



ASX and AIM Release

28 December 2017

Despatch of Retail Entitlement Offer Booklet

Base Resources Limited (ASX & AIM: BSE) (**Base Resources**) advises that the Retail Entitlement Offer Booklet for its 1 for 3 accelerated pro rata renounceable entitlements offer announced on 19 December 2017 (**Entitlement Offer**) will today be sent to eligible retail shareholders. A copy of the Retail Entitlement Offer Booklet was released to ASX on 21 December 2017.

Only eligible retail shareholders holding shares on the record date of 7.00pm (AEDT) on Thursday, 21 December 2017¹ may participate in the retail component of the Entitlement Offer. A notification to those retail shareholders ineligible to participate in the Entitlement Offer will also be sent today (a copy of the notice to ineligible retail shareholders is attached).

ENDS.

¹ Record date for Base Resources' Australian register was 7.00pm (AEDT) on Thursday, 21 December 2017. Record date for Base Resources' UK register was 6.00pm (GMT) on Thursday, 21 December 2017 for Base Resources' UK register.

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Keith Spence	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwy	Executive Director

Sam Willis	Non-Executive Director
Michael Stirzaker	Non-Executive Director
Malcolm Macpherson	Non-Executive Director

NOMINATED ADVISOR & BROKERS

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RFC Ambrian Limited

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ASX

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AIM

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COMPANY SECRETARY

Chadwick Poletti

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28 December 2017

Dear Shareholder

Notification to ineligible shareholders – accelerated renounceable pro rata entitlement offer

On 19 December 2017, Base Resources Limited (**Base Resources**) announced a combined share placement and partially underwritten accelerated renounceable pro rata entitlement offer of fully paid ordinary shares (**New Shares**) in Base Resources (**Entitlement Offer**), as part of the capital raising to raise gross proceeds of approximately A\$100 million at A\$0.255 per share (**Offer Price**). The offer proceeds will be used to fund the acquisition of the Toliara Sands Project in Madagascar (refer further to Base Resources' market releases on 19 December 2017).

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**).

Pursuant to the Entitlement Offer, eligible shareholders will be entitled to subscribe for 1 New Share for every 3 Base Resources shares held at 7.00pm (AEDT)¹ on Thursday, 21 December 2017 (**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 Thursday, 28 December 2017.

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).
- The Entitlement Offer is being managed and partially underwritten by RFC Ambrian Ltd (**RFC Ambrian**).

For further information in relation to the Entitlement Offer, refer to the investor presentation released to ASX on 19 December 2017.

Eligible Retail Shareholders are those shareholders which:

- are registered as a holder of shares on the Record Date;
- have a registered address on the Register in Australia, New Zealand or Kenya 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 6.00 pm (GMT) on Thursday, 21 December 2017.

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 in each jurisdiction;
- the number and value of the New Shares to be offered to the Ineligible Shareholders in each jurisdiction; and
- the cost of obtaining legal advice in relation to, and complying with any regulatory and legal requirements in each of, 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 (as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84), 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**).

Base Resources has appointed RFC Ambrian 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. 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 securities referred to herein have not been, and will not be, registered under the US Securities Act 1933, as amended (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities may not be offered or sold in the United States or to persons that are acting for the account or benefit of persons in the United States, unless they have been registered under the US Securities Act (which Base Resources has no obligation to do or procure) or are offered and sold in a transaction that is exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws.