



NOT FOR DISTRIBUTION IN THE UNITED STATES

11 October 2012

Dear Shareholder

RETAIL ENTITLEMENT OFFER

On Thursday, 4 October 2012, Base Resources Limited (**Base**) announced it would seek to raise approximately \$40 million in new equity to be applied in the development of Base's Kwale mineral sands project, provide for additional working capital and pay the costs of the Offer.

The equity is being raised through a placement (**Placement**) of fully paid ordinary shares (**New Shares**) to institutional investors, and a 1 for 12 accelerated non-renounceable pro rata entitlement offer of New Shares at an issue price of \$0.40 per New Share to existing shareholders (**Entitlement Offer**), (together, the **Offer**).

Base undertook the Placement and the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) on Thursday, 4 October and Friday, 5 October 2012, both of which were strongly supported by institutional shareholders and settled on Thursday, 11 October 2012, raising approximately \$36.4 million.

Under the retail component of the Entitlement Offer (**Retail Entitlement Offer**), eligible retail shareholders are now invited to apply for 1 New Share at a price of \$0.40 per New Share for every 12 Base shares held by them at 7.00pm (AEST) on Tuesday, 9 October 2012 (the **Record Date**) on the terms set out in the enclosed Offer Booklet (**Entitlement**). This price is the same as the offer to institutional shareholders and investors under the Placement and Institutional Entitlement Offer.

You will find **enclosed** with this letter the following documents:

- an Offer Booklet detailing how to participate in the Entitlement Offer if you choose to do so, including a timetable of key dates, description of key terms under the Entitlement Offer and other important information;
- annexed to the Offer Booklet, a copy of the investor presentation, offer announcement and cleansing notice that were released by Base to ASX on Thursday, 4 October 2012 providing further information on Base, its capital management initiatives, the impact of the Offer and key risks for you to consider; and
- a personalised Entitlement and Acceptance Form detailing your Entitlement.

RFC Ambrian Limited (**RFC Ambrian**) has been appointed as lead manager and book-runner to the Offer. RFC Ambrian has agreed to underwrite the Offer subject to the terms and conditions of an underwriting agreement. Euroz Securities Limited has also been appointed as co-lead manager of the Placement and Institutional Entitlement Offer.

I encourage you to read these documents in full before deciding whether or not to take up your Entitlement. You may wish to obtain professional advice to assist you with your decision.

The Retail Entitlement Offer closes at 5.00pm (AEST) on Thursday, 25 October 2012. To participate in the Retail Entitlement Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and application money, or BPAY^{®1} payment, is received by this time.

You may choose to take up all, part or none of your Entitlement. Retail shareholders recorded on the share register with an address outside Australia and New Zealand are not eligible to participate in the Retail Entitlement Offer.

If you have any questions in respect of the Retail Entitlement Offer please consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of Base, I thank you for your continued support of Base and invite you to consider this investment opportunity.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Carstens', with a stylized, cursive script.

Tim Carstens
Managing Director
Base Resources Limited

¹ [®]Registered to BPAY Pty Limited ABN 69 079 137 518.

Retail Entitlement Offer Booklet

A 1 for 12 accelerated non-renounceable pro rata retail entitlement offer of Base ordinary shares at an offer price of \$0.40 per new share, closing 5.00pm (AEST) Thursday, 25 October 2012.

Directory

Issuer

Base Resources Limited
ABN 88 125 546 910
Level 1
50 Kings Park Road
West Perth WA 6005

Registry

Computershare
Level 2, 45 St Georges Terrace
Perth WA 6000

Website

www.baseresources.com.au

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. Please contact your professional adviser if you have any queries.

KEY OFFER DATES

Date	Event
Thursday, 4 October 2012	<ul style="list-style-type: none"> Announcement of Offer Institutional Entitlement Offer and Placement opens
Friday, 5 October 2012	<ul style="list-style-type: none"> Institutional Entitlement Offer and Placement closes
Monday, 8 October 2012	<ul style="list-style-type: none"> Announcement of Institutional Entitlement Offer and Placement results Trading resumed on ex-entitlement basis
Tuesday, 9 October 2012	<ul style="list-style-type: none"> Record Date (7.00pm (AEST))
Thursday, 11 October 2012	<ul style="list-style-type: none"> Settlement of Institutional Entitlement Offer and Placement
Thursday, 11 October 2012	<ul style="list-style-type: none"> Despatch of retail offer booklet and entitlement and acceptance forms to eligible retail holders Retail Entitlement Offer opens
Friday, 12 October 2012	<ul style="list-style-type: none"> Institutional Entitlement Offer shares and Placement shares allotted and commence trading on ASX on normal settlement basis
Thursday, 25 October 2012	<ul style="list-style-type: none"> Retail Entitlement Offer closes (5.00pm AEST)
Tuesday, 30 October 2012	<ul style="list-style-type: none"> Announce results of Retail Entitlement Offer
Thursday, 1 November 2012	<ul style="list-style-type: none"> Settlement of Retail Entitlement Offer shares
Friday, 2 November 2012	<ul style="list-style-type: none"> Allotment of Retail Entitlement Offer shares
Monday, 5 November 2012	<ul style="list-style-type: none"> Quotation of Retail Entitlement Offer shares
Wednesday, 7 November 2012	<ul style="list-style-type: none"> Despatch of holding statements for Retail Entitlement Offer shares

This timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth). The timetable is subject to change in Base's absolute discretion. The commencement of quotation of New Shares is subject to confirmation from ASX.

If you have any questions, please consult your stockbroker, accountant or other professional adviser.

DETAILS OF THE OFFER AND HOW TO APPLY

1. PLEASE READ CAREFULLY THE ATTACHED LETTER FROM THE MANAGING DIRECTOR, IMPORTANT INFORMATION, ENTITLEMENT AND ACCEPTANCE FORM, INVESTOR PRESENTATION AND OTHER PUBLIC INFORMATION MADE AVAILABLE

The 1 for 12 accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) of Base Resources Limited (**Base**) fully paid ordinary shares (**New Shares**) is not being made under a prospectus or product disclosure statement. Rather, the Entitlement Offer is being made pursuant to provisions of the *Corporations Act 2001* (Cth) (**Corporations Act**) that allow entitlement offers to be offered by providing certain updates and confirmations to the market.

Consequently, before accepting your entitlement of New Shares under the Entitlement Offer, you should carefully read and understand the publicly available information on Base and the Entitlement Offer, including the attached materials, Base's periodic and continuous disclosure announcements including the Base 2011 Annual Report lodged with ASX on 27 October 2011, the financial results for the six months ended 31 December 2011 lodged with ASX on 7 March 2012 and the financial results for the year ended 30 June 2012 lodged with ASX on 28 September 2012, and other announcements that have been made available at www.baseresources.com.au or www.asx.com.au.

2. CONSIDER THE ENTITLEMENT OFFER IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES

If you have any queries or are uncertain about any aspect of the Entitlement Offer, consult with your stockbroker, accountant or other professional adviser. Please ensure that you review carefully the "Key Risks" section on slides 26 to 28 of the attached Investor Presentation.

3. OVERVIEW OF THE RETAIL ENTITLEMENT OFFER

Under the Entitlement Offer, you as an Eligible Retail Shareholder (as defined in section 4 of "Important Information") are entitled to apply for 1 New Share at a price of \$0.40 per New Share (**Offer Price**) for every 12 Base shares you held at 7.00pm (AEST) on Tuesday, 9 October 2012 (the **Record Date**) subject to the terms of the Entitlement Offer outlined in this document (**Retail Entitlement Offer**). This is called your **Entitlement**.

The ratio and price under the Retail Entitlement Offer are equal to the ratio and price for the issue of New Shares under the institutional component of the Entitlement Offer (being the offer of entitlements to eligible institutional Base shareholders at the Record Date) (**Institutional Entitlement Offer**). The Record Date under the Retail Entitlement Offer and the Institutional Entitlement Offer is the same.

The number of New Shares for which you are entitled to apply for is shown on the personalised Entitlement and Acceptance Form that accompanies this Offer Booklet. Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

Note: The Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Base shares on behalf of a person in the United States.

Entitlements are non-renounceable, and Base shareholders who do not take up their Entitlements will not receive any payment or value for their Entitlements. Entitlements will not be able to be traded on ASX or privately transferred.

The Retail Entitlement Offer is only open to Eligible Retail Shareholders and Base reserves the right to reject any application that it believes comes from a person who is not an Eligible Retail Shareholder.

The placement to institutional and sophisticated investors (**Placement**) and the Institutional Entitlement Offer was underwritten by RFC Ambrian Limited (**RFC Ambrian**) at the Offer Price of \$0.40 per New Share. The Retail Entitlement Offer is also fully underwritten by RFC Ambrian at the Entitlement Offer Price of \$0.40 per New Share.

The underwriting agreement between Base and RFC Ambrian (**Underwriting Agreement**) is subject to customary termination events, and if terminated, the Entitlement Offer may not proceed in its entirety. RFC Ambrian reserves the right, at any time, to appoint sub-underwriters in respect of any part of the Entitlement Offer. RFC Ambrian is entitled to be paid fees and expenses under the Underwriting Agreement, and receive certain indemnities. Any sub-underwriters appointed by RFC Ambrian may be paid a fee determined by negotiation with the relevant sub-underwriter. Any sub-underwriter's fees in respect of the Entitlement Offer would be paid by RFC Ambrian.

4. **IMPACT OF THE ENTITLEMENT OFFER AND PLACEMENT ON YOUR SHAREHOLDING**

The issue of New Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of Base. However, to the extent that any shareholder fails to take up their entitlements for New Shares under the Entitlement Offer, that shareholder's percentage holding in Base will be diluted by those other shareholders who take up some or all of their entitlement. Shareholders generally will also have their percentage holdings diluted by the issue of shares in the Placement.

5. **APPLY FOR PART OR ALL OF YOUR ENTITLEMENT**

If you want to take up all or part of your Entitlement, you must complete and return the Entitlement and Acceptance Form with your payment **or** pay your application monies via BPAY^{®1} pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Base will treat you as applying for as many New Shares as your payment will pay for in full.

Your Entitlement is set out in the accompanying Entitlement and Acceptance Form and has been calculated as 1 New Share for every 12 Base shares you held as at the Record Date of 7.00pm (AEST) on Tuesday, 9 October 2012, rounded up to the nearest whole share. If you have more than one holding of Base shares you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

If you accept and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer at 5.00pm (AEST) on Thursday, 25 October 2012, you will be allotted your New Shares on Friday, 2 November 2012.

The Base board (**Board**) reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

The Board reserves the right to place the balance of any New Shares which are not applied for under the Entitlement Offer (**Shortfall Shares**) at the discretion of the Board in accordance with ASX Listing Rule 7.2 (exception 3). The Shortfall Shares will be offered by Base at the same Offer Price as offered under the Entitlement Offer.

You do not have to pay any brokerage or other transaction costs to Base on the issue of New Shares.

¹ [®]Registered to BPAY Pty Limited ABN 69 079 137 518

6. ACCEPTANCE OF THE RETAIL ENTITLEMENT OFFER

You may subscribe for all or part of your Entitlement by either completing the Entitlement and Acceptance Form in accordance with the instructions set out on the back of that form, indicating the number of New Shares you wish to subscribe for and attaching payment or, if you have an Australian financial institution account that supports BPAY, by paying by BPAY (see below for more details).

The method of taking up the Entitlement Offer will depend on your method of payment, being:

Payment by cheque, bank draft or money order

Should you wish to pay by cheque, bank draft or money order, then you should complete your Entitlement and Acceptance Form in accordance with the instructions set out on that form and return the form accompanied by a cheque, bank draft or money order:

- in Australian currency, drawn on an Australian branch of a financial institution;
- for an amount equal to \$0.40 multiplied by the number of New Shares that you are applying for; and
- made payable to "Base Resources Limited – <share issue a/c>" and crossed "Not Negotiable".

Cash payments will not be accepted. Receipts for payment will not be issued.

Payment by BPAY

For Eligible Retail Shareholders wishing to pay by BPAY (only available to Eligible Retail Shareholders who hold an account with an Australian financial institution that supports BPAY):

- please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). Your BPAY payment must be received by no later than 5.00pm (AEST) on Thursday, 25 October 2012. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time; and
- you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you have more than one holding of shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for Entitlements to which that Reference Number applies.

Any application monies received for more than the number of New Shares comprised in your Entitlement will be refunded on or around Thursday, 8 November 2012 (except where the amount is less than \$1.00 in which case it will be donated to a charity chosen

by Base). No interest will be paid on any application monies received or refunded and any interest earned will be retained for the benefit of Base.

7. IF YOU DO NOT WISH TO TAKE UP YOUR ENTITLEMENT

If you do not wish to take up your Entitlement under the Retail Entitlement Offer, you can simply do nothing. At the Retail Entitlement Offer close date, 5.00pm (AEST), Thursday, 25 October 2012, if you have not completed your Entitlement and Acceptance Form and returned it with application money to the Registry, or alternatively made a payment through BPAY for which Base has received payment, then your Entitlements will lapse.

The Entitlement Offer is non-renounceable. If you do not take up your Entitlements, you will not receive any value for your Entitlements.

8. MAIL OR DELIVERY

To participate in the Retail Entitlement Offer, your payment must be received by no later than 5.00pm (AEST) on Thursday, 25 October 2012. If not paying by BPAY, your completed Entitlement and Acceptance Form, together with application monies, should be mailed or delivered using the reply paid or self-addressed envelope provided with this booklet to the following address:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

9. REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will be deemed to have represented that you are an Eligible Retail Shareholder (as defined in section 4 of "Important Information"). You will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting for are not in the United States;
- (b) you and each person on whose account you are acting acknowledge that 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, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- (c) you and each person on whose account you are acting have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States; and
- (d) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

IMPORTANT INFORMATION

This offer booklet and the attached ASX offer announcements, including the Investor Presentation and cleansing notice, annexed to this offer booklet (**Information**) have been prepared by Base. The Information is dated Thursday, 11 October 2012. No party other than Base has authorised or caused the issue of this Information, or takes responsibility for, or makes any statements, representations or undertakings in this Information. RFC Ambrian, its related bodies corporate, directors, employees, servants or agents (**Affiliates**) make no representation or warranty, expressed or implied, as to the accuracy or completeness of this document. Except for any liability which cannot be excluded by law, RFC Ambrian and its Affiliates expressly disclaim and accept no responsibility or liability (including liability for negligence) for the contents of the Information.

You should read this Information carefully and in its entirety before deciding to invest in New Shares. In particular you should consider the risk factors outlined in slides 26 to 28 of the attached Investor Presentation that could affect the performance of Base or the value of an investment in Base.

The past performance of Base, and the past share price of Base should not be relied upon as (and is not) an indication of future performance.

1. NOT INVESTMENT ADVICE

The Entitlement Offer to which this Information relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Orders 08/35 and 07/571.

The Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Base is not licensed to provide financial product advice in respect of the New Shares.

The Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. You should conduct your own independent review, investigation and analysis of Base shares the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Base before making any investment decision based on your investment objectives.

You should also consider the "Key Risks" section on slides 26 to 28 of the attached Investor Presentation.

2. NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

3. NO ENTITLEMENTS TRADING

Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

4. ELIGIBLE RETAIL SHAREHOLDERS

The Retail Entitlement Offer is extended only to Eligible Retail Shareholders. Eligible Retail Shareholders are those persons who:

- (a) were the registered holder of Base shares at 7.00pm (AEST) Tuesday, 9 October 2012 (the Record Date);
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not considered to be a US Person (under Regulation S of the United States Securities Act 1933, as amended) and are not acting for the account or benefit of a US Person;

- (d) did not receive an offer under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Retail Entitlement Offer is not being extended to any Base shareholder with a registered address outside Australia and New Zealand (see Section 5 below).

5. OFFER JURISDICTIONS

This Information is not intended to and does not constitute an offer of securities in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register shares of Base or otherwise permit a public offering of New Shares in any jurisdiction outside of Australia and New Zealand. Return of the Entitlement and Acceptance Form with application money or your BPAY payment shall be taken by Base to constitute a representation by you that there has been no breach of any such laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

The distribution of this document outside Australia and New Zealand may be restricted by law. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Base shareholders who are Eligible Retail Shareholders to whom an offer of New Shares is being made in reliance on the *Securities Act (Overseas Companies) Exemptions Notice 2002* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This Information does not constitute an offer of shares for sale in the United States, or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

The offering of New Shares has not been, and will not be, registered under the *US Securities Act 1933* (as amended) and may not be offered, sold or resold in the United States, or any other place in which, or to any person to whom, it would not be lawful to make such an offer or grant, except in accordance with an available exemption from registration and applicable state securities laws.

6. GOVERNING LAW

This document and its annexures, the Entitlement Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in Western Australia, Australia. Each Base shareholder who applies for New Shares submits to the jurisdiction of the courts of Western Australia, Australia.

7. DISCLAIMER AND FORWARD-LOOKING STATEMENTS

This document and its annexures contain certain forward-looking statements. The words "anticipate", "believe", "except", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Base, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results,

performance or outcomes may differ materially from any projections and forward-looking statements. You should not place undue reliance on forward-looking statements and neither Base nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

To the maximum extent permitted by law, Base, RFC Ambrian and each of their officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information or likelihood of fulfilment of any forward looking statements (including, without limitation, liability for negligence). Please refer to the "Key Risks" outlined on slides 26 to 28 of the attached Investor Presentation for summary of certain risk factors which may affect Base when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Base. Base does not guarantee any particular rate of return or the performance of Base nor does it guarantee the repayment of capital from Base or any particular tax treatment. You should have regard to the "Key Risks" outlined on slides 26 to 28 of the attached Investor Presentation.

8. **TAXATION**

Taxation implications will vary depending upon the individual circumstances of Eligible Retail Shareholders. You should obtain your own professional advice before deciding whether to invest in New Shares.

9. **FINANCIAL DATA**

Unless otherwise stated, all dollar values are in Australian dollars (A\$).

10. **OVERSEAS SHAREHOLDERS**

Base has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Base shareholders with registered addresses outside Australia and New Zealand having regard to the number of Base shareholders in those places, the number and value of the securities they would be offered and the cost of complying with the legal and regulatory requirements in those places.

Annexes: ASX OFFER ANNOUNCEMENTS DATED 4 OCTOBER 2012

Annex 1 – Investor Presentation

Annex 2 – Offer Announcement

Annex 3 – Cleansing Notice



BASE RESOURCES LTD

Right sector. Right project. Right time.

Investor Presentation
October 2012

Important notices



Disclaimer

This presentation has been prepared by Base Resources Limited (**Base**) based on information available to it from its own and third party sources and is not a disclosure document. No party other than Base has authorised or caused the issue, lodgement, submission, despatch or provision of this presentation, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this presentation. Except for any liability that cannot be excluded by law, Base and its related bodies corporate, directors, employees, servants, advisers and agents (**Affiliates**) disclaim and accept no responsibility or liability (including liability for negligence) for any expenses, losses, damages or costs incurred by you as a result of your participation in any offer referred to in this presentation or relating in any way to this presentation including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused (including without limitation, where caused by third parties), lack of accuracy, completeness, currency or reliability or you, or any other person or entity, placing any reliance on this presentation, its accuracy, completeness, currency or reliability.

This presentation is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is provided for information purposes and is not an invitation nor offer of shares for subscription, purchase or sale in any jurisdiction. This presentation does not purport to contain all the information that a prospective investor may require in connection with any potential investment in Base or its underlying business. Each recipient must make its own independent assessment of Base before acquiring any securities in Base (**Securities**). You should not treat the contents of this presentation, or any information provided in connection with it, as financial advice, financial product advice or advice relating to legal, taxation or investment matters. Before acquiring any Securities, you should consult your own advisers and conduct your own investigation and analysis in relation to Base.

Restriction on Distribution

No action has been taken or will be taken that would permit a public offer of Securities in any jurisdiction outside Australia and New Zealand. Recipients of this presentation should inform themselves of the restrictions that apply in their own jurisdiction. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Recipients, and any other persons who come into possession of this presentation, must inform themselves about, and observe, any such restrictions.

United Kingdom: Neither the information in this presentation nor any other document relating to the offer of Securities referred to in this presentation has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of such Securities. This presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and Securities may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Base. In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

United States: This presentation is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This presentation is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States. No public offering of securities is being made in the United States.

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 Kvale 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 Kvale Project 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 Mambrui 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>	<i>49.5%</i>
<i>Total interest of top 10 shareholders</i>	<i>approx 70%</i>

- 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 NPV₁₀ (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

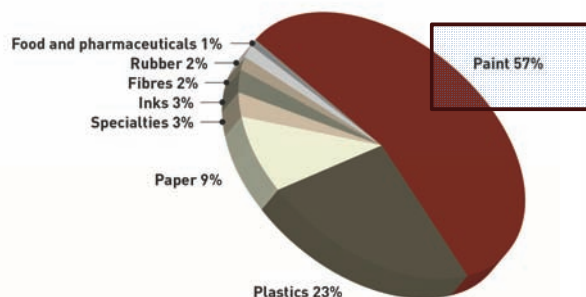
*Draw down subject to conditions outlined on the later slide titled "Debt facility utilisation close."

Mineral Sands.....

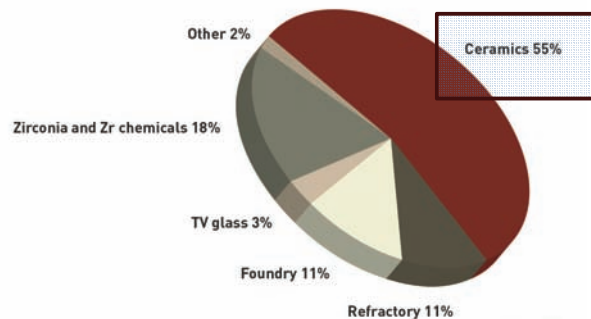


Ilmenite, rutile and zircon are essentially “lifestyle products” by virtue of their dominant end-uses.

TiO₂ Pigment Consumption 2011

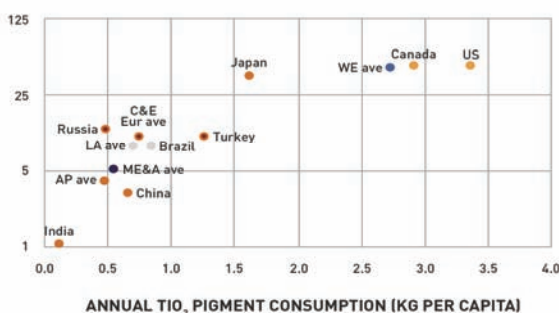


Zircon Consumption 2011



Source: TZMI

GDP (US\$'000 PER CAPITA)

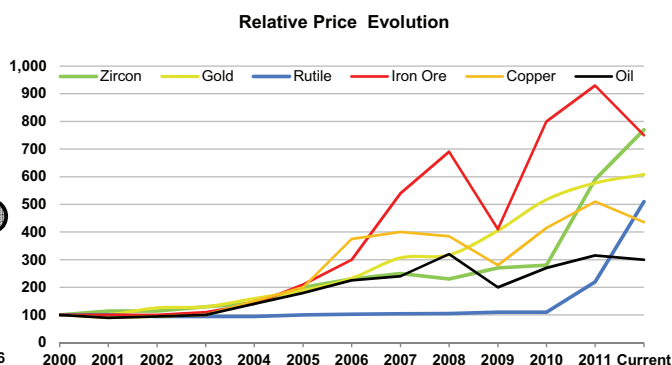
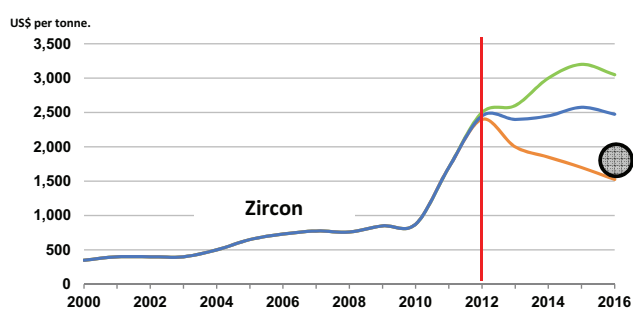
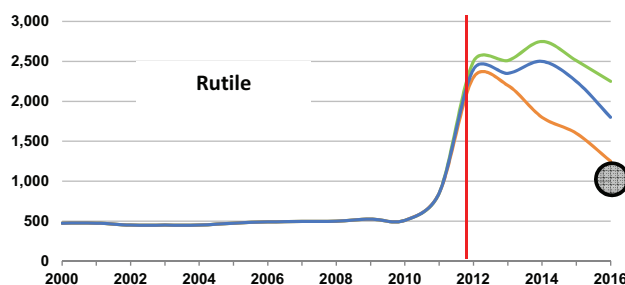
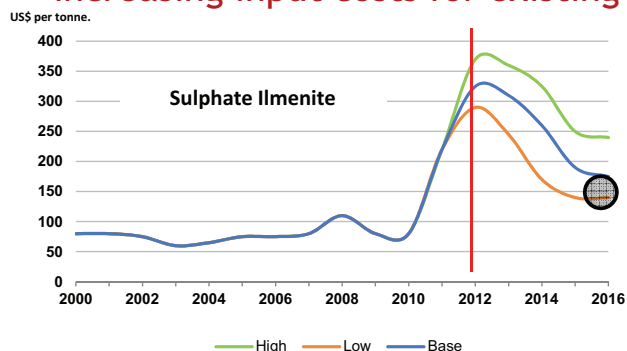


- Consumption intensifies with income levels.
- China is the new driver of world demand growth.

Product pricing outlook.



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



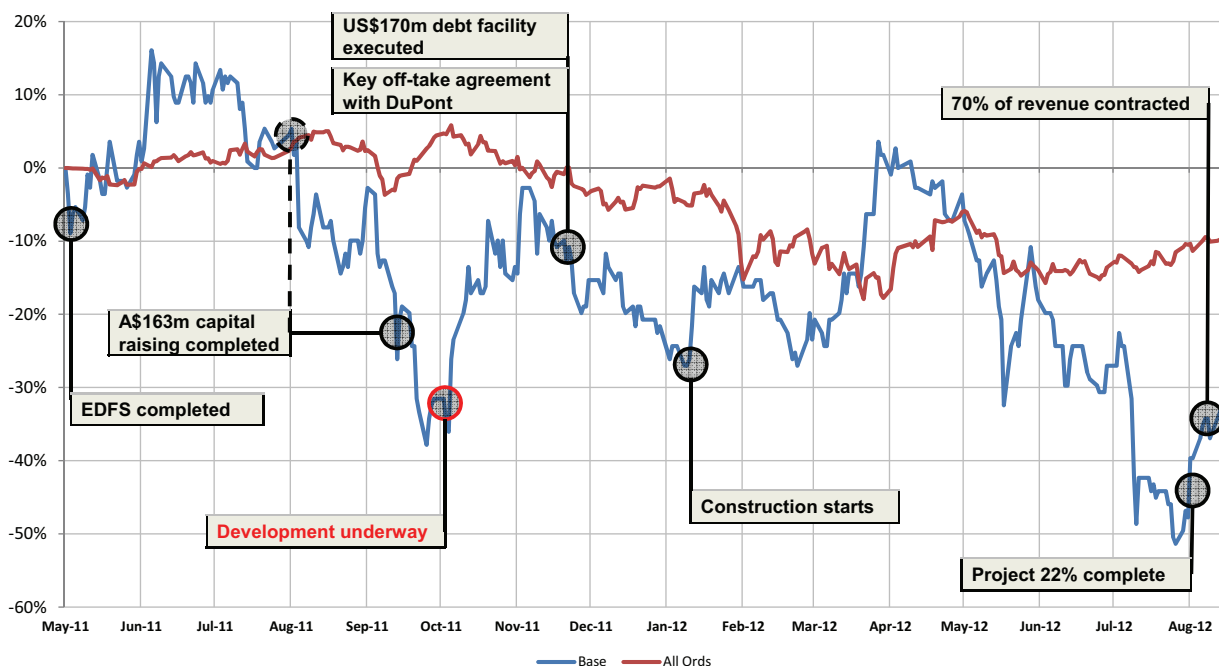
* "Base" case price assumptions are used in our economic modelling and are based on TZMI August forecasts. Post 2016, prices of \$1000, \$145 and \$1700 per tonne are adopted for rutile, ilmenite and zircon respectively.

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.

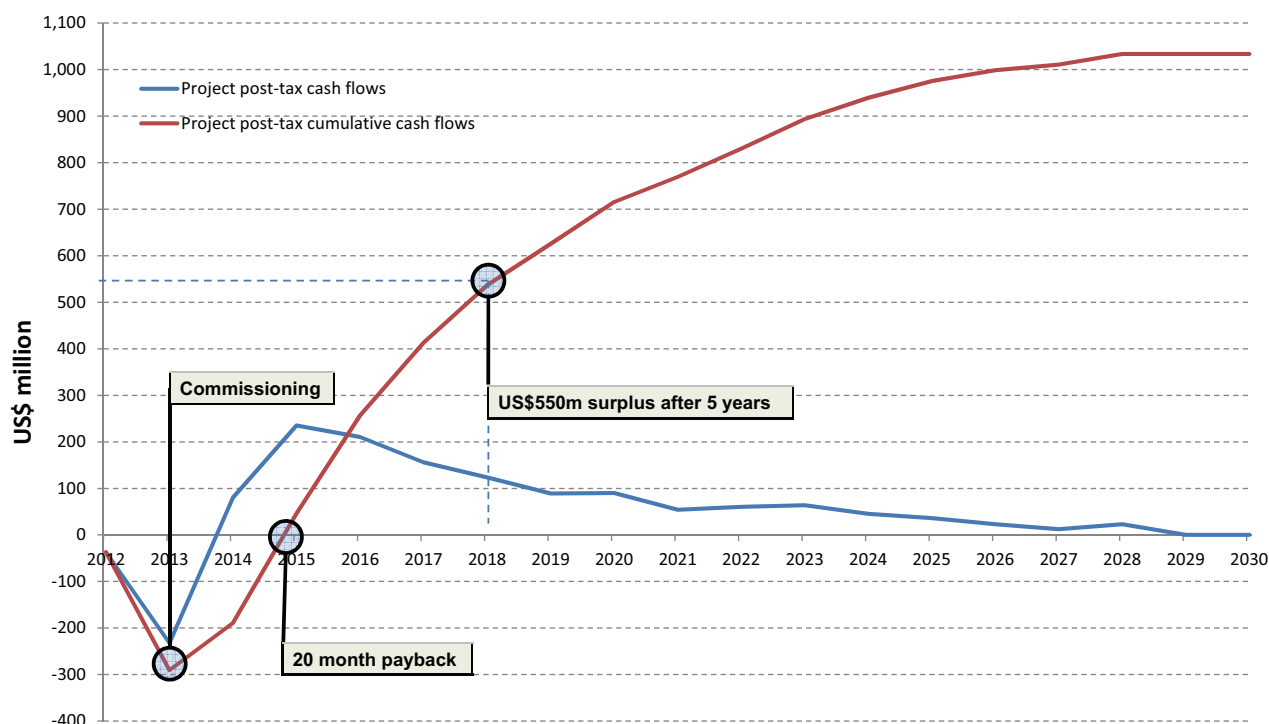
Refer to www.baseresources.com.au for assumptions & explanations



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 Line

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

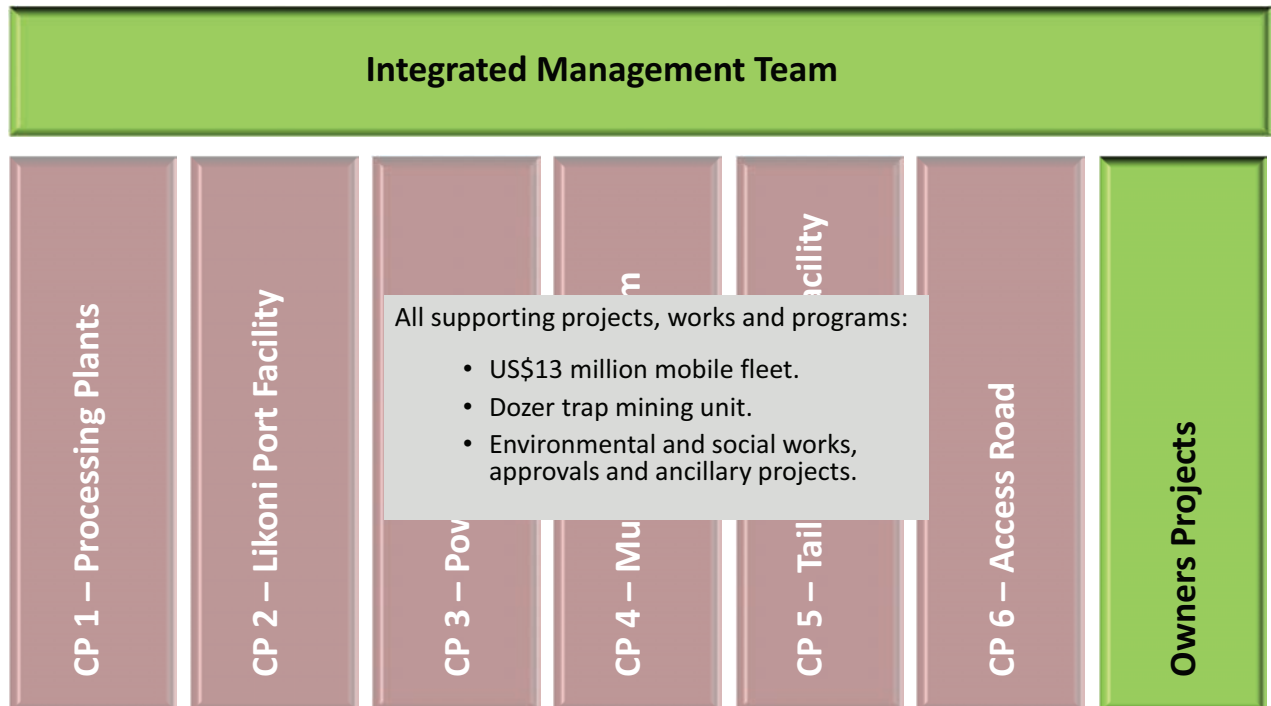


CP 6 – Access Road

Project Implementation.



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



Off-take arrangements.

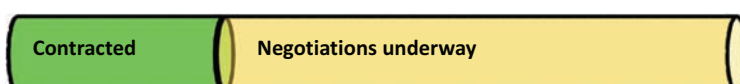


Portfolio of agreements covering first 5 years of production is well advanced.

Rutile (50% of revenue)



Ilmenite (23% of revenue)



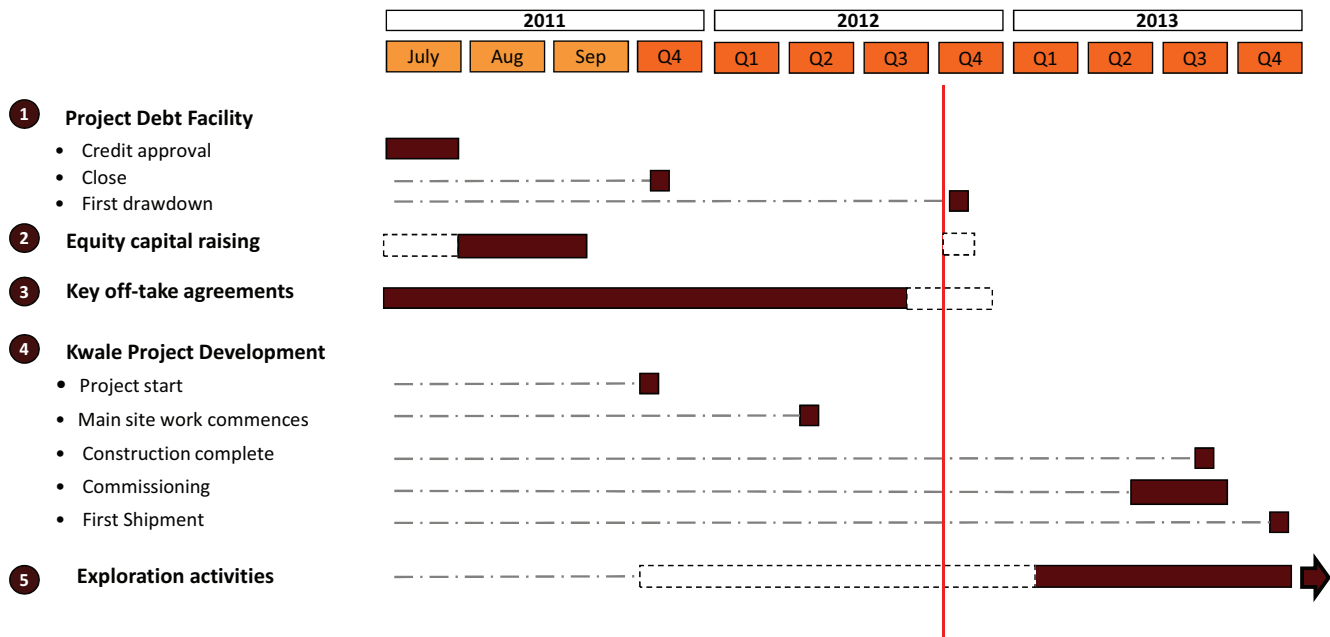
Zircon (27% of revenue)



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\$15 million Corporate Funding	A\$22.6 million 1:3 Renounceable Rights Issue (@ A\$0.55 / share) • Completed in September 2011.
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) • Completed in 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 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 affect 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.



Right sector.
Right project.
Right time.



Not for release or distribution in the United States

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:

Tim Carstens
Managing Director
Base Resources Ltd
Email: tcarstens@baseresources.com.au
Phone: +61 (0)8 9413 7400

Steve Allen
Executive Director
RFC Ambrian Limited
Email: stephen.allen@rfcambrian.com
Phone: +61 (0)8 9480 2500

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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
Office:**

Level 1
50 Kings Park Road
West Perth
WA 6005

Contacts:

Email:
info@baseresources.com.au
Phone: +61 (0)8 9413 7400
Fax: +61 (0)8 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, 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.



**BASE
RESOURCES LTD**

4 October 2012

The Manager
Company Announcements Office
ASX Limited
2 The Esplanade
PERTH WA 6000

Notification under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)

Base Resources Limited ABN 88 125 546 910 (**Base**) has today announced an accelerated non-renounceable pro rata entitlement offer of 1 new fully paid ordinary share in Base (**New Shares**) for every 12 Base shares held at 7.00 pm (AEST) on Tuesday, 9 October 2012 by shareholders with a registered address in Australia and New Zealand and any other jurisdiction Base has decided to make offers (**Entitlement Offer**). Each New Share is being issued at an issue price of \$0.40 to raise approximately \$15.3 million.

At the same time, Base announced a proposed placement of 61,629,998 ordinary shares to selected institutional shareholders at an issue price of \$0.40 to raise approximately \$24.6 million (**Placement**).

Base gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by the Australian Securities and Investments Commission Class Orders 08/35 and 07/571 (**Class Orders**) that:

1. the New Shares will be offered without disclosure to investors under Part 6D.2 of the Corporations Act as notionally modified by the Class Orders;
2. as at the date of this notice, Base has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Base; and
 - (b) section 674 of the Corporations Act;
3. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by the Class Orders; and
4. the issue of New Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of Base. However, to the extent that any shareholder fails to take up their entitlement to New Shares under the Entitlement Offer, that shareholder's percentage holding in Base will be diluted by those other shareholders who take up some or all of their entitlement. Shareholders generally will also have their percentage holdings diluted by the issue of shares in the Placement.

Further details regarding the Entitlement Offer and Placement are set out in the investor presentation accompanying this notice.

Yours faithfully

Mr Winton Willesee
Director and Company Secretary
Base Resources Limited

This page has been left blank intentionally.