



# Delivering on Potential

AGM Presentation

13 November 2015



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# A corporate snapshot



- ▶ Based in Perth, Australia.
- ▶ Market listings - ASX & AIM - code BSE.
- ▶ An institutionally dominated share register.
- ▶ Tightly held with Top 10 holding 80%.
- ▶ Limited liquidity at current prices. Debt refinancing and product price recovery the key catalysts.
- ▶ A\$34 million market capitalisation @ \$0.06.
- ▶ US\$224 million in drawn debt facilities.
- ▶ US\$46 million in cash (at 30 September 2015).
- ▶ 100% of the Kwale Mineral Sands Project in Kenya.
  - ▶ Development cost of US\$380 million.
  - ▶ Operations commenced in December 2013.
- ▶ Corporately cashflow positive since Q4 FY2014.

## Substantial Shareholders

## Interest

Pacific Road Capital	20.3%
Taurus Funds Management	18.6%
Sustainable Capital	13.9%
Aterra Investments	7.7%
Genesis Asset Management	6.0%

## Broker Coverage

### Australia

Euroz

J P Morgan

### UK

GMP

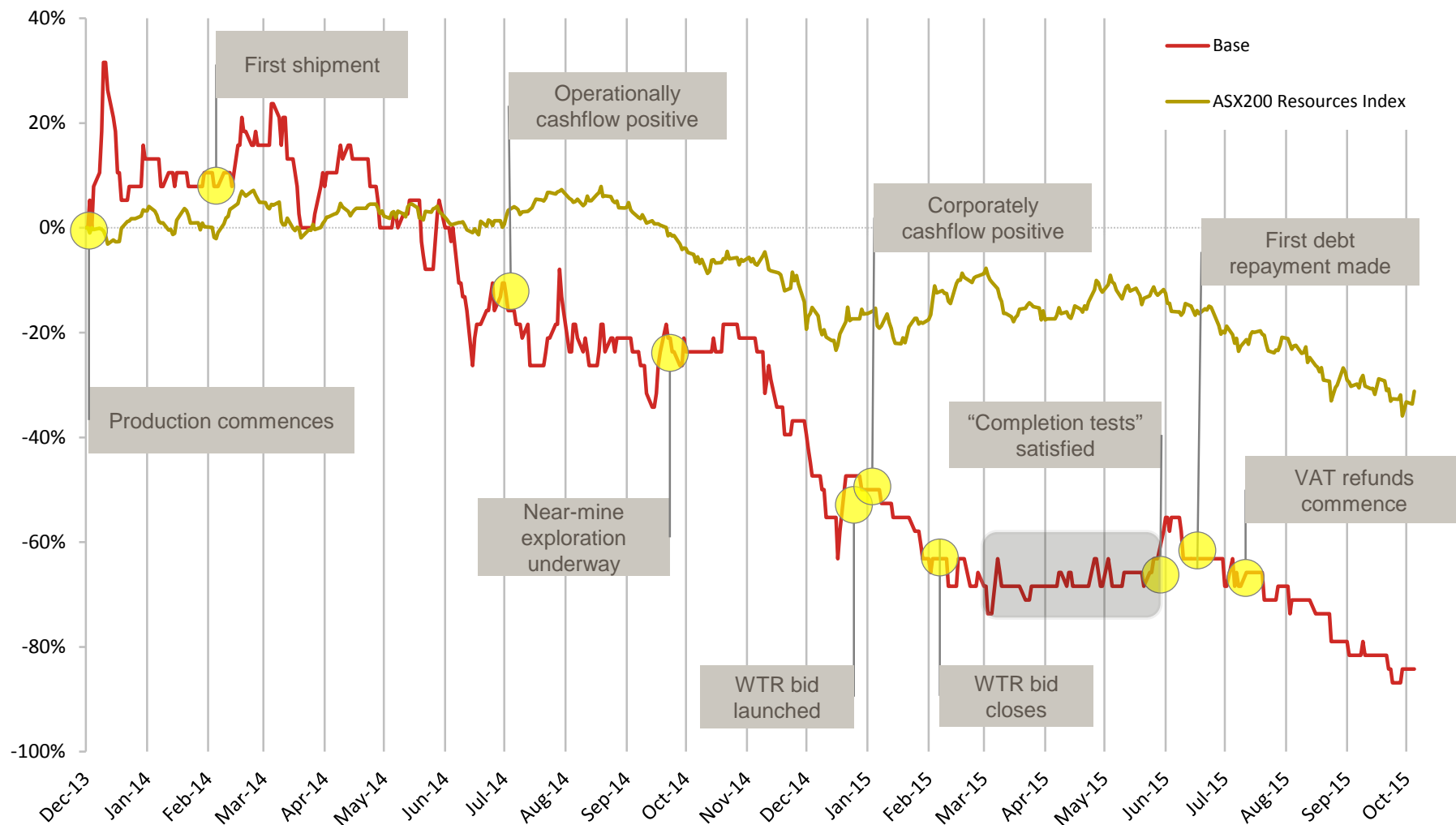
RBC

RFC Ambrian



# A busy 22 months...

Characterised by strong operational achievement, a very challenging market and positioning for growth.



# The right asset



Kwale is large scale, technically straightforward with a high value mineral assemblage and supported by well developed physical and social infrastructure.

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



# Mining the Central Dune





# Mukurumudzi Dam & Tailings Facility





# Processing facilities





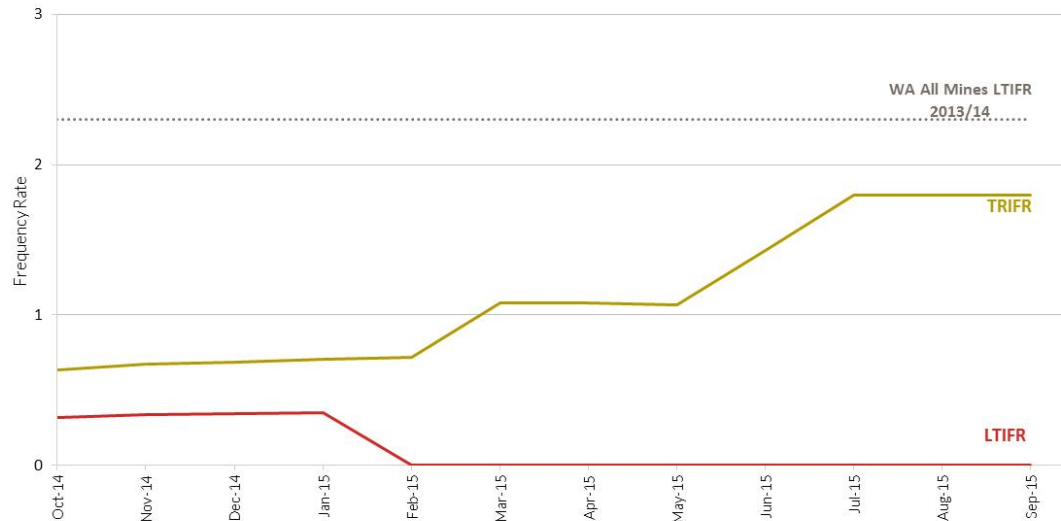
# Likoni marine terminal





# Built, commissioned and operating safely

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



- ▶ 13.0 million man hours (mmh) worked.
- ▶ In construction:
  - ▶ 2 LTI's for entire project (6.5 mmh LTI free)
  - ▶ 2,400 people on site at peak with 1,000 people recruited from local community.
- ▶ In operations:
  - ▶ 1 LTI in February 2014 (4.5 mmh LTI free)
  - ▶ 26,000 hours of operational readiness training prior to start up.





# September quarter highlights



Ongoing plant optimisation continues to deliver quarter on quarter improvements in all aspects of production.

- ▶ Record production volumes in all three products.
- ▶ Improved zircon recoveries of 66% being achieved in September following the successful completion of the wet zircon circuit upgrade project in late August.
- ▶ Rutile recoveries reached 100% in September, 3% above design, as a result of enhanced secondary rutile recovery in the zircon circuit following the wet zircon upgrade.
- ▶ No lost time injuries.
- ▶ Confirmations of credit approval from all lenders to the proposed refinancing of the Kwale Project Debt Facility, with completion subject to the collective agreement and execution of final terms and documentation.
- ▶ Backstop date for finalisation of “Project Completion” under the existing Kwale Project Debt Facility has been extended to 31 December 2015 to allow time for completion of the proposed refinancing currently in progress.
- ▶ Receipt of Kenyan VAT refunds commenced in early July, with approximately US\$4 million received by quarter end.

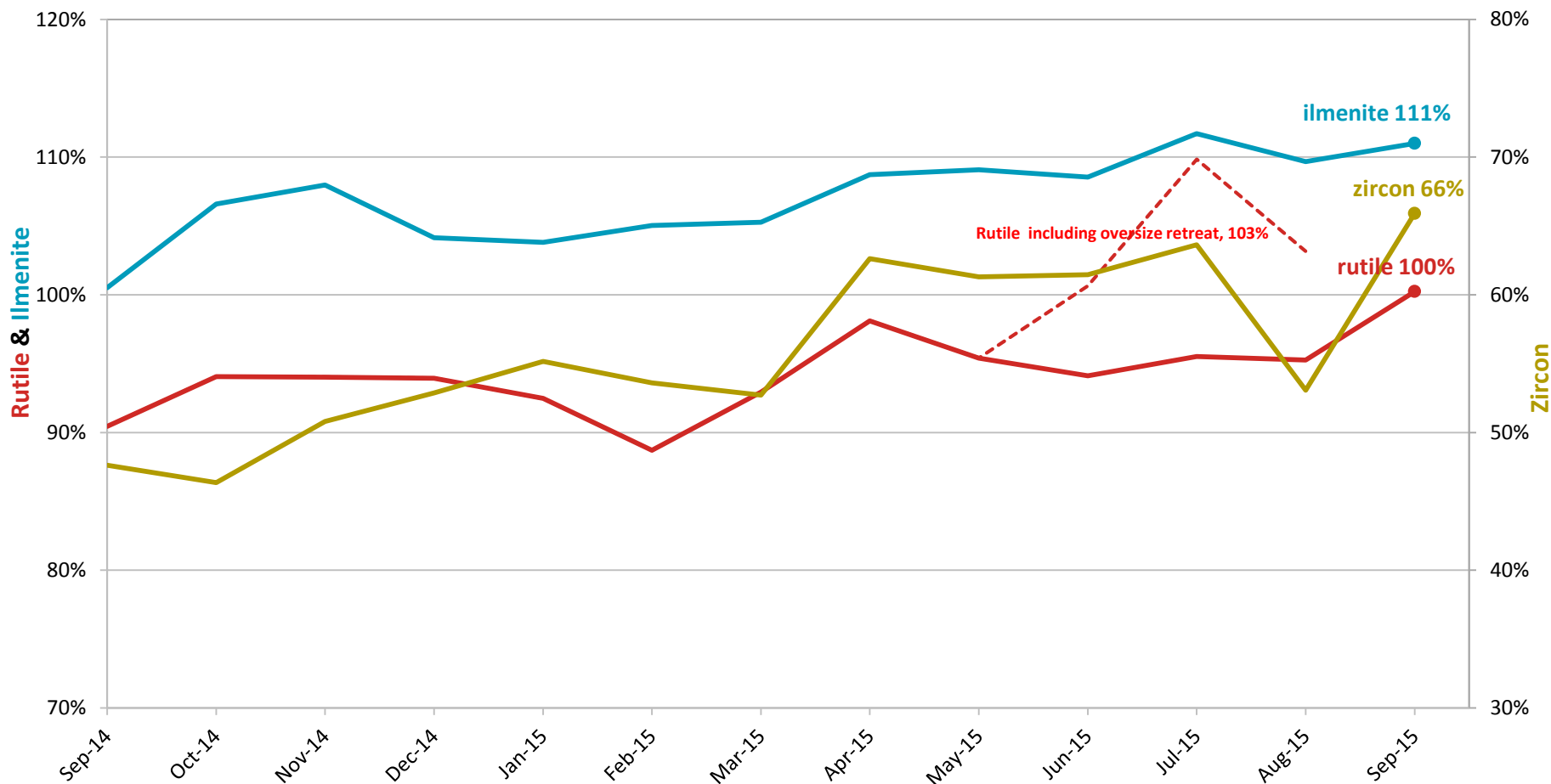
SUMMARY PHYSICAL DATA	Sept 2014 Quarter	Dec 2014 Quarter	Mar 2015 Quarter	Jun 2015 Quarter	Sept 2015 Quarter
Ore mined (dmt)	2,191,455	2,328,746	2,291,444	2,334,457	2,327,361
HM%	8.44%	7.49%	9.33%	9.18%	9.66%
HMC produced (dmt)	172,885	165,953	206,324	206,123	210,104
HMC consumed (dmt)	164,317	165,512	159,926	169,061	170,258
Production (dmt)					
Ilmenite	100,533	107,893	105,753	113,476	116,121
Rutile	16,612	18,672	16,754	19,499	20,926
Zircon	5,210	5,308	5,414	6,484	6,546
Sales (dmt)					
Ilmenite	116,578	53,345*	103,736	121,727	130,608
Rutile	12,923	23,328	15,168	25,382	14,686
Zircon	2,601	5,883	5,178	7,621	6,193

\* Reported volume includes 22,340t which was reversed after it was determined that the terms of the sales agreement did not satisfy revenue recognition criteria at the time of shipment. The product was sold in later quarters.

# It is all about recoveries

With design throughputs, availabilities and runtimes consistently achieved early, the focus has been on progressive improvement in recoveries. Ilmenite and rutile are at design and zircon is on track.

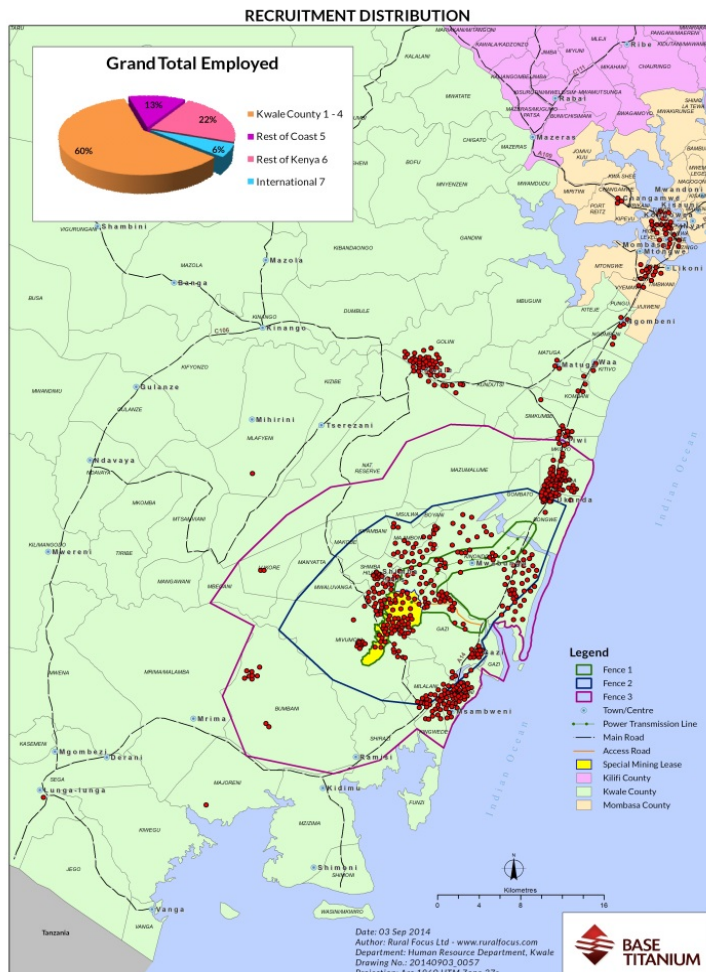
## MSP PRODUCT RECOVERIES



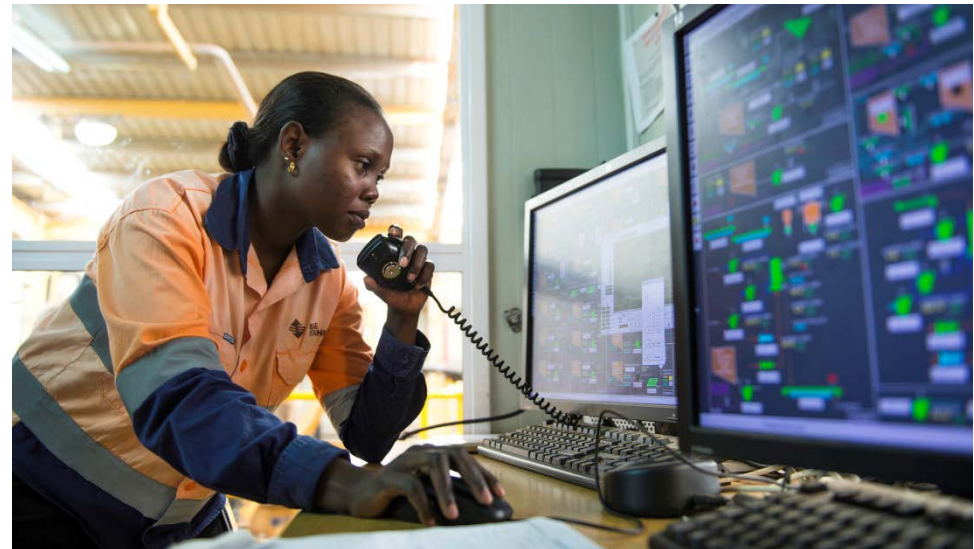


# Employment

A very structured approach to labour recruitment has delivered a capable workforce, that is very Kenyan and sufficiently local, with transparency that is understood by both community and politicians.



- ▶ 800 people directly employed – 94% Kenyan, 62% “local”.
- ▶ Expatriate numbers are now down to 42, with longer term objective of getting to around 15.
- ▶ Similar structured approach to skills transfer and development:
  - ▶ On the job training with mentoring.
  - ▶ Tailored programmes for graduates, interns, apprentices and high school students.
  - ▶ Partnering with Technical University of Mombasa.
- ▶ An industrial training model being adopted by NITA.



# Delivering on potential for communities

Base understands that achieving its long-term goals is predicated on building beneficial relationships with the communities in which it operates and establishing a balanced flow of mutual benefit.

Enhancement of household livelihoods is the most direct way to improved socio –economic status



Improvement in educational standards has a direct relationship with increased incomes



Access to education is often restricted by lack of financial resources



School attendance and performance is often associated with good health



Community infrastructure plays an important, but supporting, role in all of the above



Environmental management is crucial to outcomes and perceptions

- ▶ Locally focussed employment and procurement.
- ▶ Commercial agricultural projects in potatoes, cotton and poultry.
  - ▶ Involving NGO's, lenders and co-sponsors.

- ▶ Direct participation in company training programmes.
- ▶ Agricultural training.
- ▶ Economic empowerment training to assist in business start-ups.

- ▶ Scholarship programs are supporting over 200 high potential students.

- ▶ Water quality and access improvement.
- ▶ Specific health programmes - jigger eradication.
- ▶ Little Sports program – 15,000 kids in weekly sport.

- ▶ 20 projects in medical facilities, schools and transport.

- ▶ Rehabilitation of construction areas completed.
- ▶ Establishing a biodiversity corridor linking remnant forest.
- ▶ Largest indigenous nursery of its kind in East Africa.



# Positioning for growth



While our environment is certainly challenging, we have got ourselves into solid shape to survive the downturn and are firmly focused on executing our strategy for the future.

## Operational performance is nearing design

- ▶ Throughputs and availabilities exceeding design.
- ▶ Recoveries are on track (and well ahead for ilmenite).
- ▶ Further optimisation to come.

## Generating positive cashflow

- ▶ Strong operating margins of US\$130/t in June 2015 quarter.
  - ▶ \$230/t revenue - \$100/t cash operating costs (inc. royalties)
- ▶ VAT refunds have commenced (July).

## Seeking a sensible debt repayment profile

- ▶ Current debt facility repayment profile is a legacy of commodity price expectations of 4 years ago.
- ▶ Progressing a refinancing to suit the current price environment.

## Established market share for our production

- ▶ Rutile and zircon are currently contracted.
- ▶ Highly competitive into China given costs and shipping rates.
- ▶ Agency, warehouse capacity and new relationships in place.

## Have refined and embedded our business model

- ▶ Board and management team with requisite capability is in place.
- ▶ Business development, project development, operations, community, environment, external affairs and financial systems.

## Pursuing both medium and long term growth options

- ▶ To apply our proven development capabilities.....and capacity.
- ▶ Considering global acquisition opportunities.
- ▶ Local exploration potential is also being re-evaluated.



- ▶ Base Resources Limited
- ▶ Level 1, 50 Kings Park Road, West Perth, Western Australia, 6005
- ▶ +61 8 9413 7400
- ▶ [info@baseresources.com.au](mailto:info@baseresources.com.au)
- ▶ [baseresources.com.au](http://baseresources.com.au)
- ▶ [basetitanium.com](http://basetitanium.com)