

Building a unique mineral sands company

Half year results for the period
ended 31 December 2019

27 February 2020



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DFS Announcement

The DFS Announcement discloses details about the material assumptions and underlying methodologies adopted for deriving the production information and forecast financial information included in this document in respect of the Toliara Project, such as the material price and operating cost assumptions, which assumptions include the currently legislated government mineral royalty of 2%. It also discloses key pre and post FID risks in respect of the Toliara Project and an NPV sensitivity analysis. Base Resources confirms that all the material assumptions underpinning the production information and forecast financial information disclosed in the DFS Announcement continue to apply and have not materially changed.

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Australian based, African focused, producer



Kwale Operations

Kenya
Operational asset producing
rutile, ilmenite and zircon.



Toliara Project

Madagascar
Mineral sands development
project progressing towards
production.

Base Resources

Perth
Company headquarters.



Building a unique mineral sands company

- “Mid cap” pure mineral sands company
- Established profitable Kwale Operation with extensional potential in Kenya
- A world class mineral sands development project in the Toliara Project in Madagascar
- Long combined mine life once the Toliara Project is developed
- Track record of excellence in safety, community engagement and environmental stewardship
- An experienced team and capacity to execute well
- Creating a company of strategic relevance in a sector likely to continue to evolve



Half-year Highlights



- Successful transition and ramp up of mining operations on the South Dune orebody
- 36.2kt rutile, 165.2kt of ilmenite and 14.9kt of zircon produced
- Continued strengthening of rutile and ilmenite prices
- Kwale North Dune concept study completed with the pre-feasibility study now underway, and additional prospecting licence applications submitted
- Toliara Project DFS completed
- Toliara drilling revealed significant additional high-grade mineralisation within the existing mining permit
- Total Recordable Injury Frequency Rate of zero
- US\$1.8m invested in community and environmental programs

Key production metrics

Mining and WCP	H1 FY20	H1 FY19	Variance (%)
Ore mined (tonnes)	9,489,385	9,828,180	(3)
Ore grade (HM%)	3.41%	4.18%	(18)
Heavy mineral concentrate produced (tonnes)	304,100	348,015	(13)

MSP	H1 FY20	H1 FY19	Variance (%)
MSP feed (tonnes of HMC)	276,816	385,944	(28)
Ilmenite produced	165,214	226,730	(27)
Rutile produced	36,201	49,630	(27)
Zircon produced	14,904	17,935	(17)

- Mining volume lower due to the transition to the South Dune orebody following depletion of the Central Dune
- The South Dune is a lower grade orebody
- HMC production limited by ore grade - stockpile of 46kt at period end
- Lower MSP feed due to HMC availability, particularly early in the reporting period
- FY20 production guidance increased to:
 - Rutile 75,000 to 81,000 tonnes
 - Ilmenite 335,000 to 355,000 tonnes
 - Zircon 29,000 to 32,000 tonnes

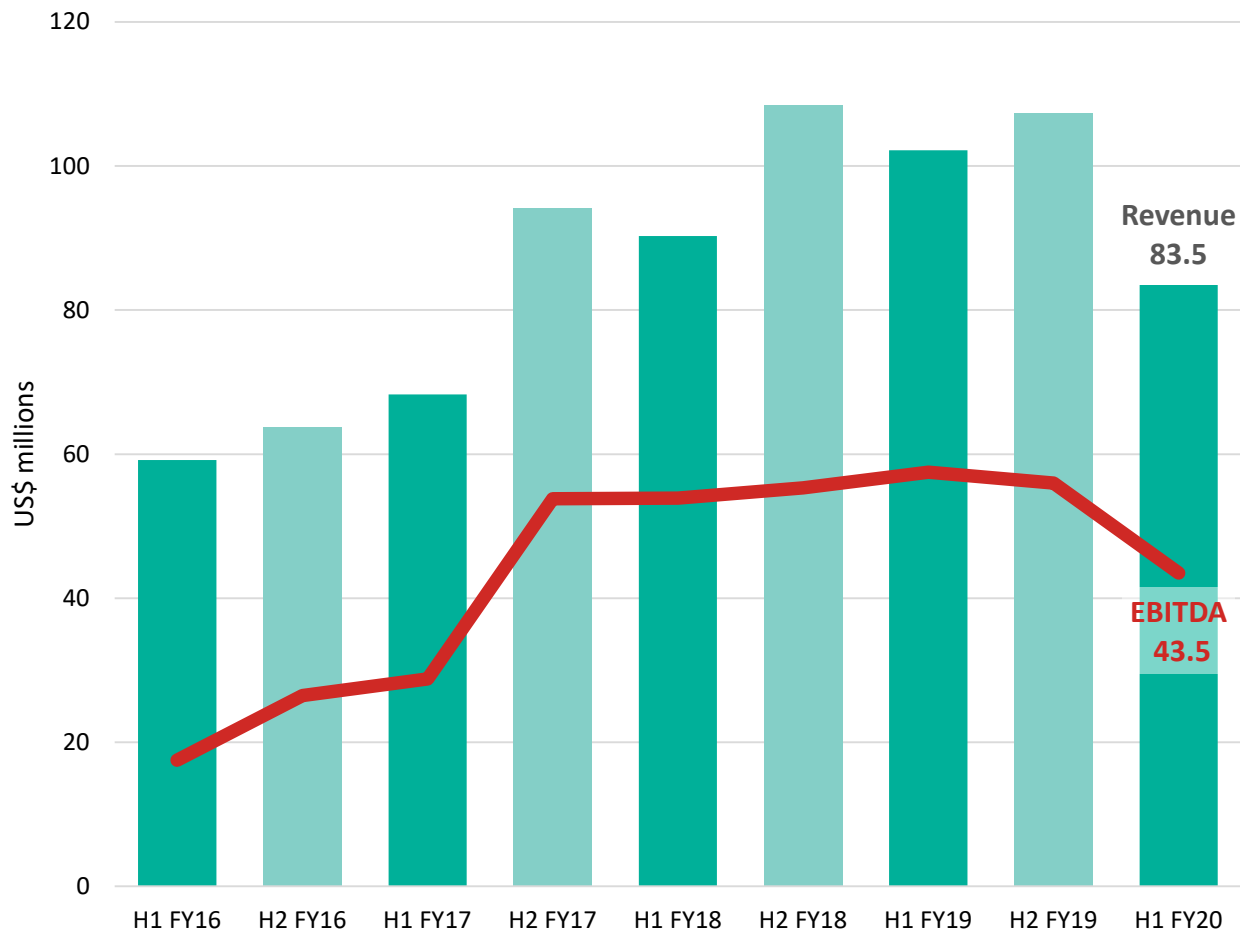
Key financial metrics

\$USm	H1 FY20	H1 FY19	Variance (%)
Revenue	83.5	102.2	(18)
Operating costs	(33.6)	(32.0)	(5)
Costs of goods sold*	(32.1)	(36.5)	12
EBITDA	43.5	57.5	(25)
EBIT	15.4	31.4	(51)
NPAT	9.1	17.4	(48)
Revenue / cost of sales	2.6	2.7	(4)

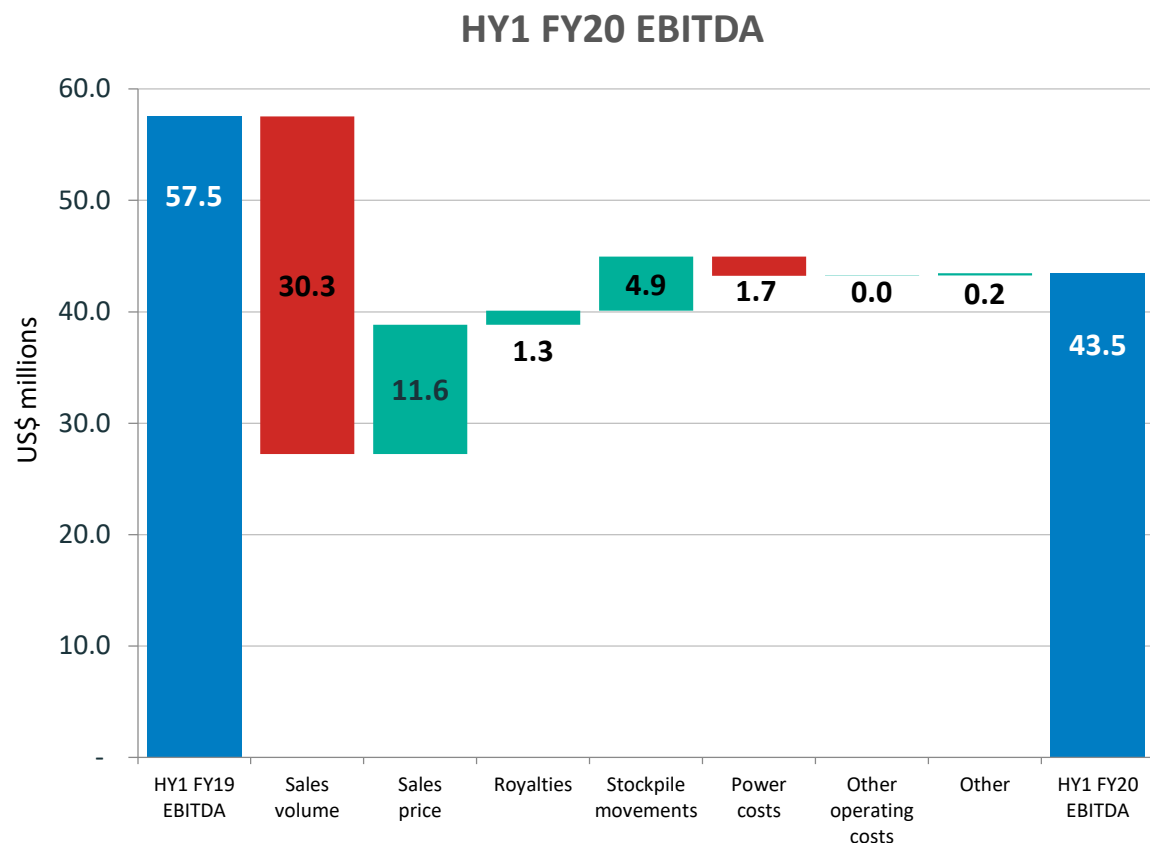
*Excludes depreciation and amortisation

- Sales revenue decreased to US\$83.5m on lower production and timing of rutile shipments
- Operating costs up due to higher power consumption associated with increased pumping distance from South Dune
- Costs of goods sold lower due to inventory movements (mainly increased rutile stocks)
- Rutile and ilmenite price increases, softening of zircon prices
- Revenue to cash cost ratio of 2.6:1

Earnings growth moderates

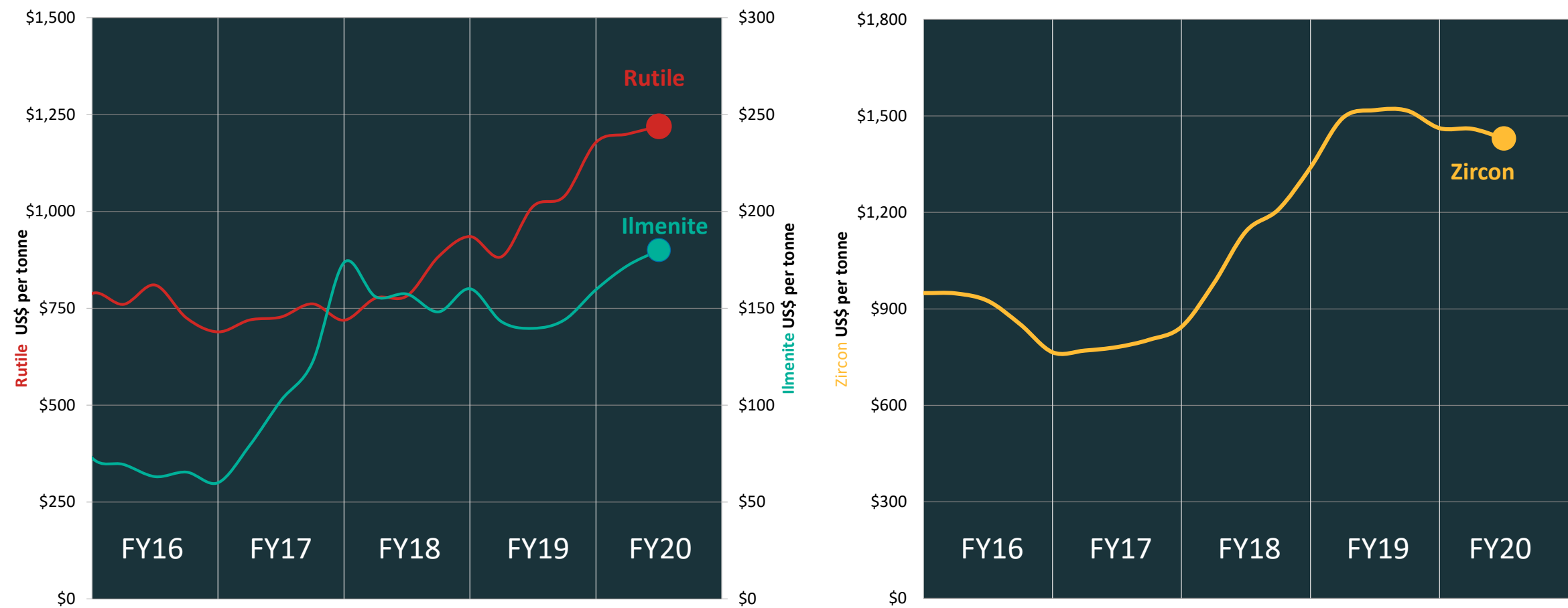


EBITDA impacted by lower production



- Impact of lower sales volume partially mitigated by sales price improvement
- Royalties savings due to lower sales revenue
- Stockpile movements driven by rutile shipment timing
- Increased power consumption associated with the increased pumping distance to/from South Dune orebody (relative to Central Dune)

Continued strengthening of rutile and ilmenite prices



Net cash/debt and cash flow

\$USm	31 Dec 2019	30 June 2019
Cash on hand	47.6	39.2
Debt	(15.0)	(20.0)
Net cash (debt)	32.6	19.2

\$USm	H1 FY20	H1 FY19
Operating cash flows	35.5	53.8
Investing cash flows	(19.8)	(13.6)
Financing cash flows	(6.3)	(20.5)

- Net cash increased by US\$13.4m in the period
- Cash flow from operations lower on reduced EBITDA and payment of US\$20.7m corporate income tax to the Kenya Revenue Authority (nil in the comparative period), offset by a US\$18.7m reduction in receivables
- Operating cash flows were used to fund capex at Kwale Operations, Toliara Project development, and debt servicing and reduction
- Total investing cash flows of US\$19.8m
 - US\$14.7m on the Toliara Project
 - US\$5.1m at Kwale Operations

Outstanding safety outcomes indicative of performance culture

19.1
Million

Hours worked with
zero Lost-Time
Injuries

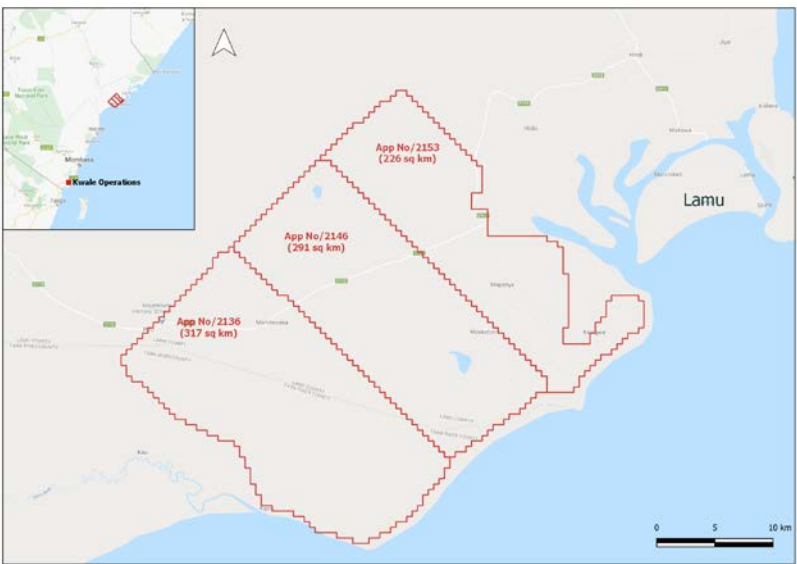
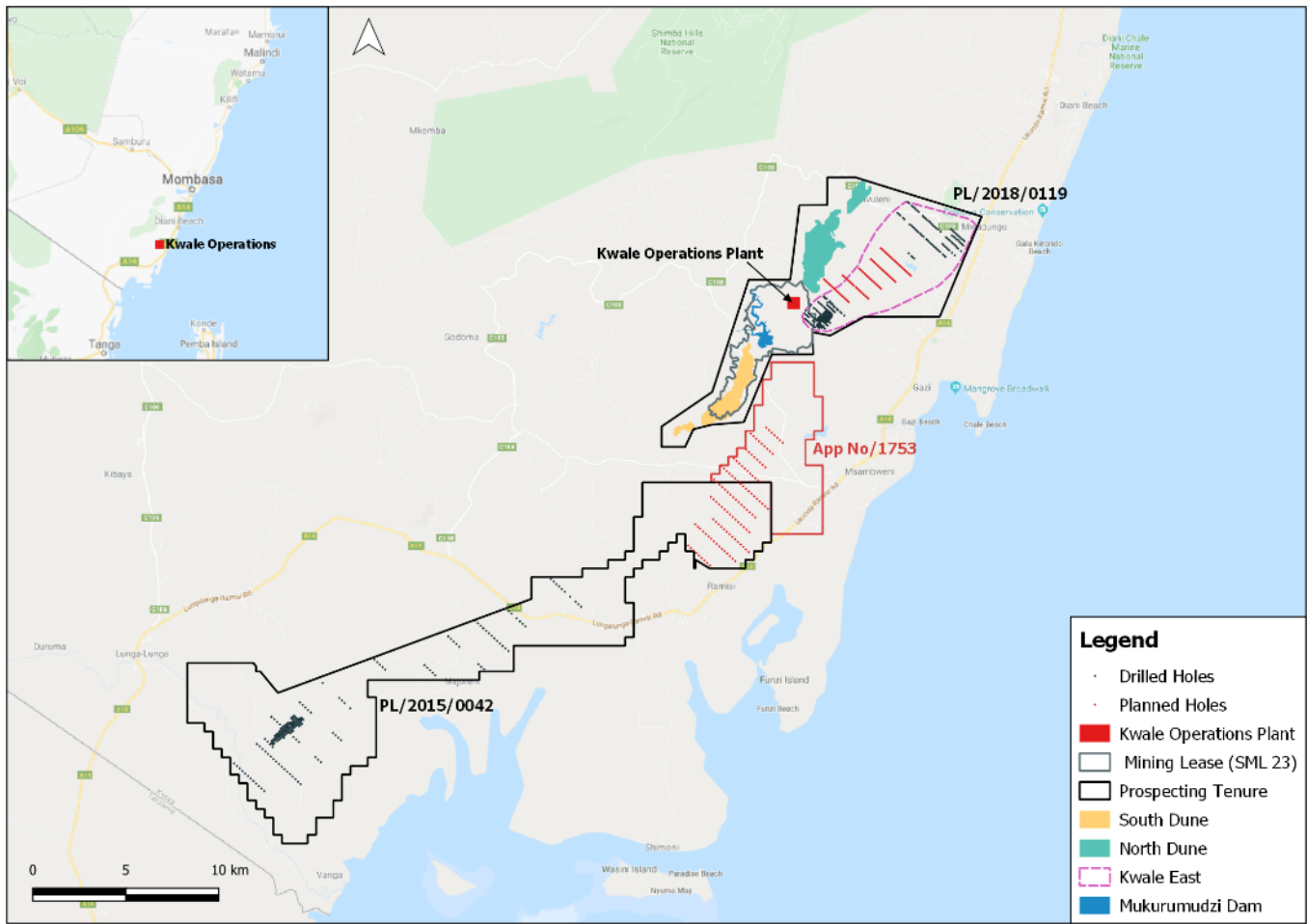
70
Months

Since last Lost-Time
Injury

9.4
Million

Hours worked
without a medical
treatment injury

Multiple Kwale mine life extension opportunities

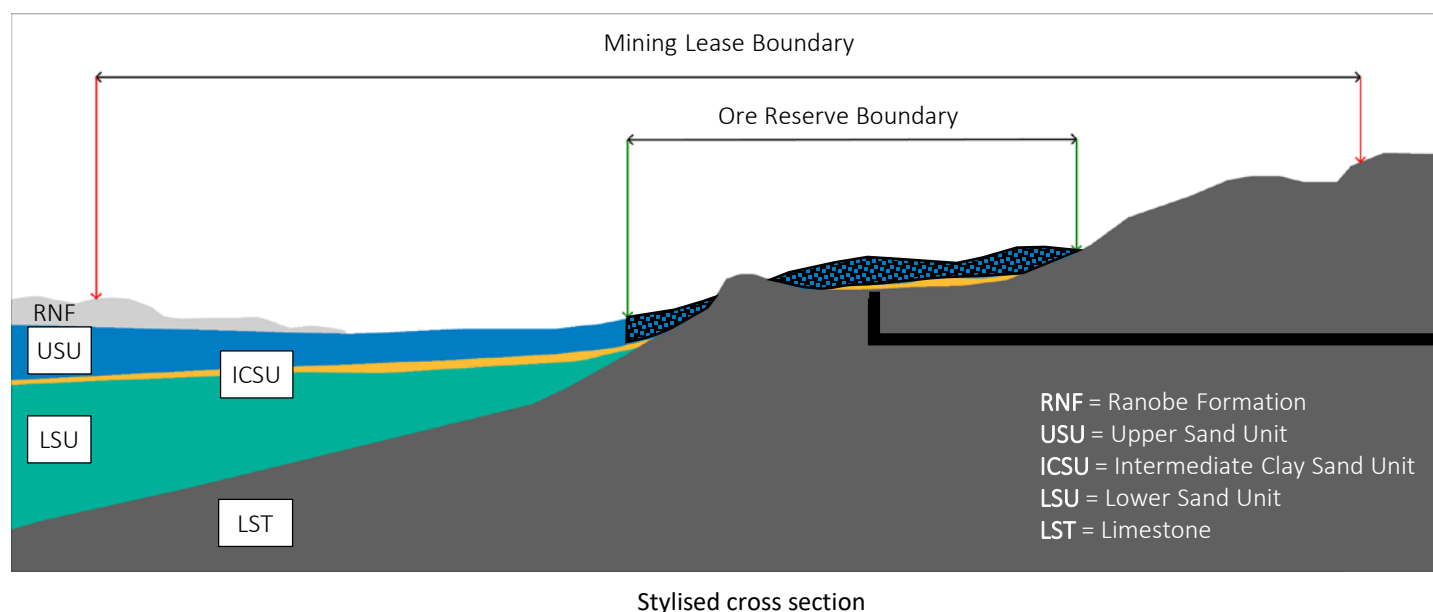


Toliara DFS confirms a world-class mineral sands development

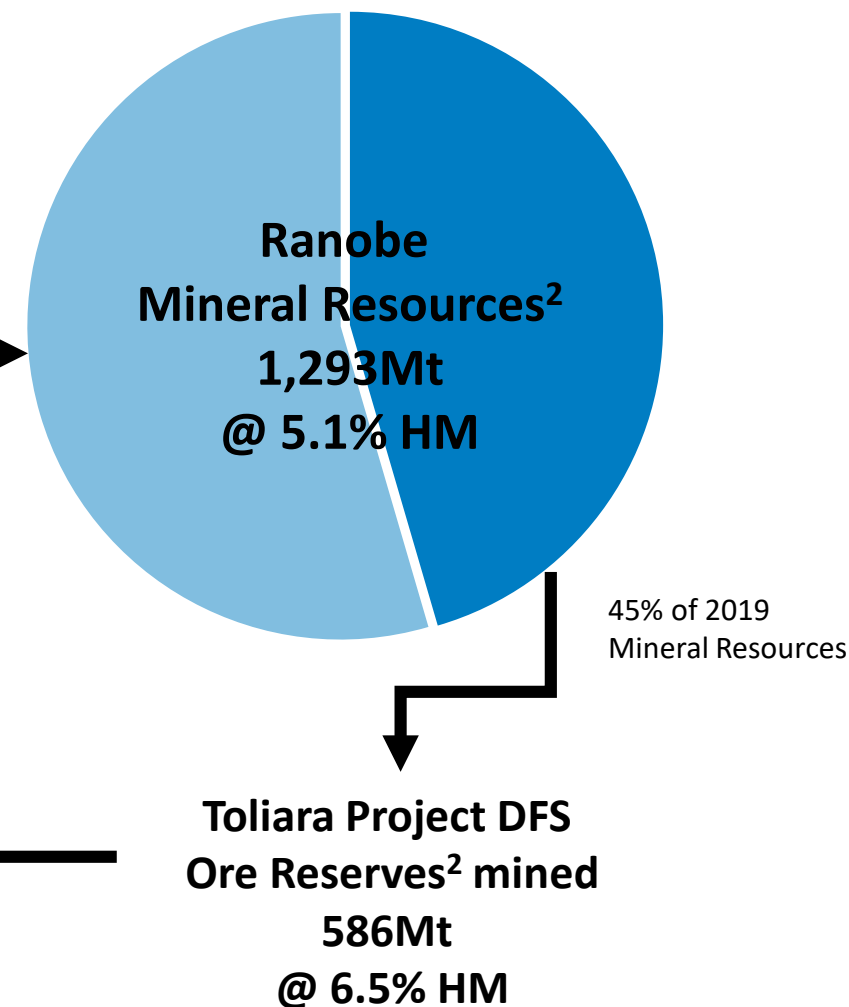
- NPV₁₀ post tax, pre-debt, real US\$652m & IRR of 21.4%
- Revenue to cost of sales ratio of 3.15
- Stage 1 capex US\$442m for 13Mtpa
- Stage 2 capex US\$69m to increase to 19Mtpa
- LOM average annual revenue of US\$248m
 - 65% ilmenite, 32% zircon, 3% rutile
- LOM average annual EBITDA of US\$164m
- LOM average annual free cash flow of US\$132m



Toliara Project Mineral Resources afford long mine life...



33 year mine life
Average annual production¹:
Ilmenite 780kt
Zircon 53kt
Rutile 7kt

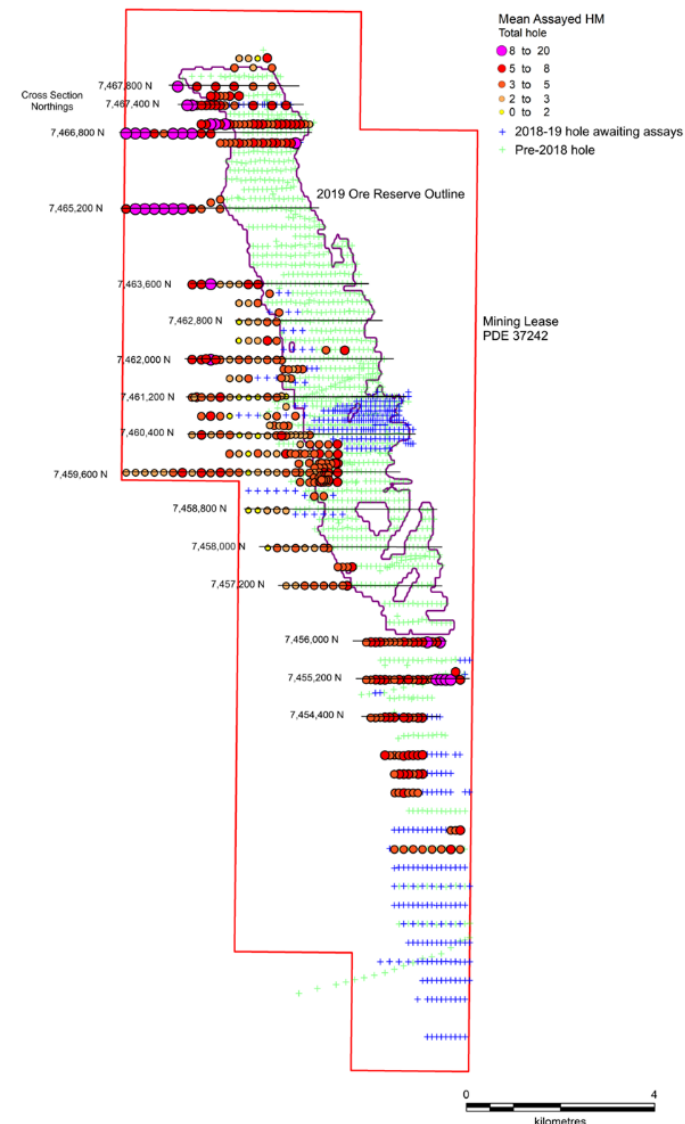


...with significant expansion potential

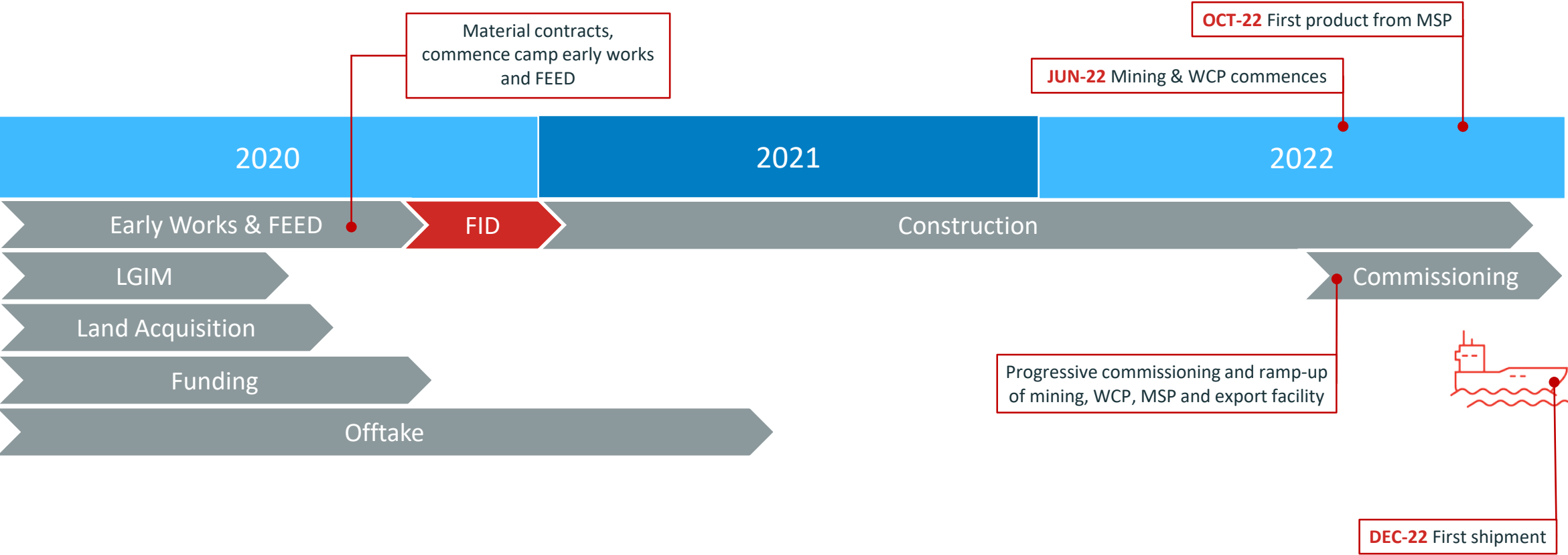
- 2018/19 drilling program - 29,753m in 770 holes
- Assay results received to date show material heavy mineral intercepts - particularly in the lower sand unit
- Further drilling targeting high-grade lower sand unit zones to be planned once assaying of remaining samples is complete

Notable drill results:

- Hole R2076 - 81m @ 15.7% HM, with LSU of 67.5m @ 18.3% HM
- Hole R2074 - 87m @ 13.9% HM, with LSU of 69m @ 16.4% HM
- Hole R2084 - 71.5m @ 12.2% HM, with LSU of 41.5m @ 17.6% HM
- Hole R1507A - 72m @ 11.6% HM, with LSU of 43.5m @ 16.5% HM
- Hole R2022 - 87m @ 9.1% HM, with LSU of 52.5m @ 13.8% HM



Indicative timeline



Building a unique mineral sands company



- Team with a track record of delivery in Africa
- Consistent, high cash flow Kwale Operations, with extension potential
- Reputation for excellence in safety, community and environment
- A sound financial platform from which to grow the business
- Improving markets are supporting a need for new supply
- A world class development in the Toliara Project



A. Level 1, 50 Kings Park Road, West Perth WA 6005
PO Box 928, West Perth BC 6872, Australia

Ph. +618 9413 7400

F. +618 9322 8912

E. info@baseresources.com.au

baseresources.com.au

For further information contact:

James Fuller, Manager – Communications and Investor Relations

Ph. +618 9413 7426

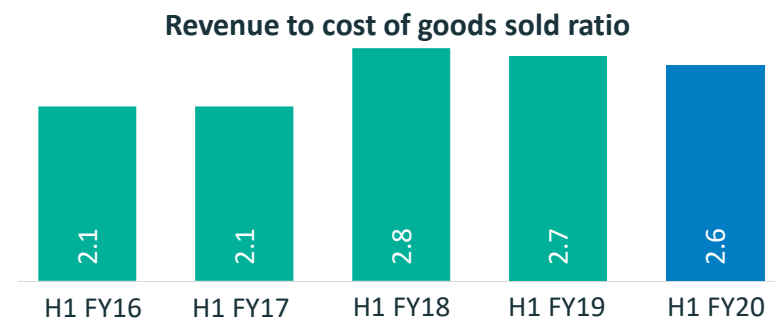
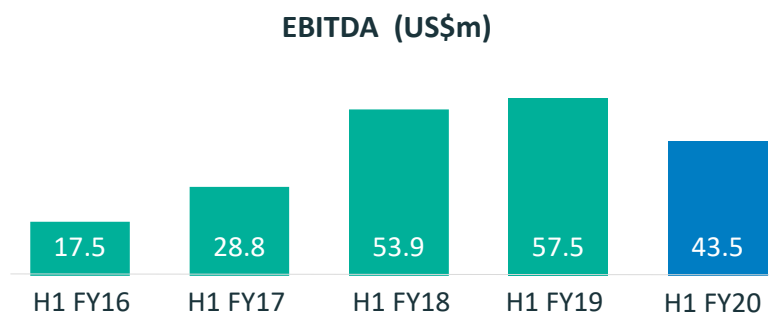
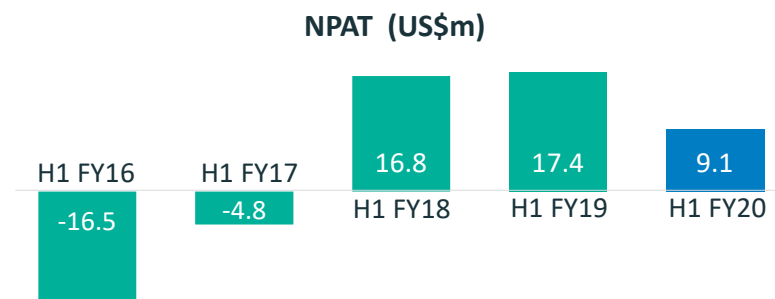
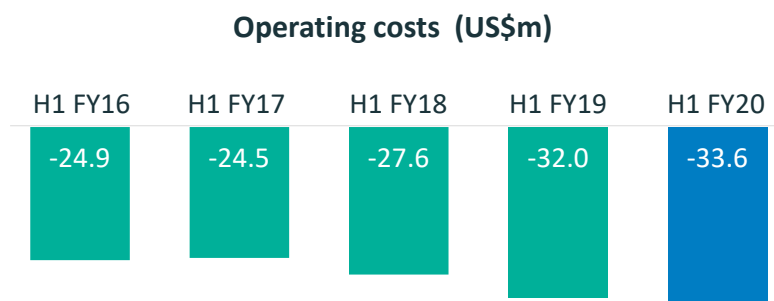
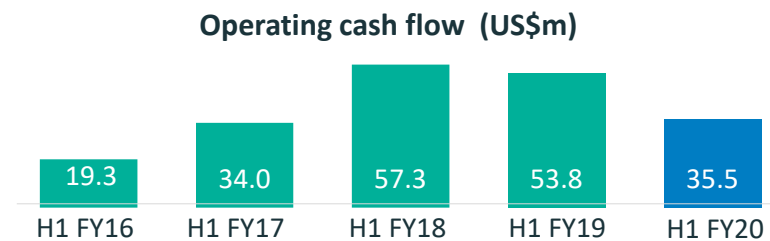
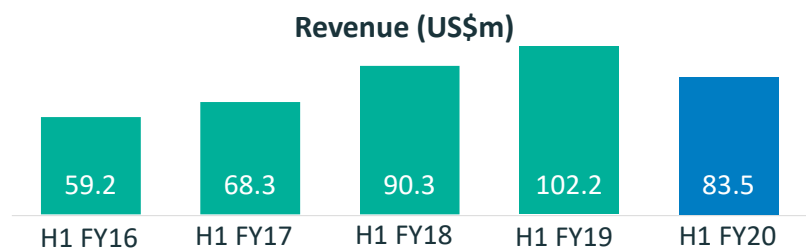
M. +61 488 093 763

E. jfuller@baseresources.com.au

Appendices



Five year financial summary



Kwale Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage		
						ILM	RUT	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ as at 30 June 2019								
Measured	81	2.6	3.2	25	1	59	14	6
Indicated	169	2.9	1.7	36	3	47	12	5
Inferred	34	0.5	1.4	36	3	46	13	6
Total	285	6.0	2.1	33	2	52	13	6
Ore Reserves as at 30 June 2019								
Proved	39	1.6	4.0	27	1	59	14	6
Probable	23	0.8	3.3	26	5	53	13	6
Total	62	2.3	3.8	27	3	57	13	6

Notes:

- 1) Mineral Resources estimated at a 1% HM cut-off grade.
- 2) Table subject to rounding differences.
- 3) Mineral Resources are reported inclusive of the Ore Reserves.

For further information on the Kwale Deposit Mineral Resources and Ore Reserves, for the Kwale South Dune Deposit, refer to Base Resources' announcement on 9 October 2017 "2017 Kwale Mineral Resources and Ore Reserves Statement" and, for the Kwale North Dune Deposit, refer to Base Resources' announcement on 1 May 2019 "Mineral Resource for Kwale North Dune Deposit", each of which is available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 9 October 2017 and the 1 May 2019 announcements and all material assumptions and technical parameters underpinning the estimates in the 9 October 2017 and the 1 May 2019 announcements continue to apply and have not materially changed. For further information on the depleted Kwale Deposit Mineral Resources and Ore Reserves as at 30 June 2019, refer to Base Resources' announcement on 21 August 2019 "2019 Mineral Resources and Ore Reserves Statement" available at <https://baseresources.com.au/investors/announcements/>.

Ranobe Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage			
						ILM	RUT*	LEUC**	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ at 30 June 2019									
Measured	419	28	6.6	4	0	75	2	–*	6
Indicated	375	18	4.9	8	1	72	2	–*	6
Inferred	499	20	3.9	7	1	70	2	–*	5
Total	1,293	66	5.1	6	0	72	2	–*	6
Ore Reserves at 6 December 2019									
Proved	347	24	7.0	3.8	0.1	75	1.0	1.0	5.9
Probable	239	14	5.8	4.2	0.2	73	1.3	0.8	5.7
Total	586	38	6.5	3.9	0.1	74	1.1	0.9	5.9

Notes:

* Rutile reported in the Mineral Resources table is rutile + leucoxene mineral species

** Recovered Leucoxene will be split between Rutile and Chloride Ilmenite products depending on product specification requirements.

1) Mineral Resources estimated at a 1.5% HM cut-off grade.

2) Table subject to rounding differences.

3) Mineral Resources are reported inclusive of the Ore Reserves.

For further information on the Ranobe Deposit Mineral Resources and Ore Reserves, refer to Base Resources' announcement on 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" and the announcement on 6 December 2019 "Maiden Ranobe Ore Reserves estimate", each of which is available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 23 January 2019 and 6 December 2019 announcements and all material assumptions and technical parameters underpinning the estimates in the 23 January 2019 and 6 December 2019 announcements continue to apply and have not materially changed.