



ASX, AIM and Media Release
30 April 2013

Quarterly Activities Report – March 2013

HIGHLIGHTS

- **Kwale Project is 71% complete and on schedule for production to commence in Q3 2013.**
- **Mukurumudzi Dam wall closed ahead of the wet season as planned.**
- **Second US\$72 million drawdown on the Kwale Project Debt Facility completed in February 2013.**
- **Secured US\$20 million extension to the Kwale Project Debt Facility .**
- **Kenyan elections concluded peacefully with an orderly government transition now proceeding.**

Base Resources Limited (ASX:BSE) (“Base”) has made further significant progress in the development of the Kwale Project during the quarter, closing the Makurumudzi Dam wall, completing the second drawing down on the debt facility and advancing overall development to 71% complete.

Kwale Project Implementation

The March quarter has seen a significant increase in construction activity, most notably on the process plant and port facilities. With the overall development 71% complete, the Kwale Project continues to be on schedule for production to commence in Q3 2013 and first bulk shipments to occur in Q4 2013.

Project elements

The development approach for the Kwale Project is for the project to be separated into six discrete contract packages, as well as a number of smaller owner’s projects, with an integrated management team overseeing their execution and integration. This approach has been adopted to ensure that “best of breed” expertise is applied to what are technically diverse and effectively separate project elements and risk is more effectively minimized and managed. The six contract packages, each covered by an EPCM (or EPC for CP3) contract and their status are:

CP1 – Processing Plants (Ausenco)

- Overall progress is on target with 69% complete. Delivery of this construction package is on the overall project critical path and is on schedule for production to start during Q3 2013.
- Civil, structural and mechanical erection works are ongoing and electrical installation has commenced.
- Construction and procurement progress is 66% complete.



Erection of steelwork for process plant

CP2 – Marine Facilities (WSP Group)

- The overall progress to date is 73% complete and on target for delivery prior to the first planned bulk shipment in Q4 2013.
- Onshore construction works are well advanced with the storage shed construction nearing completion.
- Trial assembly of the ship loader is underway in Durban prior to shipping.
- Marine works are ongoing. Softer than expected ground conditions have resulted in some increased piling work.



Construction of the storage shed and jetty at the port

CP3 - Power Line (CG Global)

- Overall, the project is 97% complete and on schedule for completion in Q2 2013.
- The overhead power line construction and commissioning activities have started.
- Electrification of the substation is scheduled for May.



Construction of the mine substation

CP4 – Mukurumudzi Dam (Wave)

- Overall delivery is 76% complete.
- The concrete river diversion channel has been sealed and the dam is ready for storage, as planned, at the start of the wet season.
- Construction of the main embankment to the final elevation is scheduled for completion in May.
- The spillway construction is ongoing but functional.



River diversion channel with plug in place

CP5 – Tailings Storage Facility (Wave)

- Overall progress at 68% complete.
- Construction works are behind schedule but progress improved significantly during the past quarter.
- The current forecast completion timing of Q2 2013 is still well in advance of the required date for plant commissioning in Q3 2013.



Tailings dam embankment

CP-6 – Access Road, Construction Camp and Shared Facilities (Howard Humphries)

- The road construction and A14 road junctions are essentially complete with only some signage and punch list items outstanding.
- Phase two of the construction camp and associated infrastructure is nearing completion ahead of the CP1 SMP and E&I labour influx.



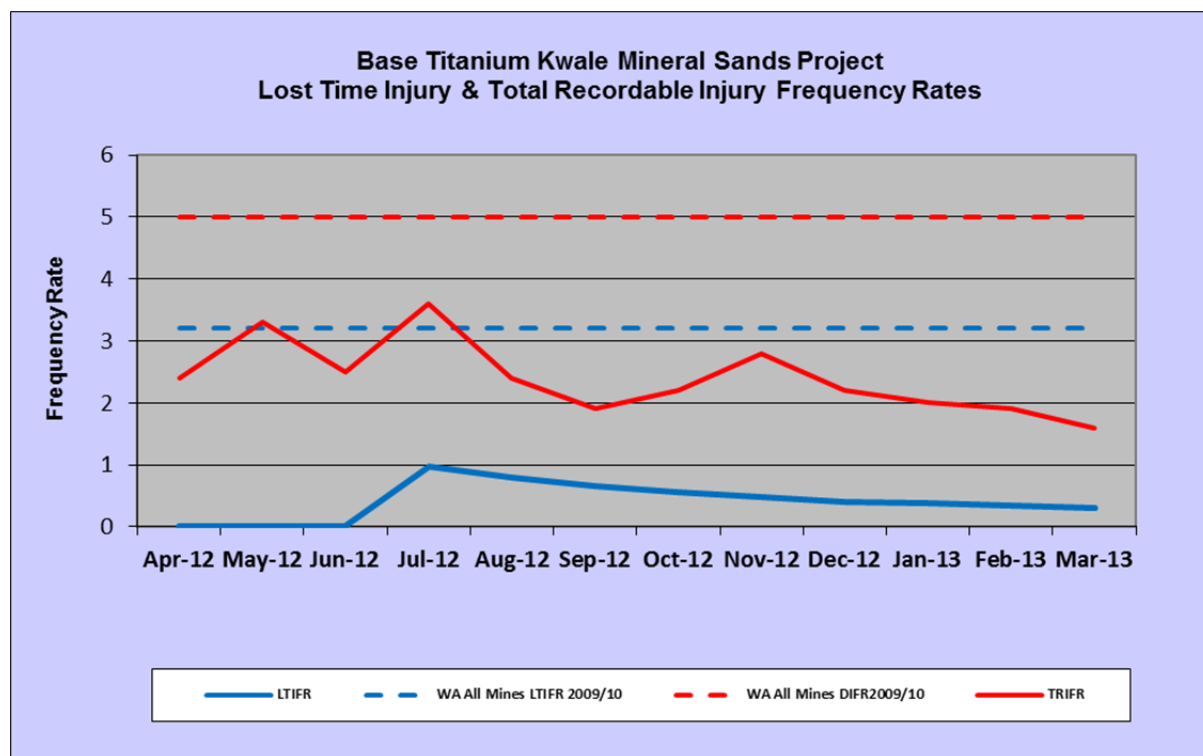
Mine access road essentially complete

Owners Projects

In addition, a suite of owner’s projects are being managed directly by the Base operations team. These include the procurement of the mobile fleet, the installation of a supplementary borefield and the procurement of the dozer trap mining unit. As part of our implementation approach, the full senior operations management team have already been recruited and are integrated into the overall project team to ensure operability of design and smooth transition to operations.

Safety Performance

The total man-hours for the project to date are now over 3,700,000 with only one Lost Time Injury recorded. A big focus in the March quarter has been on positive performance indicators, or lead indicators. Base staff and the contractors working on the various CP’s have completed over 800 formal safety inspections and reported over 1,000 hazards or near misses. Added to this, the corrective action closures from these reports are well above 90%. With safety paramount in all business activities, a continual drive to maintain and improve these high standards will continue.



Community and Environment

The Base Labour Recruitment Centre has now registered over 10,000 job seekers including registration of those from the Likoni area associated with our port facility. Project contractors are required to draw their semi-skilled and unskilled workforces, with some 800 currently employed on mine site works and approximately 100 at the port facility. It is also from this database that Base will recruit the majority of its operational workforce.

Community infrastructure works continued during the quarter with the completion of the Magaoni Secondary School, close to the mine access road, where classes have now commenced. The Kibwaga Feeder School, near the Mukurumudzi Dam, is now in operation with 25 students currently enrolled. Discussions are underway with local administration and the community to locate another feeder school at Miembeni to the north of the mining lease. Construction tenders for Phase I of the Magoni health centre were received following design amendments requested by the Ministry of Health and the project is expected to commence in Q2 2013. Infrastructure projects now complete include 4 schools, a community hall, 3 water schemes, a dispensary and road and access improvements. A further school and dispensary will be constructed once the Fingirika

Settlement Scheme is established by the Government or suitable alternatives identified in collaboration with local communities.

Community engagement continues with monthly meetings held with three district based liaison committees and six community based committees dealing with direct impacts related to construction of the various project infrastructure components. Following the general election, newly elected leaders will be inducted into these committees.

The implementation of the environmental and social management systems continued during the quarter. Dust was a challenge toward the end of the quarter after a prolonged dry season. Community concerns were raised about availability of water and Base assisted by establishing three water points and rehabilitated 4 existing hand-pump boreholes to ensure water supplies continued. The recent onset of the wet season has brought relief to the situation.



Magaoni water point

Budget

The total approved project development budget is US\$298 million, including contingencies. To 31 March, US\$192 million has been incurred and a further US\$87 million has been committed (ordered).

Financing

In February, the second drawdown of US\$72 million was completed on the Kwale Project debt facilities. Total debt drawn at 31 March is US\$126 million. Under the terms of the debt facility, drawdowns will be made on a quarterly basis with the next scheduled for June 2013.

Subsequent to the end of the quarter, Base secured a US\$20 million extension to the existing US\$20 million cost overrun facility, bringing the total Kwale Project debt facilities to US\$190 million. The additional US\$20 million is not required to meet forecast project commitments but Base believes it prudent to have sufficient funding in place to meet any unforeseen costs or delays. Utilisation of the additional US\$20 million is subject to execution of the security documentation, including consent of the Commissioner of Mines & Geology to the security interests.

Marketing

The market for titanium dioxide feed stocks remained subdued through the March quarter. Low pigment plant utilisation and pigment de-stocking continued through the quarter. There is an expectation of a pick-up in pigment activity through the June quarter as the northern hemisphere painting season commences. Continued strength in the US housing market together with a recent re-bounce of the Chinese housing market supports the expectation of a market recovery by the second half of 2013.

Market conditions for zircon improved during the quarter with an increase in trade activity. While end markets for zircon based products remain sluggish, some zircon users have begun re-stocking raw materials. This supports the view that zircon prices may have bottomed and that thrifting and substitution activity has now effectively worked its way through the supply chain. Some of the major producers, including Iluka Resources Limited, continued their strategy of adjusting supply to align with demand. However, overall producer stocks remain high and conditions for the zircon supply chain are likely to remain subdued well into 2013.

The long term outlook for all mineral sands products remains very positive. Enquiry levels for Base's products are strong and discussions are progressing well with customers wishing to enter off-take agreements for the share of Base's products that are not yet contracted. Terms have been agreed with customers for most of the remaining ilmenite production over the first 5 years with contracts now being prepared.

Kenyan Exploration Projects

As part of the Kwale Project acquisition, Base acquired an option to purchase three further exploration projects - Kilifi, Mambrui and Vipingo. On 28 December 2012, the then Kenyan Minister of Environment & Mineral Resources published a gazette notice purporting to cancel the three exploration licenses covering these projects. The Company has not as yet received formal notification from the Department of Mines & Geology or any explanation of the rationale for this action. Base believes it is in full compliance with the terms of these licenses and has submitted all required quarterly activity reports. Furthermore, the Company successfully had these three licenses renewed in 2011 and 2012 as such, Base can see no legal basis for the gazette notice purporting to now cancel them. Consequently, the Company has taken the appropriate legal action to protect the rights and has received a court order staying the cancellation pending a hearing. Scheduled court hearings during the quarter have been postponed but Base continues to pursue the matter and is confident of a positive outcome.

Exploration activity during the quarter was focused on enhancing the Kwale North Dune resource estimate. Drilling comprised 3,231 meters in 65 holes to test depth, grade, geo-metallurgical domains and assemblage. Analysis of the results is progressing and an updated resource estimate is scheduled for completion in the September quarter. The North Dune is not currently included in the Kwale Project.

Corporate

In summary, at 31 March 2013:

- Cash and cash equivalents were A\$108.7 million.
- Debt drawn of US\$126.0 million.
- 560,440,029 shares on issue.
- 18,000,000 unlisted options.

Ends.

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Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwye	Executive Director
Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Trevor Schultz	Non-Executive Director
Winton Willesee	Non Executive Director/ Company Secretary

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About Base Resources

Base Resources Limited (ASX:BSE) is developing the world-class Kwale Mineral Sands Project in Kenya, East Africa. Kwale is a highly competitive project in a sector with a forecast supply shortfall widely expected to emerge in the medium term.

The Kwale Project represents an advanced development opportunity with all material project approvals, permits and licenses required for development currently in place, funding in place and construction of all project elements heading towards completion.

The Project enjoys a high level of support from the Government of Kenya as well as the local community and, located just 50km from Mombasa, Kenya's principal port facility, is well serviced by existing physical infrastructure.

Importantly, two pilot plant operations at Kwale provide confidence in processing behaviour and indicate a suite of readily marketable products. The Project's high value mineral assemblage and low stripping ratio result in a projected revenue to cash cost ratio that would place Kwale in the top quartile of world producers.

A realistic development time line should see the Kwale Project in production in the second half of 2013.