

Broadening Base

Creating a unique mineral
sands company

Half year results for the
period ended
31 December 2018

25 February 2019



**BASE
RESOURCES**



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Base Resources - a unique mineral sands company

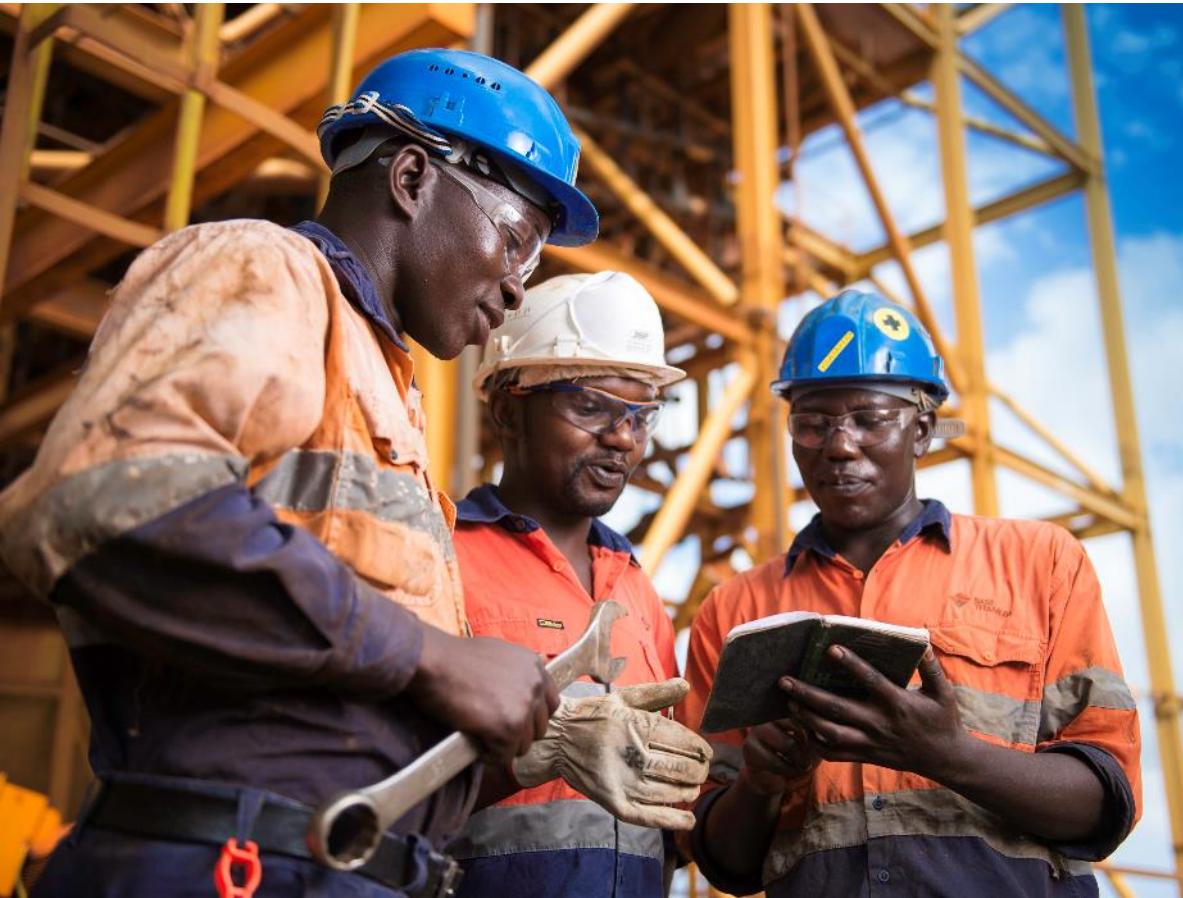
“Mid cap” pure mineral sands company

- Established profitable Kwale Operations with extensional potential in Kenya
- A world class mineral sands development project in the Toliara Project in Madagascar
- Long combined mine life
- Track record of excellence in safety, community engagement and environmental management
- An experienced team and capacity to execute well

Creating a company of strategic relevance in a sector likely to continue to evolve



Highlights and Achievements – H1 FY19



13% increase in revenue, 7% increase in EBITDA

Net debt free at 31 December 2018

66% increase in ore mined – production steady

Continued strengthening of rutile and zircon prices

136km² Vanga prospecting license granted

Toliara PFS on track for March 2019 completion

No lost time or medical treatment injuries

US\$2.0m invested in community and environment

Key production metrics

Mining and WCP	H1 FY19	H1 FY18	Variance
Ore mined (tonnes)	9,828,180	5,906,079	66%
Ore grade (HM%)	4.18%	7.61%	(45%)
Heavy mineral concentrate produced (tonnes)	348,015	435,305	(20%)

MSP	H1 FY19	H1 FY18	Variance
MSP feed (tonnes of HMC)	385,944	381,297	1%
Ilmenite produced	226,730	238,585	(5%)
Rutile produced	49,630	45,587	9%
Zircon produced	17,935	18,705	(4%)

- 66% increase in mined ore following implementation of Kwale Phase 2 mine optimisation strategy
- Mining in the lower grade fringes of the Central Dune
- Mining due to transition to the South Dune deposit in June 2019
- HMC stockpile depleted by 32.3kt – to 45.7kt at period end
- High MSP throughput of 90tph achieved over the period
- Total production steady with individual product differences due to variations in mineral assemblage

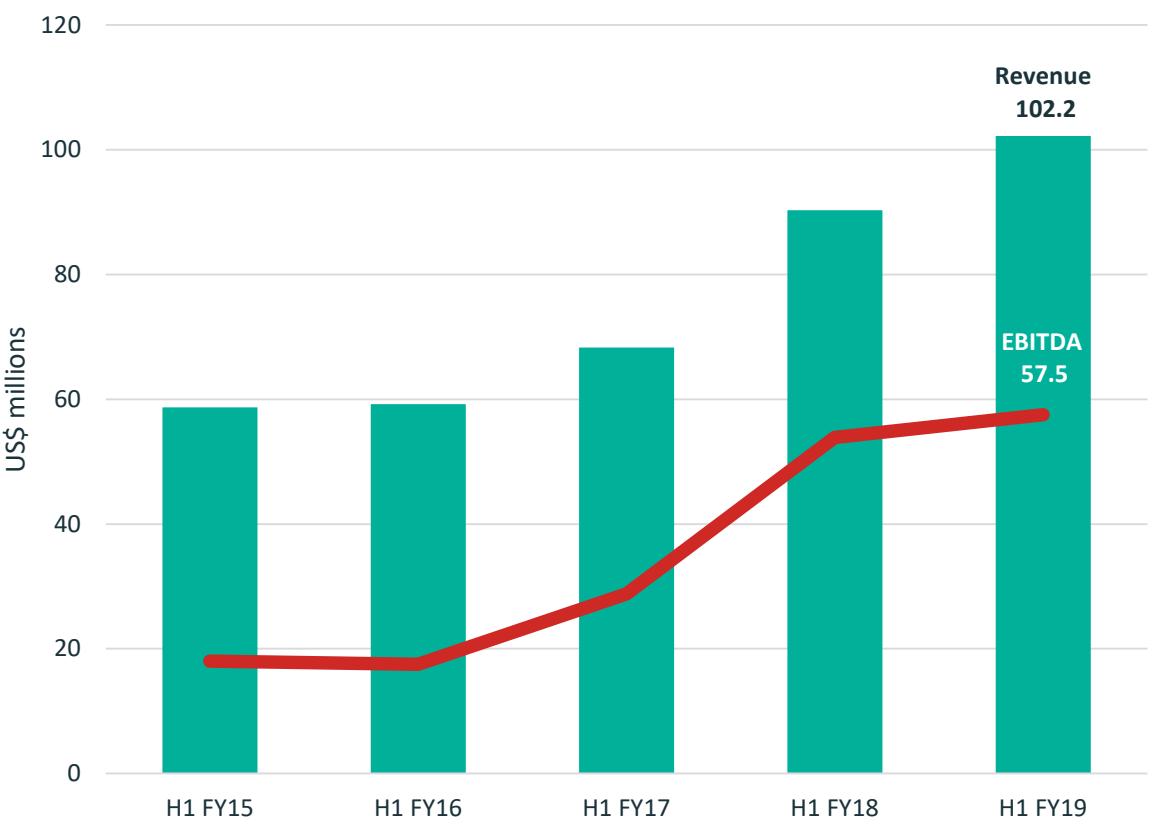
Key financial metrics

\$USm	H1 FY19	H1 FY18	Variance
Revenue	102.2	90.3	13%
Costs of goods sold*	(36.5)	(28.9)	26%
EBITDA	57.5	53.9	7%
EBIT	31.4	30.5	3%
NPAT	17.4	16.8	4%
Revenue / cost of sales	2.7	2.8	(4%)

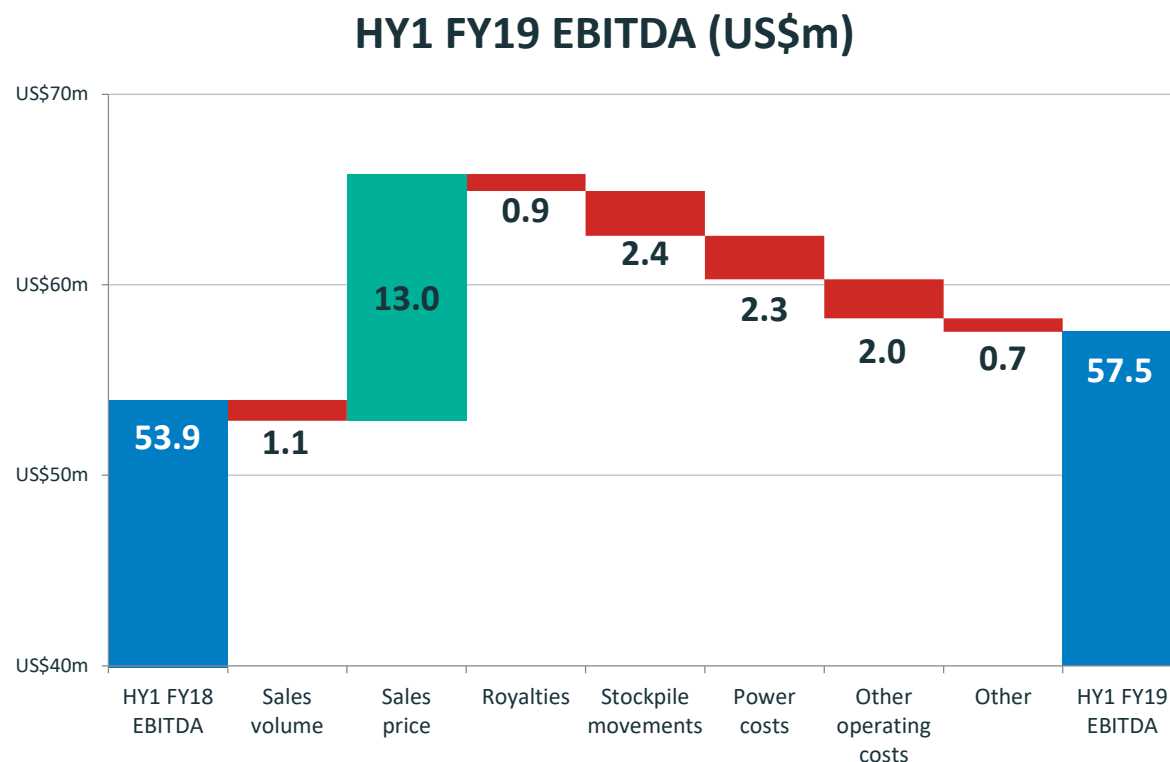
*Excludes depreciation and amortisation

- Sales revenue increased 13% to US\$102.2m following price increases for rutile and zircon
- Costs of goods sold increased due to higher operating costs associated with increased ore mined as ore grades decline
- Price increases supported 7% EBITDA growth
- Revenue to cost ratio of 2.7:1 positions Base Resources high in the upper quartile of mineral sands producers

Continued earnings growth



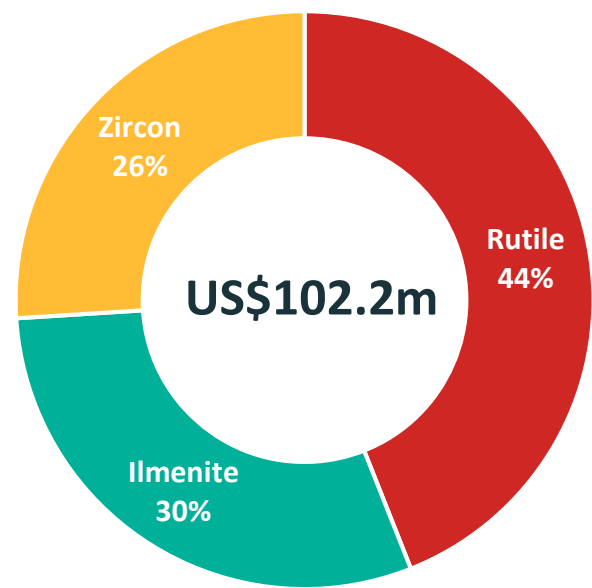
EBITDA improvement



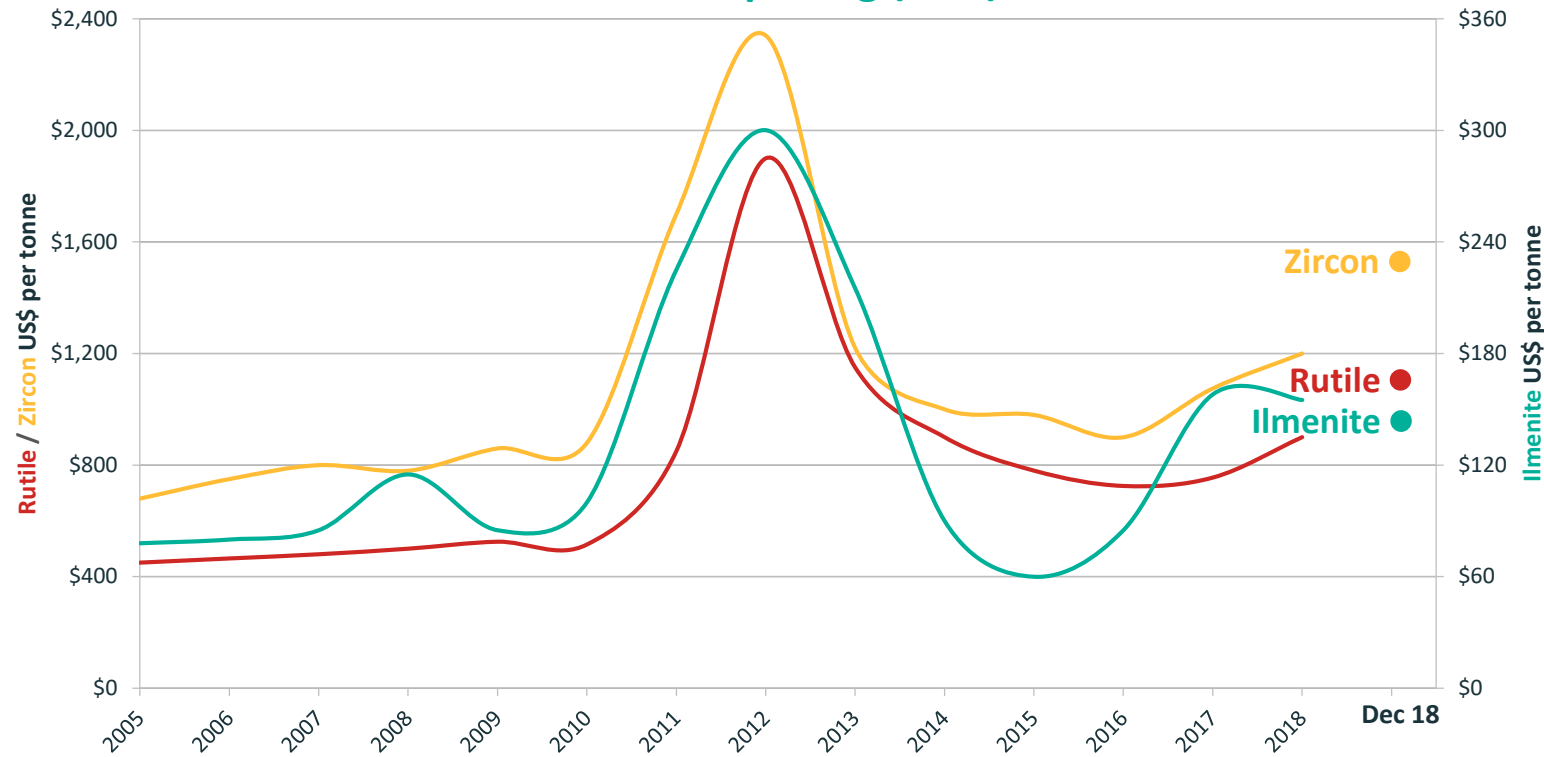
- EBITDA higher due to increased product prices
- Sales volume marginally lower
- Royalties rise in line with higher sales revenue
- Draw down of heavy mineral concentrate stockpile to maintain steady feed to the MSP
- Power costs higher following transition to hydraulic mining and 66% increase in ore mined, offsetting decline in ore grade
- Other operating costs include higher diesel and labour costs associated with the increased mining volumes

H1 FY19 revenue share and pricing

Sales revenue



Historical pricing (FOB)



Source: TZMI and Company data

Net debt and cash flow

\$USm	31 Dec 2018	30 June 2018
Cash on hand	49.1	29.7
Cash held for debt servicing	-	29.6
Debt	(48.2)	(92.5)
Net cash (debt)	1.0	(33.2)

\$USm	H1 FY19	H1 FY18
Operating cashflows	53.8	57.3
Investing cashflows	(13.6)	(16.7)
Financing cashflows	(20.5)	(44.8)

- Net debt reduced by US\$34.2m in the period
- The Group was US\$1.0m net cash positive at period end
- Operating cashflows were used to fund capex at Kwale Operations and Toliara Project development
- Kwale Project Debt Facility retired in the period – Revolving Credit Facility limit increased to US\$75.0m with more competitive terms

Outstanding safety outcomes indicative of performance culture

14.9
Million

Hours worked with
zero Lost-Time
Injuries

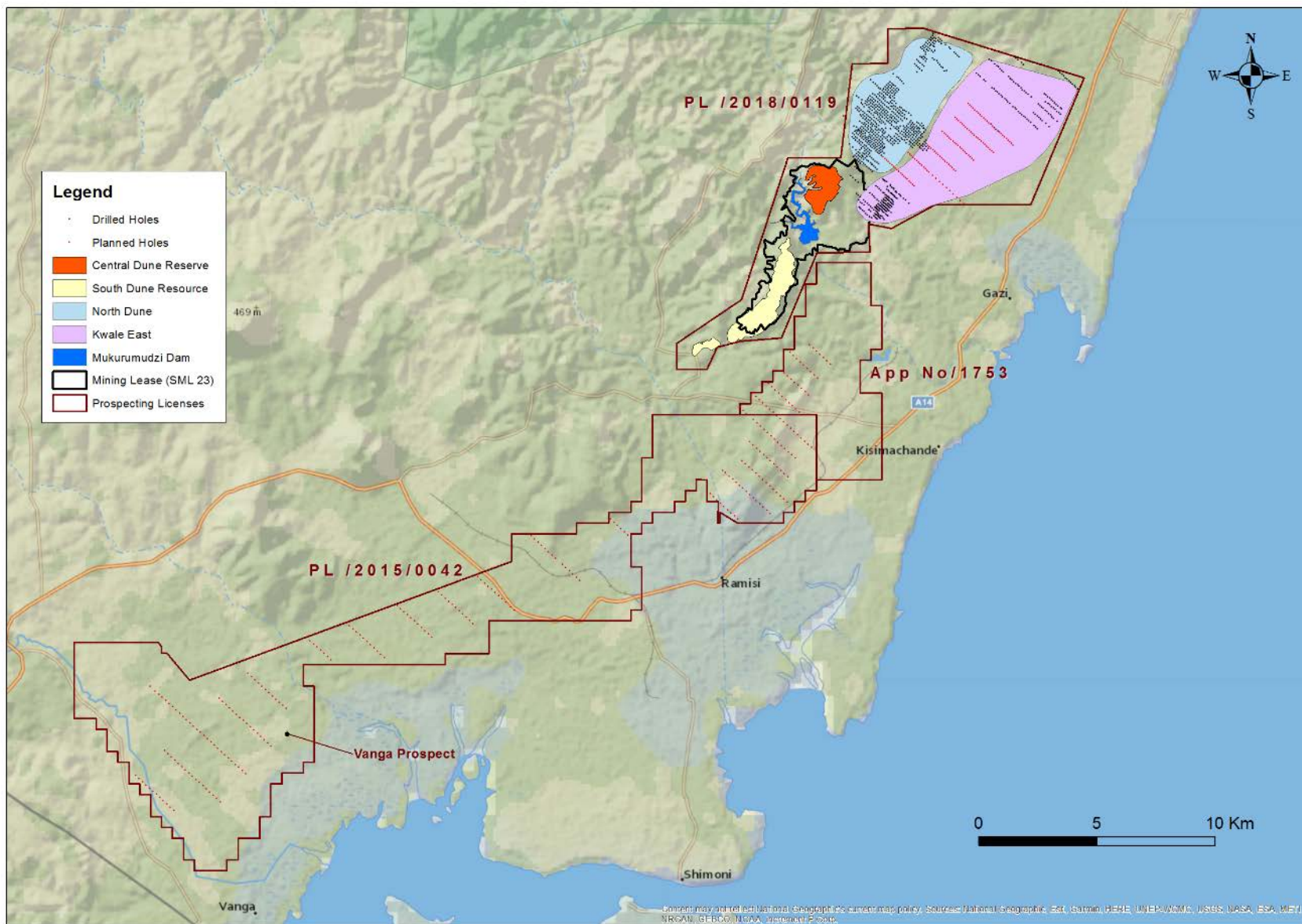
60
Months

Since last Lost-Time
Injury

5.3
Million

Hours worked
without a medical
treatment injury

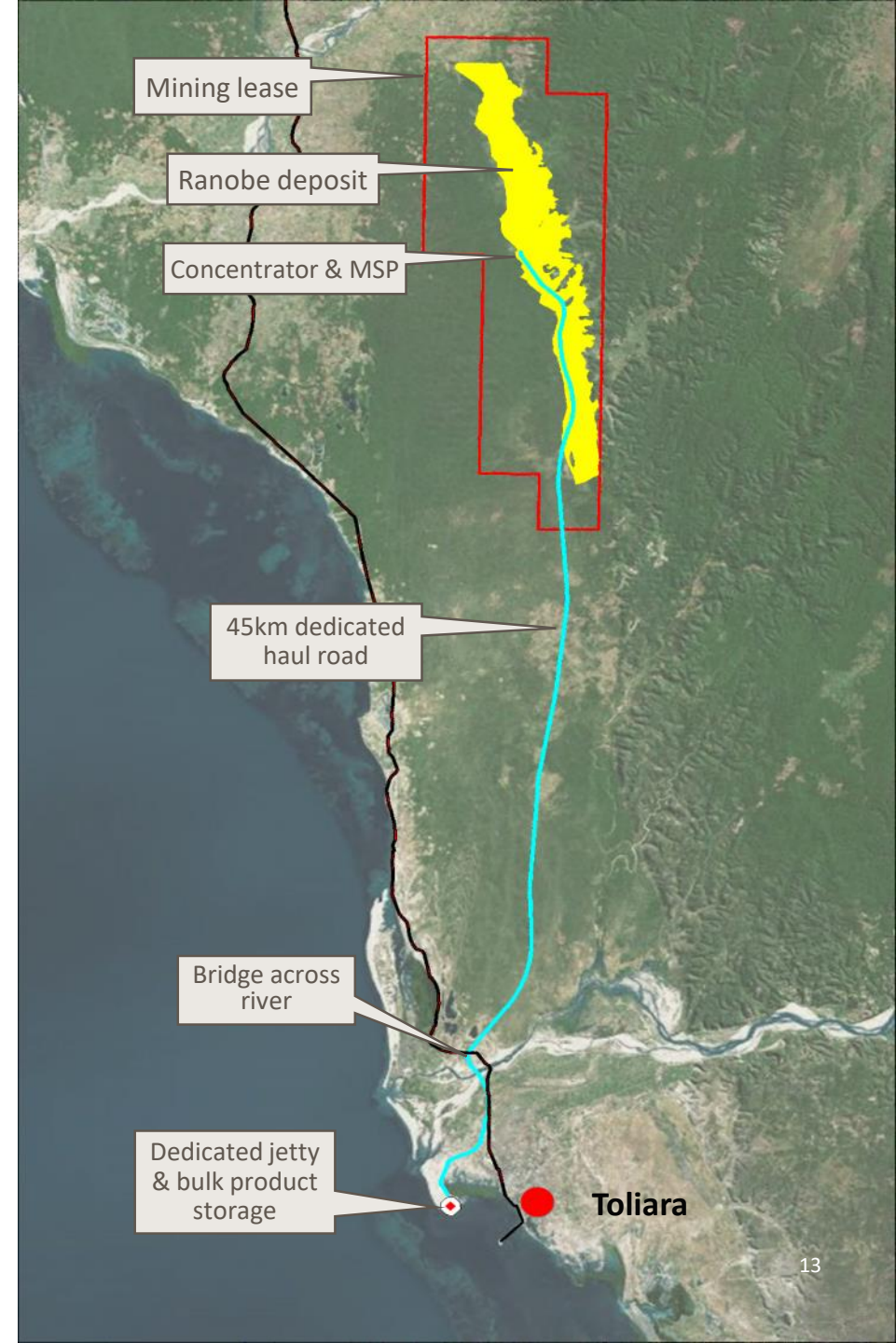
Multiple Kwale mine life extension opportunities



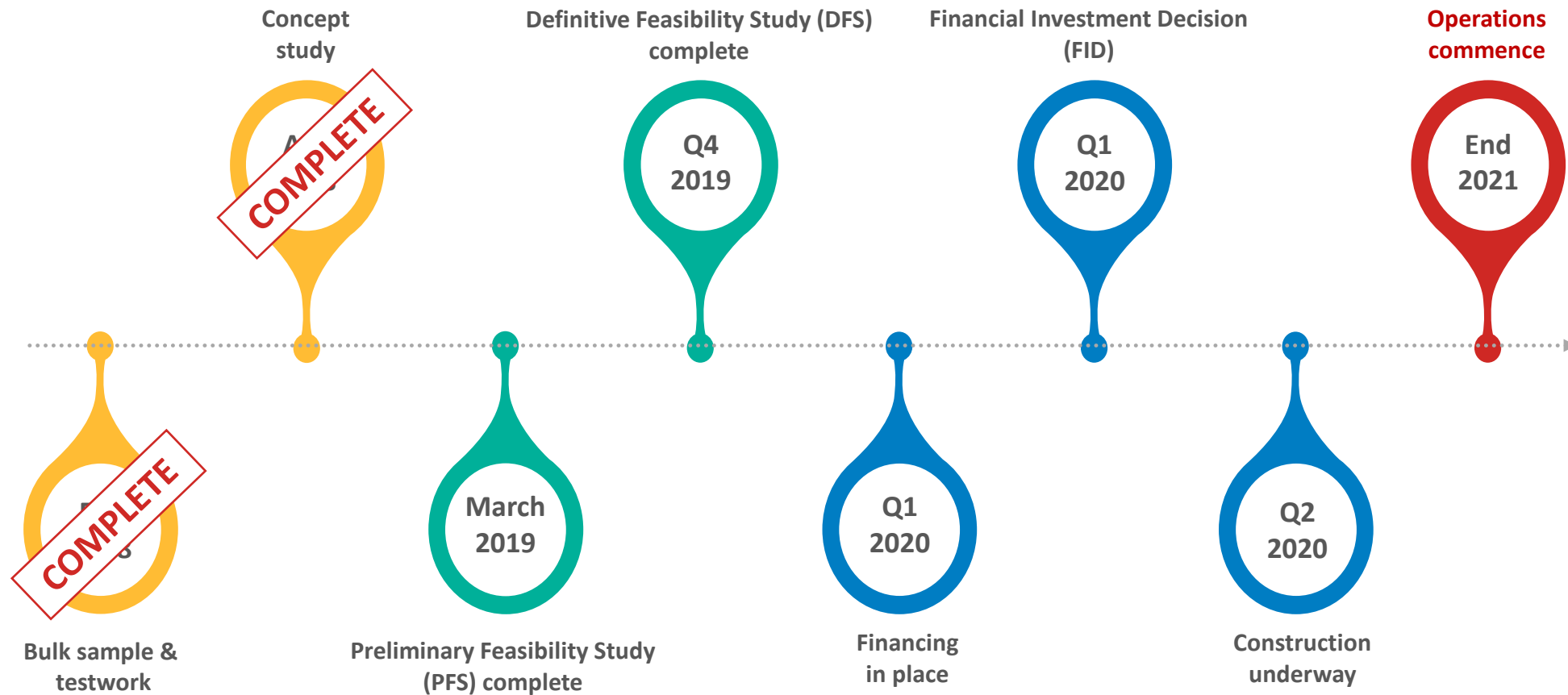
Toliara Project PFS progressing

Activities progressed during H1 FY19

- Mining, processing and infrastructure options developed
- Wet concentrator plant test work and flowsheet design
- Mineral separation plant test work and flowsheet design
- Ilmenite marketing samples distributed
- Revision to Ranobe deposit mineralogy
- Development of operational workforce plan
- Commencement of baseline environmental studies
- Land acquisition and compensation committee established
- US\$6.3m expenditure on the Toliara Project



A path to production in late 2021



Broadening Base



Team with a track record of delivery

Consistent, high cashflow Kwale Operations, with extension potential

A sound financial platform from which to grow the business

Improving markets are supporting a need for new supply

An advanced, quality Toliara Project

Creating a unique mineral sands company



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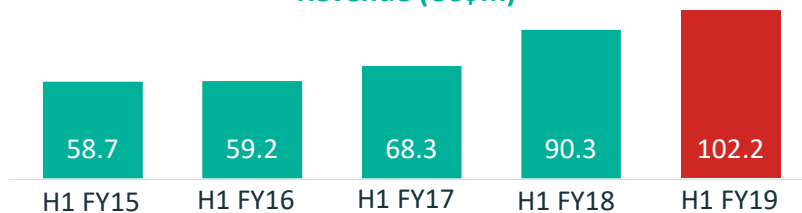
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Appendices



Five year financial summary

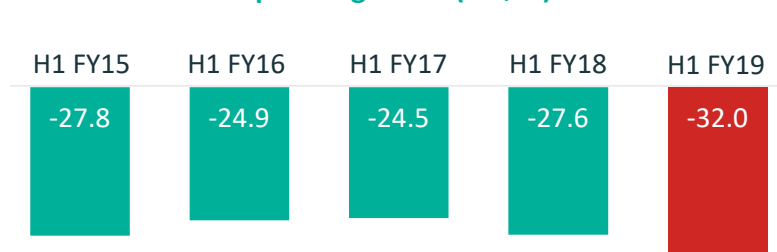
Revenue (US\$m)



Operating cash flow (US\$m)



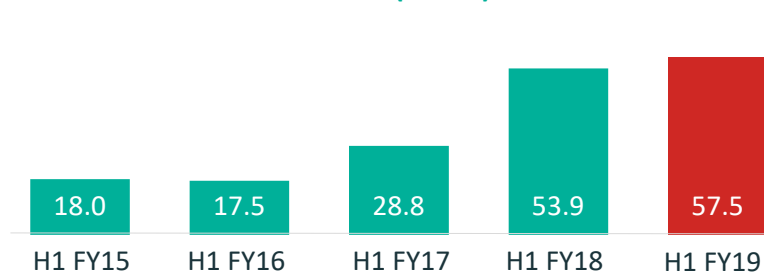
Operating costs (US\$m)



NPAT (US\$m)



EBITDA (US\$m)



Revenue to cost of goods sold ratio



Sector leading revenue-to-cost ratio

Industry revenue-to-cash cost curve: 2017

