



BASE RESOURCES LTD

Right sector. Right project. Right time.

Investor Presentation
October 2012

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Forward Looking Statements

Certain statements made in, during or in connection with this presentation contain or comprise forward looking statements regarding the capital cost, production, financial performance and net present value of the Kwale Project. These forward looking statements are not guarantees or predictions of future performance or events and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Base, and involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Accordingly, no assurance can be given that such statements will prove to be correct and results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risks. Base undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Competent Persons Statement

Information in this presentation that relates to Mineral Resources at the Kileleshwa and Mamburi Projects is based on information compiled by Base's Manager – Geology, Scott Carruthers, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Carruthers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carruthers consents to the inclusion in this announcement of the information based on his work in the form and context in which it appears.

Information in this presentation that relates to mineral resources at the Kilfi and Mamburi Projects is based on information compiled by Snowden Mining Industry Consultants in 2005 and reviewed by Mr Terry Parker. Mr Parker is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and is currently employed by Snowden. Mr Parker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Parker consents to the inclusion in this presentation of the information based on his work in the form and context in which it appears on the basis that no additional information has been obtained since the 2005 information.

Base Resources Limited.



A snapshot.

- Based in Perth, Australia.
- Market Listings
 - ASX - code BSE – S&P ASX300 index member
 - AIM – scheduled for Nov 2012.
- An institutionally dominated share register.
- Market capitalisation of approximately A\$184 million at A\$0.40 per share.

<i>Substantial Shareholders</i>	<i>Interest</i>
Pacific Road Capital	20.5%
Taurus Funds Management	12.4%
Acorn Capital	8.7%
L1 Capital	7.9%
<i>Total interest of Substantial Shareholders</i>	49.5%
<i>Total interest of top 10 shareholders</i>	approx 70%

- 100% owner of the advanced Kwale mineral sands project in Kenya.
- US\$70 million spent on development (to end of August)
- A\$80 million in cash (at end of August).
- US\$170 million in undrawn debt facilities*.
- Estimated project NPV_{10 (post-tax real)} of US\$550 million at current TZMI price forecasts and assumptions.

Covering Brokers

RFC Ambrian
Euroz
Credit Suisse
GMP
RBC
Goldman Sachs

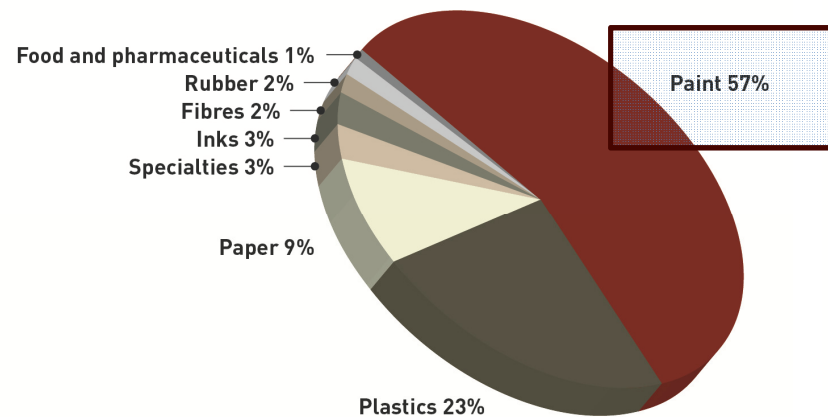
*Draw down subject to conditions outlined on the later slide titled "Debt facility utilisation close."

Mineral Sands.....

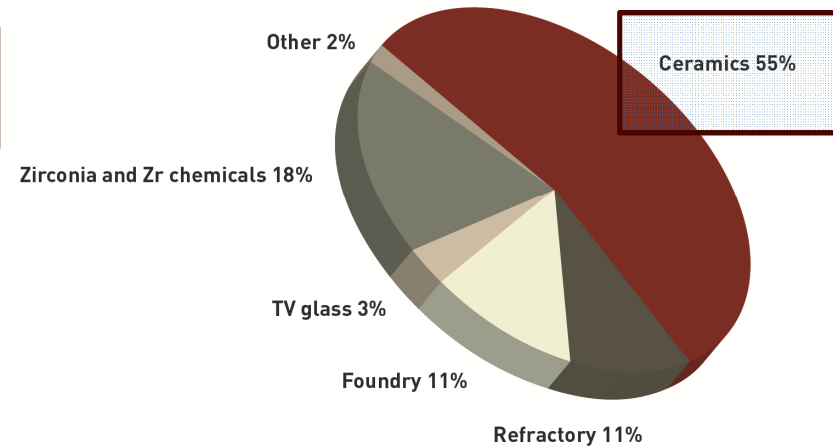


Ilmenite, rutile and zircon are essentially “lifestyle products” by virtue of their dominant end-uses.

TiO₂ Pigment Consumption 2011

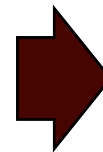
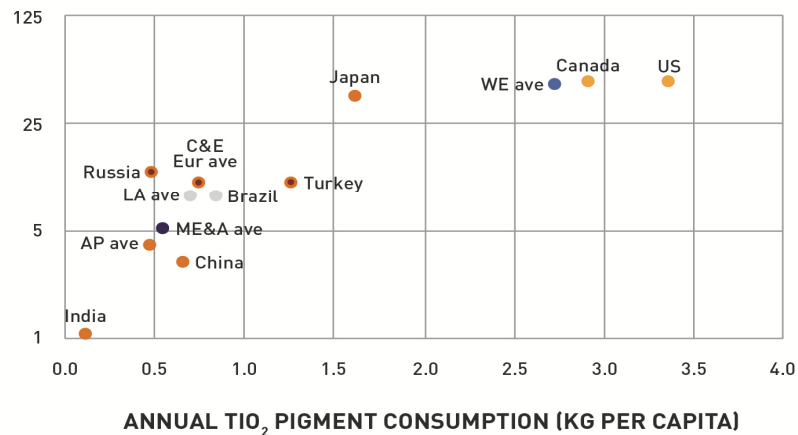


Zircon Consumption 2011



Source: TZMI

GDP (US\$'000 PER CAPITA)

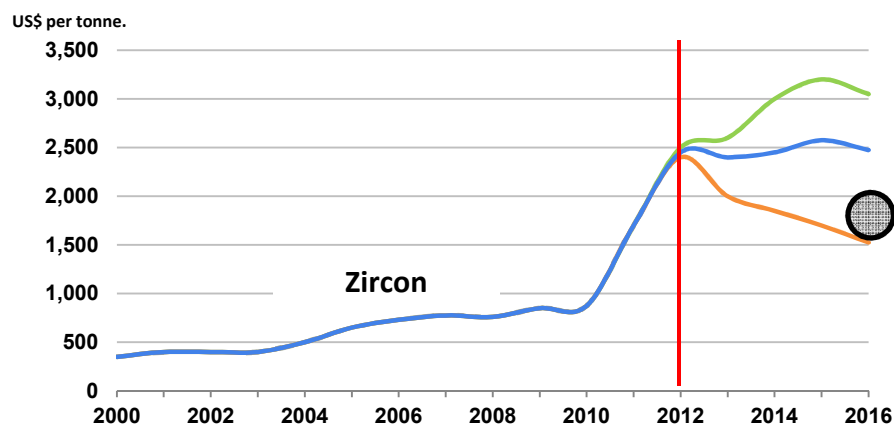
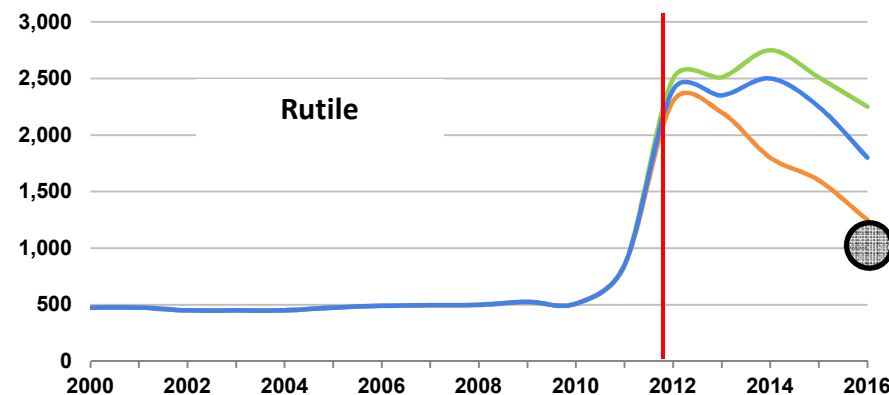
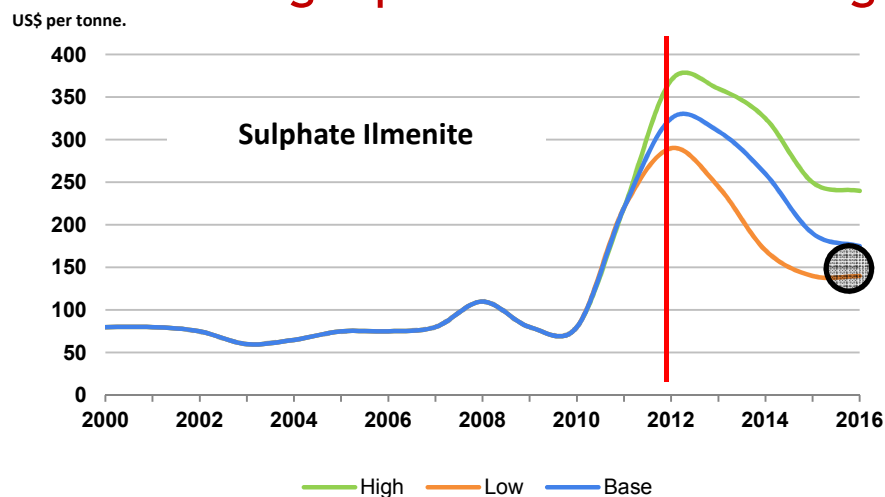


- Consumption intensifies with income levels.
- China is the new driver of world demand growth.

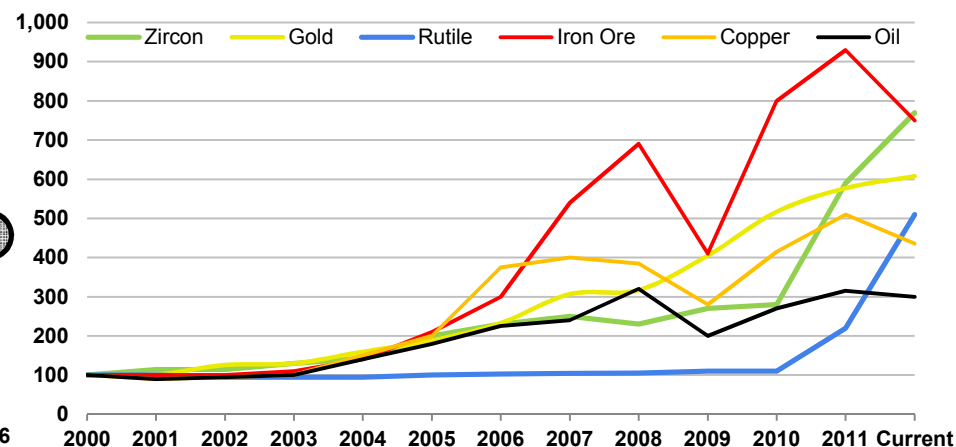
Product pricing outlook.



Pricing trend driven by robust demand, supply volume uncertainty and increasing input costs for existing producers.....a familiar story.



Relative Price Evolution



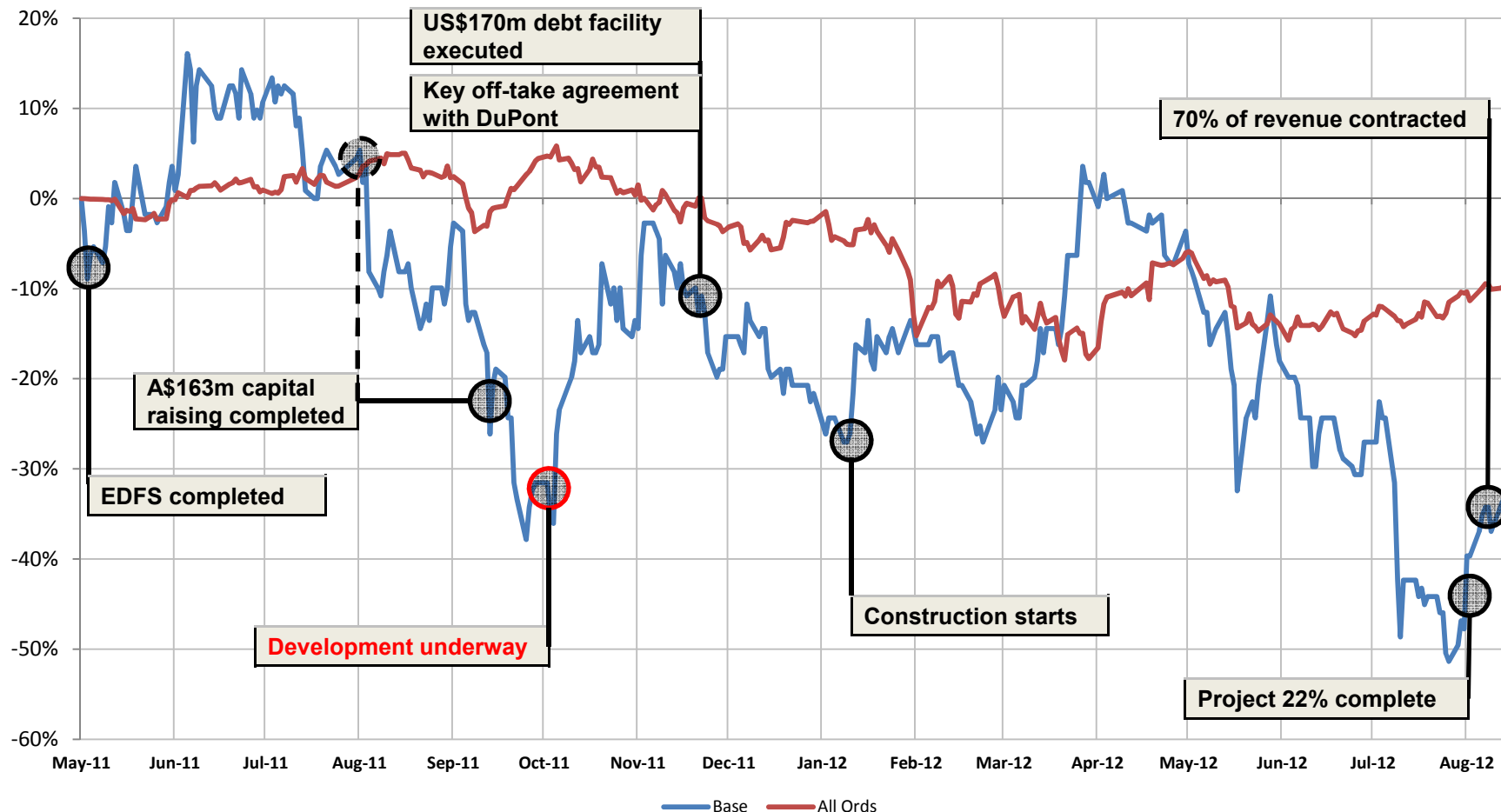
* "Base" case price assumptions are used in our economic modelling and are based on TZMI August forecasts. Post 2016, prices of \$1000, \$145 and \$1700 per tonne are adopted for rutile, ilmenite and zircon respectively.

A busy 12 months behind us.....



With financing secured and key off-take arrangements in place, development of Kwale is now well advanced and on schedule.

Share Price Performance vs ASX All Ordinaries



A quality resource base.



A 275 hole drilling program at Central and South produced an increase in resource tonnes, contained mineral and value of the mineral assemblage.

Resource tonnes	↑	7.2%
Contained mineral	↑	
Rutile	↑	16%
Ilmenite	↑	16%
Zircon	↓	3%
Assemblage value	↑	4%

Dune	Classification	Resource (Mt)	HM (%)	HM (Mt)	Ilmenite (%)	Ilmenite (Mt)	Rutile (%)	Rutile (Mt)	Zircon (%)	Zircon (Mt)
Central	Measured	46.2	7.1	3.3	4.01	1.85	0.93	0.43	0.43	0.20
	Indicated	29.9	4.6	1.4	2.47	0.74	0.61	0.18	0.26	0.08
	Total	76.2	6.1	4.6	3.40	2.59	0.81	0.61	0.36	0.28
South	Measured	40.0	3.8	1.5	1.95	0.78	0.54	0.22	0.22	0.09
	Indicated	29.8	3.4	1.0	1.36	0.40	0.39	0.12	0.17	0.05
	Total	69.9	3.6	2.5	1.70	1.18	0.47	0.33	0.20	0.14
Combined	Measured	86.2	5.5	4.8	3.05	2.63	0.75	0.65	0.33	0.29
	Indicated	59.8	4.0	2.4	1.91	1.14	0.50	0.30	0.22	0.13
	Total	146.0	4.9	7.1	2.59	3.78	0.65	0.95	0.29	0.42

North	Indicated	116.0	2.1	2.44	1.01	1.17	0.20	0.23	0.11	0.13
Combined	Measured	86.2	5.5	4.8	3.05	2.63	0.75	0.65	0.33	0.29
	Indicated	175.8	2.8	4.8	1.31	2.31	0.30	0.53	0.15	0.26
	Total	262.0	3.7	9.64	1.9	4.94	0.45	1.18	0.21	0.55

The right project.



Kwale is large scale, technically straightforward and supported by well developed physical and social infrastructure.

See project animation at www.baseresources.com.au

The EDFS financial statistics.



Based on the August 2012 TZMI price outlook, the EDFS shows Kwale to be extremely robust, producing an estimated LOM cash surplus of over US\$1 billion.....

	Unit	Total
Capital cost (inc.contingencies)	US\$m	298
Estimated NPV ₁₀ (post-tax real)	US\$m	550
IRR	%	50
Expected Capital Payback Period	Months	20
Anticipated LOM Operating Costs	US\$/t ore	5.09
Anticipated LOM Cash Margin	US\$/t ore	11.05
Anticipated LOM Free Cash Flow (post-tax real)	US\$m	1,033

All Project statistics and cash flows:

- Are post-tax and in June 2012 real terms.
- Exclude financing and corporate costs.
- Assume that project contingency is spent.

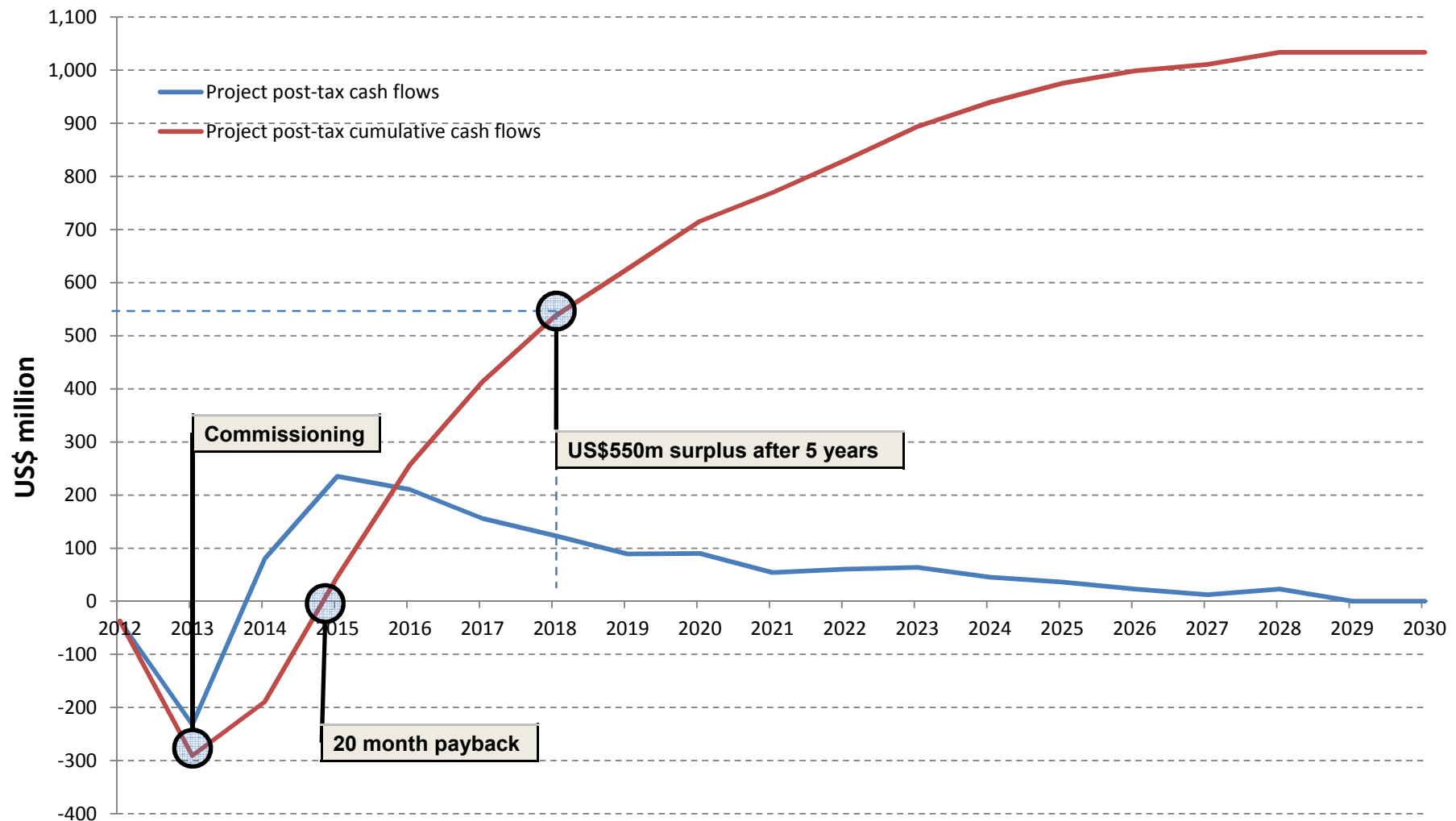
Refer to www.baseresources.com.au for assumptions & explanations



An enviable cash flow profile....



...with over US\$550 million coming in the first 5 years of operations. This is expected to provide the capital base to capitalise on a pipeline of opportunities.



Development financing.



The funding required to progress development through to positive cashflow (on EDFs projections) was secured in 2011.

**A\$15 million
Corporate Funding**

A\$22.6 million 1:3 Renounceable Rights Issue (@ \$0.55 / share)

- Completed mid-September 2011.

**US\$310 million
Kwale Funding**

A\$140 million equity placement (@ \$0.55 / share)

- Completed in early September 2011.
- Australian, US and UK institutional investors.

US\$170 million syndicated debt facility

- Documentation executed in November 2011.
- Syndicate of 6 international banks and DFIs
- US\$150 million primary facility and US\$20 million cost overrun (COF)

Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team

All people and systems in place:

- Wave Engineering functionally integrated.
- Operational management team already in place.
- Strong systems and controls environment.



Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team

CP 1 – Processing Plants



The critical path, on schedule for Q3 2013 completion:

- Ausenco engaged as EPCM contractor.
- Main site works commenced in April.
- Overall 9.4% complete.

Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

Our gateway to market:

- WSP Group appointed EPCM contractors
- All construction contracts awarded.
- Onshore works underway , piling in October.



Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team



CP 3 – Power Line

Being undertaken as a Design & Construct contract:

- CG Global successful tenderer.
- Delivery of components nearing completion.
- 31 of 44 tower foundations cast.
- Erection of towers is underway – 9 complete.

Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team

Primary water supply for the project:

- All community relocations completed.
- River diversion and spillway are underway.
- Primary wall construction in November.

CP 1 – Processing

CP 2 – Likoni Port

CP 3 – Power Lin

CP 4 – Mukurumudzi Dam



Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team



CP 5 – Tailings Storage Facility

Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team



CP 6 – Access Road

Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

CP 3 – Power

CP 4 – Mu

CP 5 – Tail

CP 6 – Access Road

Owners Projects

All supporting projects, works and programs:

- US\$13 million mobile fleet.
- Dozer trap mining unit.
- Environmental and social works, approvals and ancillary projects.

Off-take arrangements.

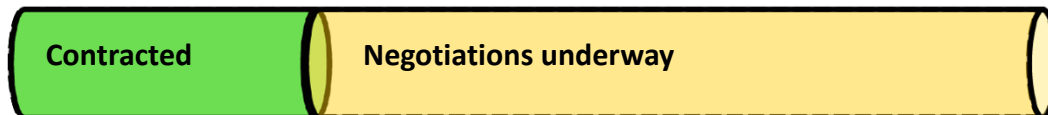


Portfolio of agreements covering first 5 years of production is well advanced.

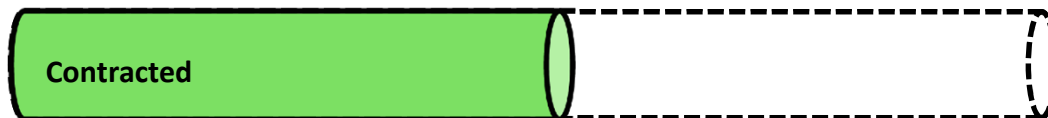
Rutile (50% of revenue)



Ilmenite (23% of revenue)



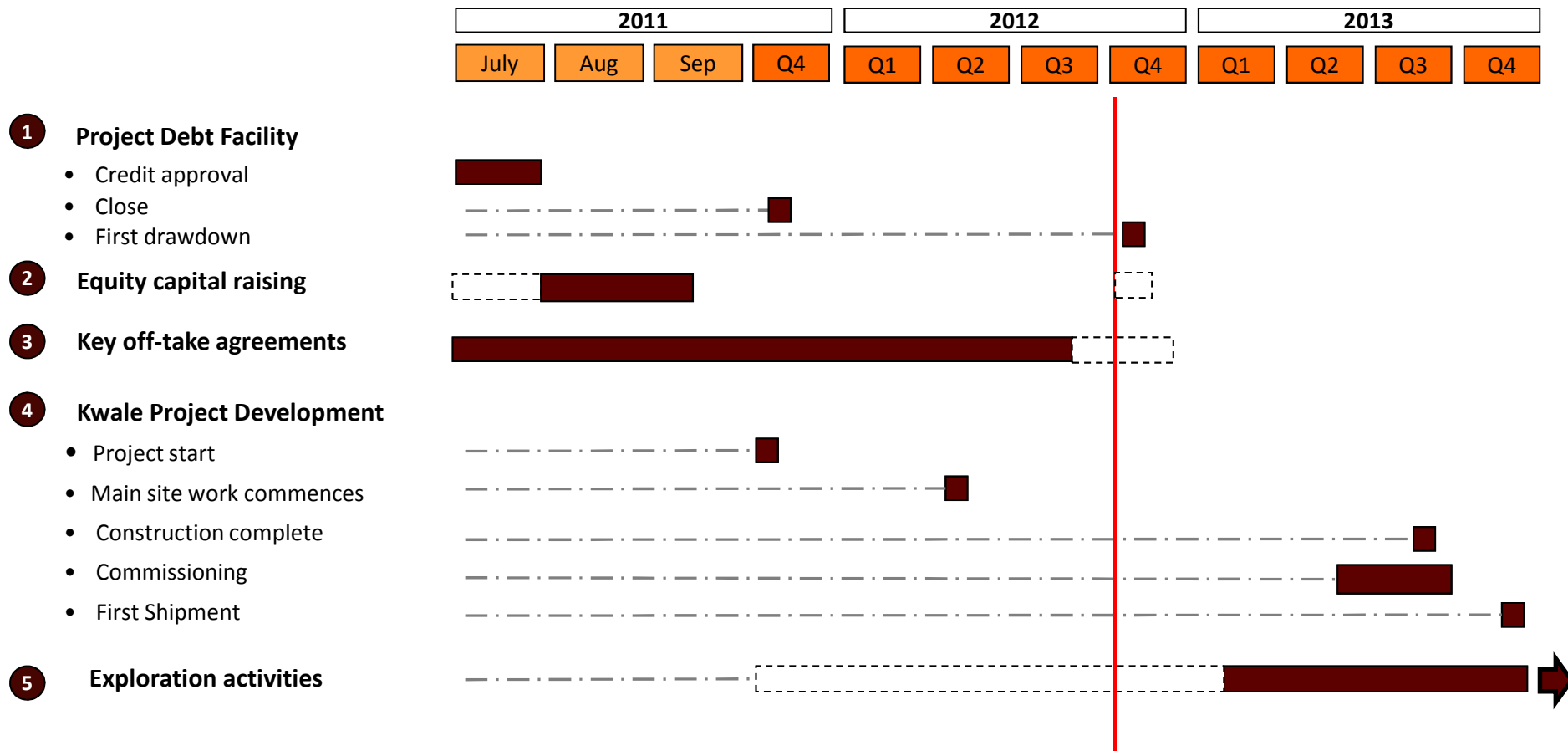
Zircon (27% of revenue)



Which brings us to now....



Base has driven the rapid development of the Kwale Project with a plan for first production in the second half of 2013.



Debt facility utilisation close.



We are nearing the completion of the CP's to drawdown, expected in the coming weeks, with the funds not required until December.

Key CP's now complete

- 70% of forecast revenue covered by off-take agreements.
- Security documentation is in place, including Government consent and direct agreement.
- All required gazette notices for tax concessions have been signed and published.

Completing remaining mechanical steps

- Waiver request for a number of minor CP's – Lender confirmation expected shortly.
- Procedural requirements – Board meetings to ratify, “bring down” certifications etc.
- Base making the required contribution to complete development funding package.

Securing additional funding

- Base contribution – sufficient, with debt facilities, to achieve positive cashflow without COF.
- Revised capital cost estimate (14% increase over previous) necessitates additional funding.
- Considered alternatives.....with equity considered the most appropriate given the timeframe.

A need for a funding top-up.



Design complete, 70% committed and construction well underway: outcomes and an assessment of future risks have increased the capex estimate by 14%.

	A\$22.6 million 1:3 Renounceable Rights Issue (@ A\$0.55 / share) <ul style="list-style-type: none">Completed in September 2011.
A\$15 million Corporate Funding	
Completion contingency - US\$23 million (\$28m funded)	Proposed A\$40 million Placement and Rights Issue
Core Capex Re-estimate - US\$12 million	
US\$310 million Kwale Funding	A\$140 million equity placement (@ A\$0.55 / share) <ul style="list-style-type: none">Completed in September 2011.Australian, US and UK institutional investors.
	US\$170 million syndicated debt facility <ul style="list-style-type: none">Documentation executed in November 2011.Syndicate of 6 international banks and DFIs.US\$150 million primary facility and US\$20 million cost overrun facility

Proposed Equity Issue Structure.



Combined share placement and entitlements offer - both at an indicative A\$0.40 per share - to raise A\$40 million.

	Shares (m)	A\$m
Existing shares	460.5	N/A
Placement	61.6	24.6
Entitlement offer (1 for 12)	38.4	15.4
Post equity issue	560.5	40.0

Entitlements offer	Settlement	A\$m
Institutional (accelerated)	With placement	11.6
Retail (10 business day open period)	3 weeks later	3.8
		15.4

Entitlement shares not taken up by existing shareholders will be available to subscribers for placement shares.

Indicative Timetable.



	Date
Selected shareholders crossed	Wednesday, 3 October
Book build and placing letters	Wednesday, 3 October
Outcome of institutional entitlement offer known and shortfall allocated	Friday, 5 October
Placement announced	Monday, 8 October
Settlement and allotment – placement and institutional entitlement offer	Friday, 12 October
Outcome of retail entitlement offer known and shortfall allocated	Friday, 26 October
Settlement and allotment – retail entitlement offer	Thursday, 1 November

Key Risks.



Notice: The following list of risk factors should not be taken as an exhaustive list of the risks faced by Base or by investors in Base. The factors set out below, and others not specifically set out below, may in the future materially affect the financial performance of Base and the value of its shares. Base's shares carry no guarantee with respect to the payment of dividends, returns of capital or future market value.

A: Specific Risks

Legislative changes, government policy and approvals

Changes in government regulations and policies in Australia and in Kenya may adversely affect the financial performance of Base.

Mine development construction and commissions

There is a risk that the development and construction of the Kwale Project is not completed on schedule, or that construction cost exceeds budget, or that significant problems in constructing the Kwale Project may arise. There is a risk that third party contractors engaged in the construction, equipment supply, installation, commission and operation of the Kwale Project will not perform their contractual obligations.

Operating history

Base is developing its Kwale Project but has not to date conducted mining operations. There can be no assurance that Base can bring its projects into production, or operate such projects profitably and to generate positive cash flows.

Project finance

Whilst Base has satisfied the key conditions precedent to the project finance facilities for the Kwale Project, there is no guarantee that Base will be able to satisfy all conditions precedent to drawdown of those facilities. Presently, first utilisation must be achieved by 22 November 2012 or the facilities lapse, however an extension of 3 months has been requested.

Product sale agreements

Base has entered into a number of contracts with respect to the sale of product from the Kwale Project and is in the process of negotiating additional contracts. In respect of these additional contracts, there is no guarantee that that Base will be able to reach agreement on terms satisfactory to it. If agreement cannot be reached, this may have an adverse effect on Base's future revenues.

Resource and Reserve estimates

Mineral Resource and Reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Base's future operations.

Operating risks

The current and future operations of Base may be affected by a range of factors including: adverse geological conditions; limitations on activities due to seasonal weather patterns and cyclone activity; unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities; mechanical failure of operating plant and equipment; industrial and environmental accidents, industrial disputes and other force majeure events; unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and inability to obtain necessary consents or approvals.

Future capital requirements

Base may be adversely affected in a material way if, for any reason, access to capital is not available to fund its future development and exploration objectives. There can be no assurance that additional funds will be available when and if required or, if available, on reasonable terms.

Key executives and personnel

Base's prospects depend in part on its ability to attract and retain its executive officers, senior management and key consultants and for these personnel to operate effectively.

Key Risks (contd.)



B: General risks

Kenya

Base's Kwale Project is located in Kenya, Africa. Whilst Kenya is, at present, a stable democracy, in recent history it has experienced greater economic, social and political volatility than developed Western countries and there is therefore a higher degree of geo-political risk associated with doing business there. As a result Base's future operations in Kenya may be impacted by: potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems; potential difficulties in protecting/enforcing rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules; changes in government policies and procedures, including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes, restrictions on the transfer / repatriation of funds and monetary policies; although the Government and economy of Kenya has been relatively stable in recent years, property ownership (including rights of access) in a foreign country is generally subject to the risk of expropriation or nationalisation with inadequate compensation; currency fluctuations, high inflation and deteriorating economic conditions; and civil unrest and industrial action, personal security issues, disease outbreaks, and social and religious conflict.

The likelihood of any of these risks eventuating, and their possible effects, if any, cannot be determined by Base with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate its current and future mineral sands exploration, development and production activities.

A new Mining Act is in the drafting and review process, has not yet become law and therefore any potential impacts are uncertain.

Australia

Legal, tax and regulatory changes in Australia, where Base is incorporated, may also impose additional financial obligations on the company or otherwise adversely affect the value of Base's assets and the financial position and performance of Base.

Title risk

Minerals licences are granted subject to various conditions. Failure to comply with conditions may lead to forfeiture. All of the mineral properties in which Base has or may, upon exercise of options to acquire, have an interest in will be subject to renewal. If any of the mineral properties are not renewed for any reason, Base may suffer damage through loss of opportunity to develop.

Environmental risks and regulation

There is always a risk of environmental damage arising from Base's operations, including through accident, which may give rise to liabilities and costs for Base, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down.

Volatility of mineral prices

The mining industry is competitive and there is no assurance that a profitable market for the sale of the products from the Kwale Project will be sustained. Mineral prices are subject to volatile price changes from a variety of factors including international economic trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods or increased exploration.

Foreign exchange risks

Investments in Base's shares are made in Australian dollars, however the profits and losses of Base will be United States dollar based. As such, shareholders returns will be subject to risks associated with variations in the US\$:A\$ exchange rate.

Key Risks (contd.)



Share price volatility and share market risks

Prospective investors should be aware that the value of an investment in Base's shares may go down as well as up and that the market price of the shares may not reflect the operating performance and underlying value of Base. Investors may therefore realise less than, or lose all of, their investment.

The share prices of quoted companies, in particular mining and exploration companies, can be highly volatile and shareholdings may be illiquid. The price at which the shares are quoted and the price which investors may realise for their shares may be influenced by a large number of factors, some of which are specific to Base and its operations and some of which may affect quoted companies generally. These factors include, without limitation: the operating performance of Base and market expectations of future performance; changes in general economic conditions and outlook, including interest rates, inflation rates, exchange rates, commodity prices and the demand for, and supply of, capital; natural disasters, terrorism events and other hostilities and conflicts; changes in government policies, taxation and other laws; large purchases or sales of shares by other investors; changes in investor sentiment towards particular market sectors and the equity markets in general; and other factors which are outside of the control of Base. Neither Base nor its directors warrant the future performance of Base or any return on an investment in Base.

Such factors also impact on the ability of Base to raise further funds by the issue of further shares or other securities in Base.

Share trading liquidity and future sales of shares

Although Base's shares are already listed on the ASX, there is no guarantee that there will be a liquid market in the shares in the future or that the price of the shares will increase. There may be relatively few buyers or sellers of shares at any given time. It may therefore be difficult, in certain circumstances, to achieve the prevailing market price for sales of shares or to sell shares at all, and to realise a return on investment in the shares.

www.baseresources.com.au



Right sector.
Right project.
Right time.

