market conditions have no impact on contract terms, or offtakers’ preparedness to finalise agreements with us. In fact, this contracting strategy will give us certainty of volume at prices that benefit from the market discipline of the major players, such as Iluka, in short-term market conditions of the sort we are currently experiencing.”

“In all respects, we are on track to complete development of the Kwale Project and establish Base as a significant producer in the second half of 2013”.

ENDS

For further enquiries contact:

Tim Carstens

Managing Director
Base Resources Ltd

Email: tcarstens@baseresources.com.au

Phone: 08 9413 7400

Annette Ellis / Warrick Hazeldine

Media Relations
Purple Communications

Email: aellis@purplecom.com.au

whazeldine@purplecom.com.au

Phone: 08 6314 6300

Corporate Details:

Board of Directors:

Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwy	Executive Director
Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Trevor Schultz	Non-Executive Director
Winton Willesee	Non-Executive Director/ Company Secretary

**Principal & Registered
Office:**

Level 1
50 Kings Park Road
West Perth
WA 6005

Contacts:

Email:
info@baseresources.com.au
Phone: (08) 9413 7400
Fax: (08) 9322 8912

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.