



29 February 2016

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**Notification under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)
as modified by ASIC Class Order [CO 08/35]**

Base Resources Limited ABN 88 125 546 910 (ASX & AIM: BSE) (**Base**) has today announced a 1 for 3.35 pro rata accelerated renounceable entitlement offer of fully paid ordinary shares in Base (**New Shares**) to raise up to approximately A\$10 million (**Entitlement Offer**). The offer price per New Share is A\$0.06.

The entitlements to subscribe for New Shares as part of the Entitlement Offer are referred to in this notice as **Entitlements**.

Details of the Entitlement Offer

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are shareholders who:

- are registered as holders of Base shares or depositary interests (as the case may be) on Thursday, 3 March 2016 at 7.00pm (Sydney time) for shareholders on the Australian register and 5.00pm (London time) for shareholders on the UK register (**Record Date**, as applicable);
- as at the Record Date have a registered address in Australia, New Zealand or the United Kingdom or, in the case of institutional shareholders, have a registered address in certain other jurisdictions in which Base makes the Entitlement Offer;
- are not in the United States and are not acting for or on the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Shareholders and who will not participate in the Entitlement Offer are referred to as **Ineligible Shareholders**.

Entitlements of shareholders who do not form part of the accelerated component of the Entitlement Offer will be tradeable on ASX.

Underwriting and nominee arrangements

The Entitlement Offer will be managed and partially underwritten by RFC Ambrian Ltd (**RFC Ambrian**) up to an amount of A\$7.054 million. Pacific Road Capital II Pty Limited and related entities (**Pacific Road**), Base's largest shareholder, has entered into a sub-underwriting agreement with RFC Ambrian under which Pacific Road has agreed to subscribe for its full Entitlement under the Entitlement Offer and sub-underwrite an additional amount of New Shares, up to a maximum aggregate value of approximately A\$7 million of New Shares.

Base will also appoint a nominee in respect of the Entitlements of Ineligible Shareholders. The Entitlements that Ineligible Shareholders would have received will be issued to the nominee who will seek to sell those Entitlements on ASX during the period over which Entitlements may be traded on that market.

Purpose of this notice

Base gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Class Order [CO 08/35] that:

- (a) Base will offer New Shares for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is given under section 708AA(2)(f) of the Corporations Act;
- (c) as at the date of this notice, Base has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to Base; and
 - (ii) section 674 of the Corporations Act;
- (d) 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 which is required to be disclosed under section 708AA(7)(d) of the Corporations Act; and
- (e) the potential effect that the issue of New Shares will have on the control of Base and the consequences of that effect is described below.

Effect of the Entitlement Offer on the control of Base

The potential effect that the Entitlement Offer will have on the control of Base and the consequences of that effect will depend upon a number of factors, including the level of take up by Eligible Shareholders of their Entitlements and investor demand for the Entitlements and New Shares.

(a) *Effect on Base shareholders generally*

If Eligible Shareholders take up their full Entitlement under the Entitlement Offer, their interest in Base will not be diluted by the Entitlement Offer. If Eligible Shareholders do not exercise their Entitlement under the Entitlement Offer, or only exercise part of their Entitlement, their interest in Base will be diluted. Ineligible Shareholders will have their interest diluted by the Entitlement Offer. The extent of any dilution will depend on the level of participation in the Entitlement Offer.

(b) *Effect on the voting power of Pacific Road*

Pacific Road is Base's largest shareholder and has a voting power of approximately 20.3% in Base as at the date of this notice.

As a result of the underwriting and sub-underwriting arrangements described above, together with commitments already received from other major shareholders to subscribe for their full Entitlements, the maximum potential voting power of Pacific Road in Base as a result of the Entitlement Offer (assuming that Pacific Road takes up its whole Entitlement and that its sub-underwriting commitment is called upon to the maximum extent) is 32%.

As Pacific Road has agreed to take up its whole Entitlement, if there is no shortfall under the Entitlement Offer, Pacific Road's voting power will remain unchanged at 20.3%.

Base shareholders should be aware that, in the event that Pacific Road acquires a relevant interest in at least 25% of Base's issued ordinary shares (which is a possible result of the Entitlement Offer, as illustrated above), Pacific Road will have the ability to block matters requiring Base shareholder approval by special resolution.

At the time of this announcement, Pacific Road has one nominee director appointed to the board of Base. Pacific Road will not, as a result of the Entitlement Offer, have the right to nominate any additional directors to the board of Base.

Yours faithfully

A handwritten signature in black ink, appearing to be 'CP', with a long horizontal line extending to the right.

Chadwick Poletti
Company Secretary