

Chairman's Address to Annual General Meeting

Friday, 13 November 2015, 3.00pm (Perth Time)

Ladies and Gentlemen

In our first full year of operations, there have been many outstanding achievements:

- the successful ramp up of our Kwale mineral sands operation;
- consistently achieving or exceeding plant design availabilities;
- achieving all operational requirements for 'Project Completion' under our existing debt facilities in June 2015;
- exporting more than 471,000 tonnes of products from the Kwale deposit and delivering into all of our long term offtake agreements;
- establishing a 95% Kenyan workforce, with 61% coming from the Kwale local community through our very successful recruitment, training and skills development programmes;
- a consistent record of positive community engagement that supports a wide range of programmes addressing community-led priorities;
- the completion of rehabilitation of construction areas including the re-vegetation and planting of over 19,000 indigenous trees; and
- the implementation during the year of an ilmenite marketing strategy into China, which included agreeing a fixed price shipping contract, a move to larger ships, establishing warehouse capacity in China and agreeing an exclusive marketing agent, leading to two new offtake agreements and several new spot sale customers.

The smooth, rapid production ramp up since first production in December 2013 is testament to the quality of the resource, our plant and equipment and to the experience, quality and dedication of our operations team. Most importantly, these outstanding results were achieved with an uncompromising focus on health and safety. There were no lost time injuries during the past year and Total Recordable Injury Frequency was a low 1.43 recordable cases per million hours worked. This achievement in our first full year of operation is one we must maintain, with the health and safety of our people being of the utmost importance to the Board.

Our local subsidiary, Base Titanium, has established a strong track record of community engagement. Base Titanium, often in partnership with various local and international development organisations, supports a wide range of programmes to address community-led priorities. In the past year, our programmes have been particularly focused on training and capacity building in agricultural development, with a view to sustaining local communities' economic potential and quality of life beyond the life of Kwale operations.

Base Titanium has made, and continues to make, a significant contribution to the Kenyan economy and to the development of the country's emerging mining industry. A recent study by Ernst & Young highlights the positive impact of the Kwale operations on the Kenyan economy, well beyond its estimated direct contribution of US\$1 billion to Kenya's GDP from 2015 to 2026, including the creation and support of over 3,200 direct, indirect and induced jobs for Kenyans. With 80% of our goods and service requirements met by Kenyan businesses, we are also contributing to the development of a mining industry supply chain.

We continue to work closely and enjoy positive relationships with our host governments in Kenya, both at Kwale County and nationally, supported by a common objective of establishing a healthy, vibrant mining sector. That is not to say there



Chairman's Address to Annual General Meeting

haven't been issues along the way, but the successful development and operation of the Kwale Project is testament to the strength of these relationships.

As you would be aware, the global market for our products is currently very challenging – prices for our products are very low and demand has fallen. However, thanks to the efforts of our committed team our operation remains profitable – making Kwale one of the few mineral sands operations in the world that are currently profitable.

While we are generating sound, positive corporate cashflows, the current commodity market makes the repayment profile of the current Kwale Project Debt Facility more challenging. We are well advanced in the pursuit of a refinancing of the debt facility to secure a repayment profile more appropriate to the current price environment, and to ensure a robust financial footing from which to grow the business.

While the depressed market creates challenges, it also creates opportunities. Looking to the year ahead, Base is assessing possible acquisition opportunities that have the potential to capitalise on our capabilities and create shareholder value. We are also progressing work on value-adding opportunities at Kwale, such as Kwale Phase 2 development and exploration for developable resources within reach of the Kwale operation.

I wish to thank the Board, management and teams of Base Resources and Base Titanium, our suppliers, local communities and host governments for their support and commitment during the year. Finally, thank you to you, our shareholders, for your confidence and ongoing support.

ENDS

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Keith Spence	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwy	Executive Director

Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Michael Stirzaker	Non-Executive Director
Malcolm Macpherson	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

Phone: +44 20 3440 6800

AUSTRALIA MEDIA RELATIONS

Cannings Purple

Warrick Hazeldine / Annette Ellis

Email: whazeldine@canningspurple.com.au /

aellis@canningspurple.com.au

Phone: +61 (0)8 6314 6300

UK MEDIA RELATIONS

Tavistock Communications

Jos Simson / Emily Fenton

Phone: +44 (0) 207 920 3150

KENYA MEDIA RELATIONS

Africappractice (East Africa)

Evelyn Njoroge / James Njuguna / Joan Kimani

Phone: +254 (0)20 239 6899

Email: jkimani@africappractice.com

PRINCIPAL & REGISTERED OFFICE

Level 1, 50 Kings Park Road

West Perth WA 6005

Email: info@baseresources.com.au

Phone: +61 (0)8 9413 7400

Fax: +61 (0)8 9322 8912

SHARE REGISTRY

ASX

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

PERTH WA 6000

Enquiries: 1300 850 505 / +61 (3) 9415 4000

www.computershare.com.au

AIM

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

BRISTOL BS99 6ZZ

Enquiries: +44 (0) 870 702 0003

www.computershare.co.uk