



# Building the Foundations

Africa Downunder  
August 2013



# Statements



## Restriction on Distribution

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## 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 Carruthers, 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.

# A snapshot



- ▶ Based in Perth, Australia.
- ▶ Market Listings
  - ASX - code BSE - S&P ASX300 index member
  - AIM - code BSE – debut in Jan 2013.
- ▶ An institutionally dominated share register.
- ▶ Market capitalisation of approximately A\$230 million at A\$0.41 per share.
- ▶ 100% owner of the advanced Kwale mineral sands project in Kenya.
- ▶ US\$260 million incurred on development. (to 31 July 2013).
- ▶ US\$72 million in cash (at 31 July 2013).
- ▶ US\$20 million in undrawn debt facilities (\$170m drawn).
- ▶ Estimated project NPV<sub>10</sub> (Dec 2013 post-tax, post-debt, real) of US\$420 million at current TZMI price forecasts and assumptions.

## Substantial Shareholders

## Interest

Pacific Road Capital	20.5%
Taurus Funds Management	13.0%
L1 Capital	8.8%
Acorn Capital	8.2%
BT Investment Management	7.0%
Aterra Investments	5.7%
<i>Total interest of Substantial Shareholders</i>	63.2%
<i>Total interest of top 10 shareholders</i>	<i>approx 75%</i>

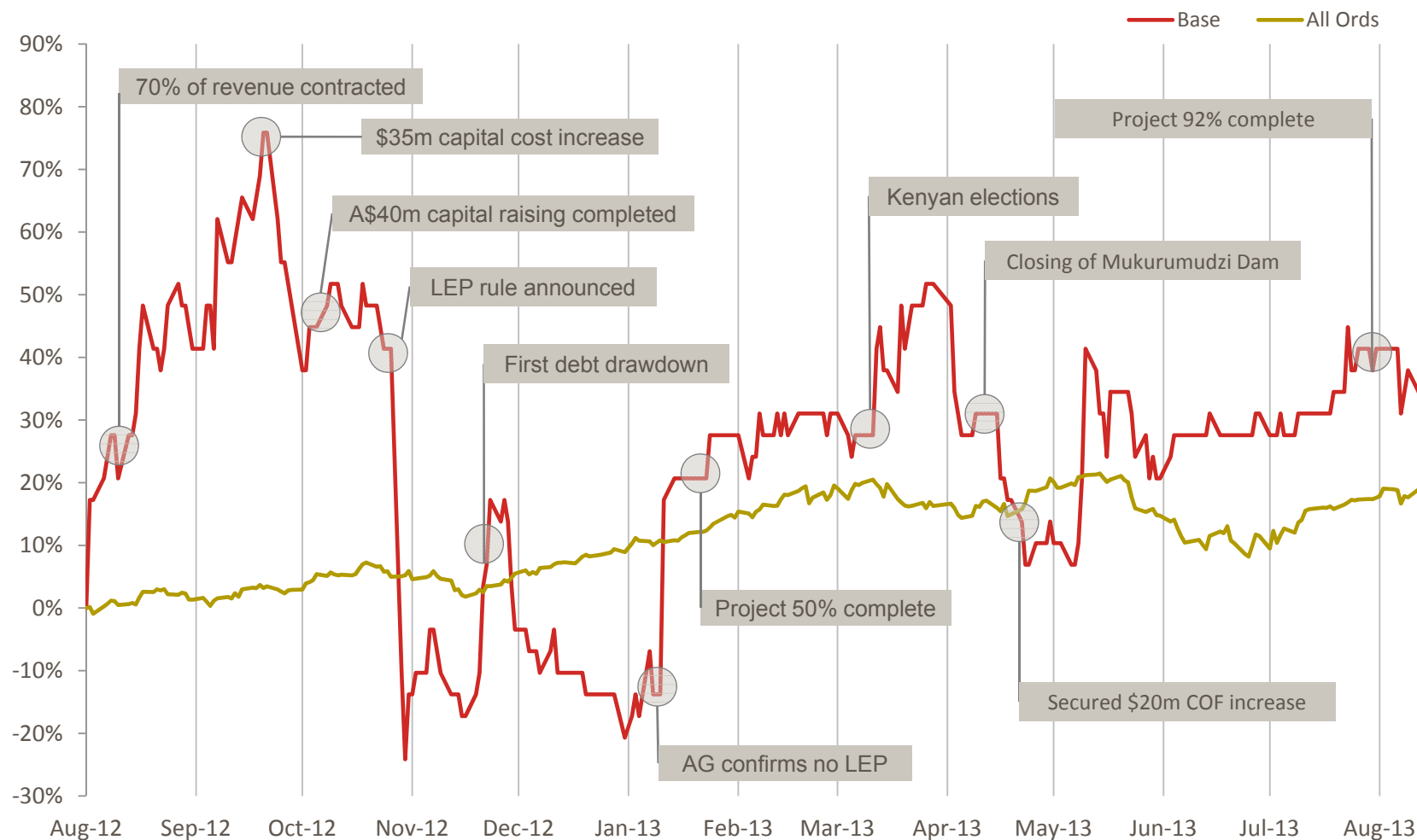
## Covering Brokers

RFC Ambrian  
Euroz  
Credit Suisse  
GMP  
RBC  
Goldman Sachs

# Another busy 12 months...



Development of Kwale is now over 92% complete and on schedule for product shipments to commence in Q4 2013.



# The starting point



A quality resource combining a high grade and high value mineral assemblage with rutile the key.

Kwale Project

Dune	Classification	Resource	HM	Ilmenite	Rutile	Zircon					
		(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(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	
	Total	76.2	6.1	4.6	3.40	2.59	0.81	0.61	0.36	0.28	
	South	Measured	40.0	3.8	1.5	1.95	0.78	0.54	0.22	0.09	
	Indicated	29.8	3.4	1.0	1.36	0.40	0.39	0.12	0.17	0.05	
	Total	69.9	3.6	2.5	1.70	1.18	0.47	0.33	0.20	0.14	
	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	
	Total	146.0	4.9	7.1	2.59	3.78	0.65	0.95	0.29	0.42	
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	
	Total	262.0	3.7	9.64	1.9	4.94	0.45	1.18	0.21	0.55	

# 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)



# The financial statistics



Based on the August 2013 TZMI price outlook and refined operating cost estimates, Kwale remains a robust project with an estimated LOM cash surplus approaching US\$700 million.

	Unit	Total
<b>Source of funding:</b>		
<b>Equity net of costs</b> (includes corporate funds)	A\$m	192
<b>Debt funding</b>	US\$m	190
<b>Capital cost (inc.contingencies)</b>	US\$m	305
<b>Estimated Project NPV<sub>10</sub></b> (Dec 2013 post-tax, post-debt, real)	US\$m	420
<b>IRR</b>	%	26
<b>Expected Capital Payback Period</b>	Months	35
<b>Anticipated LOM Operating Costs</b>	US\$/t ore	6.07
<b>Anticipated LOM Cash Margin</b>	US\$/t ore	7.50
<b>Anticipated LOM Free Cash Flow</b> (post-tax real) – after debt repayments	US\$m	680

## All Project statistics and cash flows:

- ▶ Are post-tax and in December 2013 real terms.
- ▶ Include financing and corporate costs.
- ▶ Assume that project contingency is spent.

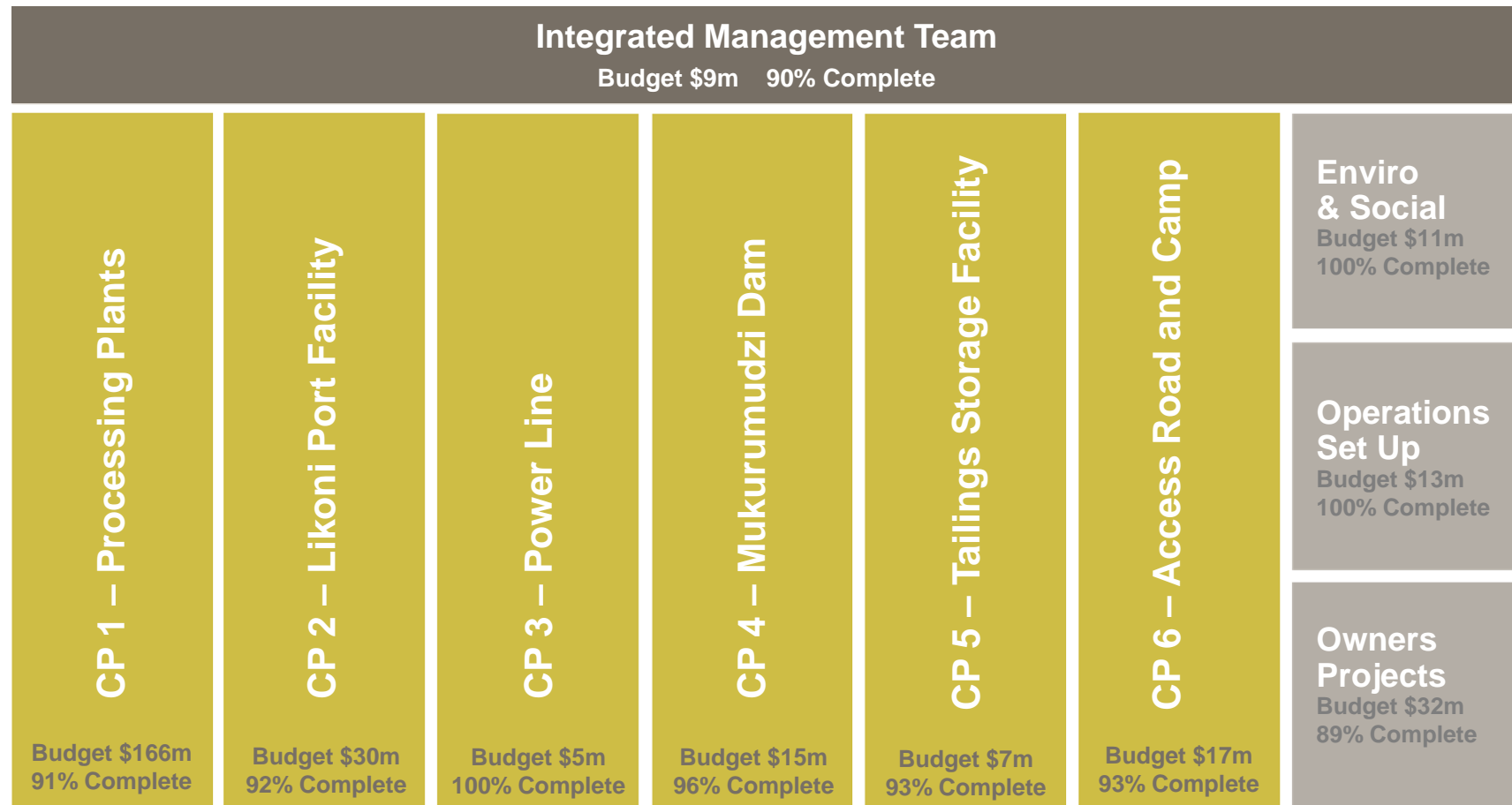
Refer to [www.baseresources.com.au](http://www.baseresources.com.au) for assumptions & explanations



# Project Implementation



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





# CP 1 – Processing Plants



# CP 1 – Processing Plants





# CP 1 – Processing Plants



# CP 1 – Processing Plants





# CP 1 – Processing Plants





# CP 1 – Processing Plants





## CP 2 – Likoni Port Facility



## CP 2 – Likoni Port Facility





## CP 2 – Likoni Port Facility



## CP 2 – Likoni Port Facility





## CP 3 – Power Line



## CP 3 – Power Line





# CP 3 Power Line



# CP 4 Mukurumudzi Dam





# CP 4 Mukurumudzi Dam





# CP 4 Mukurumudzi Dam





## CP 4 Mukurumudzi Dam





# CP 5 Tailings Storage Facility





# CP 5 Tailings Storage Facility





## CP 6 Access Road and Camp





## CP 6 Access Road and Camp





## CP 6 Access Road and Camp





## CP 6 Access Road and Camp



# CP 6 Access Road and Camp





## CP 6 Access Road and Camp



# WP 1 Owners Projects





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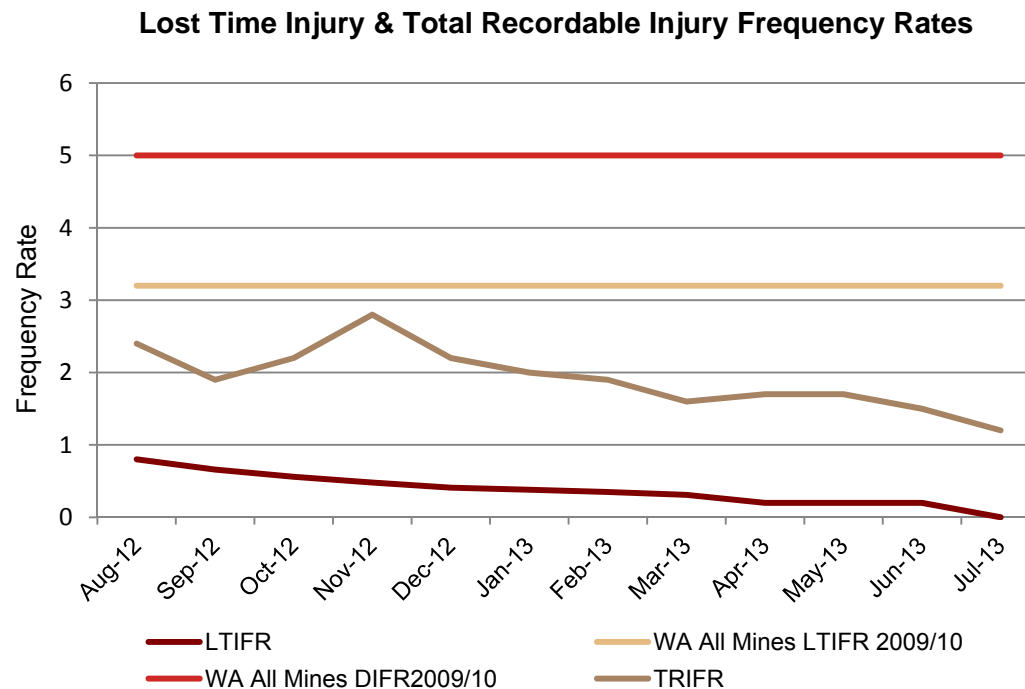
# WP 1 Owners Projects





# Safely...

Establishing our required safety culture is one of the key challenges...  
and a lead indicator for operational performance.



- ▶ 5.6 million man hours LTI-free – 1 LTI for entire project.
- ▶ 2000 people on site.
- ▶ 950 people recruited from local community – most have never had a job before.
- ▶ 20 full time safety specialists.



# Operational management team



A highly experienced management team is in place, with deep experience in mineral sands, African operations and their respective fields.

**Colin Bwye**  
Director - Operations

- Metallurgist
- Mineral sands experience: 24 yrs
- Project commissionings: 2

**Denham Vickers**  
GM - Operations

- Mining engineer
- Project commissionings: 5
- African experience: 10 yrs

**Christo Schmidt**  
Manager - Production

- Metallurgist
- Mineral sands experience: 25 yrs
- African experience: 25 yrs

**Vaughan Shaw**  
Manager - Mining

- Tailings dam const. & ops: 20 yrs
- Mineral sands experience: 10 yrs
- African experience: 20 yrs

**Scott Perry**  
Manager - Maintenance

- MBA – maintenance management
- Mineral sands experience: 3 yrs
- Project commissionings: 3

**Pieter Kros**  
Manager - Port

- Port management: 25 yrs
- Worldwide experience

**Tim Carstens**  
Managing Director

- Chartered accountant
- Mining industry experience: 15 yrs
- Company founder

**Kevin Balloch**  
Chief Financial Officer

- Certified practicing accountant
- Mining industry: 10 yrs
- African experience: 8 yrs

**Stephen Hay**  
GM - Marketing

- Lawyer
- Marketing experience: 10 yrs
- Mineral sands experience: 13 yrs

**Joe Schwarz**  
GM – External Affairs

- Chemical engineer
- Mining industry: 40 years
- African experience: 35 years

**Colin Forbes**  
GM – Social & Enviro

- Social management
- Community engagement: 14 yrs
- African experience: 24 yrs

**Georgina Jones**  
Manager - Environment

- Environmental science
- Environmental consulting: 12 yrs
- African experience: 20 yrs



# Off-take arrangements



Portfolio of agreements covering first 5 years of production is well advanced.

**Rutile** (48% of revenue)

Contracted

Contracted

**Ilmenite** (28% of revenue)

Contracted

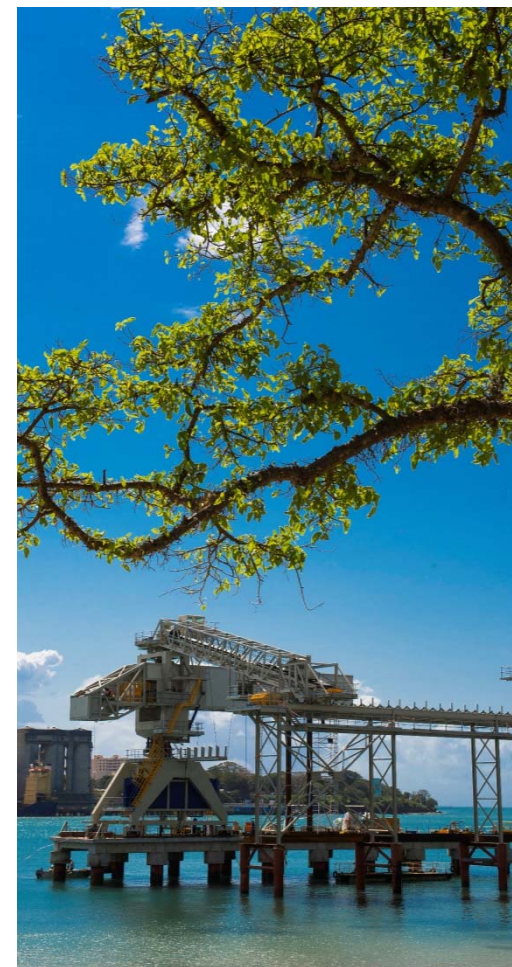
Contracted

Contracted

**Zircon** (24% of revenue)

Contracted

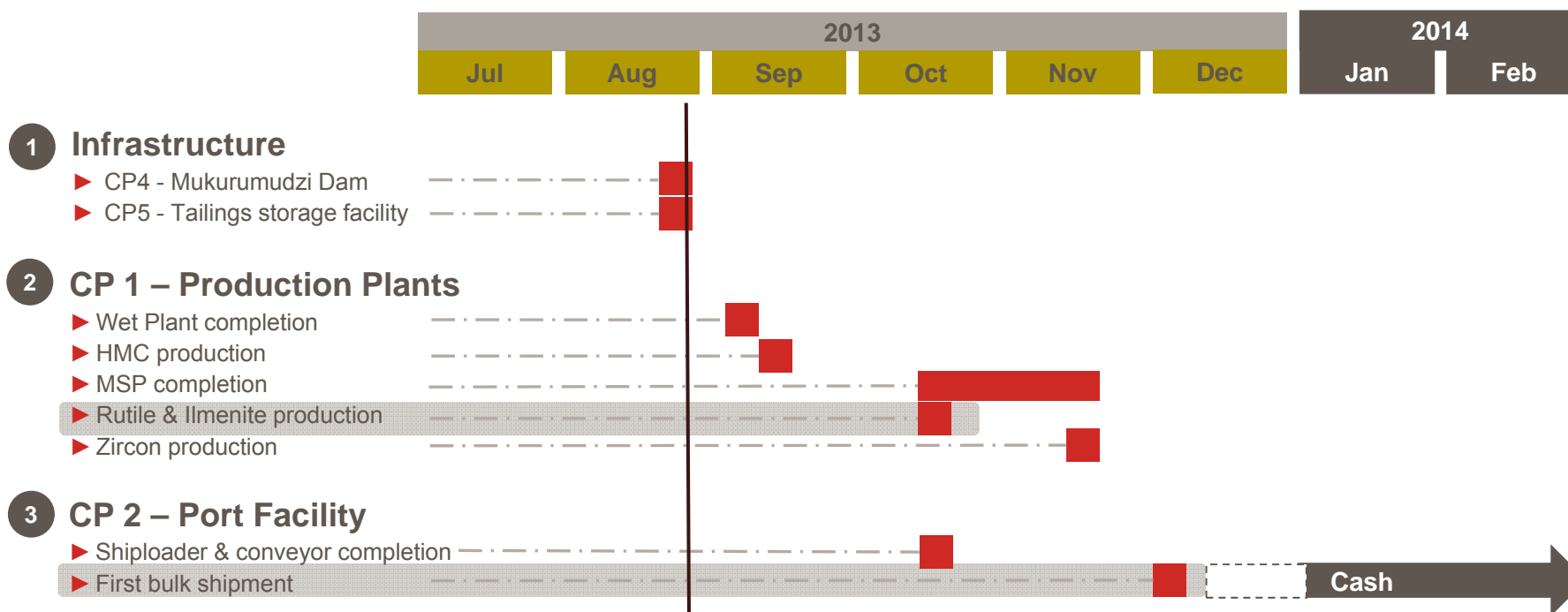
Contracted



# Which brings us to now



Base has driven the rapid development of the Kwale Project with production of heavy mineral concentrate commencing in Q3 2013 and first bulk shipments in Q4 2013.

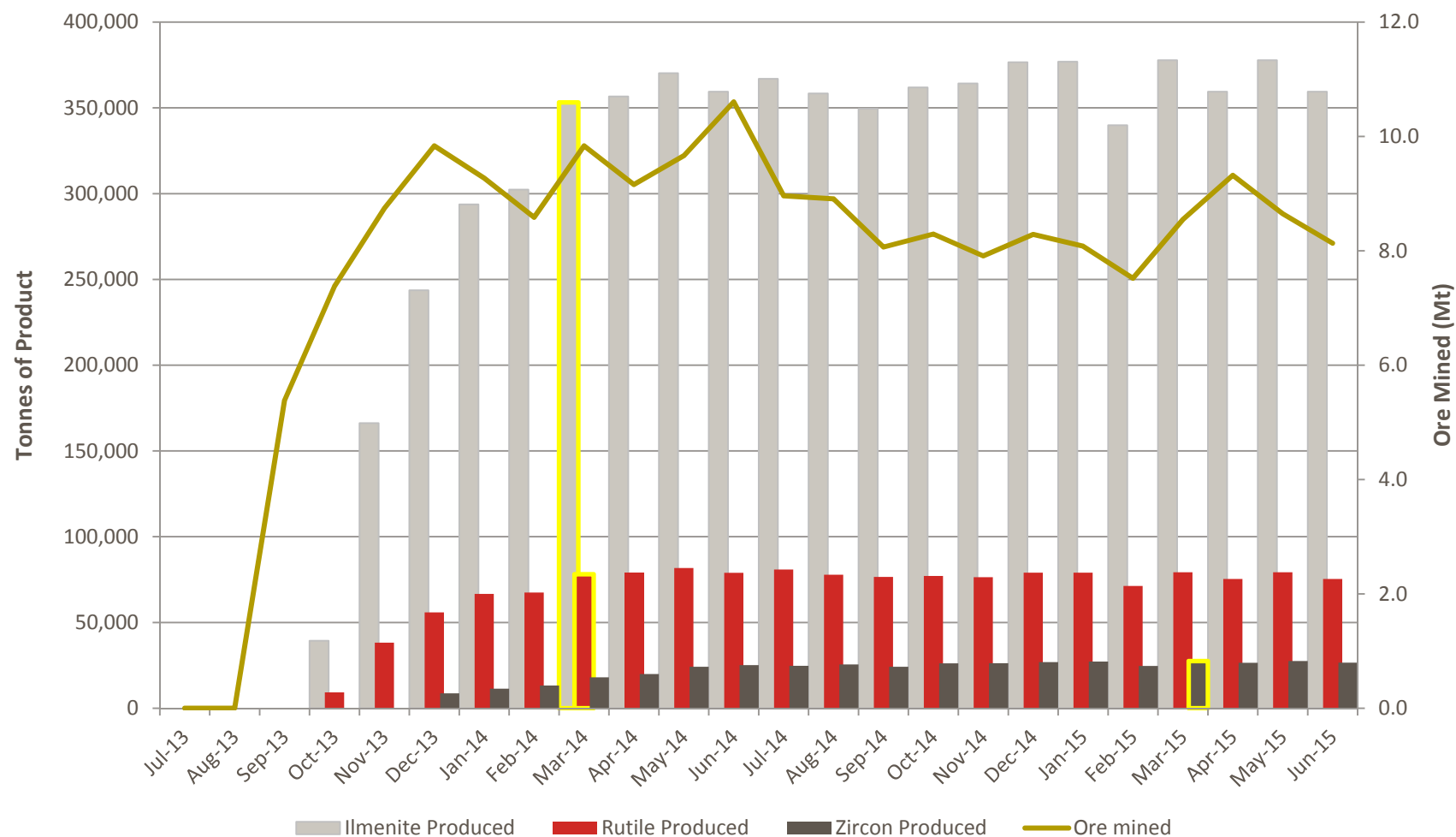




# Early production profile



Planning a rapid ramp up for ilmenite and rutile, a little longer for zircon, to being a “globally significant” producer.



# 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:**

- ▶ \$305 million of 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 0.8% to GDP.
- ▶ US\$220+ 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:**

- ▶ Project has high international visibility.
- ▶ Opportunity to establish a model (and benchmark) for effective mining investment in Kenya.
- ▶ The GoK recognises and is playing its role:
  - ▶ Modernisation of mining administration.
  - ▶ Establishment of “appropriate” fiscal regime.
  - ▶ Encouraging broad local participation.





# .... but a few birthing pains.



Kenya is finding the challenge of striking the right balances – national benefit with global competitiveness, short term cash generation with long term economic development.

## Fiscal regime

- ▶ Recent announcements by Ministry of Mines on proposed royalty rates and 10% free carried interest are inconsistent with stated objective to “crowd investors in, not out”.
- ▶ IMF working with Treasury on the development of sound extractives policy based on competitive positioning and best practice.
- ▶ Our Investment Agreement provides fiscal stability with a fixed 2.5% royalty for the first 5 years of operations and market value compensation for any “nationalisation”.

## Local equity participation

- ▶ 35% LEP is no longer policy.
- ▶ CMA exploring mechanisms to encourage mining investment through the Nairobi Stock Exchange.

## Mining Regulation

- ▶ Pre-emptive cancellation of all leases issued between mid-January and mid-May 2013.
  - ▶ Concern around circumstances of award in Government transition period.
  - ▶ Poor approach but intent is sound.
- ▶ Bill for new Mining Act now with Cabinet but seen by industry as needing improvement.

## Devolved benefit

- ▶ A new County government structure implemented with March 2013 elections.
- ▶ Legal jurisdiction set out but clarity is going to take a while.
- ▶ Benefit sharing between national and county governments will be subject of increasing debate.

# Community engagement



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.

## Community liaison committees

### Capability building

- Training
- Scholarships
- Agricultural development

### Basic needs

- Health
- Drinking water
- Education
- Employment
- Transport

### Establishment

- Relocation and compensation
- Infrastructure replacement
- Livelihood restoration

NGO's, specialist NFP's,  
Co-sponsors (Ausenco, Lenders)





## Building the foundations

