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ASX and Media Release

4 October 2012

Underwritten A\$40 million Share Placement and Entitlement Offer

Base Resources Limited (ASX:BSE) ("**Base**") is pleased to announce that it has launched an offer of new fully paid ordinary shares in Base ("**New Shares**") to raise approximately A\$40.0 million ("**Offer**") at A\$0.40 per share ("**Offer Price**"), consisting of:

- a placement to institutional and sophisticated investors of 61,629,998 new shares (the "**Placement Shares**") for total proceeds of A\$24,651,999 before costs ("**Placement**"); and
- an accelerated pro-rata non-renounceable entitlement offer to existing shareholders of 38,370,002 New Shares for total proceeds of A\$15,348,001 before costs (on a ratio 1 New Share for every 12 shares held) ("**Entitlement Offer**").

The Entitlement Offer will comprise two phases:

- an offer to existing institutional shareholders of Base ("**Institutional Entitlement Offer**"); and
- an offer to existing retail shareholders of Base ("**Retail Entitlement Offer**").

The funds raised from the Offer will be applied to the development of Base's Kwale Mineral Sands Project in Kenya, provide for additional working capital and pay the costs of the Offer.

New Shares issued under the Offer will rank equally with existing shares in Base.

The Placement Shares will not carry any entitlement to participate in the Entitlement Offer.

The Offer is underwritten by RFC Ambrian Limited ("**RFC Ambrian**"), subject to the terms and conditions of an underwriting agreement.

In addition to being the underwriter, RFC Ambrian is the lead manager and book runner for the Offer. Euroz Securities Limited is co-lead manager of the Placement and the Institutional Entitlement Offer.

Entitlement Offer overview

Under the Entitlement Offer, eligible Base shareholders may subscribe for 1 New Share for every 12 Base shares held at 7:00pm (AEST) Tuesday, 9 October 2012 at the Offer Price per New Share ("**Entitlement**").

Under the Institutional Entitlement Offer, Entitlements not taken up by existing institutional shareholders will be offered to other eligible institutional investors by way of an institutional bookbuild at the same Offer Price as the Entitlement Offer.

The Institutional Entitlement Offer will settle at the same time as the Placement. The Placement and the Entitlement Offer will occur at the same Offer Price.

The Retail Entitlement Offer will be open from Thursday 11 October 2012 to Thursday 25 October 2012 (inclusive).

Subject to reconciliation of Entitlements, the Entitlement Offer is expected to be comprised of an offer of approximately A\$11.7 million under the Institutional Entitlement Offer, with the balance of approximately A\$3.6 million to be offered under the Retail Entitlement Offer.

As the Entitlement Offer is non-renounceable, there will be no rights trading.

Base expects to announce the outcome of the Institutional Entitlement Offer and Placement to ASX prior to market open on Monday, 8 October 2012 with trading of Base shares to recommence on that day.

Indicative Timetable

Institutional Entitlement Offer opens	Thursday, 4 October 2012
Institutional Entitlement Offer closes	Friday, 5 October 2012
Institutional Entitlement Offer results announced and Base shares recommence trading	Monday, 8 October 2012
Record date for Entitlement Offer	7.00 pm on Tuesday, 9 October 2012
Settlement of Institutional Entitlement Offer and Placement	Thursday, 11 October 2012
Retail Entitlement Offer opens	Thursday, 11 October 2012
Retail Entitlement Offer closes	Thursday, 25 October 2012
Retail Entitlement Offer results announced	Tuesday, 30 October 2012
Settlement of Retail Entitlement Offer	Thursday, 1 November 2012

This timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth). Base reserves the right to change these dates without prior notice. All references to time are to Australian Eastern Standard Time (AEST). The commencement of quotation of New Shares is subject to confirmation from ASX.

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet expected to be lodged with ASX on Thursday, 11 October 2012 and dispatched on the same date.

Further information in relation to the matters described in this announcement including important notices and key risks is set out in an investor presentation released to the ASX today by Base. The information in the Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

Ashurst Australia is Base's legal adviser in relation to the Offer.

ENDS

For further enquiries contact:

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter or any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States and on whose behalf you are the registered owner of shares. Failure to comply with these restrictions may result in violations of applicable securities laws.

Corporate Details:

Board of Directors:

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

**Principal & Registered
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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, funding in place and construction of all project elements underway.

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.