

## **ASX Release**

28 November 2011

## **Presentation**

Please find following an amended presentation for **Base Resources Ltd ("Base") (ASX:BSE)**.

The attached presentation replaces the presentation lodged this morning prior to the Company's AGM and, in accordance with ASX Guidance Note 8, excludes the reference to broker coverage and valuations which the Company retracts.

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# **BASE RESOURCES LTD**

Right sector. Right project. Right time.

**Annual General Meeting**  
28 November 2011

# Statements



## Restriction on Distribution

*Not for distribution directly or indirectly, to US persons or in or into the United States, Canada, Japan or South Africa*

## Forward Looking Statements

*Certain statements made during or in connection with this presentation contain or comprise forward looking statements regarding the capital cost, production and financial performance of the Kwale Project. Although Base believes the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in 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. Base undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.*

## Competent Persons Statement

*Information in this presentation that relates to Mineral Resources at the Kwale Project is based on information compiled by BSE's Manager – Geology, Scott Curruthers, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Carruthers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carruthers consents to the inclusion in this announcement of the information based on his work in the form and context in which it appears.*

*Information in this presentation that relates to mineral resources at the Kilfi and Mambrui Projects is based on information compiled by Snowden Mining Industry Consultants in 2005 and reviewed by Mr Terry Parker. Mr Parker is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and is currently employed by Snowden.*

*Mr Parker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Parker consents to the inclusion in this presentation of the information based on his work in the form and context in which it appears on the basis that no additional information has been obtained since the 2005 information.*

# Base Resources Limited.



## A snapshot.

- Based in Perth, Australia.
- ASX listed with code **BSE**.
- 100% owner of the advanced Kwale mineral sands project in Kenya.
- An institutionally dominated share register.

### ***Substantial Shareholders***

|                                                          | <b><i>Interest</i></b> |
|----------------------------------------------------------|------------------------|
| Pacific Road Capital                                     | <b>19.2%</b>           |
| Taurus Funds Management                                  | <b>9.9%</b>            |
| Acorn Capital                                            | <b>8.7%</b>            |
| <b><i>Total interest of Substantial Shareholders</i></b> | <b>36.8%</b>           |
| <b><i>Total interest of top 10 shareholders</i></b>      | <b>approx 55%</b>      |



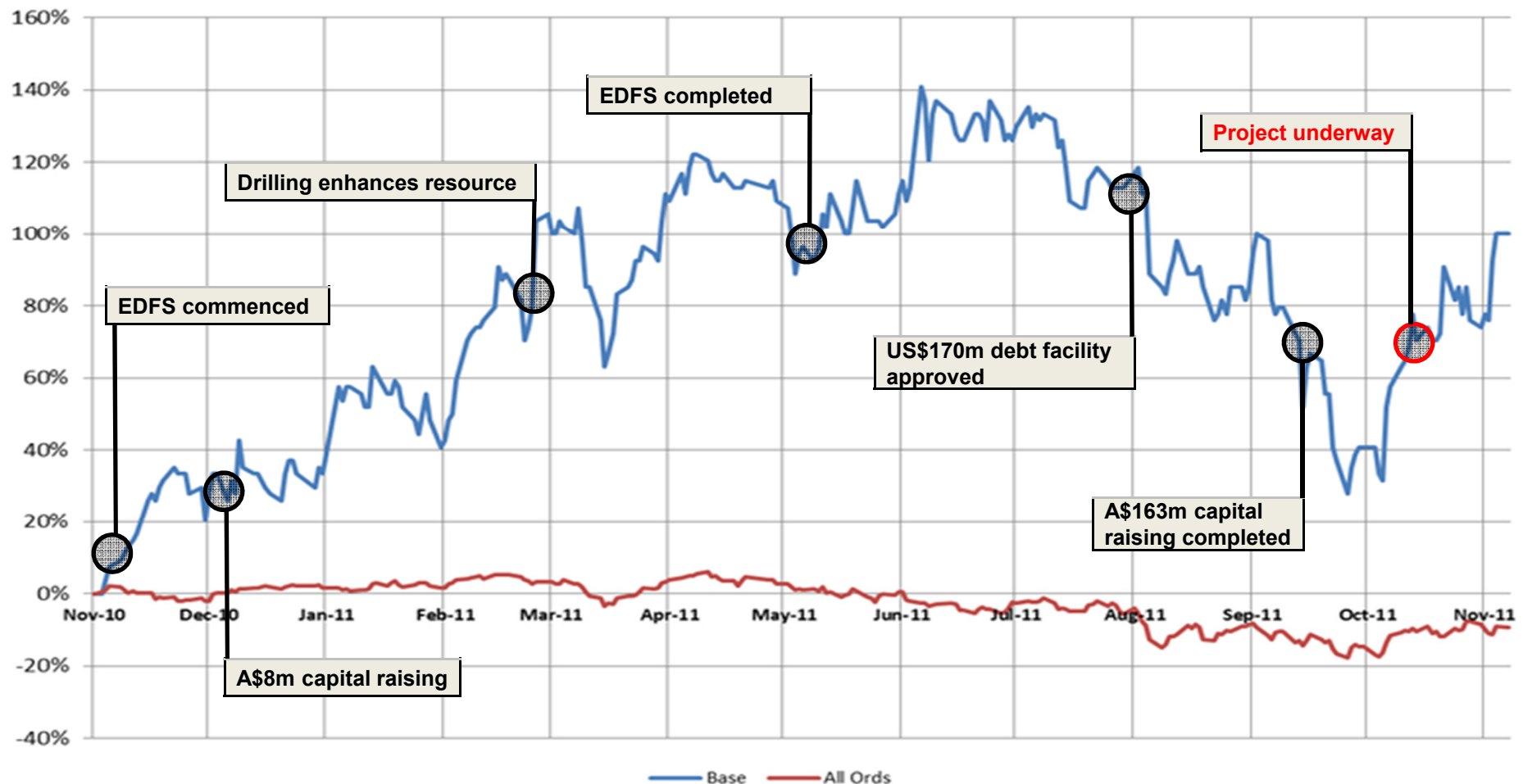
- Market capitalisation of approximately A\$250 million at \$0.55 per share.

# A busy 12 months behind us.....



With the enhance feasibility study completed, financing secured and permits in hand, development of Kwale has now commenced.

Share Price Performance vs ASX All Ordinaries



# A quality resource base.



A 275 hole drilling program at Central and South produced an increase in resource tonnes, contained mineral and value of the mineral assemblage.

|                   |   |      |
|-------------------|---|------|
| Resource tonnes   | ↑ | 7.2% |
| Contained mineral | ↑ |      |
| Rutile            | ↑ | 16%  |
| Ilmenite          | ↑ | 16%  |
| Zircon            | ↓ | 3%   |
| Assemblage value  | ↑ | 4%   |

| Dune     | Classification | Resource<br>(Mt) | HM<br>(%)  | HM<br>(Mt) | Ilmenite<br>(%) | Ilmenite<br>(Mt) | Rutile<br>(%) | Rutile<br>(Mt) | Zircon<br>(%) | Zircon<br>(Mt) |
|----------|----------------|------------------|------------|------------|-----------------|------------------|---------------|----------------|---------------|----------------|
| Central  | Measured       | 46.2             | 7.1        | 3.3        | 4.01            | 1.85             | 0.93          | 0.43           | 0.43          | 0.20           |
|          | Indicated      | 29.9             | 4.6        | 1.4        | 2.47            | 0.74             | 0.61          | 0.18           | 0.26          | 0.08           |
|          | <b>Total</b>   | <b>76.2</b>      | <b>6.1</b> | <b>4.6</b> | <b>3.40</b>     | <b>2.59</b>      | <b>0.81</b>   | <b>0.61</b>    | <b>0.36</b>   | <b>0.28</b>    |
| South    | Measured       | 40.0             | 3.8        | 1.5        | 1.95            | 0.78             | 0.54          | 0.22           | 0.22          | 0.09           |
|          | Indicated      | 29.8             | 3.4        | 1.0        | 1.36            | 0.40             | 0.39          | 0.12           | 0.17          | 0.05           |
|          | <b>Total</b>   | <b>69.9</b>      | <b>3.6</b> | <b>2.5</b> | <b>1.70</b>     | <b>1.18</b>      | <b>0.47</b>   | <b>0.33</b>    | <b>0.20</b>   | <b>0.14</b>    |
| Combined | Measured       | 86.2             | 5.5        | 4.8        | 3.05            | 2.63             | 0.75          | 0.65           | 0.33          | 0.29           |
|          | Indicated      | 59.8             | 4.0        | 2.4        | 1.91            | 1.14             | 0.50          | 0.30           | 0.22          | 0.13           |
|          | <b>Total</b>   | <b>146.0</b>     | <b>4.9</b> | <b>7.1</b> | <b>2.59</b>     | <b>3.78</b>      | <b>0.65</b>   | <b>0.95</b>    | <b>0.29</b>   | <b>0.42</b>    |

|          |              |              |            |             |            |             |             |             |             |             |
|----------|--------------|--------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|
| North    | Indicated    | 116.0        | 2.1        | 2.44        | 1.01       | 1.17        | 0.20        | 0.23        | 0.11        | 0.13        |
|          |              |              |            |             |            |             |             |             |             |             |
| Combined | Measured     | 86.2         | 5.5        | 4.8         | 3.05       | 2.63        | 0.75        | 0.65        | 0.33        | 0.29        |
|          | Indicated    | 175.8        | 2.8        | 4.8         | 1.31       | 2.31        | 0.30        | 0.53        | 0.15        | 0.26        |
|          | <b>Total</b> | <b>262.0</b> | <b>3.7</b> | <b>9.64</b> | <b>1.9</b> | <b>4.94</b> | <b>0.45</b> | <b>1.18</b> | <b>0.21</b> | <b>0.55</b> |

# A project of scale.



The EDFS capital cost estimate reflects a range of improvement opportunities identified in our initial Process Design Review.

| Area                                    | Preproduction<br>(US\$M) |
|-----------------------------------------|--------------------------|
| Mining                                  | 8.3                      |
| Process Plant                           | 64.6                     |
| Tailings Storage Facility               | 17.2                     |
| Onsite Infrastructure                   | 20.1                     |
| Off Site Infrastructure                 | 16.4                     |
| Marine Loading Facilities               | 17.8                     |
| Temporary Construction Facilities       | 12.7                     |
| EPCM and Fee                            | 37.2                     |
| <b>Process Plant and Infrastructure</b> | <b>194.2</b>             |
|                                         |                          |
| Mobile Equipment/Spares/First Fills     | 18.0                     |
| Owners Costs                            | 24.1                     |
| <b>Ancillary Costs</b>                  | <b>42.1</b>              |
| <b>Capital Cost Estimate</b>            | <b>236.3</b>             |
| Project Contingency                     | 20.0                     |
|                                         | <b>256.3</b>             |

- Key changes include:
  - Mining method
  - Flowsheet simplification
  - Improved tailings management strategy
  - Grid power
  - Port enhancements
- Total includes both an 8.7% estimating contingency and a US\$20 million project contingency.



# The right project.



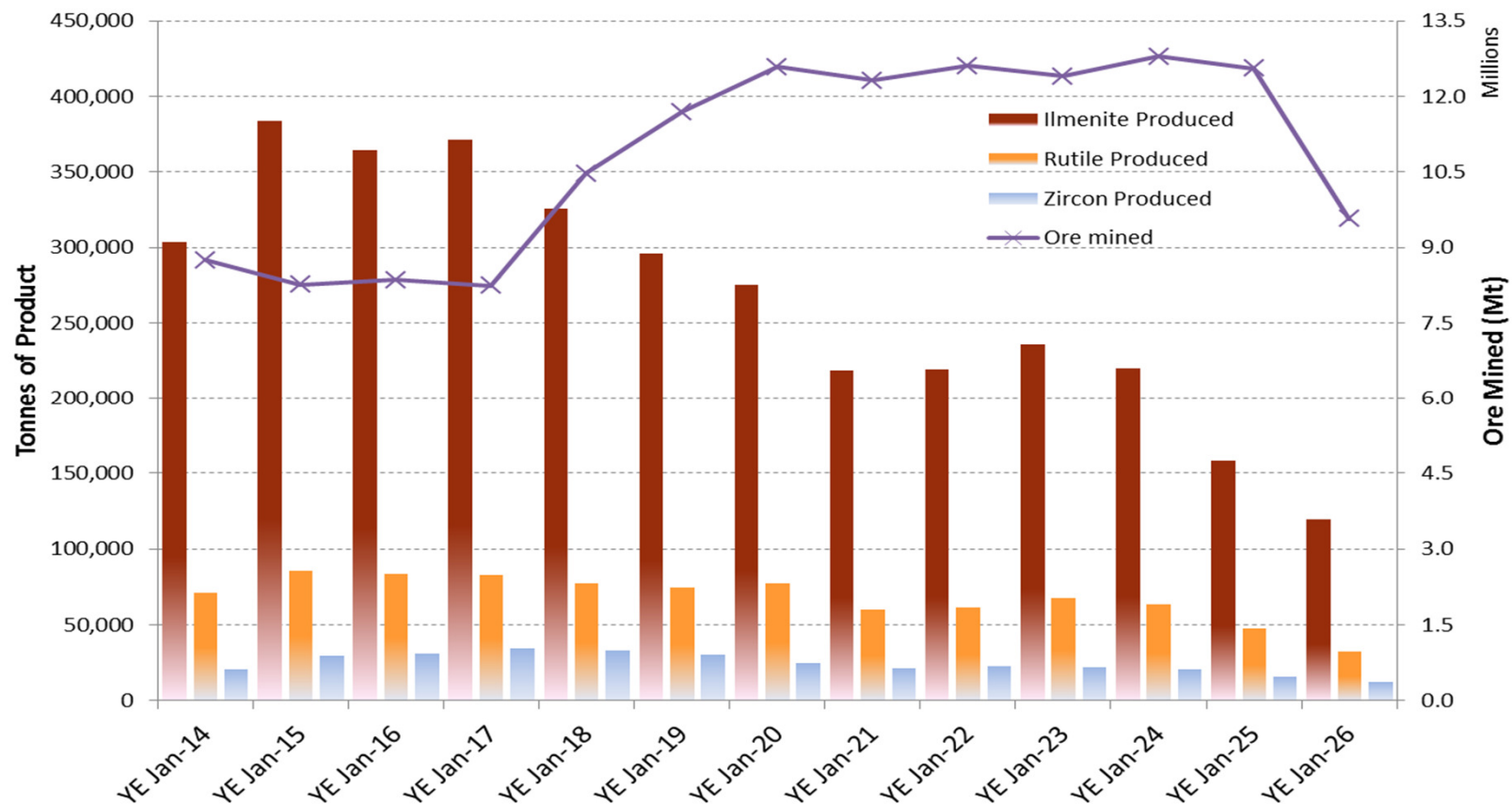
Kwale is large scale, technically straightforward and supported by well developed physical and social infrastructure.

See project animation at [www.baseresources.com.au](http://www.baseresources.com.au)

# Production profile.



A “globally significant” producer, with a front-ended production profile over a 13-year mine life.



# The EDFS financial statistics.



Based on the April TZMI price outlook, the EDFS shows Kwale to be extremely robust, producing a LOM cash surplus approaching US\$1 billion.

|                                         | Unit       | Total      |
|-----------------------------------------|------------|------------|
| <b>Capital cost</b> (inc.contingencies) | US\$m      | <b>256</b> |
| NPV (at a discount rate of 10%)         | US\$m      | 395        |
| IRR                                     | %          | 41.8       |
| Capital Payback Period                  | Months     | 23         |
| LOM Operating Costs                     | US\$/t ore | 4.67       |
| LOM Cash Margin                         | US\$/t ore | 10.10      |
| LOM Free Cash Flow (post-tax)           | US\$ M     | 930        |

All Project statistics and cash flows:

- Are post-tax and in 2011 real terms.
- Exclude financing and corporate costs.
- Assume that the US\$20m project contingency is spent.

Refer to [www.baseresources.com.au](http://www.baseresources.com.au) for assumptions & explanations



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| Capital cost (inc.contingencies) | US\$m      | 256         |
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| <b>IRR</b>                       | <b>%</b>   | <b>41.8</b> |
| Capital Payback Period           | Months     | 23          |
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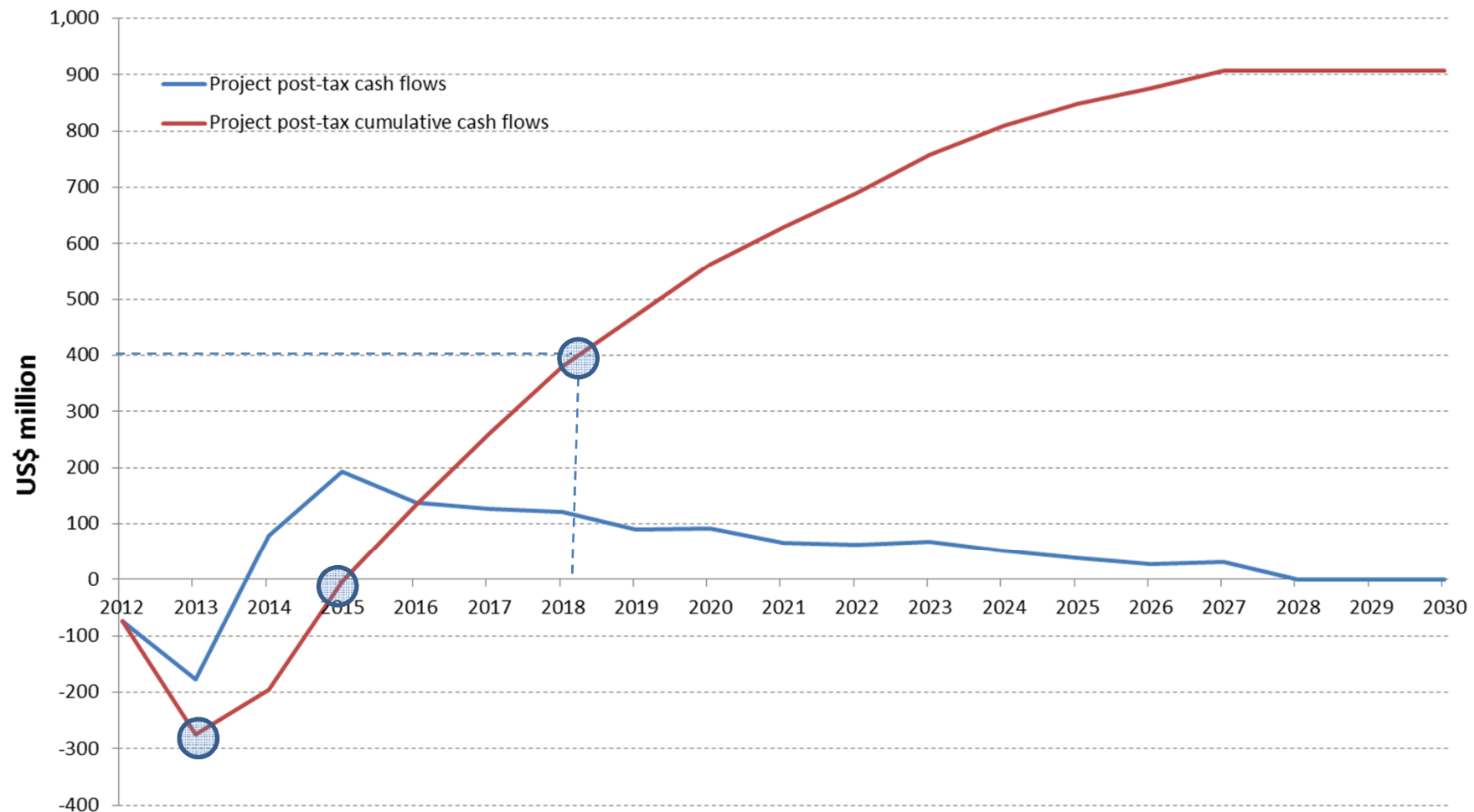
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# An enviable cash flow profile.



.....with US\$400 million coming in the first 5 years of operations. This will provide the capital base to capitalise on a pipeline of opportunities.



# Development financing.



Credit approvals are in place for US\$170 million in debt facilities and the required equity funding package has been completed.

**A\$25 million  
Corporate Funding**

**A\$22.6 million 1:3 Renounceable Rights Issue (@ \$0.55 / share)**

- Completed mid-September.

**US\$310 million  
Kwale Funding**

**A\$140 million equity placement (@ \$0.55 / share)**

- Completed in early September.
- Australian, US and UK institutional investors.

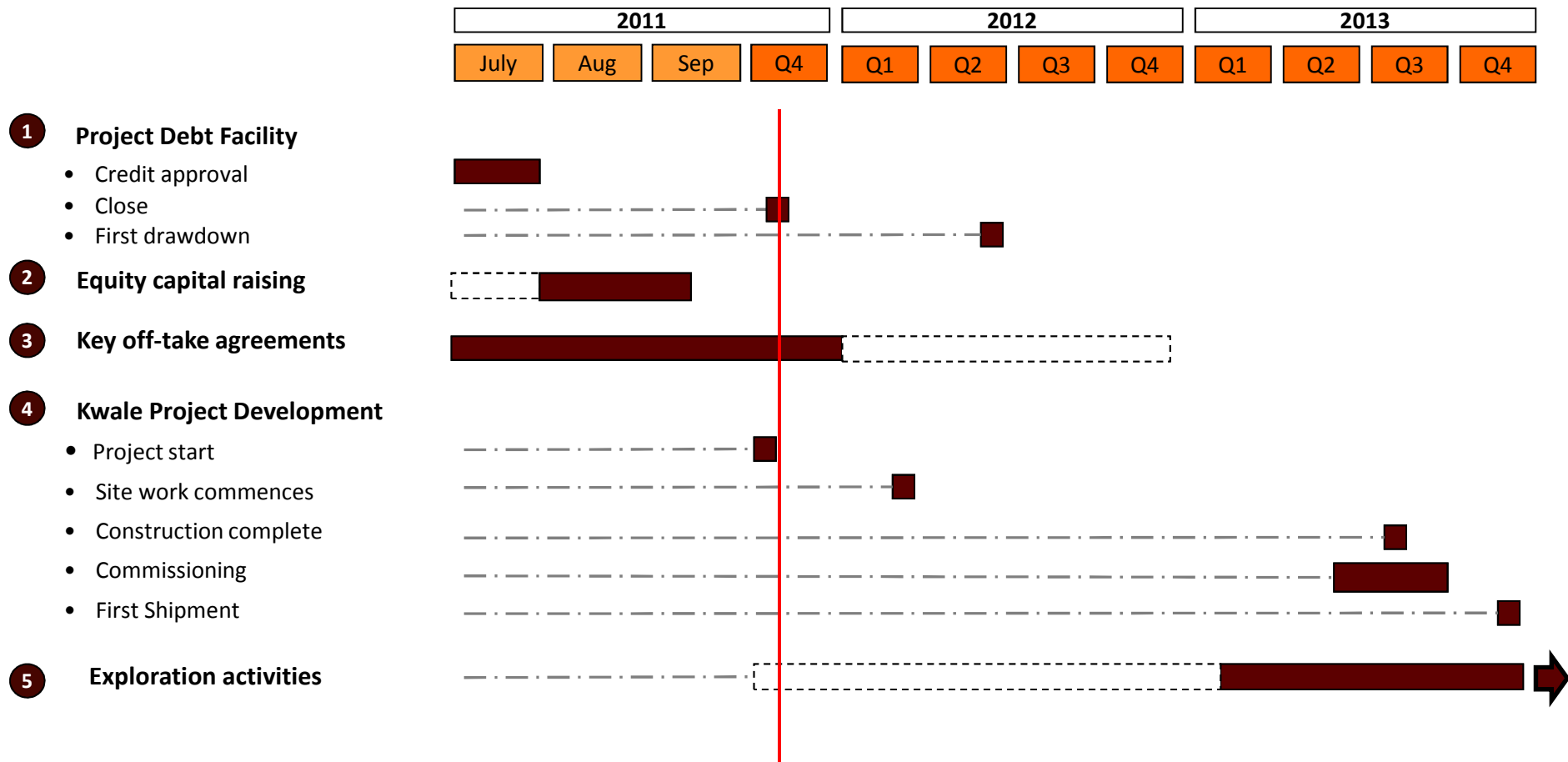
**US\$170 million syndicated debt facility**

- Credit approved commitments.
- Finalising documentation (expected signing in mid-November).
- Syndicate of 7 international banks and DFIs.

# Which brings us to now....



Base is working towards the rapid development of the Kwale Project with a plan for first production in the second half of 2013.



# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

Pre-implementation now all but complete:

- Management team assembled.
- Wave Engineering functionally integrated.
- Systems development and implementation well advanced.

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

### CP 1 – Processing Plants

Formal project commencement on 10 October:

- Ausenco engaged as EPCM contractor.
- Detailed design underway.
- Main site works to commence in April.

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

Our gateway to market:

- EPCM contractors WSP Group appointed
- Geotechnical confirmation underway
- Detailed design work commenced.

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

CP 3 – Power Line

Being undertaken as a Design & Construct contract:

- CG Global successful tenderer
- Manufacturing capacity for key items now committed
- Power line route being finalised.

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

First physical works of the Kwale Project:

- Detailed engineering complete
- Dam wall alignment cleared and grouting underway
- Construction to commence in January.

CP 1 – Processi

CP 2 – Likoni P

CP 3 – Power Li

CP 4 – Mukurumudzi Dam



# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

CP 3 – Power Line

CP 4 – Mukurumudzi Dam

CP 5 – Tailings Storage Facility

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likelihood

CP 3 – Power

CP 4 – Materials

CP 5 – Tailings Storage Facility

CP 6 – Access Road

A critical path item for the wider project:

- EPCM and construction contracts in place.
- Detailed design is complete and physical works commenced.
- Temporary facilities in place by March

# Project Implementation.



Our approach ensures “best of breed” expertise is applied to technically diverse project elements and risk is more effectively minimized and managed.

## Integrated Management Team

CP 1 – Processing Plants

CP 2 – Likoni Port Facility

All supporting projects, works and programs:

- \$13 million mobile fleet order placed.
- Dozer trap mining unit.
- Environmental and social works, approvals and ancillary projects.

CP 3 – Power

CP 4 – Mu

CP 5 – Tail

CP 6 – Access Road

Owners Projects

# Off-take arrangements.



Portfolio of agreements covering first 5 years of production is falling into place.

## Rutile

Contracted

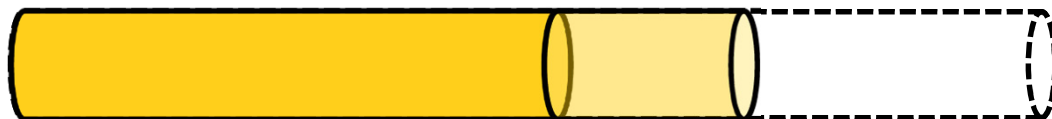
Terms agreed

## Ilmenite

Contract execution

Discussions underway

## Zircon



# What does Kwale mean for Kenya?



A key to unlock the potential of the mineral sector and a model for operations.

Kwale will have significant direct impact on the Kenyan economy:

- US\$256 million direct investment.
- More than triple mineral sector export earnings – US\$1.9 billion in sales – will replace coffee in 4<sup>th</sup> on export value.
- Adds 0.6% to GDP.
- US\$275+ million in tax and royalties over 13 years.
- Significant multiplier effect and skills development.

But an even bigger impact as a catalyst for an inflow of mining investment:

- The project has high international visibility.
- We have an opportunity to establish a model for effective mining investment in Kenya.
- The GoK clearly understands and is playing its role:
  - Fiscal Agreement.
  - Modernisation of mining administration.
  - High level of collaboration on issues.



# ... and our community.....



Achieving our long term goals depends on our ability to build relationships with the communities in which we operate and to enrich their lives through our participation.

Project establishment has a significant social impact:

- 383 households compensated and relocated from the mining lease.
- 116 families now being relocated for dam, power-line and access road.

But conducted well, the result can be overwhelmingly positive:

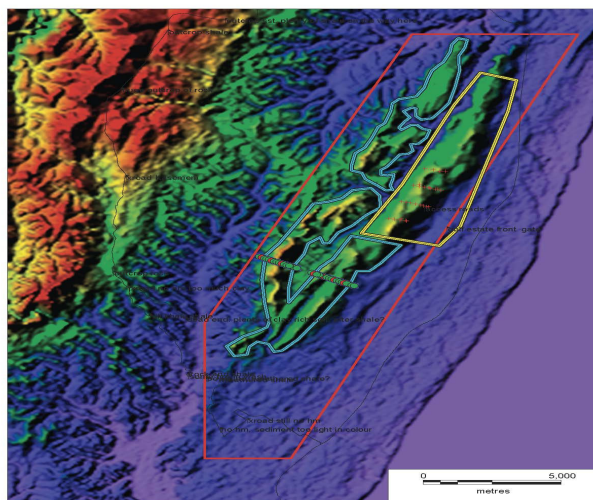
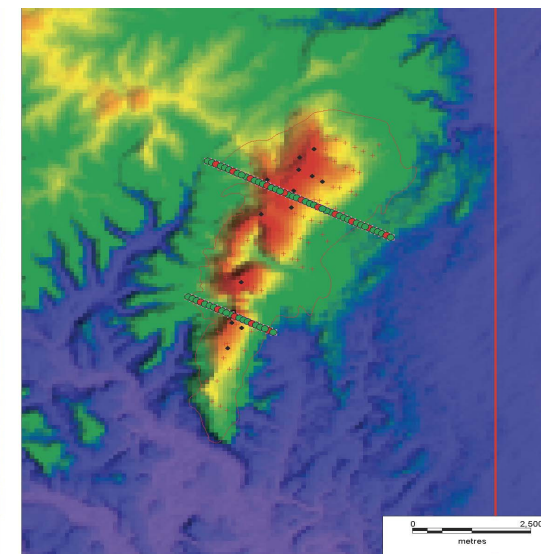
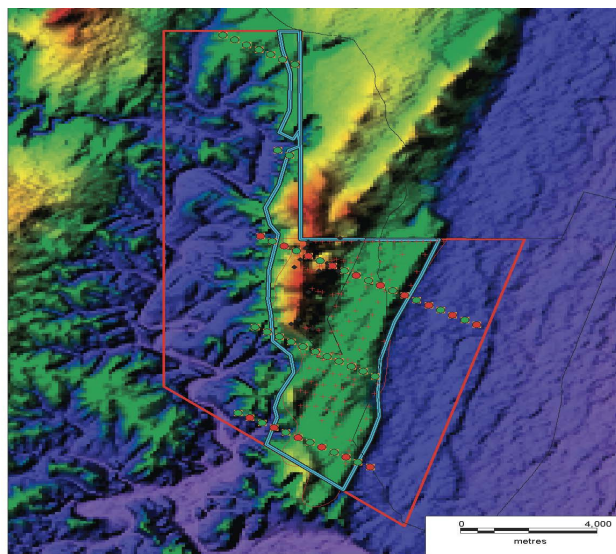
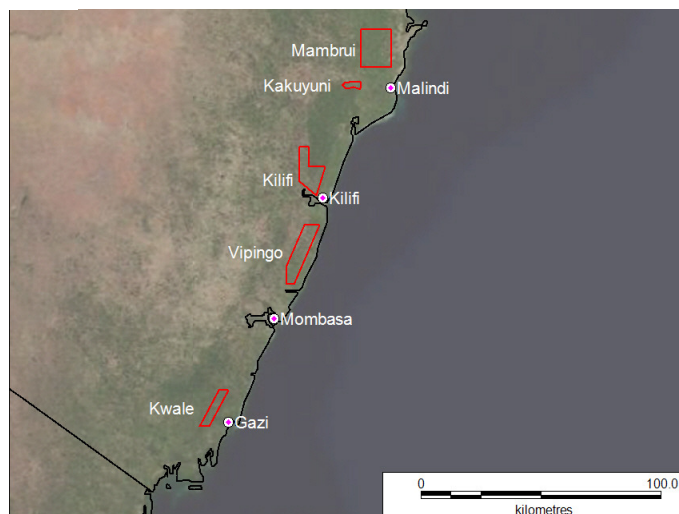
- Adoption of World Bank standards in management and compensation.
- Recruitment and training biased to local communities.
- Development of facilities at host site and surrounding communities – schools, water schemes, dispensaries, road upgrades.
- Post-mining land use strategy integrated into mine plan.
- Community capability development programs to maximise the sustainable benefits from our operations.
- Establishment of a Kwale Development Foundation.



# .....as we look beyond Kwale.



3 established exploration projects and a number of additional targets present a range of potential development options. Drilling has started....



| Dune            | Classification | Resource       | HM         |             |
|-----------------|----------------|----------------|------------|-------------|
|                 |                | (Mt)           | (%)        | (Mt)        |
| Kilifi          | Indicated      | 809.7          | 3.2        | 25.9        |
|                 | Inferred       | 148.4          | 3.4        | 5.0         |
|                 | <b>Total</b>   | <b>958.1</b>   | <b>3.2</b> | <b>30.9</b> |
| Mamburi         | Indicated      | 301.4          | 5.1        | 15.4        |
|                 | Inferred       | 129.3          | 4.8        | 6.2         |
|                 | <b>Total</b>   | <b>430.7</b>   | <b>3.6</b> | <b>21.6</b> |
| <b>Combined</b> | Indicated      | 1,111.1        | 3.72       | 41.3        |
|                 | Inferred       | 277.7          | 4.0        | 11.2        |
|                 | <b>Total</b>   | <b>1,388.8</b> | <b>3.8</b> | <b>52.5</b> |

[www.baseresources.com.au](http://www.baseresources.com.au)



Right sector.  
Right project.  
Right time.

