



The Transition to Operations

Africa Downunder Conference
3 September 2014

Signatory to



Member of



**BASE
RESOURCES**

Statements

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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.



A snapshot



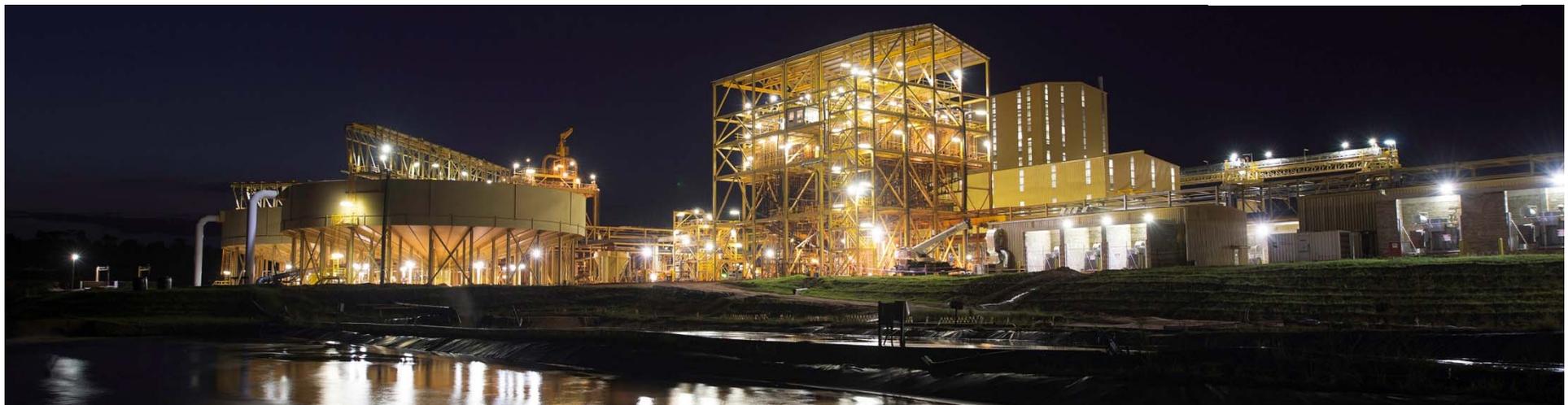
- ▶ Based in Perth, Australia.
- ▶ Market listings - ASX & AIM - code BSE
- ▶ An institutionally dominated share register.

- ▶ \$170 million market capitalisation @ \$0.30
- ▶ US\$215 million in drawn debt facilities.
- ▶ US\$24 million in cash (at 31 July 2014).
- ▶ 100% ownership interest in the Kwale Mineral Sands Project in Kenya.
- ▶ June 2014 maiden cash flow positive quarter.

Substantial Shareholders	Interest
Pacific Road Capital	20.5%
Taurus Funds Management	13.0%
L1 Capital	8.8%
Acorn Capital	8.2%
BT Investment Management	6.0%
Aterra Investments	5.7%
Genesis Asset Management	5.0%

Broker Coverage

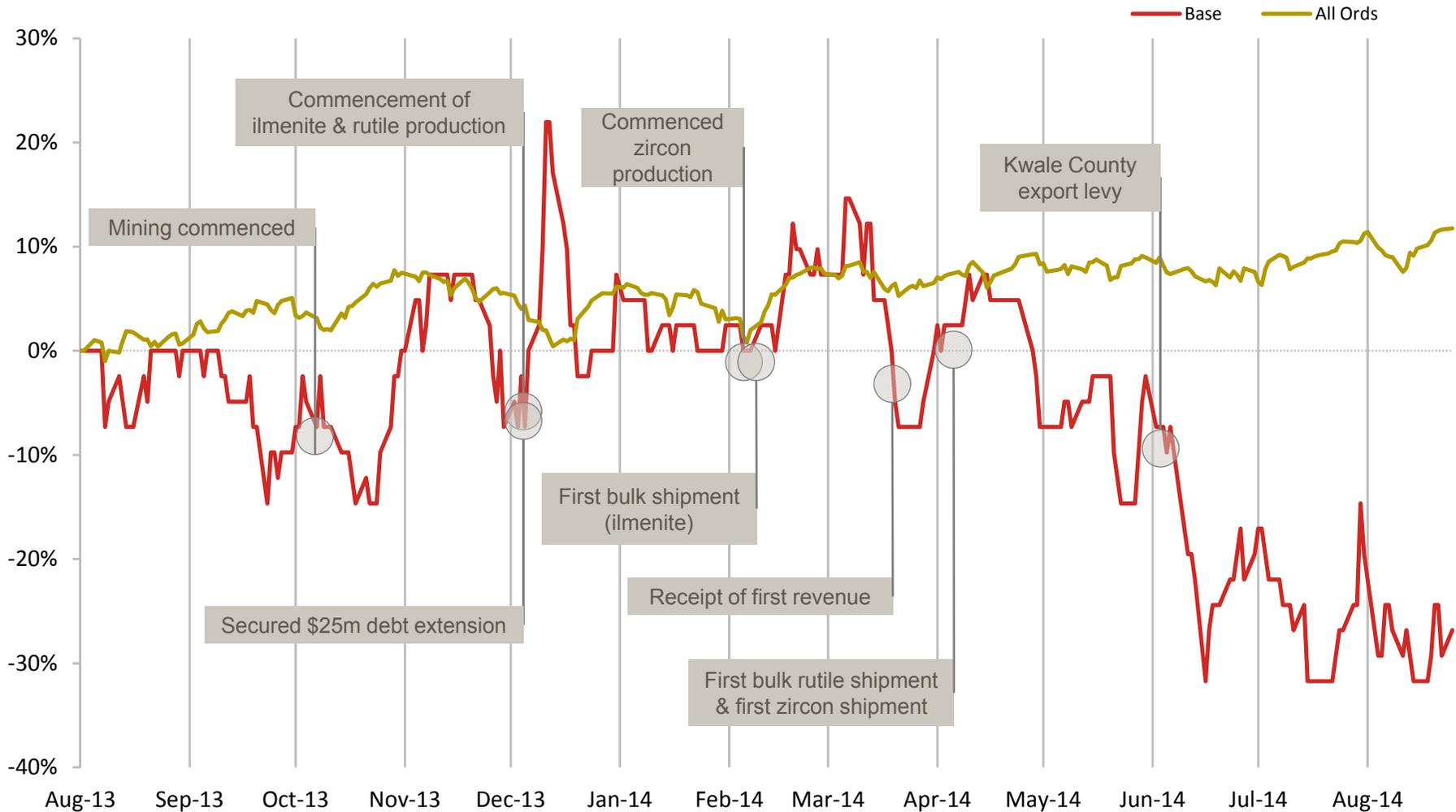
Australia	UK
Euroz	GMP
Credit Suisse	RBC
Goldman Sachs	Macquarie
J P Morgan	RFC Ambrian



Another busy 12 months...



With shipments of all 3 products now underway and ramp-up proceeding relatively smoothly, Kwale achieved its maiden cashflow-positive quarter in June.



The right project.



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

See project video at www.baseresources.com.au

Mining & DMU



Mukurumudzi Dam & TSF



MSP & Product Load Out

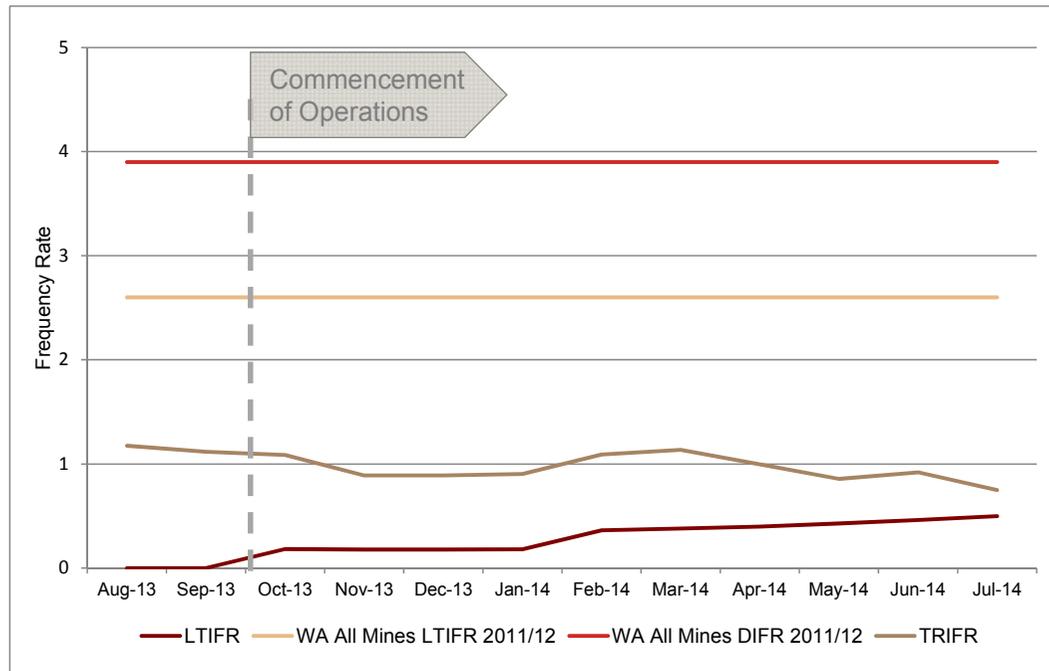


Shiploading operations

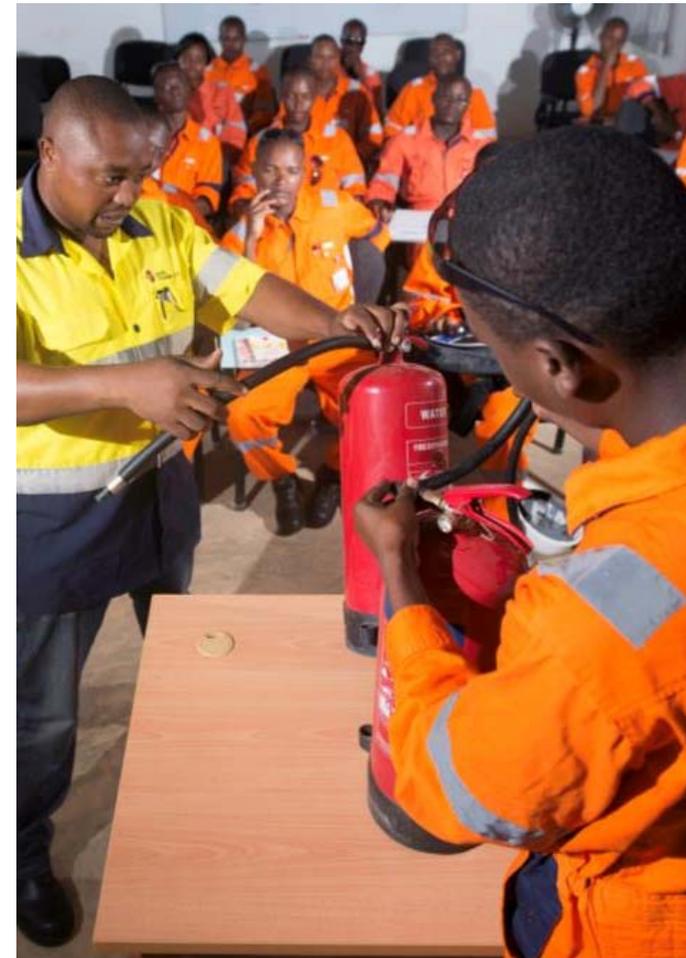


Developed safely

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



- ▶ 9.8 million man hours (mmh) worked.
- ▶ 2 LTI's for entire project (6.5 mmh LTI free), 1 operational LTI.
- ▶ 2,400 people on site at peak of construction.
- ▶ 1,000 people recruited from local community – most had never had a job before.
- ▶ 26,000 hours of operational readiness training prior to start up.



The management team



A highly experienced management team with deep experience in mineral sands, African operations with the capability to successfully deliver Kwale and pursue further opportunities.

Colin Bweye
Director - Operations

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

Tim Carstens
Managing Director

- Chartered accountant
- Mining industry experience: 15 yrs

Denham Vickers
GM - Operations

- Mining engineer
- Project commissionings: 5
- African experience: 20 yrs

Kevin Balloch
Chief Financial Officer

- Certified practicing accountant
- Mining industry: 10 yrs
- African experience: 9 yrs

Christo Schmidt
Manager - Production

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

Stephen Hay
GM - Marketing

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

Vaughan Shaw
Manager - Mining

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

Joe Schwarz
GM – External Affairs

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

Tony Venturini
Manager - Maintenance

- Mining industry: 30 years
- Project commissionings: 3
- Mineral sands experience: 4 yrs

Colin Forbes
GM – Social & Enviro

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

Americo Barata
Manager - Port

- Marine & Port management: 20yrs
- Mineral sands experience: 4 yrs
- Worldwide experience

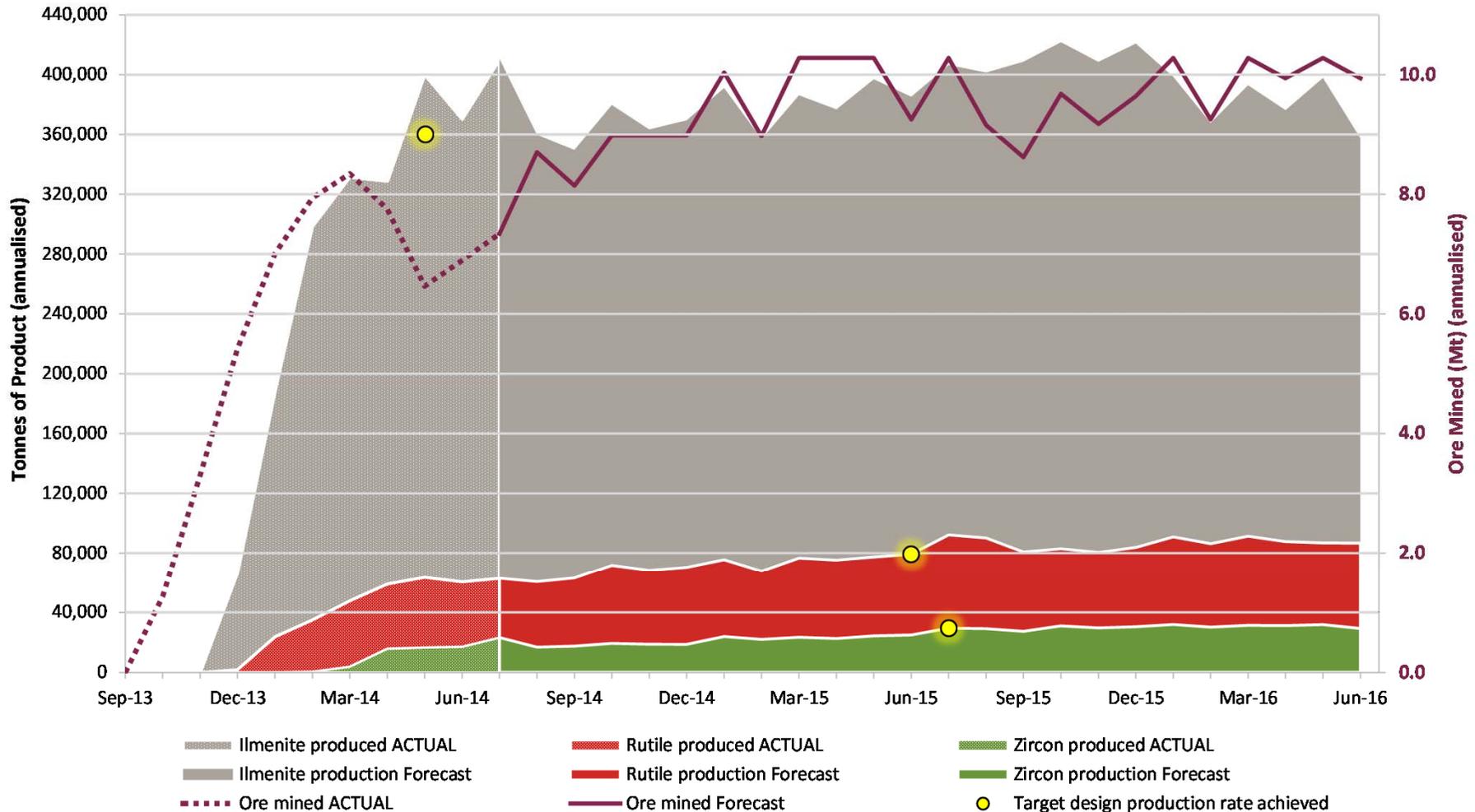
Georgina Jones
Manager - Environment

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

Early production profile



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



Ramp-up experience to date



While it hasn't all been plain sailing with some delays to shipments, no issues have emerged which indicate a divergence from our operational performance assumptions.

Mining & Concentration

- ▶ DMU performing to expectations and to design throughput.
- ▶ Slimes separation and deposition – less than 1% HM losses.
- ▶ Annualised HMC production demonstrated to > 550k tpa

Mineral Separation

- ▶ MSP feed rates and availability consistently achieving design targets.
- ▶ Focus now is on recoveries.
 - ▶ **Ilmenite circuit** is at design
 - ▶ **Rutile circuit** performance is steadily improving with annualised production at 70ktpa
 - ▶ **Zircon circuit** is earlier in ramp-up with annualised output at 20ktpa



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:

- ▶ \$310 million FDI and \$900 million in operating costs
- ▶ More than triple mineral sector export earnings – US\$1.9 billion in sales – will replace coffee in 4th 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:

- ▶ A “flagship” mining project and a model (and benchmark) for effective mining investment in Kenya.
- ▶ The GoK recognises and is seeking to play its role:
 - ▶ Modernisation of mining administration.
 - ▶ Establishment of an “appropriate” fiscal regime.
 - ▶ Encouraging broad local participation.
- ▶ Finding the challenge of striking the right balances.



Community engagement



Achieving our long term goals depends on our ability to build relationships with the communities in which we operate and establish a balanced flow of mutual benefit, not CSR.

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, Pepsi, Cotton On)



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