

HIGHLIGHTS

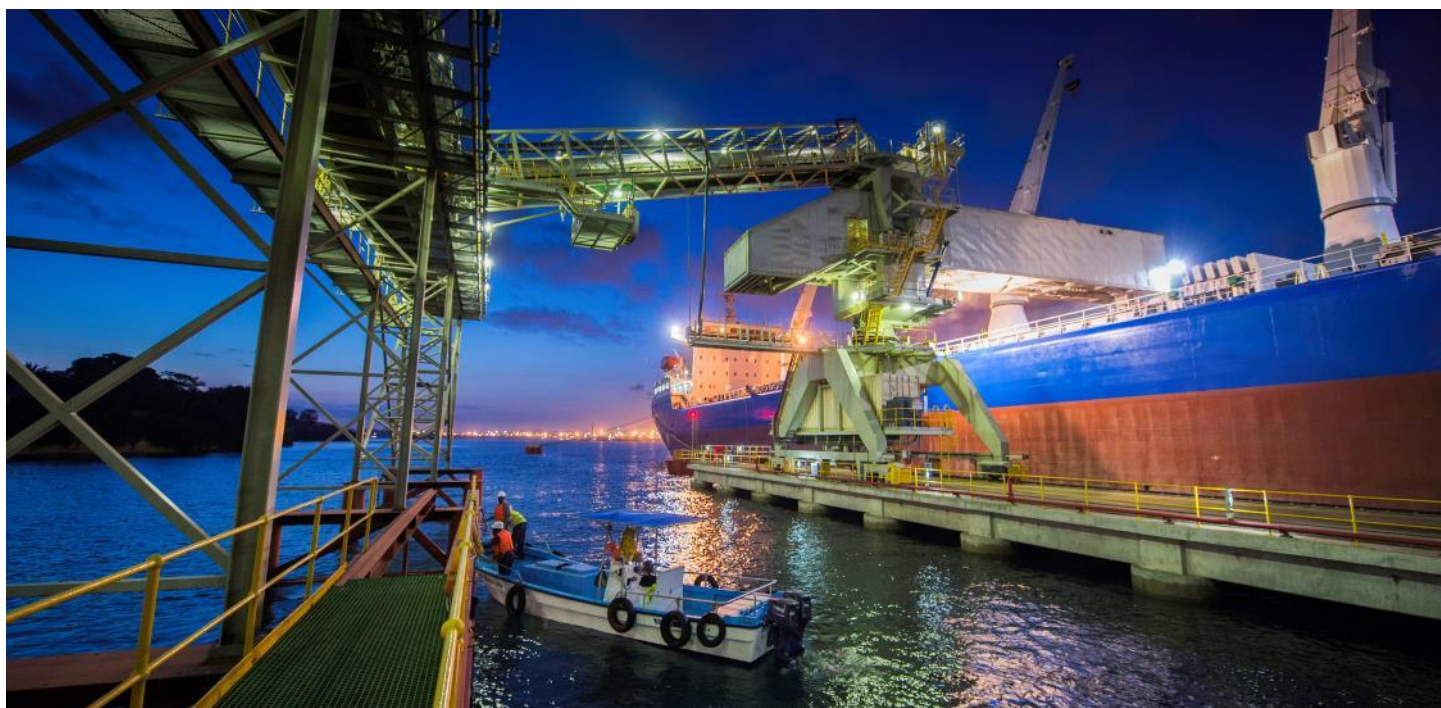
- 10% increase in production of final products quarter on quarter to 122,355 dmt.
 - Ongoing process design enhancements and optimisation work achieving consistent improvements in rutile recovery throughout the quarter with MSP recovery in September of 90%.
 - WCP and MSP availabilities for the quarter well above expectations at 87% and 92% respectively.
- Over 130,000 tonnes of ilmenite, rutile and zircon shipped in the quarter.
- Containerised rutile sales commenced in July.
- No lost time injuries.
- Credit approval received for restructure of debt facilities.

Base Resources Limited (ASX & AIM: BSE) (“Base” or the “Company”) is pleased to provide a quarterly production and ramp-up update at its Kwale Mineral Sands Operations (“Kwale Operations”) in Kenya, East Africa. Following the completion of commissioning in the March quarter, strong focus has been maintained on availability, throughput and recovery optimisation in both the wet concentrator plant (“WCP”) and mineral separation plant (“MSP”) with considerable success achieved.

KWALE OPERATIONS

Mined ore grades remained high at 8.4% heavy mineral (“HM”) as mining proceeded through the centre of the Central Dune (8.1% HM during the previous quarter). Following completion of concentrator spiral launder modifications at the end of the June quarter, tonnage mined improved by 25% from 1.8mt to 2.2mt in the September quarter.

Heavy Mineral Concentrate (“HMC”) production increased by 22% to 172,885 tonnes and Valuable Heavy Mineral (“VHM”) recoveries in the concentrator improved by 3% to 96%. WCP utilisation increased from 79% to 87%.



Ship loading at Base's Likoni Port



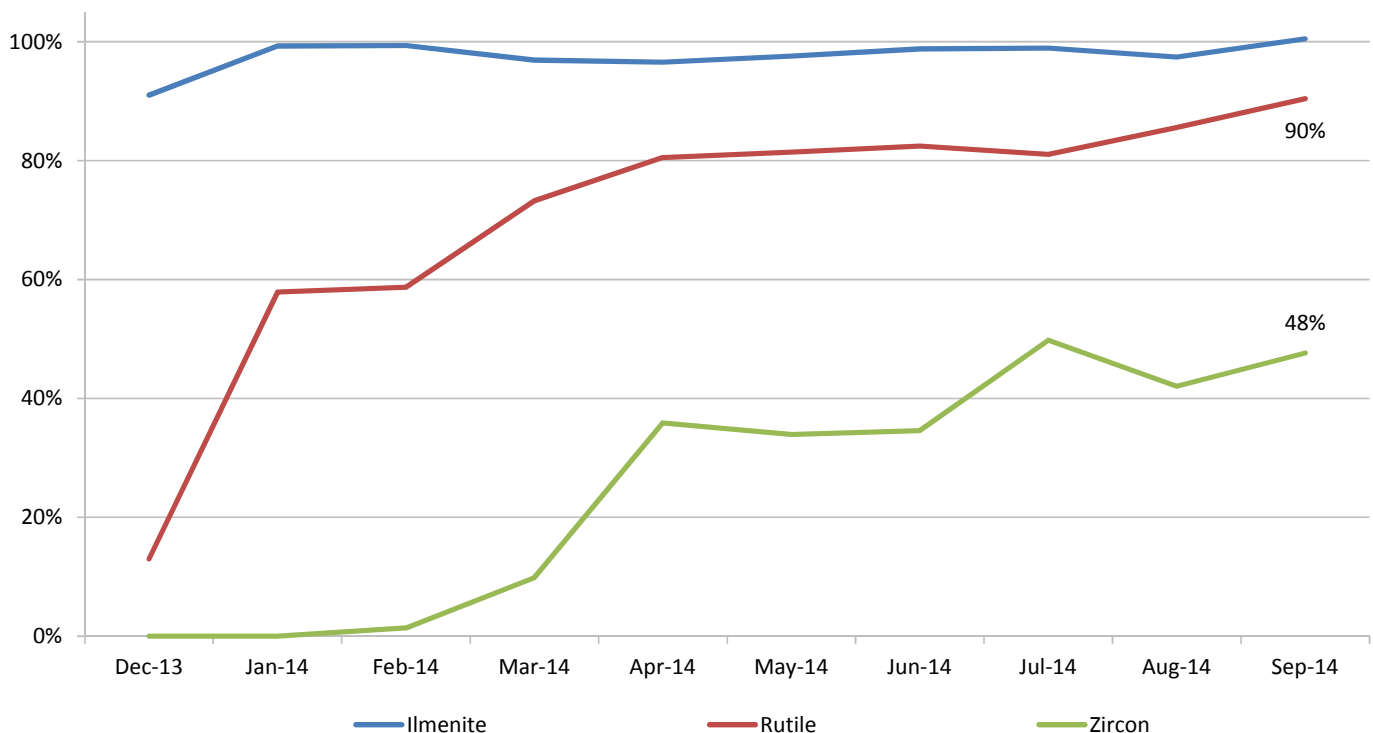
Slime and sand deposition continued to operate according to plan. By the end of the quarter, stacking of the third 5 metre sand wall lift was underway on the perimeter of the tailings storage facility (“TSF”).

Unseasonal rains during the quarter maintained the full 8.6GL water capacity at the Mukurumudzi Dam.

MSP throughput of 164,000 tonnes was 7% above the previous quarter and feed rates were consistently at design levels of 80tph or higher during the quarter. MSP utilisation improved substantially from 87% to 92% over the quarter.

Ilmenite production continued at or above design capacity. Zircon production is consistent with the planned twelve month ramp-up to design capacity and average recoveries increased from last quarter’s 35% to 47% this quarter. Rutile production ramp-up continued with significant success being achieved and a good understanding gained of the metallurgical characteristics of the various ore types. Rutile production increased 9% over the prior quarter, from 15,221 tonnes to 16,612 tonnes with MSP recoveries averaging 86% for the quarter, and increasing to 90% for the month of September. Further rutile recovery improvements are expected to come from screen optimisation during the December quarter and ongoing design enhancements. The focus over the next quarter for zircon is on improving recoveries through final product handling design changes to allow better grade control.

MSP PRODUCT RECOVERIES



Note: the methodology for calculating product recoveries prior to July 2014 has changed and recoveries shown in the above chart will therefore differ from those previously reported.

Bulk loading at Base’s Likoni Port facility continued to perform well throughout the September quarter, dispatching more than 130,000 tonnes during the quarter, with a further 10,000 tonne rutile bulk shipment leaving shortly after quarter end.

Base commenced container shipments of rutile in July and completed a total of 7 individual shipments (a total of approximately 3,100 tonnes) through the September quarter and 12 shipments of containerised zircon (a total of approximately 2,600 tonnes).



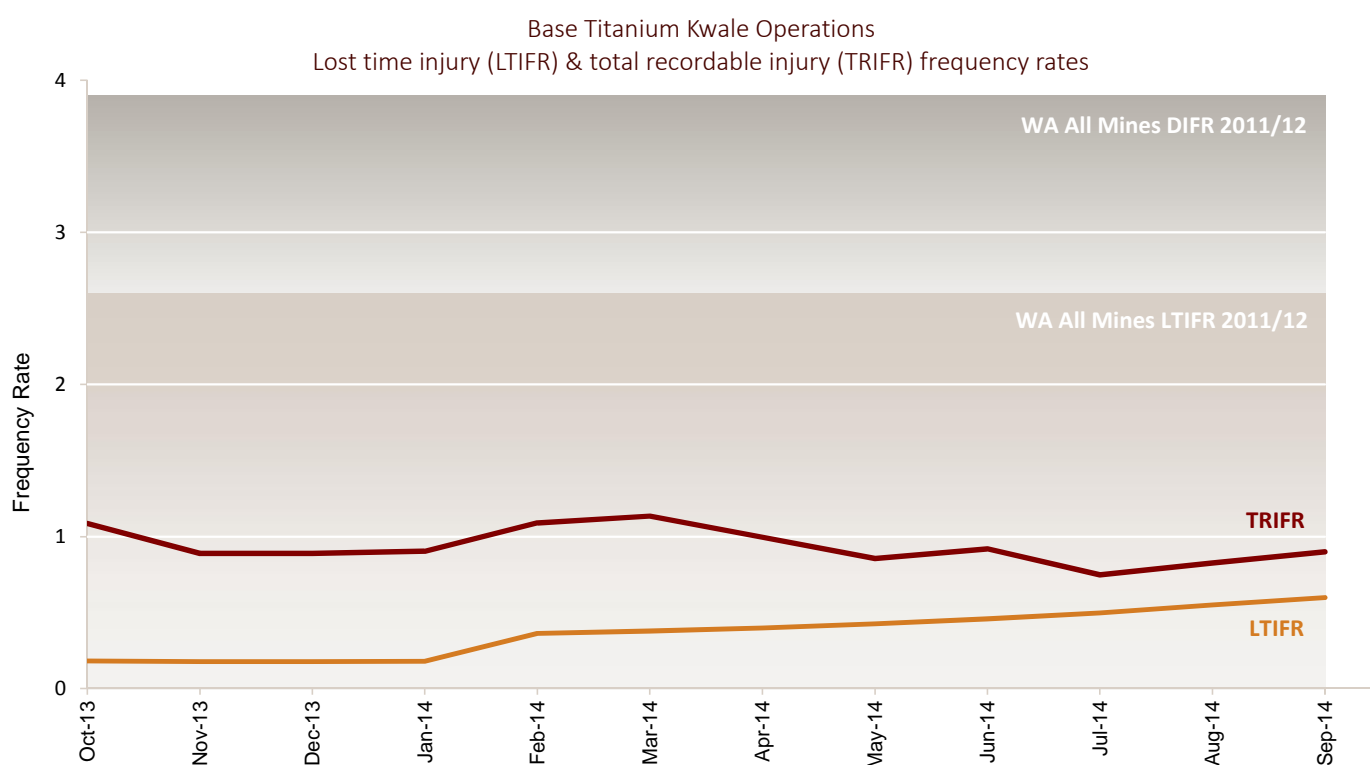
Quarterly Activities Report – September 2014

SUMMARY PHYSICAL DATA	March 2014 Quarter	June 2014 Quarter	September 2014 Quarter
Ore mined (dmt)	1,940,951	1,759,211	2,191,455
HMC produced (dmt)	113,196	141,753	172,885
Production (dmt)			
Ilmenite	68,193	91,620	100,533
Rutile	8,843	15,221	16,612
Zircon	356	4,130	5,210
Sales (dmt)			
Ilmenite	47,300	91,529	116,578
Rutile	0	14,005	12,923
Zircon	0	2,704	2,601

SAFETY AND TRAINING

No serious injuries occurred during the quarter. A serious potential incident involving a permit to work breach occurred, which resulted in a number of corrective actions being implemented post investigation. A HazOp study was completed for all aspects of the Kwale operation from the mine through to the port. Positive performance indicators continue to be a focus and a safety forum was held with all managers and superintendents with a number of initiatives now being actioned with positive outcomes are already evident.

A comprehensive training and development program is underway aimed at a sustainable workforce transition to national employees with leadership development, apprenticeship programs and graduate traineeships underway.





COMMUNITY AND ENVIRONMENT

Agricultural trials run in conjunction with partners Business for Millennium Development and DEG, are progressing well with harvesting of a good quality potato crop underway and cotton plants nearing maturity. Leveraging the existing significant agricultural activity and experience in Kwale County, these projects have the potential to deliver significant improvement in livelihoods in the area through increased crop diversity, enhanced agricultural practices, output aggregation and access to stable markets.

The Magaoni Health Centre, a joint project between the community, who donated the land, and Base was completed during the quarter and the official opening ceremony was attended by the Governor of Kwale. A number of other community construction projects were completed during the quarter including the Magaoni Secondary School multi-purpose hall, a joint project between Base and the Ausenco Foundation.

On the environmental front, site revegetation is continuing with increased tree planting from our extensive indigenous tree nursery. Local community based organisations have been assisted with training to establish their own indigenous species nurseries and educated on the importance of maintaining the local eco-system as opposed to introducing exotic species.



One of seven potato trial plots

MARKETING

Sales of all products have continued to progress in line with expectations through the September quarter. The first container shipments of rutile commenced in early July as planned and have been continuing on a steady basis. A total of six consignments (a total of 126,000 tonnes of ilmenite and rutile) were loaded onto bulk vessels during the quarter. A further bulk shipment of 10,000 tonnes of rutile was due to load in late September, but delays in the arrival of the ship pushed it to early October. The majority of ilmenite shipments occurred in the second half of the quarter.



The global TiO₂ pigment industry recovered further throughout the September quarter. The Chinese pigment market continued its upward momentum with increases in both volumes and sales prices, including a notable increase in pigment exports. Inventories of titanium dioxide feedstock continue to be worked down but are likely to stay at elevated levels for the remainder of 2014. Pricing of high grade titanium dioxide feedstock (including rutile) has remained stable for the past two quarters and should continue to do so for the remainder of the year. Ilmenite prices appeared to have reached a bottom during the start of the September quarter. Recent feedback from China suggests that prices achieved for small volume sales, by domestic ilmenite producers, marginally increased in the latter part of the quarter. Output from some of the main ilmenite-producing regions continues to be suppressed which should support ongoing price stability at, or near, current levels.

Zircon trade activity remained firm through the September quarter. Stocks of zircon held by producers continued to be depleted and prices have remained relatively flat since the early stages of 2014. It appears more certain that the zircon market has reached the bottom of the cycle and is trending towards a firm recovery. The ongoing improvement in market conditions should support zircon price improvement towards the end of 2014 or the beginning of 2015. However, any such price recovery will be largely dictated by the supply-side response of the major zircon producers.

CORPORATE

DEBT RESCHEDULING

Confirmation of credit approval for the restructure of the Kwale Project debt facility (“Debt Facility”) has been received from all lenders. The rescheduling has the primary effect of realigning the Debt Facility repayment schedule to reflect the delay in commencement of sales from the Kwale Project to February 2014 from the original expectation of October 2013 when the facility was arranged in 2011.

Under the approved terms of the restructure, all principal repayments and funding of the debt service reserve account will be deferred by six months with some re-profiling to suit future cash flows. Once implemented, the first principal repayment will be deferred from December 2014 to June 2015 and the debt repayments during the 2015 financial year will be reduced from US\$45.9 million to US\$11.0 million.

The finalisation of the restructure is subject to the agreement and execution of final documentation, which is expected to be concluded over the next two months.

KWALE COUNTY MINERAL LEVY

Base is currently continuing to work with both the Kwale County Government and the Kenyan National Government to have the export levy purported to be imposed by the Kwale County withdrawn or rescinded (see ASX and AIM Release dated 5 June 2014) on the basis that it is unconstitutional. Base remains comfortable with its legal position and expects to have the matter resolved in the near future. Political considerations are the prime impediment to the definitive resolution of this issue.

CLOSING CASH POSITION

Due to the timing of bulk ilmenite shipments during the quarter, the value of trade receivables grew by US\$11.5 million, resulting in the Company’s cash position at 30 September 2014 falling to A\$10.9 million. Cash receipts from customers during October will return the cash position to normal operating levels.



In summary, at 30 September 2014:

- Cash and cash equivalents (unrestricted) were A\$10.9 million.
- Debt drawn of US\$215.0 million.
- 561,840,029 shares on issue.
- 16,600,000 unlisted options.

ENDS.

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwye	Executive Director

COMPANY SECRETARY

Winton Willesee

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Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Trevor Schultz	Non-Executive Director
Malcolm Macpherson	Non-Executive Director

SHARE DETAILS

As at 30 September 2014, there were 561,840,029 ordinary shares on issue.

SUBSTANTIAL SHAREHOLDERS

Pacific Road Capital	20.5%
Taurus Funds Management	13.0%
L1 Capital	8.8%
Acorn Capital	8.2%
BT Investment Management	6.0%
Aterra Investments	5.7%
Genesis Asset Managers	5.0%

UNLISTED SHARE OPTIONS

Options expiring July 2015 ex A\$0.09	7,100,000
Options expiring July 2015 ex A\$0.25	9,500,000

SHARE REGISTRY

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TENEMENT SCHEDULE

Special Mining Licence 23, 100% interest, Kwale, Kenya

Exploration Licence 173, 100% interest, Kwale, Kenya