

HIGHLIGHTS

- Maiden shipment of 25,000 tonnes of ilmenite departed port in February bound for China.
- First product sales proceeds were received in March.
- Zircon production through the mineral separation plant commenced in February with containerized zircon sales commencing in April.
- Fifth and final US\$25 million drawdown on the Kwale Project Debt Facility completed in January.
- The Kwale Project has now made the transition to the Kwale Operations.

Base Resources Limited (ASX & AIM: BSE) (“Base” or the “Company”) is pleased to provide a quarterly production and commissioning update at its Kwale Mineral Sands Operations (“Kwale Operations”) in Kenya, East Africa. All work packages are now complete and operational with only minor defect list items remaining outstanding. The shiploader successfully underwent ‘load on’ commissioning during the quarter and regular bulk shipments of finished products have commenced.

KWALE OPERATIONS

Following the commissioning of the ilmenite and rutile circuits of the mineral separation plant (“MSP”) in December 2013, first production from the zircon circuit occurred in February. The main focus is now on balancing and debottlenecking the zircon circuit as well as the metallurgical optimisation of the remaining MSP circuits in order to progress the ramp-up to achieve design throughput, recoveries, availability and runtime.



Maiden ilmenite shipment

Mining activities proceeded according to plan with a number of dry mining unit (“DMU”) moves successfully carried out. Mining rates increased steadily averaging over 1,200tph with nameplate tonnages being demonstrated. Valuable heavy mineral (“VHM”) recovery in the wet concentrator is nearing design performance.

Heavy mineral concentrate (“HMC”) production was in line with ramp up expectations and the grade of ore mined.

Slime and sand deposition proceeded according to plan and sealing of the upstream sand wall face of the tailings storage facility with bitumen impregnated geotextile commenced.

MSP commissioning proceeded well and by the end of the quarter debottlenecking of the ilmenite and rutile circuits was virtually complete.

Design ilmenite recoveries have been achieved and by the end of the quarter rutile recoveries were steadily improving with the implementation of some design modifications. Further planned design modifications, seeking to address the remaining identified areas of recovery losses, are currently underway and are expected to result in achievement of design rutile recoveries over the coming months.

The wet and dry zircon circuits were commissioned during February and optimisation of throughput and recovery is in progress. A focus on debottlenecking and defect rectification, prior to the EPCM engineer demobilising from site at quarter end, meant that zircon production was sacrificed in the short term. With the areas of concern now addressed, our efforts are now concentrated on ramping up the zircon circuits and optimising production which, due to the complexity of these circuits, will take place over the next 12 months as planned.

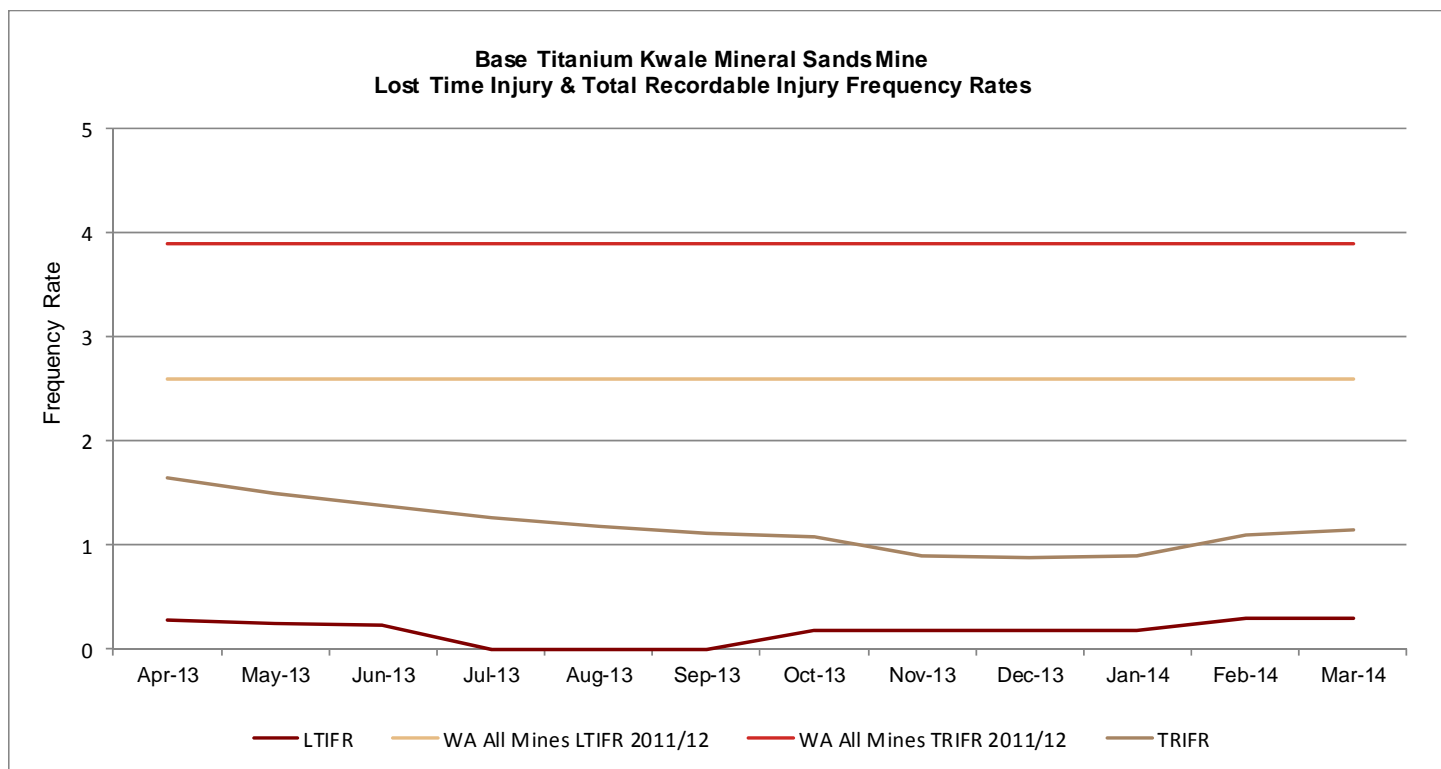
The Likoni Port bulk loading facility was successfully commissioned with two ships loaded during the quarter and the first shipment of containerised zircon was despatched to Mombasa Port.

SUMMARY PHYSICAL DATA

	Oct-13	Nov-13	Dec-13	Q4-13 Total	Jan-14	Feb-14	Mar-14	Q1-14 Total
Ore mined (dmt)	105,304	275,315	451,373	831,992	583,928	661,725	695,298	1,940,951
HMC produced (dmt)	4,080	10,163	28,229	42,472	28,746	42,998	41,452	113,196
Production (dmt)								
Ilmenite	0	0	5,539	5,539	15,686	24,872	27,635	68,193
Rutile	0	0	152	152	1,969	2,902	3,972	8,843
Zircon	0	0	0	0	0	37	319	356
Sales (dmt)								
Ilmenite	0	0	0	0	0	25,300	22,000	47,300
Rutile	0	0	0	0	0	0	0	0
Zircon	0	0	0	0	0	0	0	0

SAFETY PERFORMANCE

Kwale Operations suffered its first Lost Time Injury (LTI) when a trainee operator suffered a hand injury in a conveyor incident. The injury was non-life threatening and the employee is back at work on alternate duties. The incident investigation recommended a number of corrective actions, including design changes, which have been fully implemented.



COMMUNITY AND ENVIRONMENT

Rehabilitation of construction areas following contractor demobilisation is ongoing, with successful revegetation and indigenous tree planting continuing to take place across all areas.

Road safety remains an important feature of our community sensitisation programme and 37 schools were visited along the transport corridor to discuss the hazards, with an emphasis on heavy vehicles including Base’s mineral haul trucks.

Plans are well advanced with respect to the preliminary agricultural trials for a series of projects being conducted in conjunction with Business for Millennium Development aimed at significantly improving agricultural livelihoods in the region.

Several community construction programmes have been completed in the quarter including a training centre in Bwiti, emergency repairs to Matuga Girls Secondary School, construction of new ablution facilities for Mwapala Primary School and work commenced on replacing a Likoni primary school roof blown off by high winds.

Base’s collaboration with Little Sports Organisation in providing after school sports to primary school children has shown very positive results. This programme has recently expanded from 6 schools to 11 schools in nearby communities and is focussed on teaching life skills through play and sports activities.

BUDGET

The estimated cost at completion for the Kwale Project remains at US\$310 million.

FINANCING

In January, the additional US\$25 million project finance facility executed in December 2013 was drawn, bringing the total debt facilities drawn to US\$215 million.



MARKETING

Base completed two bulk shipments of ilmenite during the March quarter (a total of 47,300 tonnes) and have vessels booked for three further bulk ilmenite shipments during April and May.

A bulk shipment of rutile and a container shipment of zircon were previously scheduled for the latter part of March but vessel availability has resulted in the bookings for these shipments falling into the early part of April.

Reports from major pigment producers indicate continued improvement in pigment demand, with inventory levels and plant utilisation rates normalising in the early part of 2014. Producer inventory of titanium dioxide feedstock remains at elevated levels which is maintaining pressure on feedstock prices. However, as the excess inventory position is run down, the pricing position of titanium dioxide feedstock is expected to improve. Recent industry results commentary points towards possible feedstock price improvement (including rutile and ilmenite) during the second half of 2014.

Demand for zircon has remained firm through the March quarter with reports of good trade activity. Stocks of zircon held by producers continued to be run down and prices stabilised through the March quarter with some major zircon producers increasing their offered pricing for zircon sales in the June quarter.

CORPORATE

In summary, at 31 March 2014:

- Cash and cash equivalents were A\$27.8 million.
- Debt drawn of US\$215.0 million.
- 561,840,029 shares on issue.
- 16,600,000 unlisted options.

Ends.

BASE RESOURCES LIMITED

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

RFC Ambrian Limited (Nominated Advisor and Broker)

As Nominated Advisor:	As Broker:
Andrew Thomson or Trinity McIntyre	Jonathan Williams
Phone: +61 (0)8 9480 2500	Phone: +44 20 3440 6800

Africappractice (East Africa) (Kenyan Media Relations)

David Maingi / James Njuguna / Joan Kimani
Phone: +254 (0)20 239 6899
Email: jkimani@aficappractice.com

Tavistock Communications (UK Media Relations)

Jos Simson / Emily Fenton / Nuala Gallagher
Phone: +44 (0) 207 920 3150

Cannings Purple (Australian Media Relations)

Annette Ellis / Warrick Hazeldine
Email: aellis@canningspurple.com.au
whazeldine@canningspurple.com.au
Phone: +61 (0)8 6314 6300

TENEMENT SCHEDULE:

Tenement Number:	Interest:	Location:
Special Mining Licence 23	100%	Kwale – Kenya
Exploration Licence 173	100%	Kwale North – Kenya

CORPORATE DETAILS:

Board of Directors:	Principal & Registered Office:	Contacts:
Andrew King Non-Executive Chairman	Level 1	Email:
Tim Carstens Managing Director	50 Kings Park Road	info@baseresources.com.au
Colin Bwyne Executive Director	West Perth	Phone: +61(0)8 9413 7400
Sam Willis Non-Executive Director	WA 6005	Fax: +61(0)8 9322 8912
Michael Anderson Non-Executive Director		
Trevor Schultz Non-Executive Director		
Malcolm Macpherson Non-Executive Director		
Winton Willesee Company Secretary		