



ASX, AIM and Media Release

5 June 2014

Correspondence with the Kwale County Government

Base Resources Limited (ASX & AIM: BSE) ("Base" or the "Company") advises that it has received an invoice from the Kwale County Government, purporting to apply a KES 5,000 (approximately US\$57) per tonne levy on exports of ilmenite and rutile from the Company's Kwale Mineral Sands Project.

Base disputes the constitutional validity of the levy and is currently working with the Kwale County Government and the Kenyan National Government to rectify this matter by having the invoice withdrawn and the levy repealed.

Base has received unqualified legal advice that the Kwale County Government does not have legislative authority under the Kenyan Constitution to impose such a levy, with all rights to manage and administer minerals exclusively reserved to the Kenyan National Government.

Base is confident that this matter will be resolved shortly. However, in the event that the Kwale County Government invoice is not withdrawn or the levy is not repealed in a timely manner, Base will assess its options further, including taking the necessary legal action to have the levy declared unconstitutional and therefore void.

ENDS



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