



9 March 2016

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

Renounceable Entitlement Offer: letter to ineligible shareholders

Further to the announcement by Base Resources Limited ABN 88 125 546 910 (ASX & AIM: BSE) (**Base Resources**) today relating to Base Resources' 1 for 3.35 accelerated pro rata renounceable entitlement offer (**Entitlement Offer**), a letter in the form attached has today been sent to those registered shareholders ineligible to participate in the Entitlement Offer.

Yours faithfully

Chadwick Poletti
Company Secretary



9 March 2016

Dear Shareholder

Notification to ineligible shareholders – accelerated renounceable pro rata entitlement offer

On 29 February 2016, Base Resources Limited (**Base Resources**) announced a partially underwritten accelerated renounceable pro rata entitlement offer of fully paid ordinary shares (**New Shares**) in Base Resources to raise approximately A\$10 million (**Entitlement Offer**). The offer price is A\$0.06 per New Share (**Offer Price**).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

Detail in relation to the Entitlement Offer

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders to participate at the same Offer Price and offer ratio (**Retail Entitlement Offer**). The proceeds from the Entitlement Offer will be used to provide continuity and certainty of corporate funding, allow progression of Base Resources' strategic plan and capitalise on achievements to date.

Pursuant to the Entitlement Offer, eligible shareholders will be entitled to subscribe for 1 New Share for every 3.35 Base Resources shares held at 7.00pm (Sydney time)¹ on Thursday, 3 March 2016 (**Record Date**) for the Offer Price (**Entitlement**). An offer booklet in relation to the Retail Entitlement Offer (**Retail Offer Booklet**) will be dispatched to Eligible Retail Shareholders (as defined below) on or around Wednesday, 9 March 2016.

Some further key details are as follows:

- The Entitlement Offer is being made without a prospectus or product disclosure statement in accordance with section 708AA of the Australian *Corporations Act 2001* (Cth) (as modified by ASIC Class Order [CO 08/35]).
- The Entitlement Offer is being managed and partially underwritten by RFC Ambrian Ltd (**RFC Ambrian**). Pacific Road Capital, Base Resources' 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 number of New Shares.

For further information in relation to the Entitlement Offer, refer to the investor presentation released to ASX on 29 February 2016.

Eligible Retail Shareholders are those shareholders which:

- are registered as a holder of shares or depositary interests as at the Record Date;
- have a registered address in Australia, New Zealand or the United Kingdom and are not acting for the account or benefit of a person resident in another jurisdiction (to the extent such person holds shares in Base Resources for the account or benefit of such a person);
- are not in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds shares in Base Resources for the account or benefit of such person in the United States);
- did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

¹ The record date for depositary interest holders on the AIM market of the London Stock Exchange is 5.00 pm (London time) on Thursday, 3 March 2016.

Shareholders who are not Eligible Retail Shareholders and who were not invited to participate in the Institutional Entitlement Offer are **Ineligible Shareholders**. Base Resources considers it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to:

- the number of Ineligible Shareholders;
- the number and value of the New Shares to be offered to the Ineligible Shareholders; and
- the cost of obtaining legal advice in relation to, and complying with any regulatory and legal requirements in, the particular excluded jurisdictions that apply to the Ineligible Shareholders.

Eligibility to participate

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Base Resources advises that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. Other than this letter, you will not be sent documents relating to the Entitlement Offer.

However, as the Entitlement Offer is renounceable, Ineligible Shareholders may receive value for the entitlements they would have received had they been eligible to participate in the Entitlement Offer (**Ineligible Entitlements**), as explained below.

- Base Resources has appointed Euroz Securities Limited as the nominee in respect of the Ineligible Entitlements of Ineligible Shareholders (**Nominee**). The Ineligible Entitlements 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 or by way of off-market transfer while the Retail Entitlement Offer is open. If any Ineligible Entitlements are sold, you will receive your proportionate share of the proceeds from that sale, net of expenses and any applicable withholding tax.
- The New Shares in respect of the Ineligible Entitlements that are not able to be sold will be sold via a retail shortfall bookbuild to be conducted on or about Wednesday, 30 March 2016. You will receive your proportionate share of the proceeds in excess of the Offer Price (if any) for New Shares sold in the retail shortfall bookbuild, net of any expenses and applicable withholding tax.

Accordingly, there is no guarantee that you will receive any value for your Ineligible Entitlements.

The Entitlements of eligible shareholders that do not form part of the accelerated institutional component of the Entitlement Offer and Ineligible Entitlements will be tradeable on ASX. You should note that the assignment, transfer and exercise of Entitlements and Ineligible Entitlements will be restricted to persons meeting certain eligibility criteria. If holders of Entitlements or Ineligible Entitlements (as the case may be) do not meet the eligibility criteria, they will not be able to take up or exercise those entitlements and, as a result, they may receive no value for them.

On behalf of Base Resources, I thank you for your continued support of the company.

Yours faithfully



Chadwick Poletti
Company Secretary

IMPORTANT INFORMATION

This letter is issued by Base Resources. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Base Resources in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking into account the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form any part of any contract for the acquisition of Base Resources shares.

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements and New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. Accordingly, the Entitlements may only be taken up by, and the New Shares may only be offered or sold to, persons that are not in the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

No documents relating to the Entitlement Offer may be sent or distributed, in whole or in part to persons in the United States or to persons that are acting for the account or benefit of any person in the United States.