



**BASE  
RESOURCES**

ASX, AIM and Media Release

9 March 2016

## **Retail Entitlement Offer Booklet**

**Base Resources Limited** (ASX & AIM: BSE) ("**Base Resources**") advises that the following attached documents relating to the retail component of Base Resources' 1 for 3.35 accelerated pro rata renounceable entitlement offer announced on 29 February 2016 ("**Entitlement Offer**") have been mailed to eligible retail shareholders today:

- Retail Entitlement Offer Booklet.
- Sample Entitlement and Acceptance Form.

Only eligible retail shareholders may participate in the retail component of the Entitlement Offer. A notification to ineligible shareholders will be sent to relevant shareholders and released to ASX separately.

ENDS.

# CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

## DIRECTORS

<b>Keith Spence</b>	Non-Executive Chairman
<b>Tim Carstens</b>	Managing Director
<b>Colin Bwye</b>	Executive Director

<b>Sam Willis</b>	Non-Executive Director
<b>Michael Anderson</b>	Non-Executive Director
<b>Michael Stirzaker</b>	Non-Executive Director
<b>Malcolm Macpherson</b>	Non-Executive Director

## COMPANY SECRETARY

Chadwick Poletti

## NOMINATED ADVISOR & BROKER

### RFC Ambrian Limited

As Nominated Advisor:

Andrew Thomson or Stephen Allen

Phone: +61 (0)8 9480 2500

As Broker:

Jonathan Williams

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## SHARE REGISTRY

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BRISTOL BS99 6ZZ

Enquiries: +44 (0) 870 702 0003

[www.computershare.co.uk](http://www.computershare.co.uk)

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## Retail Entitlement Offer Booklet

### Details of a 1 for 3.35 accelerated renounceable pro rata entitlement offer to Eligible Retail Shareholders of New Shares at an offer price of A\$0.06

Unless extended, the retail component of the entitlement offer closes at:

- 5.00pm (Sydney time) on Thursday, 24 March 2016 for shareholders on the Australian Register; and
- 5.00pm (London time) on Wednesday, 23 March 2016 for shareholders on the UK Register.

#### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This document and the accompanying personalised Entitlement and Acceptance Form are both important documents which should be read in their entirety.

You should call your stockbroker, accountant or other independent and appropriately licensed professional adviser if you have any questions or are in doubt as to what you should do.

# Important Information

## **This Booklet**

This Booklet has been prepared by Base Resources Limited ABN 88 125 546 910 and is dated 4 March 2016.

The Entitlement Offer to which the information in this Booklet relates is being made in reliance on section 708AA of the Corporations Act as modified by ASIC Class Order [CO 08/35].

## **Not a prospectus and investment advice or financial product advice**

The information in this Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with Base Resources' other periodic statements and continuous disclosure announcements lodged with ASX and AIM.

It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Base Resources is not licensed to provide financial product advice in respect of the New Shares. Neither ASIC, ASX or AIM take responsibility for the contents of this Booklet.

The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Retail Entitlement Offer. If, after reading this Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

You should also consider the "Key risks" section of the Investor Presentation which is included in this Booklet at Section 3.2.

## **Forward-looking statements**

This Booklet (including the Investor Presentation) contains certain "forward looking statements". Forward looking statements include statements containing words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions.

Any forward looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Base Resources, including the risks and uncertainties described in the "Key risks" section of the Investor Presentation.

Forward looking statements may include, but are not limited to, statements with regard to projected capital costs, capacity, future production volumes and grades, sale projections and financial performance. Forward looking statements are provided as a guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law or regulation, Base Resources assumes no obligation to update these forward looking statements.

To the maximum extent permitted by law, Base Resources and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

## **Past performance**

Past performance and any historical financial information given in this Booklet is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Booklet is, or is based upon, information that has been released to ASX and AIM. For further information, please see past announcements released to ASX and AIM.

### **Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Booklet. Any information or representation that is not in this Booklet may not be relied on as having been authorised by Base Resources, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Base Resources, or any other person, warrants or guarantees the future performance of Base Resources or any return on any investment made pursuant to this Booklet.

### **Foreign jurisdictions**

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia, New Zealand and the United Kingdom.

The distribution of this Booklet (including an electronic copy) outside of those jurisdictions may be restricted by law. If you come into possession of the information in this Booklet, you should observe such restrictions and seek your own advice on such restrictions.

Refer to Section 4.11 for key further information in relation to certain foreign jurisdictions.

### **Trading Entitlements and New Shares**

Base Resources will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Base Resources or the Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

The assignment, transfer and exercise of Entitlements trading on ASX is restricted to persons meeting certain eligibility criteria. If holders of Entitlements at the end of the trading period do not meet eligibility criteria, they will not be able to exercise those entitlements and, as a result, they will receive no value for them if there is no Retail Premium resulting from the in Retail Shortfall Bookbuild.

Base Resources will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Base Resources or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

Refer to Sections 4.7 and 4.8 for more details on trading of New Shares and Entitlements.

### **Miscellaneous**

Unless otherwise stated, all dollar values in this booklet are in Australian dollars (A\$).

Capitalised terms used in this Booklet have the meaning given in the Glossary in Section 5 unless the context requires otherwise.

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## Chairman's Letter

4 March 2016

Dear Shareholder

### **Base Resources– Retail Entitlement Offer**

On behalf of the Board of Base Resources, I am pleased to invite you to participate in a renounceable pro rata entitlement offer of new ordinary fully paid shares in Base Resources.

The Entitlement Offer was announced on Monday, 29 February 2016. As announced at that time, Base Resources is seeking to raise gross proceeds of approximately A\$10 million pursuant to the capital raising.

The proceeds from the Entitlement Offer will be used to provide continuity and certainty of corporate funding for Base Resources, and allow progression of Base Resources' strategic plan and capitalise on achievements to date. The proceeds will also be used to pay the costs associated with the raising.

RFC Ambrian has agreed to manage and partially underwrite the Entitlement Offer, with Base Resources' largest shareholder, Pacific Road, to act as sub-underwriter. Given the success of the institutional component of the Entitlement Offer, the retail component of the Entitlement Offer is now fully underwritten by RFC Ambrian and sub-underwritten by Pacific Road. For a summary of the key terms of the underwriting arrangements with RFC Ambrian and Pacific Road, and details as to the potential increase in Pacific Road's shareholding as a result of participating in the Entitlement Offer and the sub-underwriting, refer to Section 4.12 and the Investor Presentation in Section 3.2, respectively.

### **Institutional Entitlement Offer**

Base Resources undertook the institutional component of the Entitlement Offer between 29 February 2016 and 2 March 2016. The institutional component of the Entitlement Offer was strongly supported and Base Resources received commitments to subscribe for the full institutional component of approximately 137.5 million New Shares worth approximately A\$8.3 million.

### **Retail Entitlement Offer**

This Booklet relates to the retail component of the Entitlement Offer. Under the Retail Entitlement Offer, eligible retail shareholders are entitled to subscribe for 1 New Share for every 3.35 Base Resources shares held on the record date.

The offer price per New Share is A\$0.06, which represents a discount of:

- 6.2% to the 10-day volume weighted average price of Base Resources shares to 26 February 2016 (being the last trading day prior to announcement of the Entitlement Offer);
- 24.6% to the 5-day volume weighted average price of Base Resources shares to 26 February 2016; and
- 26.8% to the last closing share price on ASX on 26 February 2016.

The Offer Price is the same as the price offered pursuant to the Institutional Entitlement Offer. The record date for determining entitlements is 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.

**The Retail Entitlement Offer closes at:**

- **5.00pm (Sydney time) on Thursday, 24 March 2016 for eligible retail shareholders on the Australian register; and**
- **5.00pm (London time) on Wednesday, 23 March 2016 for eligible retail shareholders on the UK register.**

**This Booklet and how to apply for New Shares**

This Booklet contains important information about the Retail Entitlement Offer, including the key dates relating to the offer, a summary of the options available to you and a summary of the key risks associated with an investment in Base Resources.

A personalised Entitlement and Acceptance Form detailing your Entitlement also accompanies this Booklet.

If you are an eligible retail shareholder on the Australian register, to participate in the Retail Entitlement Offer, you must return your completed Entitlement and Acceptance Form and application money, or BPAY<sup>®</sup> payment, by the closing date noted above. Eligible retail shareholders on the UK register should refer to Sections 2.10 and 2.11 for instructions on how to participate.

I encourage you to read this Booklet in full before deciding whether or not to take up your Entitlement. You may wish to obtain professional advice to assist you with your decision. We recommend you consult your stockbroker, accountant or other independent and appropriately licensed professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

On behalf of the Board of Base Resources, I thank you for your continued support of Base Resources and invite you to consider this investment opportunity.



Keith Spence  
**Chairman**

## 1. Key Dates

Event	Date
Announcement of the capital raising Institutional Entitlement Offer opens	Monday, 29 February 2016
Institutional Entitlement Offer closes	Tuesday, 1 March 2016
Institutional Shortfall Bookbuild	Wednesday, 2 March 2016
Retail Entitlements commence trading on ASX on a deferred settlement basis	Thursday, 3 March 2016
Record Date for the Entitlement Offer (7.00pm (Sydney time) for Shareholders on the Australian Register and 5.00pm (London time) for Shareholders on the UK Register)	Thursday, 3 March 2016
Despatch of this Booklet to Eligible Retail Shareholders	Wednesday, 9 March 2016
Retail Entitlement Offer opens	Thursday, 10 March 2016
Settlement of Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Thursday, 10 March 2016
Issue of New Shares and Depositary Interests in respect of New Shares, pursuant to Institutional Entitlement Offer and Institutional Shortfall Bookbuild, and commencement of trading on ASX	Friday, 11 March 2016
Trading of Retail Entitlements ends	Thursday, 17 March 2016
Retail Entitlement Offer closes for Shareholders on the UK Register	5.00pm (London time) on Wednesday, 23 March 2016
Retail Entitlement Offer closes for Shareholders on the Australian Register	5.00pm (Sydney time) on Thursday, 24 March 2016
Retail Shortfall Bookbuild	Wednesday, 30 March 2016
Settlement of New Shares pursuant to Retail Entitlement Offer and Retail Shortfall Bookbuild	Wednesday, 6 April 2016
Announce results of the Retail Entitlement Offer	Thursday, 7 April 2016
Issue of New Shares and Depositary Interests in respect of New Shares pursuant to Retail Entitlement Offer and Retail Shortfall Bookbuild	Thursday, 7 April 2016
Quotation of New Shares pursuant to Retail Entitlement Offer and Retail Shortfall Bookbuild on ASX	On or before Friday, 8 April 2016
Quotation of Depositary Interests in respect of New Shares issued pursuant to Retail Entitlement Offer on AIM	On or before Friday, 8 April 2016
Despatch of holding statements for New Shares pursuant to the Retail Entitlement Offer and Retail Shortfall Bookbuild trading on ASX	Monday, 11 April 2016
Retail Premium (if any) dispatched	Monday, 11 April 2016

Dates and times in this Booklet are indicative only and may be subject to change. Base Resources reserves the right, subject to the Corporations Act, ASX Listing Rules, AIM Rules and other applicable laws, to withdraw or vary the dates and times of the Retail Entitlement Offer without notice. In particular, Base Resources reserves the right to extend the closing date of the Retail Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens. Any extension of the Closing Date will have a consequential effect on certain subsequent events occurring after that date, such as the issue and quotation date. The commencement of quotation of New Shares and Depositary Interests in respect of New Shares, is subject to confirmation from ASX and AIM, respectively.

## 2. Details Of The Entitlement Offer

### 2.1 Overview of the Entitlement Offer

There are four components to the Entitlement Offer. A summary of each of those components is set out below:

- **Institutional Entitlement Offer:** Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement on an accelerated basis under the Institutional Entitlement Offer. Entitlements under the Institutional Entitlement Offer were renounceable, but were not able to be traded on ASX.
- **Institutional Shortfall Bookbuild:** New Shares in respect of Entitlements not taken up by Eligible Institutional Shareholders were sold to certain other Eligible Institutional Shareholders and Institutional Investors through the Institutional Shortfall Bookbuild, which completed on 2 March 2016. The amount paid in respect of those New Shares was the Offer Price.
- **Retail Entitlement Offer:** Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part or traded on ASX (or transferred directly to another person) in whole or in part. If you do not wish to take up all or part of your Entitlement, this means you may sell on ASX or transfer all or part of your Entitlement to persons meeting certain eligibility criteria in order to realise value from your Entitlement. You may incur brokerage costs if you sell your Entitlement on ASX.
- **Retail Shortfall Bookbuild:** Entitlements of Eligible Retail Shareholders, and the entitlements of Ineligible Shareholders had they been entitled to participate in the Entitlement Offer (ie Ineligible Entitlements), which are not taken up by the Closing Date will be offered for sale through the Retail Shortfall Bookbuild. Any Retail Premium will be remitted proportionally to the holders of those entitlements. The Retail Premium, if any, is expected to be paid on or about Monday, 11 April 2016.

New Shares will be issued on a fully paid basis and will rank equally in all respects with the Shares on issue at the date of this Booklet. The rights and liabilities attaching to the New Shares are set out in Base Resources' constitution, a copy of which is available at [www.baseresources.com.au](http://www.baseresources.com.au).

Based on the capital structure of Base Resources as at the date of this Booklet, a maximum of 168,329,186 Shares<sup>1</sup> will be issued pursuant to the Entitlement Offer to raise gross proceeds of approximately A\$10 million. Refer to the Investor Presentation included in Section 3.2 for further details.

### 2.2 The Retail Entitlement Offer

Under the Entitlement Offer, Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 New Share for every 3.35 existing Shares held at the Record Date at the Offer Price on the terms set out in this Booklet.

You should note that not all Base Resources Shareholders are eligible to participate in the Retail Entitlement Offer – see Section 4 for further details.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as the ratio and price under the Institutional Entitlement Offer. The Record Date for the Retail Entitlement Offer and the Institutional Entitlement Offer is also the same, but differs depending on whether a Shareholder is registered on the Australian Register or the UK Register.

### 2.3 This Booklet is not a prospectus

The Retail Entitlement Offer is not being made under a prospectus or product disclosure statement. Rather, the Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues and related issues to be made by providing certain confirmations to the market, on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Entitlement Offer, when read with this Booklet and the accompanying information, is publicly available.

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<sup>1</sup> Subject to the effects of rounding.

This Booklet does not contain all of the information which may be required in a prospectus or product disclosure statement. As a result, it is important for Eligible Retail Shareholders to carefully read and understand publicly available information on Base Resources and the Retail Entitlement Offer, prior to accepting all or part of their Entitlement. In particular, please read this Booklet in its entirety, Base Resources' annual and interim reports and other announcements on ASX and AIM.

#### **2.4 Risks associated with an investment in Base Resources**

The financial position, performance and prospects of Base Resources are subject to a number of general and specific risks. Furthermore, an investment in Shares is also subject to investment and other known and unknown risks, some of which are beyond the control of Base Resources, including possible loss of income and principal invested.

Base Resources does not guarantee any particular rate of return or the performance of Base Resources, nor does it guarantee the repayment of capital from Base Resources or any particular tax treatment. In considering an investment in Shares, investors should have regard to (amongst other things) the "Key risks" section in the Investor Presentation in Section 3.2 and the disclaimers in this Booklet.

Please consult with your stockbroker, accountant or other independent and appropriately licensed professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

#### **2.5 Your Entitlement**

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 3.35 Shares you held as at the Record Date, rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares then on issue. New Shares will be entitled to any dividends on ordinary shares with a record date after the date of issue.

If you decide to take up all or part of your Entitlement, please refer to the personalised Entitlement and Acceptance Form and apply for New Shares pursuant to that form.

#### **2.6 Nominees**

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders (see definition of Eligible Retail Shareholder in Section 4.2). Base Resources is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (eg for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Nominees may not distribute any part of this Booklet, or apply for New Shares, for beneficial holders in the United States or in any other country outside Australia, New Zealand and the United Kingdom except to beneficial shareholders:

- who are professional or institutional shareholders in other countries (excluding the United States) listed in, and to the extent permitted under, the "International Offer Restrictions" section of the Investor Presentation included in Section 3.2 of this Booklet; or
- in other countries (excluding the United States) where Base Resources may determine it is lawful and practical to make the Retail Entitlement Offer.

In particular, any person in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement on behalf of any person in the United States.

#### **2.7 Impact of the Entitlement Offer on your shareholding**

If you do not wish to take up your Entitlement under the Retail Entitlement Offer, your percentage shareholding in Base Resources will be diluted by those other shareholders or investors (as applicable) who take up some or all of their Entitlements, acquire shares through the Institutional Shortfall Bookbuild or Retail Shortfall Bookbuild, or via the underwriting and sub-underwriting arrangements (refer to Section 4.12 for further information).

## 2.8 Entitlement trading

The Entitlement Offer is renounceable. This means that Eligible Retail Shareholders who do not wish to take up all or part of their Entitlement may sell or transfer their Entitlement in order to realise the value that may attach to their Entitlement.

### *Buying Entitlements*

Investors should note that if you purchase Entitlements (on ASX or otherwise) in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder or a resident of Australia, New Zealand or the United Kingdom; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up or exercise those Entitlements or subscribe for New Shares (as the case may be).

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If the purchasers of Entitlements are not able to take up those entitlements, they may receive no value for them.

### *Entitlement trading on ASX*

If you wish to sell all or part of your Entitlement, you must provide appropriate instructions to your stockbroker and provide them with any information requested by them in order to affect your instructions as soon as possible. You must allow sufficient time for your instructions to be carried out.

Entitlements will be quoted on ASX and trading of Entitlements will commence on ASX on Thursday, 3 March 2016 and will cease at the close of trading on Thursday, 17 March 2016, unless extended.

If you are considering trading all or part of your Entitlement on ASX, you should refer to Section 4.7 of this Booklet for further information.

### *Entitlement transfers other than on ASX*

If you wish to transfer all or part of your Entitlement other than on ASX, you will need to sign a standard Renunciation and Acceptance Form or contract a CHESS controlling participant. If you are considering such a transfer, you should refer to Section 4.8 of this Booklet for further information.

## 2.9 Your options

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you may receive in respect of your Entitlement:

- take up all or part of your Entitlement (see Section 2.10 below);
- sell all or part of your Entitlement to persons meeting certain eligibility criteria:
  - on ASX (see Section 4.7); or
  - by transferring it directly to another eligible person (see Section 4.8); or
- do nothing and let your Entitlement be offered for sale through the Retail Shortfall Bookbuild (see Section 4.9).

### 2.10 How to apply to take up your Entitlement

If you do decide to take up all or part of your Entitlement, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies by following the instructions set out on that form.

Eligible Retail Shareholders with an Australian bank account will also be entitled to pay their Application Monies via BPAY pursuant to the instructions set out on the Entitlement and Acceptance Form.

Base Resources will treat you as applying for as many New Shares as your payment will pay for in full. Any surplus Application Monies received for more than your final allocation of New Shares will be refunded on or about Monday, 11 April 2016 (except for where the amount is less than A\$2.00, in which case it will be retained by Base Resources as it is not practicable or cost effective to return such amounts). No interest will be paid to Eligible Retail Shareholders on any Application Monies received or returned (wholly or partially).

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, you will be issued your New Shares on or about Thursday, 7 April 2016. Base Resources' decision on the number of New Shares to be allocated to you will be final.

Base Resources reserves the right (in its absolute discretion) to reduce the number of New Shares allocated (or any Retail Premium paid to) Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims to Base Resources' satisfaction.

If you take no action you will not be issued New Shares and RFC Ambrian will seek to sell your Entitlement through the Retail Shortfall Bookbuild. There is no guarantee that Shareholders whose Entitlements are sold through the Retail Shortfall Bookbuild will receive any payment or value for those Entitlements or that such Entitlements will be able to be sold at all (refer to Section 4.10 for further information regarding the Retail Shortfall Bookbuild).

As discussed in Sections 4.7 and 4.8, your Entitlement to participate in the Retail Entitlement Offer is renounceable and can be traded on ASX, or privately transferred.

**To participate in the Retail Entitlement Offer, your payment must be received by an approved payment method by 5.00pm (Sydney time) on Thursday, 24 March 2016, for eligible retail shareholders on the Australian Register, and 5.00pm (London time) on Wednesday, 23 March 2016, for eligible retail shareholders on the UK Register.**

## 2.11 Payment methods

### *Eligible Retail Shareholders on the Australian Register*

Eligible Retail Shareholders on the Australian Register must pay with Australian currency by cheque, bank draft, money order or BPAY.

#### (a) BPAY

For payment by BPAY, please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (ie where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that CRN applies.

Should you choose to pay by BPAY, it is your responsibility to ensure that your BPAY payment is received by the Australian Registry by no later than 5.00 pm (Sydney time) on Thursday, 24 March 2016. You should be aware that your financial institution may impose earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Base Resources takes no responsibility for any failure to receive Application Monies or payment by BPAY before the Retail Entitlement Offer closes, as a result of, among other things, delays in postage or processing of payments by financial institutions.

**(b) Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money order, you must:

- complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form; and
- return the form to the Australian Registry accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Base Resources Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.06 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed Entitlement and Acceptance Form, together with Application Monies, should be mailed using the reply paid envelope provided with this Booklet or otherwise to the following address:

Base Resources Entitlement Offer  
c/o Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Victoria 3001

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form. Alternatively, your application may not be accepted in Base Resources' discretion.

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Australian Registry by no later than 5.00pm (Sydney time) on Thursday, 24 March 2016. Cash payments will not be accepted. Receipts for payment will not be issued.

***Eligible Retail Shareholders on the UK Register***

Eligible Retail Shareholders (ie Depository Interest holders) will also have the opportunity to take up additional Depository Interests via the UK Depository.

The UK Depository will notify Depository Interest holders of the Entitlement Offer, how it applies to them and how they may take up their Entitlement and receive additional Depository Interests representing New Shares. If you are reading this Offer Booklet and are an Eligible Retail Shareholder on the UK Register and you have any queries, please call the UK Depository on +44(0)370 702 0000 .

Prior to the issue of the New Shares, Base Resources will apply for the new Depository Interests in respect of the relevant New Shares to be admitted to trading on AIM with effect from the day after their unconditional allotment and issue.

## 2.12 Warranties made on acceptance of the Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you will be deemed to have acknowledged, represented and warranted, for the benefit of Base Resources that you, and each person on whose account you are acting:

- acknowledge that you have fully read and understood both this Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and agreements contained in this Booklet and the Entitlement and Acceptance Form;
- agree to be bound by the terms of this Booklet and Base Resources' constitution;
- authorise Base Resources to register you as the holder(s) of the New Shares allotted to you;
- declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- acknowledge that once Base Resources receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as provided by law;
- agree to apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price per New Share;
- authorise Base Resources, the Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder(s) of the Shares in your name at the Record Date as set out on the Entitlement and Acceptance Form;
- acknowledge that the information contained in this Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- acknowledge that this Booklet is not a prospectus or other disclosure document and does not contain all of the information that you may require in order to decide whether to take up your Entitlement and is given in the context of Base Resources' ongoing continuous disclosure announcements to ASX and AIM;
- acknowledge that an investment in Base Resources is subject to a number of risks, some of which are set out in the "Key Risks" section of the Investor Presentation;
- represent and warrant that the law of any other place does not prohibit you from being given this Booklet or making an application for New Shares and that you are eligible under all applicable laws to receive an offer under the Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification;
- represent and warrant that you are an Eligible Retail Shareholder; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares as at the Record Date.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted, for the benefit of Base Resources on your own behalf and on behalf of each person on whose account you are acting that:

- you are not in the United States and you are not acting on behalf of a beneficial owner of Shares in the United States, and you are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- you and each person on whose behalf who are acting are acquiring Entitlements and New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U. S. Securities Act;
- you understand that the Entitlements and New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction and, accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. Notwithstanding the foregoing, after the quotation of the Shares commences, you may sell securities in standard (regular way) brokered transactions on the ASX if neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States; and
- you and each person on whose behalf you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States.

### **2.13 No withdrawals**

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

Base Resources reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares to Eligible Retail Shareholders, in which case Base Resources will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

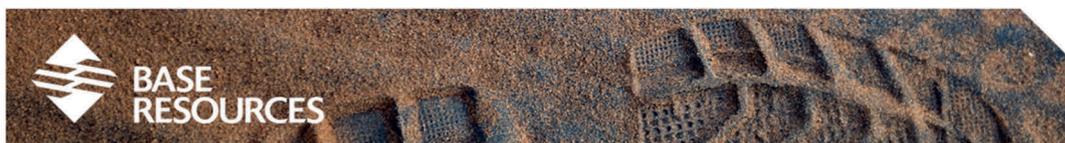
### **2.14 Confirmation of your application and managing your holding**

Eligible Retail Shareholders on the Australian Register may access information on their holding, including their Record Date balance and the issue of New Shares from this Entitlement Offer, and manage the standing instructions the Australian Registry records on their holding on the Computershare website at [www.investorcentre.com/au](http://www.investorcentre.com/au). To access the Investor Centre you will need your Security Reference Number or Holder Identification Number as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site.

Eligible Retail Shareholders on the UK Register should contact the UK Depository on +44(0)370 702 0000 for information on their holdings.

## 3. Relevant Announcements

### 3.1 Announcement of the equity raising dated 29 February 2016



ASX, AIM and Media Release

29 February 2016

#### A\$10 million Renounceable Entitlement Offer

Base Resources Limited (ASX & AIM: BSE) ("Base" or the "Company") is pleased to advise that it has launched a partially underwritten accelerated pro rata renounceable entitlement offer to existing shareholders offering 1 new fully paid ordinary share in Base for every 3.35 shares held at the record date ("New Shares") at A\$0.06 per New Share ("Offer Price") to raise gross proceeds of approximately A\$10 million ("Entitlement Offer").

The proceeds from the Entitlement Offer will be used to provide continuity and certainty of corporate funding, and allow progression of Base's strategic plan and capitalise on achievements to date. Further details in relation to the rationale for the Entitlement Offer are set out in an investor presentation released by Base to ASX today.

The Entitlement Offer will comprise two components:

- an accelerated entitlement offer to existing institutional shareholders of Base ("Institutional Entitlement Offer"); and
- an entitlement offer to existing retail shareholders of Base ("Retail Entitlement Offer"), which includes the ability for eligible retail shareholders to trade their retail entitlements on market on ASX.

New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in Base.

The Entitlement Offer has been partially underwritten by RFC Ambrian Limited ("RFC Ambrian") subject to the terms and conditions of an offer management and underwriting agreement to a cap of A\$7.0 million. Base's largest shareholder, Pacific Road Capital (and its related entities) has committed to take up its full entitlement (approximately A\$2 million) and sub-underwrite the remaining A\$5 million of RFC Ambrian's commitment. Other major shareholders with combined holdings of 29% have already committed to subscribing for their full entitlements, representing approximately A\$2.9 million of the Entitlement Offer.

In addition to being the underwriter, RFC Ambrian is the lead manager and book runner for the Entitlement Offer.

#### Entitlement Offer overview

Under the Entitlement Offer, eligible Base shareholders may subscribe for 1 New Share for every 3.35 Base shares held at the record date of 7.00pm (Sydney time) on Thursday, 3 March 2016<sup>1</sup> at the Offer Price per new share ("Entitlement"). The Offer Price of A\$0.06 per New Share represents a discount of:

- 6.2% to the 10 day VWAP<sup>2</sup> of Base's shares traded on ASX;
- 24.6% to the 5 day VWAP of Base's shares traded on ASX; and
- 26.8% to the last closing share price on ASX on Friday, 26 February 2016 (being the last trading day prior to this announcement).

Under the Institutional Entitlement Offer, Entitlements not taken up by existing institutional shareholders will be offered to other eligible institutional investors by way of an institutional bookbuild at a price not less than the Offer Price. In the event that subscriptions are received at a price above the Offer Price this premium will be paid (less any applicable withholdings) proportionally to the institutional shareholders who do not accept their Entitlement in full.

To the extent that there is a subscription shortfall through the Institutional Entitlement Offer, then the underwriter will subscribe for or procure subscriptions for these shares at the Offer Price up to the maximum of A\$7 million.

The Retail Entitlement Offer will be open from Thursday, 10 March 2016 to Thursday, 24 March 2016. Retail entitlements may be traded on market on the ASX from Thursday, 3 March 2016 to Thursday, 17 March 2016.<sup>3</sup> Entitlements not taken up by

<sup>1</sup> The record date for holders of depositary interests on Base's UK register is 5.00pm (London time) on Thursday, 3 March 2016.

<sup>2</sup> VWAP means the volume weighted average price.

<sup>3</sup> Subject to ASX granting quotation.



existing retail shareholders, and entitlements of ineligible shareholders, will be offered to eligible institutional investors by way of a retail bookbuild at a price not less than the Offer Price. In the event that subscriptions are received at a price above the Offer Price, this premium will be paid (less any applicable withholdings) proportionally to those shareholders who do not accept their Entitlement in full.

Subject to reconciliation of Entitlements, the Institutional Entitlement Offer is expected to be comprised of an offer of approximately A\$8.3 million under the Institutional Entitlement Offer, with the balance of approximately A\$1.7 million to be offered under the Retail Entitlement Offer.

Base expects to announce the outcome of the Institutional Entitlement Offer to ASX prior to market open on Thursday, 3 March 2016 with trading of Base shares due to recommence on that day.

#### Anticipated Timetable

Institutional Entitlement Offer opens	Monday, 29 February 2016
Institutional Entitlement Offer closes	Tuesday, 1 March 2016
Institutional Entitlement Offer shortfall bookbuild	Wednesday, 2 March 2016
Institutional Entitlement Offer results announced Trading resumes on an ex-entitlement basis Retail entitlements commence trading on ASX on a deferred settlement basis	Thursday, 3 March 2016
Record date for shareholders on Base's Australian register	7.00pm on Thursday, 3 March 2016
Record date for shareholders on Base's UK register	5.00 pm (London time) on Thursday, 3 March 2016
Retail Entitlement Offer opens Settlement of Institutional Entitlement Offer	Thursday, 10 March 2016
Trading of retail entitlements on ASX ends	Thursday, 17 March 2016
Retail Entitlement Offer closes for Base's UK register	Wednesday, 23 March 2016
Retail Entitlement Offer closes for Base's Australian register	Thursday, 24 March 2016
Retail Entitlement Offer shortfall bookbuild	Wednesday, 30 March 2016
Settlement of Retail Entitlement Offer	Wednesday, 6 April 2016
Retail Entitlement Offer results announced	Thursday, 7 April 2016

Base reserves the right to change these dates without prior notice. All references to time are to Sydney time unless otherwise specified. The commencement of quotation of New Shares and trading of retail entitlements is subject to confirmation from ASX.

#### Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Retail Entitlement Offer via a retail offer booklet expected to be lodged with ASX and released on AIM on Wednesday, 9 March 2016 and despatched on the same date.

Further information in relation to the matters described in this announcement, including important notices and key risks, is set out in an investor presentation released by Base today. The information in the Disclaimer and Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

ENDS.

For further enquiries contact:

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Phone: +61 (0)8 9413 7400

Stephen Allen  
**Executive Director**  
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Phone: +61 (0)8 9480 2500

**BASE RESOURCES LIMITED**

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## Disclaimer and important notices

This document has been prepared by Base Resources Limited ("Base") in relation to its capital raising proposal, as described in this document ("Capital Raising Proposal"). This document contains summary information about the Capital Raising Proposal, Base, its subsidiaries, and its activities which are current as at the date of this document. The information in this document is general in nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Base or that would be required in a prospectus or product disclosure statement prepared in accordance with the *Corporations Act 2001* (Cth). Information in this document should therefore be read in conjunction with other announcements made by Base to ASX and AIM.

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Certain statements in or in connection with this document contain or comprise forward looking statements. Such statements may include, but are not limited to, statements with regard to capital cost, capacity, future production and grades, sales projections and financial performance and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Base's control. Accordingly, results, events or outcomes could differ materially from the results, events or outcomes expressed in or implied by the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, Base undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Nothing in this document constitutes investment, legal or other advice. You must not act on the basis of any matter contained in this document,

but must make your own independent investigation and assessment of Base and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances.

An investment in Base shares is subject to known and unknown risks, some of which are beyond the control of Base. Investors should have careful regard to the risk factors outlined in this document.

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BASE RESOURCES POSITIONING FOR GROWTH

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## Investment Rationale



Shareholders have the opportunity to participate in a A\$10m renounceable entitlement issue, to provide corporate funding certainty, progress strategic initiatives and capitalise on achievements to date.

- ▶ A track record of project development and operational delivery:
  - ▶ Successful Kwale project development execution and operationalisation
  - ▶ Rapid ramp up to design production output rates, and beyond for ilmenite and rutile
  - ▶ Tight control of costs
- ▶ A strong, settled Board and management team and demonstrated successful business model.
- ▶ The Kwale Project is generating solid cashflows with current revenue to cash operating cost ratio of 2.1:1 (6 months to December 2015), placing the operation in the first quartile of global producers.
- ▶ While currently challenging, the longer term mineral sand market fundamentals are intact.
- ▶ The company has a clear strategy and plan for shareholder value creation.
- ▶ Current commodity price environment, combined with corporate structure and debt financing arrangements, restrict parent company access to operational cashflow.
- ▶ To provide continuity and certainty of corporate funding and allow progression of the strategic plan on a timeline to capitalise on windows of opportunity, additional funding at the corporate level is required.
- ▶ A\$10 million entitlement offer is considered the most appropriate solution and is expected to provide funding certainty for continuity of corporate services and progression of the strategic plan into 2017.
- ▶ The entitlement offer is underwritten to A\$7 million and enjoys significant major shareholder support.



BASE RESOURCES POSITIONING FOR GROWTH

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## A corporate snapshot



- ▶ 100% of the Kwale Mineral Sands Mine in Kenya.
- ▶ Revenue to cash operating cost ratio of 2.1:1 (6 months to December 2015).
- ▶ FY16 Production guidance:<sup>(1)</sup>
  - ▶ Rutile – 80,000 to 84,000 tonnes
  - ▶ Ilmenite – 430,000 to 450,000 tonnes
  - ▶ Zircon – 27,000 to 30,000 tonnes
- ▶ US\$210 million in drawn debt facilities.
  - ▶ US\$25 million paid down since June 2015
- ▶ US\$26.7 million cash (at 31 December 2015).
- ▶ Strong, settled Board and Management team.
- ▶ Positioned to capitalise on growth opportunities.
- ▶ Based in Perth, Australia.
- ▶ Market listings - ASX & AIM - code BSE.
- ▶ Tightly held with Top 10 holding ~85%.
- ▶ Limited liquidity at current prices. Product price recovery and strategic execution the key catalysts.
- ▶ A\$46million market capitalisation @ \$0.082/share.

Substantial Shareholders	Interest
Pacific Road Capital	20.3%
Taurus Funds Management	18.6%
Hunter Hall	15.0%
Sustainable Capital	13.9%
Atera Investments	7.7%



BASE RESOURCES POSITIONING FOR GROWTH

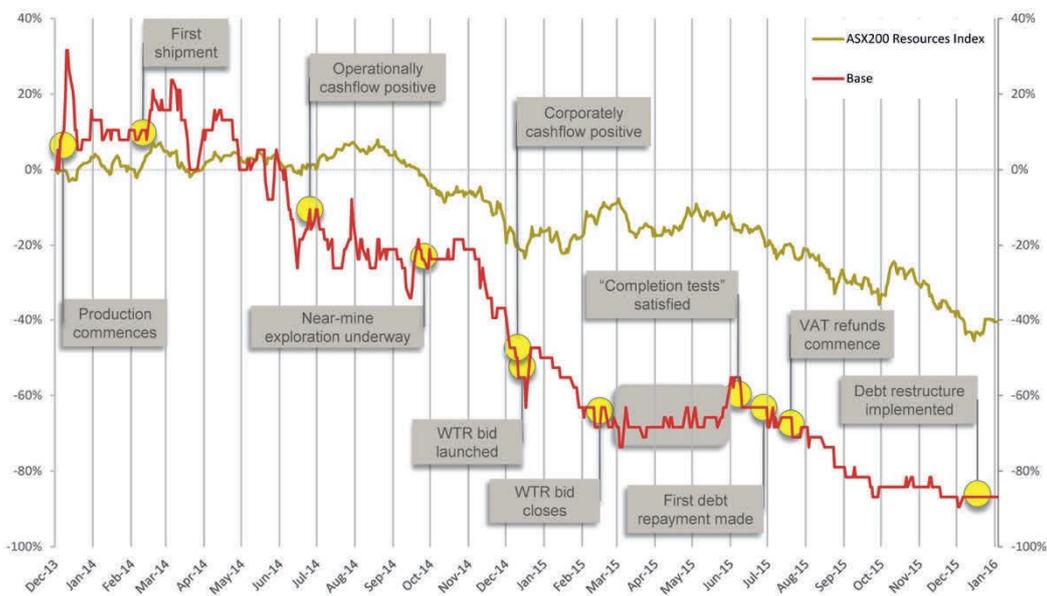
Note: (1) Production targets are based on the following key assumptions for the remaining six months of FY2016: Mining of 4.5Mt at an average heavy mineral grade of 8.81%, all from Ore Reserves; mineral separation plant (MSP) feed rate at a minimum 84tph, consistent with the rate achieved this quarter; and MSP product recoveries of at least 103% for ilmenite and 98% for rutile, and ramping up to 78% for zircon.

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## A busy 24 months...



Characterised by strong operational achievement, a very challenging market and positioning for growth.



BASE RESOURCES POSITIONING FOR GROWTH

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## Kwale Mineral Sands Operation



Kwale is large scale with a high value mineral assemblage and supported by well developed physical and social infrastructure.



View video at [www.basetitanium.com](http://www.basetitanium.com)

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## Mining the Central Dune



BASE RESOURCES POSITIONING FOR GROWTH

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## Mukurumudzi Dam & Tailings Facility



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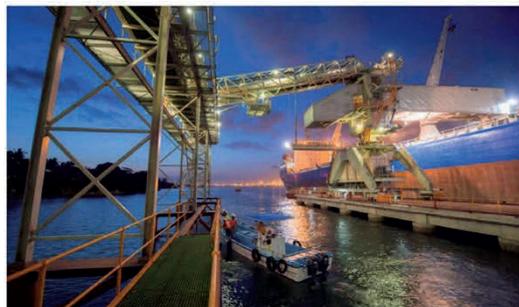
## Processing facilities



BASE RESOURCES POSITIONING FOR GROWTH

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## Likoni marine terminal



BASE RESOURCES POSITIONING FOR GROWTH

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## Built, commissioned and operating safely



Establishing our required safety culture has been one of the key challenges. While our early success has been pleasing, the challenge continues and evolves as the workforce matures.



- ▶ 14.0 million man hours (mmh) worked.
- ▶ In construction:
  - ▶ 2 LTI's for entire project (6.5 mmh LTI free)
  - ▶ 2,400 people on site at peak with 1,000 people recruited from local community.
- ▶ In operations:
  - ▶ 1 LTI in February 2014 (5.4 mmh LTI free)
  - ▶ 26,000 hours of operational readiness training prior to start up.

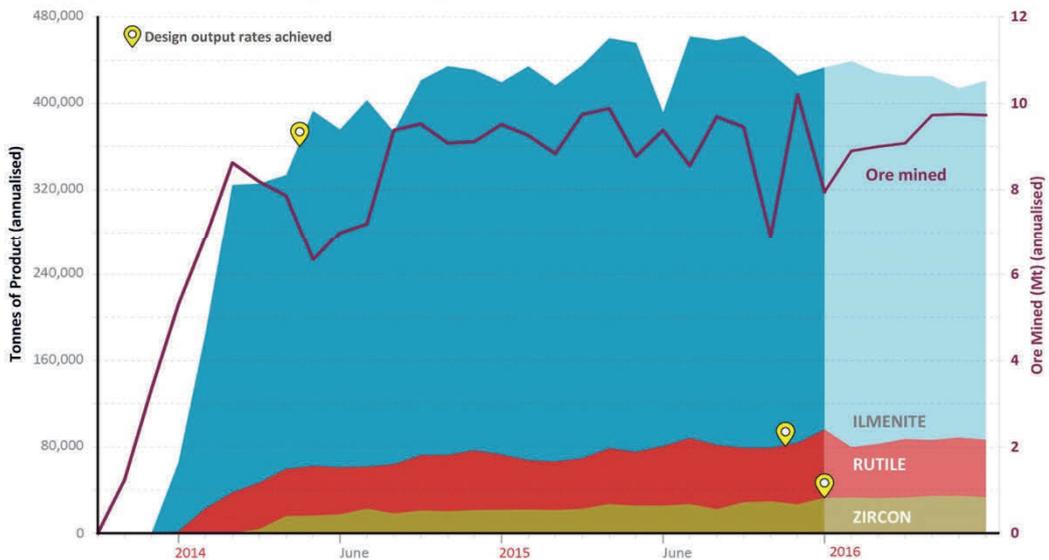
BASE RESOURCES POSITIONING FOR GROWTH

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## A rapid and smooth ramp up



With all products now at or above design output rates, the focus is now on both short and longer term throughput maximisation to optimise the operation.



BASE RESOURCES POSITIONING FOR GROWTH

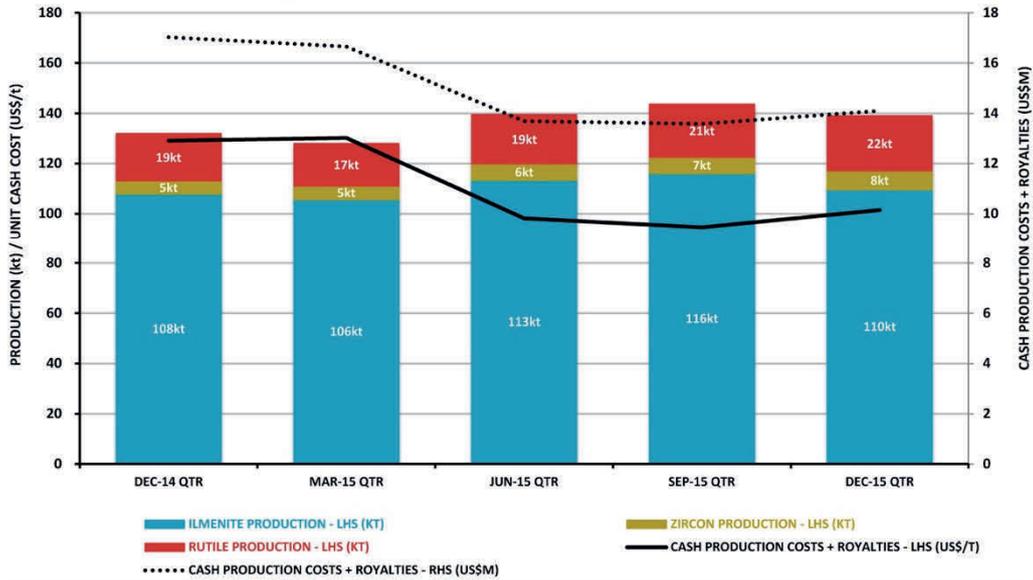
Note: See note (1) on slide 4 which sets out the key assumptions for achieving the production target for the remaining six months of FY2016.

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## Driving production and a sharp cost focus



A strong "cost and value" culture has been established and operational stability has allowed cost reduction initiatives to be implemented and benefits sustained.



BASE RESOURCES POSITIONING FOR GROWTH

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## Production and cost outlook

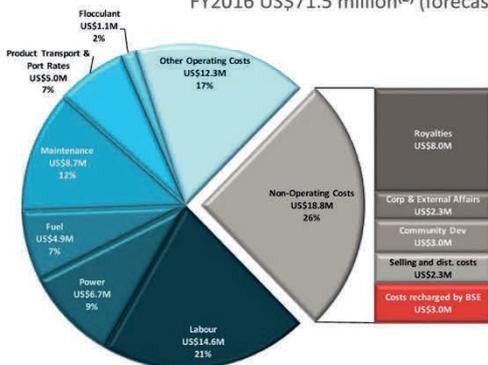


A strong "cost and value" culture has been established and operational stability has allowed cost reduction initiatives to be implemented and benefits sustained.

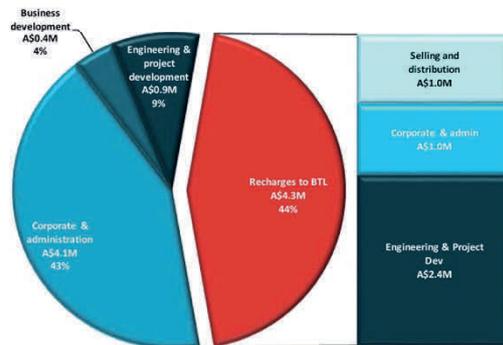
- ▶ Full year production guidance for FY 2016:<sup>(1)</sup>
  - ▶ Rutile – 80,000 to 84,000 tonnes
  - ▶ Ilmenite – 430,000 to 450,000 tonnes
  - ▶ Zircon – 27,000 to 30,000 tonnes

- ▶ December 2015 half-year averages:
  - ▶ Revenue: US\$207 per tonne
  - ▶ Operating costs (inc. royalties): US\$98 per tonne
  - ▶ Operating margin: 52%

Base Titanium Cost Structure  
FY2016 US\$71.5 million<sup>(2)</sup> (forecast)



Base Resources Cost Structure  
FY2016 A\$5.4 million (forecast)



BASE RESOURCES POSITIONING FOR GROWTH

Note: (1) See note (1) on slide 4 which sets out the key assumptions for achieving the production target for the remaining six months of FY2016. (2): Base is in ongoing discussions with the Government of Kenya with respect to the royalty rate payable in the context of resolution of a number of outstanding issues, including receipt of the US\$17 million VAT refund. Royalty costs are presented in this slide on the basis of a 5% royalty payable to the Government of Kenya.

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## Positive longer term sector outlook



While a difficult market now, a needed supply response is emerging and the longer term demand fundamentals are intact. It's time to develop options.

### Immediate dynamics are challenging...

- ▶ Significant new supply entered the market over last 2 years, including Base.
- ▶ Very steep decline in prices.
- ▶ Significant proportion of TiO<sub>2</sub> feedstock sector is loss making – Base estimates in excess of 50% for traditional supply to the Chinese market at current prices.
- ▶ Feedstock supply response is emerging with recent closures in China and Russia.
- ▶ Evidence of major producers seeking to manage supply to demand with Rio Tinto reducing output at Richards Bay and Iluka suspending mining at Jacinth Ambrosia.



### Longer term themes present opportunities...

- ▶ End use applications are ubiquitous in everyday life, with limited technological threats.
- ▶ Demand historically tightly tied to global GDP, with some macro trends that can be expected to positively impact this relationship:
  - ▶ Increased intensity of consumption with wealth
  - ▶ Urbanisation
  - ▶ Consumerism
  - ▶ New applications
- ▶ Maturing orebody profile globally – new investment will be required.
- ▶ Average new project VHM grade and assemblage is in decline.
- ▶ Higher prices will be required to support new supply.



BASE RESOURCES POSITIONING FOR GROWTH

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## Plan for value creation



Base is actively pursuing both medium and long term growth options to capitalise on our capabilities, market position and the mineral sands outlook to create shareholder value.



### 1. Enhance the value of the Kwale operations

- ▶ **“Kwale Phase 2” Project**
  - ▶ Focused on delivering an optimised combination of Central and South dune mining sequence and method and increased mineral processing throughput.
  - ▶ Core objectives: Accelerated throughput and production, maximised ore volumes and significant cost efficiency through shorter mine life.
  - ▶ Currently progressing through pre-feasibility study phase with encouraging indications.
  - ▶ Targeting full implementation in early 2018.
- ▶ **Near-mine exploration for extended operational life**
  - ▶ Regional airborne geophysics program completed in 2015.
  - ▶ Areas of interest identified.
  - ▶ Exploration license applications to expand Kwale project footprint lodged and progressing.

### 2. Secure the “right” mineral sands development asset

- ▶ **Screening process for global undeveloped mineral sands projects was completed over 2015.**
  - ▶ Database system and project ranking methodology developed.
  - ▶ Critical success factors and economic triggers for new project development established.
- ▶ **Projects of interest identified and transaction relative value envelopes modelled.**
- ▶ **Progression planned in 2016.**

### 3. Consider value creating consolidation opportunities in the sector

- ▶ **A cost curve under pressure from prevailing product prices inevitably creates opportunities.**

BASE RESOURCES POSITIONING FOR GROWTH

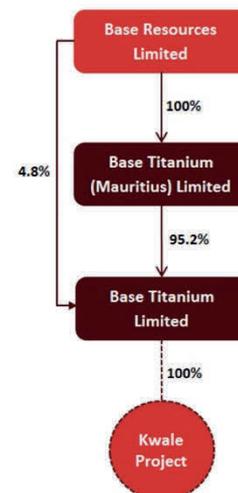
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## A need for additional corporate funding



To provide continuity and certainty of funding and allow progression of the strategic plan on a timeline to capitalise on window of opportunity, additional funding at the corporate level is required.

- ▶ The corporate structure
  - ▶ Base Resources Limited (BSE) is the listed parent entity.
  - ▶ Base Titanium Limited (BTL) is a 100% owned subsidiary of BSE, incorporated in Kenya.
  - ▶ BTL is the operating company and borrower under the Kwale project finance facility.
  - ▶ Corporate services and strategic plan implementation is provided by and funded from BSE. BSE is the borrower under the US\$20 million Taurus facility.
- ▶ BSE access to any surplus funds from BTL is currently limited by the terms of the debt facilities in place:
  - ▶ The recent debt reschedule (Dec 2015) has established a repayment profile more appropriate to current market conditions.
  - ▶ Notwithstanding, there is limited surplus cash available in BTL after debt service obligations, with a requirement to leave a minimum US\$10 million cash balance.
  - ▶ BSE can only withdraw from BTL 50% of any surplus cash, with the balance going to mandatory early repayment of the project finance facility. Of the cash withdrawn to BSE, 50% goes to mandatory early repayment of the Taurus facility.
  - ▶ The terms of the project finance facility also limit BSE's ability to charge BTL for corporate services (refer to slide 14).
- ▶ Cash balances at 31 January 2016:
  - ▶ BTL US\$8.4 million unrestricted, US\$17.7 million in a debt service reserve account.
  - ▶ BSE A\$3.9 million.



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## Proposed entitlement offer



An A\$10 million entitlement offer is considered the most appropriate solution and is expected to provide funding certainty for continuity of corporate services and progression of the strategic plan into 2017.



- ▶ Independent of any distributions of surplus cash from BTL, and addressing the repayment of the Taurus facility separately (refer below), the proposed raising will provide sufficient funding for corporate services until at least mid-2017. This includes evaluation and study activities associated with strategic plan execution.
- ▶ Any implementation of strategic initiatives considered sufficiently attractive for shareholders could be expected to require a further share issue at some point in the future.
- ▶ Currently, the US\$ 20 million Taurus facility is due for repayment by 31 December 2016. A number, and possible combination, of options for meeting this obligation are possible and will be progressed over the course of 2016, including:
  - ▶ Permitted distributions of operational cashflow from BTL.
  - ▶ Refinancing with Taurus.
  - ▶ Replacement with a longer dated facility with another lender.
  - ▶ A further equity raising, if the preferred options prove unviable or insufficient.
- ▶ The entitlement offer is substantially sub-underwritten by Pacific Road Capital and with binding commitments in place from other major shareholders, the entitlement offer enjoys strong support.<sup>(1)</sup>

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Note: (1) See slides 19 and 20 for further details in relation to the underwriting arrangements.

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## Entitlement offer structure



Proposed raising of up to A\$10 million at 6 cents per share by way of a partially underwritten 1 for 3.35 renounceable entitlement offer.

Entitlement Offer size	1 for 3.35 accelerated pro rata renounceable entitlement offer to raise gross proceeds of up to A\$10 million.
Entitlement Offer price	6 cents per new share, being a discount of: <ul style="list-style-type: none"> <li>• 6.2% to the 10 day VWAP<sup>(1)</sup> of Base's shares traded on ASX;</li> <li>• 24.6% to the 5 day VWAP of Base's shares traded on ASX; and</li> <li>• 26.8% to the last closing share price on Friday, 26 February 2016.</li> </ul>
Institutional Entitlement Offer	A\$8.3 million Entitlement Offer to existing eligible institutional shareholders.
Retail Entitlement Offer	<ul style="list-style-type: none"> <li>• A\$1.7 million Entitlement Offer to existing eligible retail shareholders.</li> <li>• Retail entitlements trade on ASX market from Thursday, 3 March 2016.</li> </ul>
Bookbuild	<ul style="list-style-type: none"> <li>• Institutional entitlements not taken up placed into an institutional shortfall bookbuild<sup>(2)</sup></li> <li>• Retail entitlements not taken up, and entitlements of ineligible shareholders, that are not otherwise sold on the ASX market will be placed into the retail shortfall bookbuild<sup>(2)</sup></li> <li>• If the amount per new share realised in the bookbuilds exceeds the offer price of 6 cents per new share, the excess (less any applicable withholdings) will be paid to shareholders who did not accept their entitlement in full (with respect to that part of the entitlement they did not accept only) and to ineligible shareholders</li> </ul>
Underwriting	Entitlement Offer underwritten for up to A\$7 million by RFC Ambrian. Pacific Road has committed to take up its full entitlement (A\$2 million) and sub-underwrite the remaining A\$5 million of RFC Ambrian's commitment.
New shares	New shares issued under the Entitlement Offer will rank equally in all respects with existing shares from the date of allotment.
Record Date	7.00pm (Sydney time) on Thursday, 3 March 2016.

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Note: (1) Volume weighted average price to 26 February 2016; (2) Placement of the shortfall pursuant to the shortfall bookbuild is subject to Board discretion.

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## Entitlement offer structure (cont)



Proposed raising of up to A\$10 million at 6 cents per share by way of a partially underwritten 1 for 3.35 renounceable entitlement offer.

Existing shares on issue	~563.9 million
New shares to be issued under the Entitlement Offer <sup>(1)</sup>	~ 168.3 million, representing approximately 30% of existing undiluted share capital.
Total shares on issue following the Entitlement Offer <sup>(1)</sup>	~732.2 million
Key terms of underwriting and sub-underwrite	<ul style="list-style-type: none"> <li>• Maximum underwritten amount by RFC Ambrian of A\$7 million. Pacific Road has committed to take up its full entitlement (A\$2 million) and sub-underwrite the remaining A\$5 million of RFC Ambrian's commitment.</li> <li>• Offer management and underwriting fees of A\$0.5 million.</li> <li>• Subject to typical termination events.</li> </ul>
Pacific Road's existing holding	20.34%, prior to the Entitlement Offer
Pacific Road's maximum potential holding	~32%, assuming Pacific Road takes up its full entitlements and is required to sub-underwrite the Entitlement Offer to the maximum of A\$5 million.
Potential control effect of entitlement offer and sub-underwriting	<ul style="list-style-type: none"> <li>• Base does not consider Pacific Road will control the company, even if it were to reach its maximum potential holding of 32%</li> <li>• Base has a number of unrelated shareholders with significant holdings, including Taurus (18.6%), Hunter Hall (15%) and Sustainable Capital (13.9%), which would act to limit the level of influence of Pacific Road.</li> </ul>

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Note: (1) Assuming all entitlements are subscribed for under the entitlement offer or pursuant to the shortfall facility or pursuant to the underwriting arrangements.

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## Pro-forma Balance Sheet



	31 December 2015 <sup>1</sup>	Entitlement Offer <sup>2</sup>	Pro forma Balance Sheet
	\$000s		
<b>Current assets</b>			
Cash and cash equivalents	12,446	9,450	21,896
Restricted cash	24,239		24,239
Trade and other receivables	54,960		54,960
Inventories	33,720		33,720
Other current assets	5,917		5,917
<b>Total current assets</b>	<b>131,282</b>	<b>9,450</b>	<b>140,732</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation	1,510		1,510
Property, plant and equipment	418,556		418,556
<b>Total non-current assets</b>	<b>420,066</b>	<b>-</b>	<b>420,066</b>
<b>Total assets</b>	<b>551,348</b>	<b>9,450</b>	<b>560,798</b>
<b>Current liabilities</b>			
Trade and other payables	21,404		21,404
Borrowings	58,880		58,880
Provisions	1,210		1,210
Deferred revenue	1,270		1,270
Other liability	221		221
<b>Total current liabilities</b>	<b>82,985</b>	<b>-</b>	<b>82,985</b>
<b>Non-current liabilities</b>			
Borrowings	214,671		214,671
Provisions	29,026		29,026
Deferred revenue	4,860		4,860
<b>Total non-current liabilities</b>	<b>248,557</b>	<b>-</b>	<b>248,557</b>
<b>Total liabilities</b>	<b>331,542</b>	<b>-</b>	<b>331,542</b>
<b>Net assets</b>	<b>219,806</b>	<b>9,450</b>	<b>229,256</b>
<b>Equity</b>			
Issued capital	214,131	9,450	223,581
Reserves	58,532		58,532
Accumulated losses	(52,857)		(52,857)
<b>Total equity</b>	<b>219,806</b>	<b>9,450</b>	<b>229,256</b>

Key assumptions on which the pro-forma balance sheet is based and material accounting transactions reflected in the pro-forma balance sheet are as follows:

### 1. 31 December 2015 balance sheet

Base's most recent publicly reported financial statements from 31 December 2015, which have been reviewed by the Company's auditor, are the basis for the pro-forma balance sheet.

### 2. Proceeds of capital raising

Cash proceeds, less estimated costs of \$0.65m, from the proposed equity issue.

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## Timetable



### Timetable for the accelerated renounceable entitlement offer.

Event	Date <sup>(1)</sup>
Trading halt and announcement of Entitlement Offer	Monday, 29 February 2016
Institutional Entitlement Offer opens	Monday, 29 February 2016
Institutional Entitlement Offer closes	Tuesday, 1 March 2016
Institutional shortfall bookbuild	Wednesday, 2 March 2016
Retail entitlements commence trading on deferred settlement basis	Thursday, 3 March 2016
Record date	7.00pm (Sydney) on Thursday, 3 March 2016
Despatch of retail offer booklet and entitlement and acceptance form	Wednesday, 9 March 2016
Retail Entitlement Offer opens	Thursday, 10 March 2016
Settlement of the institutional Entitlement Offer and institutional shortfall bookbuild	Thursday, 10 March 2016
Allotment of new shares issued under the institutional Entitlement Offer and institutional shortfall bookbuild, and commencement of trading on ASX	Friday, 11 March 2016
Retail entitlement trading ends	Thursday, 17 March 2016
Retail Entitlement Offer closes	Thursday, 24 March 2016
Retail shortfall bookbuild	Wednesday, 30 March 2016
Settlement of the retail Entitlement Offer and retail shortfall bookbuild	Wednesday, 6 April 2016
Allotment of new shares issued under the retail Entitlement Offer & retail shortfall bookbuild	Thursday, 7 April 2016
New Shares issued under the retail Entitlement Offer and retail shortfall bookbuild commence of trading on the ASX	Friday, 8 April 2016
Despatch of holding statements	Monday, 11 April 2016

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Note: (1) Dates and times are indicative only and subject to change

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## Key Risks



**Notice:** There are a number of risks, both specific to Base and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of Base, and the industries in which Base operates. The following list of risk factors should not be taken as an exhaustive list of the risks faced by Base or by investors in Base. The factors set out below, and others not specifically set out below, may in the future materially affect the financial performance of Base and the value of its shares. Base's shares carry no guarantee with respect to the payment of dividends, returns of capital or future market value.

### A: Specific Risks

#### Legislative changes, government policy and approvals

Changes in government regulations and policies in Australia and in Kenya may adversely affect the financial performance of Base.

#### Foreign exchange risk

Base's revenues, majority of costs (both capital and operating) and debt funding are all denominated in US dollars. Because the majority of costs and revenues are both denominated in the same currency, a natural hedge will exist in terms of operating foreign exchange risk. Investments in Base's shares are made in Australian dollars, however, and therefore shareholder returns will, in Australian currency terms, be subject to risks associated with the exchange rate of US dollars to Australian dollars.

#### Price risk

Base's revenues and cash flows are derived from the sale of ilmenite, rutile and zircon. Its financial performance is therefore exposed to fluctuations in the prices for those minerals, which have been particularly volatile in recent times. Mineral sands prices are influenced by numerous factors and events that are beyond the control of Base, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors. Base cannot provide any assurance as to the prices it will achieve for ilmenite, rutile or zircon. Changes in commodity prices may have a positive or negative effect on Base's Kwale Project and other activities.

#### Operating risks

The current and future operations of Base may be affected by a range of factors including: adverse geological conditions; limitations on activities due to seasonal weather patterns and cyclone activity; unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities; unanticipated metallurgical problems that may affect production volumes or extraction costs; mechanical failure of operating plant and equipment; industrial and environmental accidents, industrial disputes and other force majeure events; unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; inability to obtain necessary consents or approvals; and health and safety risks.

#### Project finance facility, US\$ 20 million Taurus facility, capital needs and potential additional funding requirements

In the ordinary course of operations, Base is required to issue financial assurances, particularly with regard to its project finance facilities, insurances and bond guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Base's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. While Base anticipates it will be able to meet its debt repayments when they fall due and stay within applicable financial covenants, deteriorating economic or project specific events, or significant delays in receipt of Base's US\$17 million VAT refund from the Government of Kenya, may cause this to change, leading to adverse consequences. The US\$ 20 million Taurus facility is due for repayment by 31 December 2016. While a number, and potential combination, of options for meeting this obligation are possible and will be progressed by Base over the course of 2016 (refer slide 18), if Base is unable to secure alternate financing at all or on reasonable terms prior to the date for repayment of the Taurus facility this may lead to adverse consequences. In addition, Base may require additional financing for its mineral sands business interests and there can be no guarantee that such funding will be obtained at all or on acceptable terms. If Base seeks to obtain any additional funding by way of an equity raising, this is likely to be dilutive to existing Base shareholders.

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## Key risks (continued)



### Kenya

Base's Kwale Project is located in Kenya, Africa. Whilst Kenya is, at present, a stable democracy, in recent history it has experienced greater economic, social and political volatility than developed Western countries and there is therefore a higher degree of geo-political risk associated with doing business there. As a result, Base's operations in Kenya may be impacted by: potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems; potential difficulties in protecting/enforcing rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules; changes in government policies and procedures, including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes; changes in applicable royalty rates; restrictions on the transfer / repatriation of funds and monetary policies; risk of expropriation or nationalisation with inadequate compensation; currency fluctuations, high inflation and deteriorating economic conditions; and civil unrest and industrial action, personal security issues, disease outbreaks, social and religious conflict and acts of terrorism.

### Australia

Legal, tax and regulatory changes in Australia, where Base is incorporated, may also impose additional financial obligations on the company or otherwise adversely affect the value of Base's assets and the financial position and performance of Base.

### Title risk

Minerals licences are granted subject to various conditions. Failure to comply with conditions may lead to forfeiture. All of the mineral properties in which Base has or may have an interest will be subject to renewal. If any of the mineral properties are not renewed for any reason, Base may suffer damage through loss of opportunity to develop.

### Environmental risks and regulation

There is always a risk of environmental damage arising from Base's operations, including through accident, which may give rise to liabilities and costs for Base, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down.

### Product sales agreements

Base has contracts with various counterparties with respect to the sale of product from the Kwale Project. These contracts do not cover all product expected to be produced from the Kwale Project and there is no guarantee that Base will be able to reach agreement on terms satisfactory to it for the sale of product not presently contracted. If it cannot reach agreement on satisfactory terms, this may have an adverse effect on Base's future revenues. The financial performance of Base is also potentially exposed to failure by counterparties to its product sales agreements and there can be no guarantee that Base would be able to recover the full amount of any loss through legal action.

### Mineral Resource and Ore Reserve estimates

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Base's operations.

### Mining and production

There can be no guarantee, and Base shareholders should not assume, that: anticipated tonnages and grades of ore will always be achieved during mining and production or, even if they are, that they will be sufficient to sustain a profitable mining operation; or there will not be significant increases in costs in contractors, labour, plant, materials or utility charges (or the availability of any of these) in a manner that will adversely impact on anticipated capital, development or operating costs.

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## Key risks (continued)



### Mineral sands exploration interests

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if exploration activities undertaken by Base do not result in additional reserves, there may be an adverse effect on Base's financial performance. In addition, the exploitation of successful discoveries involves obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. The success of Base in progressing projects not already in production will also depend upon Base having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral properties, a reduction in the cash reserves of the Base group and possible relinquishment of the mineral properties.

### Insurance

Insurance against all risks associated with mining operations are not always available or affordable. Base intends to maintain insurance where it is considered appropriate for Base's needs. However, Base is not insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive in the circumstances.

### Dilution

Given the size of the Entitlement Offer, Eligible Shareholders who do not take up their entitlements and ineligible shareholders will be diluted by the offer.

### B: General risks

#### General

The value of Base shares and prices at which they trade in the market are affected by a number of general factors which are beyond the control of Base and its directors. Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither Base nor its directors warrant the future performance of Base or any return on an investment in Base. Furthermore, access to additional equity sources in the future may be impacted by adverse market conditions.

#### Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Base's exploration and future production activities, as well as on its ability to fund those activities.

#### Securities investments

Investors and potential investors should be aware that there are risks associated with any securities investment. Securities listed on a stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of Base's performance. Mining operations, as well as Base's customers, can be hampered by force majeure circumstances and cost overruns for unforeseen events which may have a negative impact on Base.

#### Key executives and personnel

Base's prospects depend in part on its ability to attract and retain its executive officers, senior management and key consultants and for these personnel to operate effectively.

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## Key risks (continued)



### Share price volatility and share market risks

The share prices of quoted companies, in particular mining and exploration companies, can be highly volatile and shareholdings may be illiquid. The price at which the shares are quoted and the price which investors may realise for their shares may be influenced by a large number of factors, some of which are specific to Base and its operations and some of which may affect quoted companies generally. These factors include, without limitation: the operating performance of Base and market expectations of future performance; changes in general economic conditions and outlook, including interest rates, inflation rates, exchange rates, commodity prices and the demand for, and supply of, capital; natural disasters, terrorism events and other hostilities and conflicts; changes in government policies, taxation and other laws; large purchases or sales of shares by other investors; changes in investor sentiment towards particular market sectors and the equity markets in general; and other factors which are outside of the control of Base.

### Liquidity risk

There can be no guarantee that there will always be an active market for Base's shares or that the price of Base shares will increase. There may be relatively few buyers or sellers of shares on the ASX and/or AIM at any given time. This may affect the volatility of the market price of shares. It may also affect the prevailing market price at which Base shareholders are able to sell their Base shares. This may result in Base shareholders receiving a market price for their Base shares that is less or more than the price paid pursuant to the Entitlements Offer.

### Environmental risk

The operations and activities of Base are subject to the environmental laws and regulations of Kenya. As with all mining operations and exploration projects, Base's operations and activities are expected to have an impact on the environment. Base is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Base's cost of doing business or affect its operations in any area. Further, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige Base to incur significant expenses and undertake significant investments which could have material adverse effect on Base's business, financial condition and performance.

### Counterparty risk

The financial performance of Base is potentially exposed to failure by counterparties to agreements, including product sales agreements. This may also lead to adverse financial consequences for Base and there can be no guarantee that Base would be able to recover the full amount of any loss through legal action.

### Competition

Base competes with other mineral sands production companies internationally. Some of these companies have greater financial and other resources than Base and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Base will be able to compete effectively with these companies.

### Discretion in use of capital

The Base Board and management have discretion concerning the use of Base's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, Base's financial and/or operational performance may suffer.

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## International offer restrictions



This document does not constitute an offer of entitlements (**Entitlements**) or new ordinary shares (**New Shares**) of Base Resources in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Cayman Islands

No offer or invitation to subscribe for Entitlements or New Shares may be made to the public in the Cayman Islands.

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In accordance with The Securities Act 2005 of Mauritius, no offer of the Entitlements or the New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of Base Resources.

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Switzerland

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## International offer restrictions (cont.)



### United Arab Emirates

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### United Kingdom

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ASX, AIM and Media Release

3 March 2016

### Successful Completion of Institutional Entitlement Offer

Base Resources Limited (ASX & AIM: BSE) ("Base Resources") is pleased to announce the successful completion of the accelerated institutional component ("Institutional Entitlement Offer") of the 1 for 3.35 renounceable entitlement offer announced on 29 February 2016 ("Entitlement Offer"), as part of the capital raising to raise gross proceeds of approximately A\$10 million at A\$0.06 per share ("Offer Price").

The Institutional Entitlement Offer, together with the institutional shortfall bookbuild, was fully subscribed and will raise gross proceeds of approximately A\$8.3 million for the issue of approximately 137.5 million fully paid ordinary shares ("New Shares"). The institutional shortfall bookbuild was completed on Wednesday, 2 March 2016, and was well supported by both existing major shareholders and new institutional investors, with all institutional shortfall shares being subscribed for at the Offer Price.

Settlement of the Institutional Entitlement Offer is scheduled for Thursday, 10 March 2016, with the New Shares expected to commence trading on Friday, 11 March 2016. On issue, the New Shares will rank equally in all regards with existing Base Resources ordinary shares.

Base Resources' Managing Director, Tim Carstens, said: "We have been delighted with the strong support demonstrated by our existing institutional shareholders, including that of Pacific Road Capital in additionally ensuring the success of the Entitlement Offer by providing a significant sub-underwriting commitment, and also the level of interest from new investors. We welcome the new shareholders to Base Resources' register, and also look forward to the participation of our eligible retail shareholders in the retail entitlement offer."

#### Commencement of the Retail Entitlement Offer

The Entitlement Offer to existing retail shareholders ("Retail Entitlement Offer") opens on Thursday, 10 March 2016 and is expected to close at 5.00pm (Sydney time) on Thursday, 24 March 2016. Shareholders who are eligible to participate under the terms of the Retail Entitlement Offer will be offered the opportunity to subscribe for 1 New Share for every 3.35 existing Base Resources shares held at 7.00pm (Sydney time) on Thursday, 3 March 2016 at the Offer Price of A\$0.06 per share. This is the same entitlement ratio and Offer Price as applied to the Institutional Entitlement Offer.

Eligible retail shareholders should carefully read the Retail Entitlement Offer Booklet and the personalised entitlement and acceptance form, which are expected to be mailed to eligible retail shareholders on Wednesday, 9 March 2016. The Retail Entitlement Offer is only being extended to shareholders with a registered address in Australia, New Zealand or the United Kingdom. Notification to those retail shareholders that are ineligible to participate in the Retail Entitlement Offer will be provided separately.

Under the Retail Entitlement Offer, entitlements not taken up by existing retail shareholders, and entitlements of ineligible shareholders, will be offered to eligible institutional investors by way of a retail shortfall bookbuild to be conducted on 30 March 2016 at a price not less than the Offer Price. In the event that subscriptions are received at a price above the Offer Price this premium will be paid (less any applicable withholdings) proportionally to the retail shareholders who do not accept their entitlement in full and to ineligible shareholders.

As the Institutional Entitlement Offer was fully subscribed, no shares have been subject to the underwriting by RFC Ambrian Limited ("RFC Ambrian") and consequently the Retail Entitlement Offer is now fully underwritten. On this basis, the Retail Entitlement Offer will raise gross proceeds of approximately A\$1.8 million through the issue of approximately 30.8 million New Shares, bringing total gross proceeds from the Entitlement Offer to approximately A\$10.1 million.

Base Resources shares are expected to resume trading on ASX today.

In addition to being the underwriter, RFC Ambrian is the lead manager and book runner for the Entitlement Offer.



#### Anticipated Timetable for the Retail Entitlement Offer

Trading resumes on an ex-entitlement basis	Thursday, 3 March 2016
Retail entitlements commence trading on ASX on a deferred settlement basis	
Record date for shareholders on Base Resources' Australian register	7:00pm on Thursday, 3 March 2016
Record date for shareholders on Base Resources' UK register	5:00pm (London time) on Thursday, 3 March 2016
Retail Entitlement Offer opens	Thursday, 10 March 2016
Trading of retail entitlements on ASX ends	Thursday, 17 March 2016
Retail Entitlement Offer closes for Base Resources' UK register	Wednesday, 23 March 2016
Retail Entitlement Offer closes for Base Resources' Australian register	Thursday, 24 March 2016
Retail Entitlement Offer shortfall bookbuild	Wednesday, 30 March 2016
Settlement of Retail Entitlement Offer	Wednesday, 6 April 2016
Retail Entitlement Offer results announced	Thursday, 7 April 2016

Base reserves the right to change these dates without prior notice. All references to time are to Sydney time unless otherwise specified. The commencement of quotation of New Shares and trading of retail entitlements is subject to confirmation from ASX.

Further information in relation to the matters described in this announcement, including important notices and key risks, is set out in the investor presentation and announcement released by Base Resources on 29 February 2016, and will be included in the Retail Entitlement Offer Booklet to be sent to eligible retail shareholders and made available from ASX on Wednesday, 9 March 2016. The information in the Disclaimer and Important Notices section of the investor presentation applies to this announcement as if set out in full in this announcement.

ENDS.

For further enquiries contact:

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## 4. Additional Information

### 4.1 Introduction

This Booklet (including the announcements and the Investor Presentation in relation to the Entitlement Offer reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Base Resources. The information in this Booklet is dated 4 March 2016, (other than the Investor Presentation and announcements which were released on ASX and AIM on either Monday, 29 February 2016 or Thursday, 3 March 2016, as applicable).

No party other than Base Resources has authorised or caused the issue of the information in this Booklet, or takes any responsibility for, or makes any statements, representations or undertakings in this Booklet.

You should read the information in this Booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in the "Key risks" section of the Investor Presentation, which is included at Section 3.2 of this Booklet, any of which could affect the operating and financial performance of Base Resources or the value of an investment in Base Resources.

You should consult your stockbroker, accountant or other independent and appropriately licensed professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

The Entitlement Offer is renounceable. This means that Eligible Retail Shareholders who do not wish to take up all or part of their Entitlement may sell or transfer their Entitlement in order to realise the value that may attach to their Entitlement. Refer to Sections 4.7 and 4.8 for further information.

Base Resources has applied to ASX for the grant of official quotation of the New Shares to be issued in connection with the Retail Entitlement Offer. It is expected that normal trading on ASX will commence on or before Friday, 8 April 2016. Base Resources will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Base Resources or the Australian Registry.

Prior to the issue of the New Shares, Base Resources will apply for the new Depository Interests in respect of the relevant New Shares to be admitted to trading on AIM with effect from the day after their unconditional allotment and issue.

### 4.2 Eligible Retail Shareholders

The information in this Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia, New Zealand and the United Kingdom and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order [CO 08/35].

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares on the Record Date;
- have a registered address on the Register 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 hold 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.

Retail Shareholders who do not satisfy each of these criteria are **Ineligible Retail Shareholders**.

Base Resources reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

The Retail Entitlement Offer is not being extended to any shareholders resident outside Australia, New Zealand and the United Kingdom (see Sections 4.3 and 4.11 for further information). By returning a completed Entitlement and Acceptance Form or making a payment by BPAY, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

Base Resources may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

### 4.3 Ineligible Shareholders

Base Resources has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Shareholders that are not Institutional Investors and have a registered address that is outside Australia, New Zealand and the United Kingdom, having regard to the number of such holders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. Base Resources also decided that it was unreasonable to make offers under the Institutional Entitlement Offer to Shareholders that were Institutional Investors and had registered addresses outside Australia, New Zealand, the Cayman Islands, Mauritius, Switzerland, the United Arab Emirates or the United Kingdom for the same reasons.

Accordingly, the Entitlement Offer is not being extended to Ineligible Shareholders. Base Resources will send Ineligible Shareholders details of the Entitlement Offer and advise such shareholders that Base Resources is not extending the Entitlement Offer to them.

Base Resources has applied to ASIC for approval to appoint Euroz Securities Limited as nominee for the Ineligible Shareholders (**Nominee**). The Nominee will seek to sell the Ineligible Entitlements for the purposes of section 615 of the Corporations Act. If any Ineligible Entitlements are sold, the Nominee will direct the proceeds (if any) to Base Resources or another party on its instruction to facilitate pro rata payments to Ineligible Shareholders, net of expenses and applicable withholding tax.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Ineligible Entitlements may be sold and the manner in which any sale is made.

The ability to procure purchasers for Ineligible Entitlements, and the price at which Ineligible Entitlements can be sold, will depend on various factors, including market conditions. To the maximum extent permitted by law, neither Base Resources nor the Nominee, nor their respective related bodies corporate, nor the directors, officers, employees, agents or advisers of any of them, will be liable for a failure to sell Ineligible Entitlements at any particular price.

Any interest earned on the proceeds of the sale of any Ineligible Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Base Resources.

Any Ineligible Entitlements which cannot be sold by the Nominee prior to the Closing Date will form part of the Retail Shortfall Bookbuild (refer to Section 4.10 for further details).

In limited circumstances, and in Base Resources' absolute discretion, Base Resources may elect to treat as Eligible Institutional Shareholders certain institutional or sophisticated persons who would otherwise not be Eligible Shareholders because their registered addresses are not in Australia, New Zealand, the Cayman Islands, Mauritius, Switzerland, the United Arab Emirates or the United Kingdom.

#### 4.4 Continuous disclosure obligations

Base Resources is subject to regular reporting and disclosure obligations under the Corporations Act, the ASX Listing Rules and the AIM Rules, including the preparation of periodic reports. In particular, Base Resources is required under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. All announcements made by Base Resources are available on ASX's website at [www.asx.com.au](http://www.asx.com.au).

Base Resources also has similar obligations to notify a Regulatory Information Service in the UK of certain information required to be announced by the AIM Rules. That information is available at [www.londonstockexchange.com](http://www.londonstockexchange.com).

This Booklet is intended to be read in conjunction with the publicly available information in relation to Base Resources. Shareholders should therefore have regard to the other publicly available information in relation to Base Resources before making a decision whether or not to accept their Entitlement.

#### 4.5 No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been received in the manner contemplated in this Booklet and accepted.

#### 4.6 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

#### 4.7 Entitlements trading on ASX

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your Entitlement and Acceptance Form. Allow sufficient time for your instructions to be carried out by your stockbroker. You may incur brokerage if you choose to sell your Entitlement on ASX.

Entitlement trading on ASX starts on a deferred settlement basis on Thursday, 3 March 2016 (ASX code: BSE-R) and ceases on Thursday, 17 March 2016. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

The assignment, transfer and exercise of Entitlements trading on ASX is restricted to persons meeting certain eligibility criteria. If holders at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements and, as a result, those Entitlements will be offered for sale via the Retail Shortfall Bookbuild and holders will receive no value for them if there is no Retail Premium resulting from their sale in the Retail Shortfall Bookbuild.

**Base Resources will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before the Entitlements are allotted, or before you receive your Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Base Resources or the Registry or failure to maintain your updated details on the Registry or otherwise.**

If you wish to sell part of your Entitlement on ASX and leave the balance to be offered for sale via the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

Prices obtainable for Entitlements may rise and fall over the Retail Entitlement Offer trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of Shares relative to the Offer Price. If you sell your Entitlements in the Retail Entitlement Offer trading period, you may receive a higher or lower amount than a Shareholder who sells their Entitlements at a different time in the Retail Entitlement Offer trading period or through the Retail Shortfall Bookbuild.

If you sell your Entitlement, you will forgo any exposure to future increases or decreases in the value of the New Shares that would have been allotted to you had you taken up your Entitlement. Your percentage shareholding in Base Resources (held at the Record Date) will also be diluted.

#### 4.8 Entitlements trading other than on ASX

For issuer sponsored holdings only, if you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Acceptance Form to the Australian Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form relating to the Entitlement transferred to them to the Australia Registry.

You can obtain a Renunciation and Acceptance Form by contacting the Company during the Entitlement Offer Period or from your stockbroker.

The Renunciation and Acceptance Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form relating to the Entitlement transferred to them must be received by the Australia Registry in accordance with the instructions set out on the Entitlement and Acceptance Form by the Closing Date.

If the Australian Registry receives both a completed Renunciation and Acceptance Form and an application from you for New Shares in respect of the same Entitlement, the transfer will take priority over your application.

If you wish to transfer part of your Entitlement and allow the balance to be offered for sale via the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

Prices obtainable for Entitlements may rise and fall over the Retail Entitlement Offer trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of Shares relative to the Offer Price. If you sell your Entitlements in the Retail Entitlement Offer trading period, you may receive a higher or lower amount than a Shareholder who sells their Entitlements at a different time in the Retail Entitlement Offer trading period or through the Retail Shortfall Bookbuild.

If you transfer your Entitlement, you will forgo any exposure to future increases or decreases in the value of the New Shares that would have been allotted to you had you taken up your Entitlement. Your percentage shareholding in Base Resources (held at the Record Date) will also be diluted.

You may only transfer your Entitlement in this way to a purchaser whose address is in Australia, New Zealand or the United Kingdom. Transferees of Entitlements that do not have a registered address in Australia, New Zealand or the United Kingdom will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any transferee of these restrictions. See Section 4.11 for more information on restrictions on participation.

If either party is CHESS sponsored, they will need to contact their sponsoring broker to arrange transfer of all or part of their Entitlement other than on ASX.

#### 4.9 Allowing some or all of your Entitlement to be offered for sale via the Retail Shortfall Bookbuild

Any Entitlements which are not taken up will be offered for sale via the Retail Shortfall Bookbuild on Wednesday, 30 March 2016 to Institutional Investors (including Eligible Institutional Shareholders). You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild (see Section 4.10).

By allowing your Entitlement to be offered for sale via the Retail Shortfall Bookbuild, you will forgo any exposure to future increases or decreases in the value of the New Shares that would have been allotted to you had you taken up your Entitlement (or any value for your Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in Base Resources (held at the Record Date) will also be diluted.

Pursuant to the underwriting and sub-underwriting arrangements, Pacific Road will be required to subscribe for any New Shares that are not sold pursuant to the Retail Shortfall Bookbuild. For further details in relation to the underwriting and sub-underwriting arrangements, refer to Section 4.12.

#### 4.10 Retail Shortfall Bookbuild

Pursuant to the Retail Shortfall Bookbuild, New Shares in respect of:

- the Entitlements of Eligible Retail Shareholders which are not taken up by the Closing Date; and
- the Ineligible Entitlements of Ineligible Shareholders which the Nominee has not sold prior to the Closing Date or, if sold, that are not taken up by the Closing Date,

will be offered for sale for the benefit of the relevant holders of those entitlements through the Retail Shortfall Bookbuild. The first A\$0.06 per Share of the price obtained for Entitlements sold in the Retail Shortfall Bookbuild (if any) will be paid to Base Resources as subscription money. Any amount paid above A\$0.06 per Share for those Entitlements sold in the Retail Shortfall Bookbuild (ie the **Retail Premium**) will be paid on a pro rata basis to the relevant holders (less any applicable withholding tax). Any Retail Premium will be remitted on or about Monday, 11 April 2016.

Retail Premium amounts, if any, will be paid in Australian dollars either into your nominated bank account or by cheque. You will be paid by direct credit to the nominated bank account as noted on the Register.

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements that were sold into the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium (if any)) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium or less than, more than or equal to any price or prices at which Entitlements may have been sold on ASX or otherwise transferred. To the maximum extent permitted by law, Base Resources and each of its related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, for any difference between the Retail Premium and the Institutional Premium and for any failure to obtain any particular exchange rate, or any movements in exchange rates. Base Resources reserves the right to issue Shares under the Retail Shortfall Bookbuild at its discretion.

#### 4.11 Foreign jurisdictions – restrictions and limitations

The information in this Booklet has been prepared to comply with the requirements of the securities laws of Australia, New Zealand and the United Kingdom and is being sent to all Eligible Retail Shareholders on the Record Date with a registered address, or that are otherwise taken to be resident, in those jurisdictions.

##### *New Zealand*

The Entitlements and the New Shares are not being offered to the public within New Zealand other than to existing Shareholders of Base Resources with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The offer of New Shares is renounceable in favour of members of the public.

This Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

##### *United Kingdom*

Neither the information in this Booklet nor any other document relating to the Entitlement Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to existing Shareholders of Base Resources in the United Kingdom. The Entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Booklet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section of the 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Base Resources.

In the United Kingdom, this Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Booklet or any of its contents.

#### *United States*

This Booklet and any material accompanying it 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 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.

#### *Other jurisdictions*

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares, or otherwise permit a public offering of the Entitlements and New Shares, in any jurisdiction outside of Australia, New Zealand and the United Kingdom. Return of the personalised Entitlement and Acceptance Form or your BPAY payment will be taken by Base Resources to constitute a representation by you that there has been no breach of any such laws.

The distribution of this Booklet (including an electronic copy) outside Australia, New Zealand and the United Kingdom is restricted by law. If you come into possession of this Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

#### **4.12 Underwriting arrangements and fees**

Base Resources and RFC Ambrian have entered into an offer management and underwriting agreement dated 27 February 2016 pursuant to which RFC Ambrian agrees to partially underwrite subscriptions for New Shares offered under the Entitlement Offer for which valid applications are not received at the Offer Price, up to a maximum of approximately A\$7 million (**Underwriting Agreement**). The Underwriting Agreement is subject to customary termination events, and if terminated, the Entitlement Offer may not proceed in its entirety. RFC Ambrian has the right to appoint sub-underwriters in respect of any part of the Entitlement Offer. RFC Ambrian is entitled to be paid fees and expenses under the Underwriting Agreement, and receive certain indemnities. Any sub-underwriters appointed by RFC Ambrian may be paid a fee determined by negotiation with the relevant sub-underwriter. Any sub-underwriter's fees in respect of the Entitlement Offer would be paid by RFC Ambrian.

Pursuant to the Underwriting Agreement:

- RFC Ambrian commits to subscribe for that number of New Shares that is equal to A\$7.054 million.
- Given the success of the Institutional Entitlement Offer, the Retail Entitlement Offer is fully underwritten.
- RFC Ambrian's fees for partially underwriting the Entitlement Offer and acting as offer manager are expected to be approximately A\$250,000 (subject to the amount raised under the Entitlement Offer).

- Each party gives customary representations and warranties that relate to, among other things, the conduct of the parties and compliance with the ASX Listing Rules, AIM Rules and the Corporations Act.

The Underwriting Agreement also contains a number of customary termination events, including, but not limited to, where:

- Base Resources withdraws the Entitlement Offer or this Booklet;
- Base Resources is removed from the Official List of ASX or the Shares cease to be quoted on ASX; or
- a representation or warranty given by Base Resources is breached or Base Resources otherwise fails to perform or observe its obligations under the Underwriting Agreement, where that has, or is likely to have, a material adverse effect on the success of the Entitlement Offer.

Pacific Road has committed to take up the whole of its own Entitlement (and pay approximately A\$2 million) under the Institutional Entitlement Offer and has agreed to sub-underwrite RFC Ambrian's remaining underwriting commitment of approximately A\$5 million. Pacific Road's fees for sub-underwriting the Entitlement Offer will be A\$245,000 which are to be paid by RFC Ambrian.

Given the success of the Institutional Entitlement Offer, the retail component of the Entitlement Offer is now fully underwritten by RFC Ambrian and sub-underwritten by Pacific Road. If Pacific Road was required to subscribe for all New Shares being offered under the Retail Entitlement Offer pursuant to its sub-underwriting commitment (i.e. if no retail Shareholder Entitlements were taken up and no New Shares were sold via the Retail Shortfall Bookbuild), Pacific Road's interest in Base Resources following the Entitlement Offer would be approximately 24.5%. Base Resources does not consider Pacific Road would control the company even if it were to reach a potential interest of 24.5%. Base Resources has a number of unrelated Shareholders with significant holdings, which would act to limit the level of influence of Pacific Road.

#### **4.13 Option and performance rights holders**

Existing option holders will not be entitled to participate in the Entitlement Offer unless they have validly exercised their options in accordance with their terms of issue in sufficient time to become the registered holder of Shares as at the Record Date.

Existing holders of performance rights will not be entitled to participate in the Entitlement Offer unless such securities have vested as a result of the satisfaction all applicable vesting conditions in sufficient time for the resulting Shares to be issued and the relevant person to be registered as the holder of Shares as at the Record Date.

#### **4.14 Governing law**

The information in this Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in Western Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

#### **4.15 Taxation**

Taxation implications will vary depending upon the individual circumstances of Eligible Retail Shareholders. You should obtain your own professional advice before deciding whether to invest in New Shares.

#### **4.16 Financial data**

All dollar values in this Booklet are in Australian dollars (\$ or A\$), unless otherwise stated.

#### **4.17 Information availability**

Eligible Retail Shareholders on the Australian Register can obtain a copy of this Booklet or request a replacement Entitlement and Acceptance Form during the Entitlement Offer Period by contacting the Company. Eligible Retail Shareholders on the UK Register should contact the UK Registry on +44 (0)370 702 000.

Persons who access the electronic version of this Booklet should ensure that they download and read the information in this Booklet in its entirety. The electronic version of this Booklet on the Base Resources website will not include a personalised Entitlement and Acceptance Form.

Neither this Booklet nor the accompanying Entitlement and Acceptance Form may be distributed to, or relied upon by, persons that are in the United States or are acting for the account or benefit of, persons in the United States, or otherwise distributed in the United States.

**4.18 Notice to nominees and custodians**

Nominees and custodians should note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer, and Ineligible Retail Shareholders.

## 5. Glossary

TERM	MEANING
<b>AIM</b>	AIM Market of the London Stock Exchange.
<b>AIM Rules</b>	AIM Rules for Companies, as published by the London Stock Exchange PLC, governing admission to and the operation of AIM dated February 2010.
<b>Application Monies</b>	a payment or payments made to subscribe for New Shares.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or a financial market operated by it.
<b>Australian Register</b>	the register of Shares in Australia maintained on behalf of Base Resources by the Australian Registry.
<b>Australian Registry</b>	Computershare Investor Services Pty Limited.
<b>Base Resources</b>	Base Resources Limited (ABN 88 125 546 910).
<b>Board</b>	the board of directors of Base Resources.
<b>Booklet</b>	this document and the accompanying Entitlement and Acceptance Form.
<b>Closing Date</b>	5.00pm (Sydney time) on Thursday, 24 March 2016 for Eligible Retail Shareholders on the Australian Register and 5.00pm (London time) on Wednesday, 23 March 2016 for Eligible Retail Shareholders on the UK Register, unless extended.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>CRN</b>	if you are an Eligible Retail Shareholder on the Australian Register, your unique Customer Reference Number, as described in Section 2.11.
<b>Depository Interest</b>	a depository interest representing a Share issued by the UK Depository on the terms and conditions of a deed executed by the UK Depository and Base Resources.
<b>Eligible Institutional Shareholder</b>	mean a Shareholder that is an Institutional Investor and to whom Base Resources made an offer under the Institutional Entitlement Offer on the basis that the Shareholder had a registered address in (or was otherwise taken to be resident in) Australia, New Zealand, the Cayman Islands, Mauritius, Switzerland, the United Arab Emirates or the United Kingdom.
<b>Eligible Retail Shareholder</b>	has the meaning given in Section 4.2.
<b>Entitlement</b>	<ul style="list-style-type: none"> <li>in respect of an Eligible Retail Shareholder is the number of New Shares which an Eligible Retail Shareholder is entitled to subscribe for under the Entitlement Offer based on the number of Shares or Depository Interests held on the Record Date; and</li> <li>in respect of an Ineligible Shareholder, is an Ineligible Entitlement.</li> </ul>
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form accompanying this Booklet to be used to apply for New Shares.
<b>Entitlement Offer</b>	the accelerated renounceable pro rata entitlement offer to subscribe for 1 New Share for every 3.35 Shares held at the Record Date for the Offer Price on the terms set out in this Booklet and announced on Monday, 29 February 2016.
<b>Entitlement Offer Period</b>	the period from and including the Opening Date until and including the Closing Date.
<b>Ineligible Entitlement</b>	the number of New Shares which an Ineligible Shareholder would be entitled to subscribe for under the Entitlement Offer based on the number of Shares or Depository Interests held on the Record Date had that Shareholder been entitled to participate in the Entitlement Offer.
<b>Ineligible Institutional Shareholder</b>	a Shareholder that is an Institutional Investor and is not an Eligible Institutional Shareholder.

<b>TERM</b>	<b>MEANING</b>
<b>Ineligible Retail Shareholder</b>	a Shareholder who is not an: <ul style="list-style-type: none"> <li>• Eligible Retail Shareholder;</li> <li>• Eligible Institutional Shareholder; or</li> <li>• Ineligible Institutional Shareholder.</li> </ul>
<b>Ineligible Shareholder</b>	a person who is an Ineligible Institutional Shareholder or Ineligible Retail Shareholder.
<b>Investor Presentation</b>	the investor presentation relating to the Entitlement Offer, which was released to ASX and AIM by Base Resources on Monday, 29 February 2016 and a copy of which is set out in Section 3.2 of this Booklet.
<b>Institutional Entitlement Offer</b>	the institutional component of the Entitlement Offer, details of which were announced to ASX by Base Resources on Monday, 29 February 2016.
<b>Institutional Investor</b>	an investor to whom offers of securities can be made without the need for a prospectus (or other formality, other than a formality which Base Resources is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged prospectus under Chapter 6D of the Corporations Act.
<b>Institutional Premium</b>	the premium (if any) paid over the Offer Price in respect of Entitlements sold under the Institutional Shortfall Bookbuild (net of any applicable withholding taxes).
<b>Institutional Shortfall Bookbuild</b>	the bookbuild conducted in connection with the Institutional Entitlement Offer, as described in Section 2.1.
<b>New Share</b>	a Share issued in connection with the Entitlement Offer (and includes a Depositary Interest issued in respect of such a share to an Eligible Retail Shareholder on the UK Register).
<b>Offer Price</b>	A\$0.06 per New Share.
<b>Opening Date</b>	Thursday, 10 March 2016.
<b>Pacific Road</b>	Pacific Road Capital II Pty Ltd and Pacific Road Capital Management II Limited.
<b>Record Date</b>	the time and date for determining Entitlements, being at 7.00pm (Sydney time) for Shareholders on the Australian Register and 5.00pm (London time) for Shareholders on the UK Register on Thursday, 3 March 2016.
<b>Register</b>	the Australian Register or the UK Register (as the context requires).
<b>Registry</b>	the Australian Registry or the UK Depositary (as the context requires).
<b>Renunciation and Acceptance Form</b>	the form that must be completed by an Eligible Retail Shareholder who holds their Entitlements on the issuer sponsored sub-register and wishes to transfer all or part of their Entitlement otherwise than on ASX, as described in Section 4.8.
<b>Retail Entitlement Offer</b>	the retail component of the Entitlement Offer, details of which are set out in this Booklet.
<b>Retail Premium</b>	the premium (if any) paid over the Offer Price in respect of any New Shares sold under the Retail Shortfall Bookbuild (net of any applicable withholding taxes).
<b>Retail Shortfall Bookbuild</b>	the bookbuild to be conducted in connection with the Retail Entitlement Offer, as described in Section 4.10.
<b>RFC Ambrian</b>	RFC Ambrian Limited ABN 59 009 153 888.
<b>Share</b>	a fully paid ordinary share in the capital of Base Resources.
<b>Shareholder</b>	a registered holder of a Share or Depositary Interest.
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933 (as amended).
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland.
<b>UK Depositary</b>	Computershare Investor Services PLC.
<b>UK Register</b>	the register of Depositary Interests in the UK maintained on behalf of Base Resources by the UK Depositary.



## Corporate Profile

### Directors

Keith Spence	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwye	Executive Director
Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Malcom Macpherson	Non-Executive Director
Mike Stirzaker	Non-Executive Director

### Company Secretary

Chadwick Poletti

### Registered Office and principal place of business

Level 1, 50 Kings Park Road  
West Perth WA 6005  
Email: [info@baseresources.com.au](mailto:info@baseresources.com.au)  
Phone: +61 (0)8 9413 7400  
Fax: +61 (0)8 9322 8912

### Australian Legal Adviser

Ashurst Australia  
Level 10, Brookfield Place Tower II  
123 St Georges Terrace  
Perth WA 6000

### Offer Manager, Nominated Advisor and Broker

RFC Ambrian Limited

As Nominated Advisor:

Andrew Thomson or Stephen Allen  
Phone: +61 (0)8 9480 2500

As Broker:

Jonathan Williams  
Phone: +44 20 3440 6800

### Share Registry

#### ASX

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Telephone (within Australia): 1300 850 505

Telephone (outside Australia): +61 (3) 9415 4000

Website: [www.computershare.com.au](http://www.computershare.com.au)

#### AIM

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZZ

Telephone (within Australia): +44 (0) 370 702 000

Website: [www.computershare.co.uk](http://www.computershare.co.uk)



**BASE  
RESOURCES**

ABN 88 125 546 910

**For all enquiries:**

**Phone:**

(within Australia) 08 9413 7400

(outside Australia) +61 8 9413 7400

**Web:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

**Make your payment:**



See overleaf for details of the Offer and how to make your payment

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## Retail Entitlement Offer - Entitlement and Acceptance Form

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 **Your payment must be received by 5.00pm (Sydney time) Thursday, 24 March 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

ASX will quote a market for entitlements between Thursday, 3 March 2016 and Thursday, 17 March 2016. Please refer to the Retail Entitlement Offer Booklet for details on how to renounce your entitlements.

### Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Entitlement Offer Booklet dated Friday, 4 March 2016.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip with **BPAY** payment.

**By Mail:** Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Base Resources Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

#### **Sale of your Entitlements in full by your Stockbroker/Agent**

If you wish to sell your Entitlements in full, you should instruct your Stockbroker personally and provide details as requested, which appear overleaf.

**DO NOT** forward your requests for sale to Computershare Investor Services Pty Limited.

#### **Disposal of your Entitlements held on the Issuer sponsored sub-register**

A Standard Renunciation Form must be used for an off market transfer of Entitlements. These forms may be obtained from your Stockbroker or Computershare Investor Services Pty Limited.

#### **Sale of your Entitlements in part by your Stockbroker/Agent and take up the balance**

If you wish to sell part of your Entitlements and take up the balance you should:

- Instruct your Stockbroker personally and provide details as requested, which appear overleaf, **AND**
- Send the payment slip to Computershare Investor Services Pty Limited with your cheque, bank draft or money order payment **OR** make payment using **BPAY**, in order to take up the balance of your Entitlements.

Base Resources Limited Renounceable Entitlement Offer

Payment must be received by 5.00pm (Sydney time) Thursday, 24 March 2016

© Registered to **BPAY** Pty Limited ABN 69 079 137 518

# Entitlement and Acceptance Form

## STEP 1 Registration Name & Entitlement Offer Details

 For your security keep your SRN/HIN confidential.

Registration Name:

Entitlement No:

**Entitlement Offer Details:** Existing shares entitled to participate as at 7.00pm Thursday, 3 March 2016:

Entitlement to New Shares on a 1 for 3.35 basis:

Amount payable on full acceptance at A\$0.06 per New Share:


## STEP 2 Make Your Payment



Bill Code: |  
Ref No:

### Pay by Mail:



Make your cheque, bank draft or money order payable to "**Base Resources Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:

**Computershare Investor Services Pty Limited**  
**GPO BOX 505 Melbourne Victoria 3001 Australia**

Contact your financial institution to make your payment from your cheque or savings account.

### Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5.00PM (Sydney time) Thursday, 24 March 2016. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Base Resources Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5.00PM (Sydney time) Thursday, 24 March 2016. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Base Resources Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

## Base Resources Limited Acceptance Payment Details

Entitlement taken up:

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Amount enclosed at A\$0.06 per New Share:

**A\$**

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Entitlement No:

**Payment must be received by 5.00pm (Sydney time) Thursday, 24 March 2016**

### Contact Details

Contact Name \_\_\_\_\_ Daytime Telephone \_\_\_\_\_

### Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$