

ASX, AIM and Media Release

7 May 2020

Investor update presentation and webcast

African mineral sands producer, **Base Resources Limited** (ASX & AIM: BSE) is pleased to provide an investor update presentation and webcast to shareholders.

The investor presentation is attached.

The pre-recorded webcast can be viewed at <https://edge.media-server.com/mmc/p/6av8h2ew>.

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This release has been authorised by Base Resources' Disclosure Committee.

About Base Resources

Base Resources is an Australian based, African focused, mineral sands producer and developer with a track record of project delivery and operational performance. The Company operates the established Kwale Operations in Kenya and is developing the Toliara Project in Madagascar. Base Resources is an ASX and AIM listed company. Further details about Base Resources are available at www.baseresources.com.au.

Building a unique mineral sands company

Investor briefing

7 May 2020



**BASE
RESOURCES**



Webcast available

This investor presentation accompanies a pre-recorded webcast which can be viewed [HERE](#).



Disclaimer and Important Notices

This document has been prepared by Base Resources Limited (**Base Resources**). Its release has been authorised by Base Resources' Disclosure Committee. Information in this document should be read in conjunction with other announcements made by Base Resources to ASX, particularly Base Resources' announcement on 12 December 2019 "DFS reinforces Toliara Project's status as a world class mineral sands development" (**DFS Announcement**). Base Resources' ASX announcements are available at <https://baseresources.com.au/investors/announcements>.

DFS Announcement

The DFS Announcement discloses details about the material assumptions and underlying methodologies adopted for deriving the production 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. Base Resources confirms that all the material assumptions underpinning the production information disclosed in the DFS Announcement continue to apply and have not materially changed.

Forward-looking statements

Certain statements in or in connection with this document contain or comprise forward looking statements. Such statements include, but are not limited to, statements with regard to capital cost, capacity, future production and grades and financial performance and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Base Resources' control. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, Base Resources undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

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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 in Kenya with extensional potential.
- 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.



Strong March quarter with production increases



- Kwale Operations continued uninterrupted with changes to minimise COVID-19 risk.
- Production increased across all products from the prior quarter.
- Ongoing sound demand from customers with ilmenite and rutile prices continuing to strengthen.
- FY20 production guidance maintained.
- Kwale North Dune pre-feasibility study commenced.
- Toliara Project fiscal terms and suspension discussions paused for Malagasy government to manage COVID-19.
- Toliara Project FID delayed.
- Full US\$75m revolving credit facility drawn down to enhance liquidity and provide flexibility.

Adapting for COVID-19

Kenya - Kwale Operations

- Continuing to operate at normal levels – balancing our business needs, employee and community safety and sentiment, government policy and product markets.
 - A halt or curtailment is possible if circumstances change.
- Workplace practice modifications include ~40% reduction in personnel on-site, increased physical distancing, health screening, and increased fumigation and cleaning.
- Working with national and county governments to ensure compliance with curfew and travel restrictions.
- Community support programs include medical equipment supply, food distribution and hygiene infrastructure.

Madagascar and Perth

- Madagascar personnel working from home - all FIFO workers returned to home countries.
- Working with government to provide and distribute PPE, health and food supplies in the Toliara region.
- Perth personnel working from home.

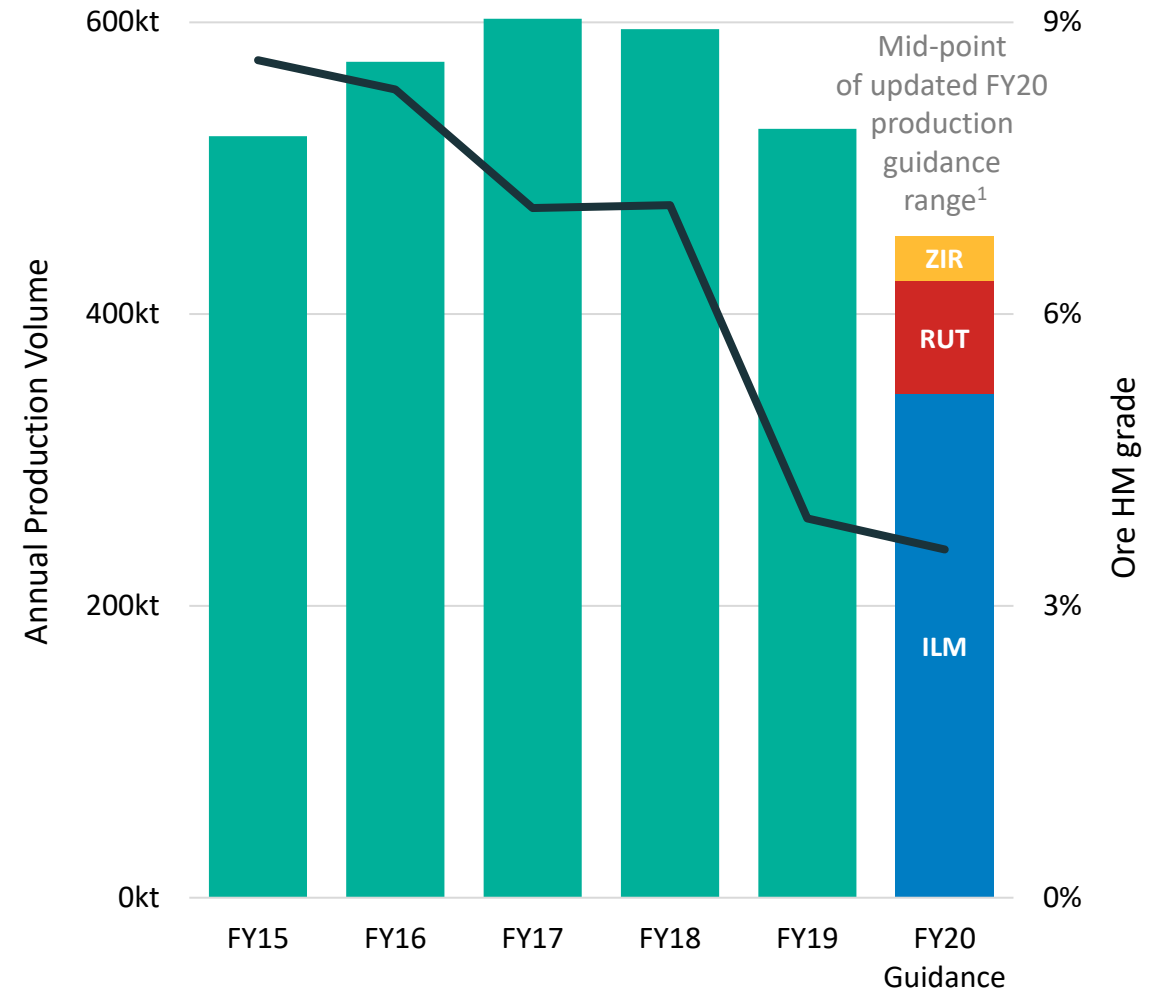


The foundation - The Kwale operation

Video available at
www.basetitanium.com



Lower grade South Dune production levels the new normal



Outstanding safety outcomes indicative of performance culture

19.9
Million

Hours worked with
zero Lost-Time
Injuries

73
Months

Since last Lost-Time
Injury

10.5
Million

Hours worked
without a medical
treatment injury

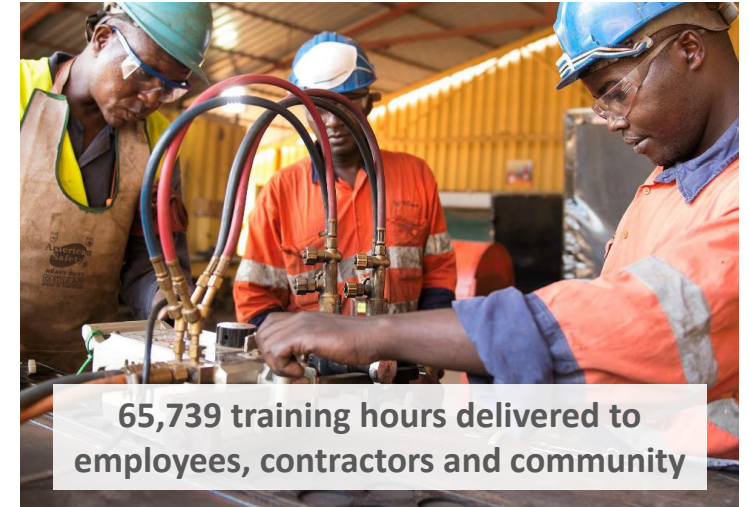
Delivering “mutual benefit” – US\$3.8 million investment in 2019



380 secondary and 170 tertiary full scholarships provided



2,500 smallholders participating in the Kwale Cotton Project



65,739 training hours delivered to employees, contractors and community



120 interns, apprentices, graduates and trainees

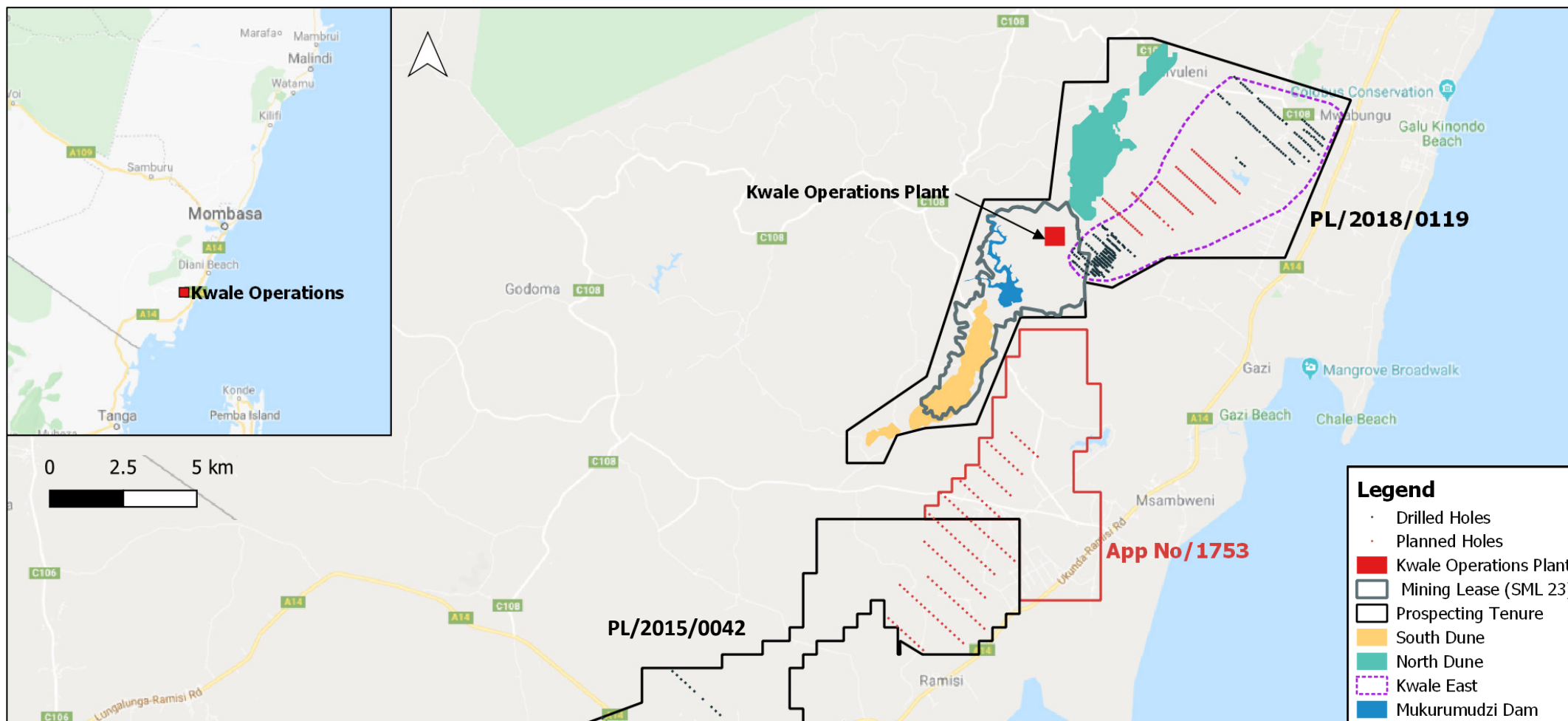


9,046 trees planted

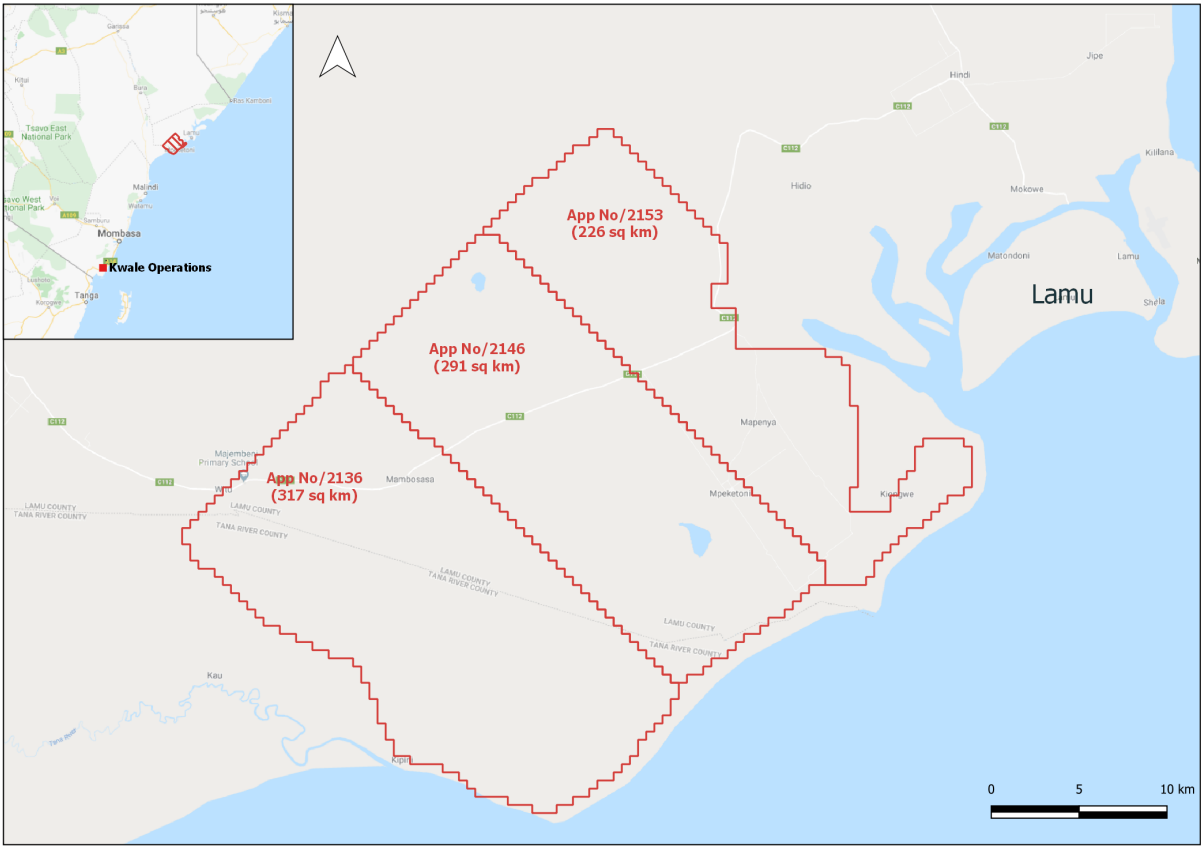
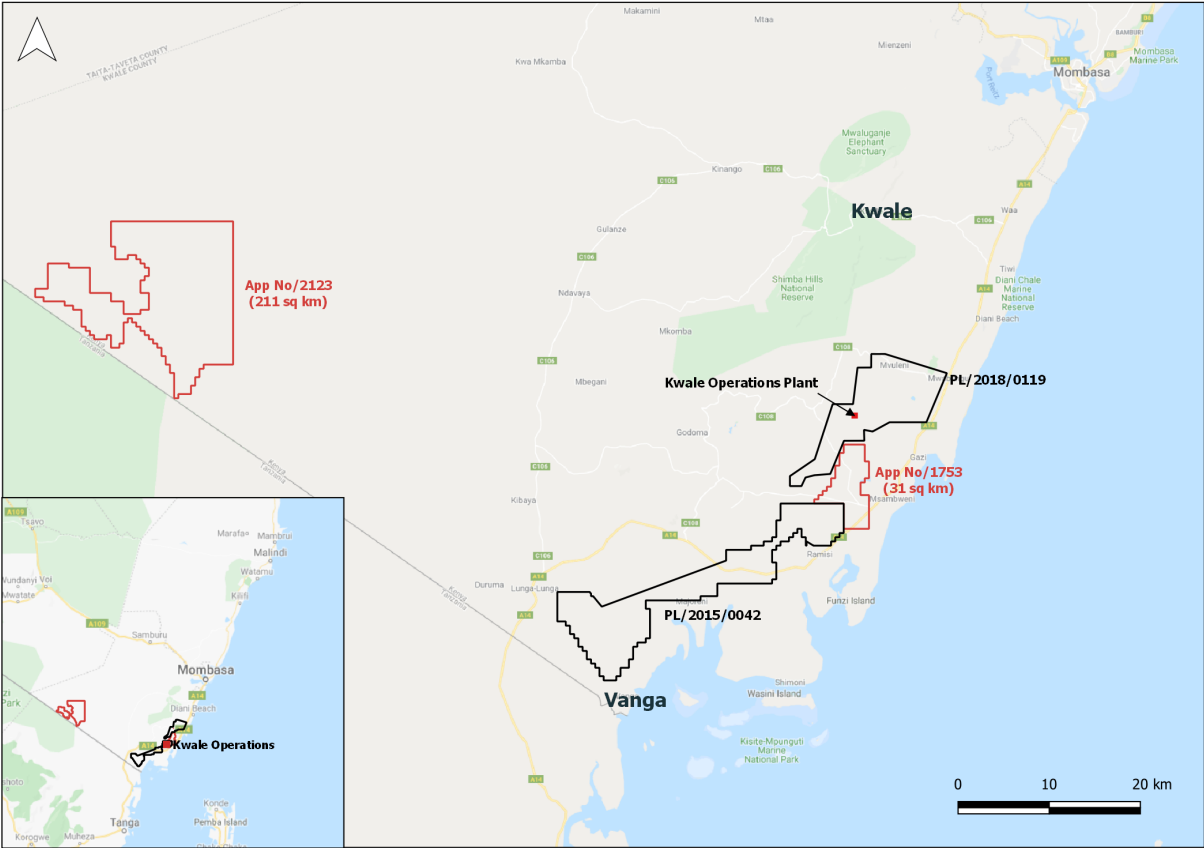


240 volunteer health workers supported

Multiple mine life extension opportunities being explored...

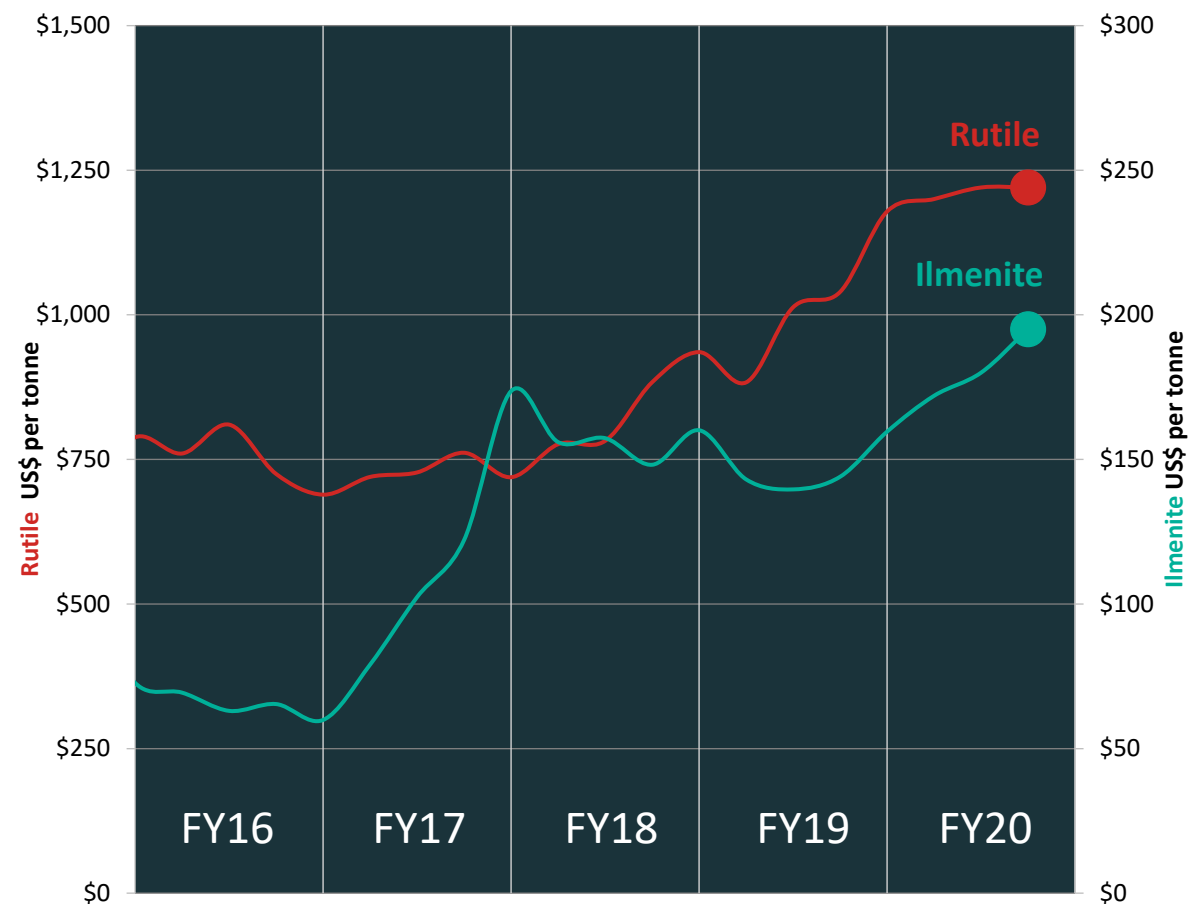


...as well as Kenyan opportunities further afield



Tight market conditions for TiO₂ feedstocks

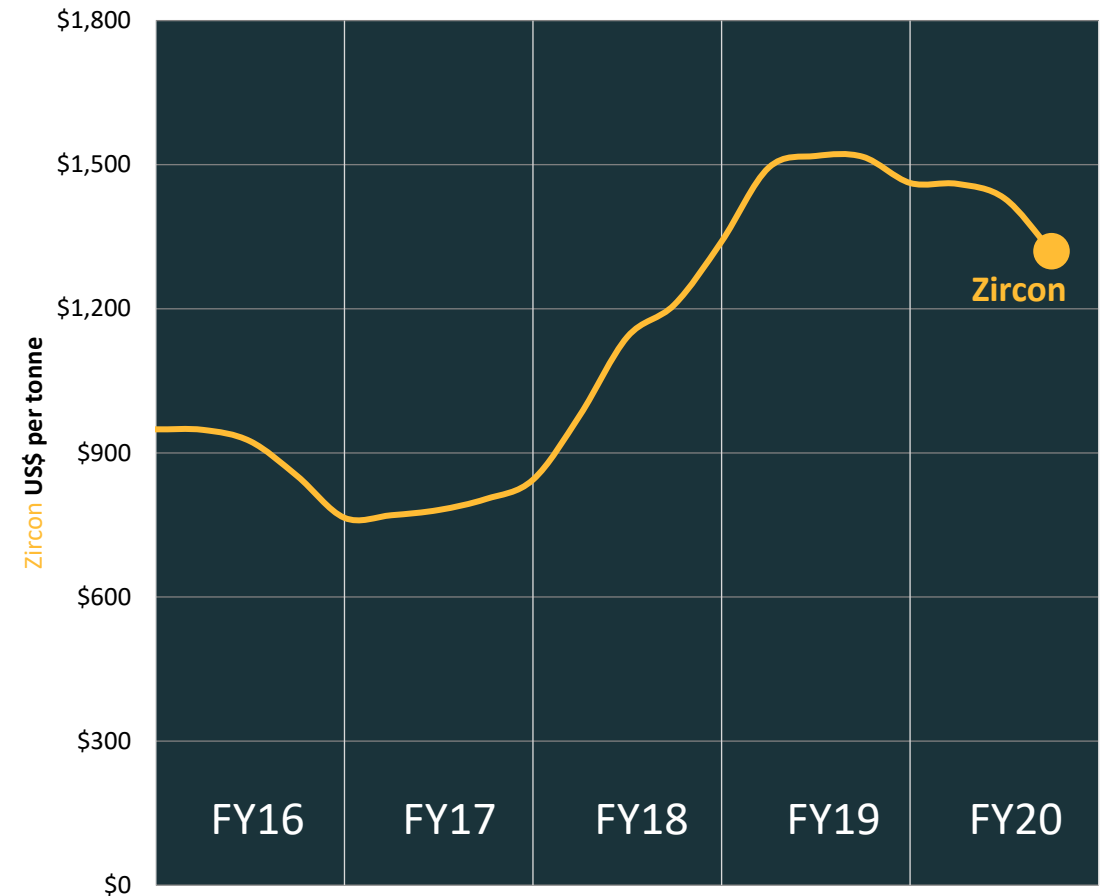
- Western pigment customers maintained normal production and sales levels into April but expect demand to reduce by the end of the June quarter and H2-CY20. Chinese pigment customers are reporting a drop in export sales through the June quarter.
- Tight market conditions for TiO₂ feedstocks resulted in further price improvement for both ilmenite and rutile in the March quarter. Prices have continued to improve into the June quarter for ilmenite, while rutile is steady.
- Supply interruptions, in South Africa and India in particular, are adding to the tight conditions for both rutile and ilmenite.
- Some Chinese customers have requested additional ilmenite volume and earlier shipments as they seek to secure feedstock supply.
- Rutile sales are contracted for most of calendar year 2020. Ilmenite sales fully contracted until August 2020, with a shipping schedule agreed with all customers for the remainder of calendar year 2020.



Source: Company data. Prices stated on an FOB basis.

Zircon market conditions remain subdued

- Subdued conditions continued in the March quarter resulting in some marginal price erosion.
- Some March quarter shipments to China were deferred due to COVID-19 shutdowns – backlog cleared in April.
- Concerns over security of zircon supply, mostly resulting from shutdowns in South Africa, boosted demand towards the end of the March quarter.
- June quarter sales are fully contracted at prices consistent with the March quarter.
- Demand for zircon end products is uncertain over the coming months but it is expected that any drop in demand will be offset to some extent by COVID-19 related supply restrictions.



Source: Company data. Prices stated on an FOB basis.

A sound financial platform



As at 31 March 2020

- Net cash position of US\$44.4m
 - Cash and cash equivalents of US\$119.4m
 - Revolving Credit Facility drawn to US\$75.0m
- US\$3.1m VAT refund received in March quarter
 - US\$19.5m total VAT refund claim outstanding in Kenya

Solid equity base (ASX & AIM: BSE)

- A\$152m market capitalisation @ A\$0.13
- A tight, institutional register, including:
 - Pacific Road Capital (26.7%)
 - Sustainable Capital (22.3%)
 - Regal Funds Management (10.6%)
 - Fidelity (10.0%)

Toliara – a world class development project

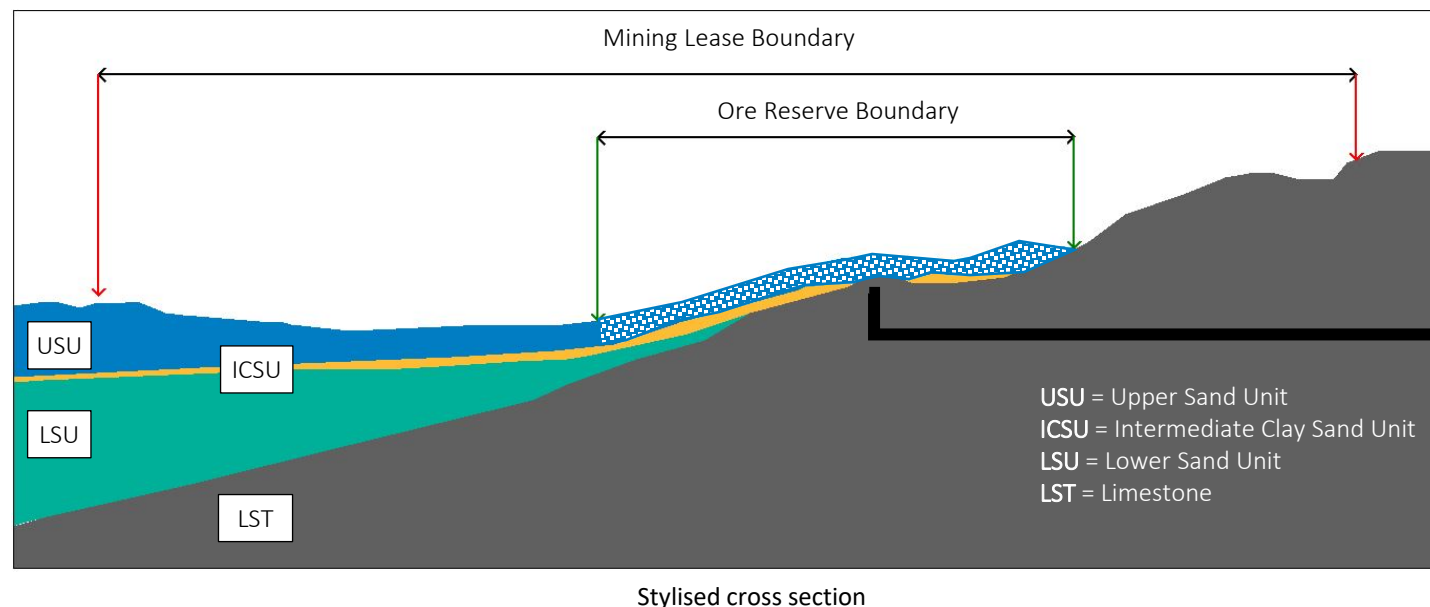
Project video available at
www.baseresources.com.au



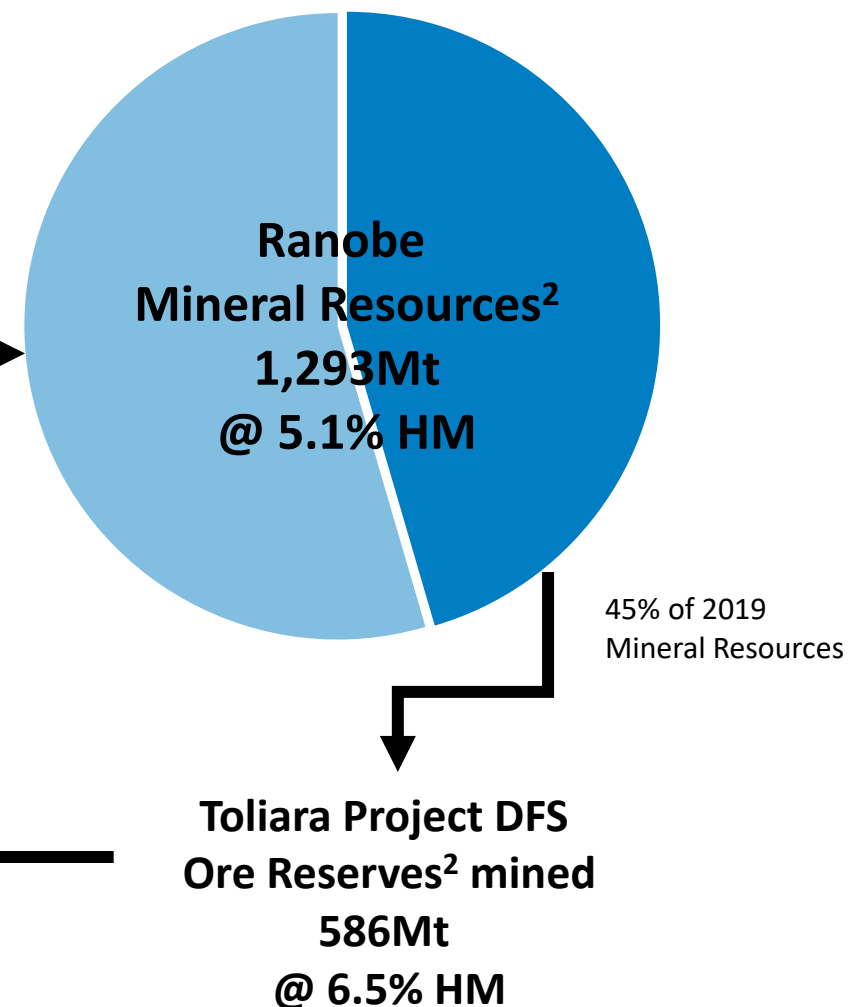
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Toliara Project Ore Reserves afford long mine life...



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

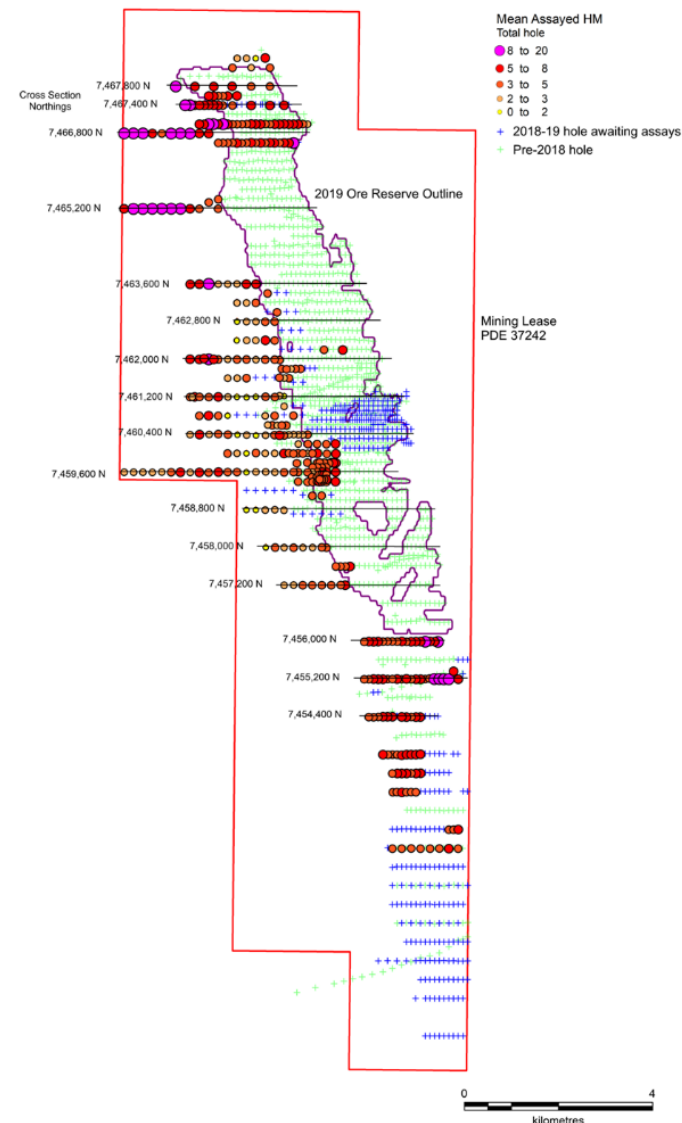


...with significant expansion potential

- 29,753m in 770 holes drilled in the 2018/19 program.
- 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



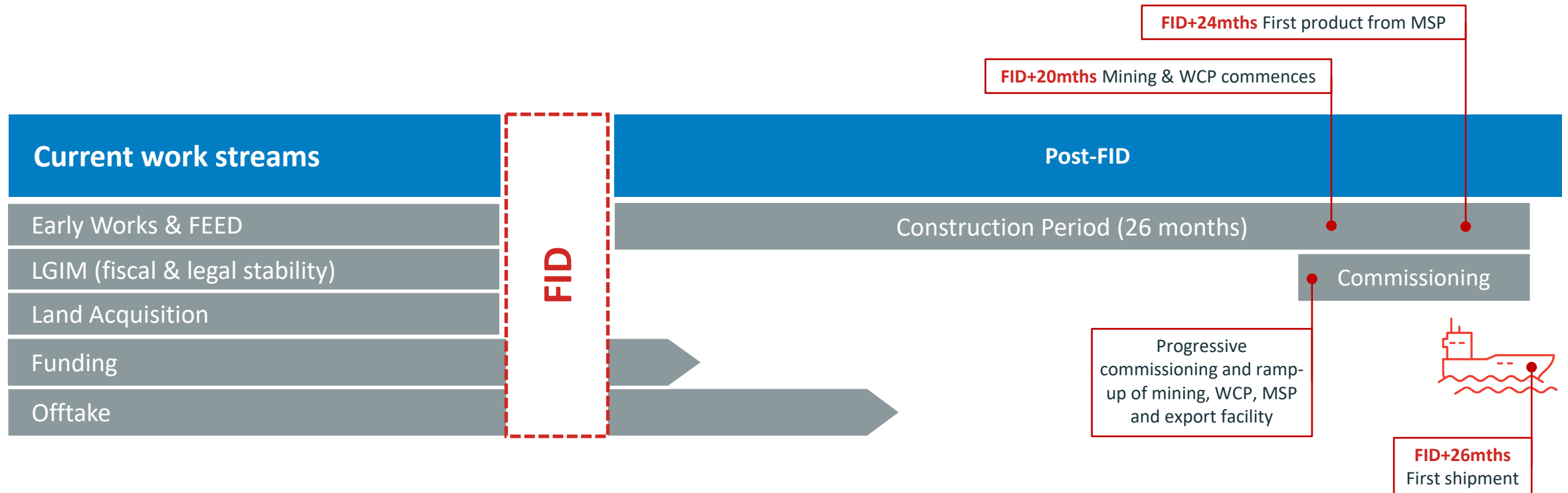
Toliara Project development will be delayed by COVID impacts

- The Definitive Feasibility Study (DFS), released in December 2019, was based on a final investment decision (FID) in September 2020.
- With international travel restrictions and broader COVID-19 measures and impacts both in Madagascar and globally and with the Malagasy Government focused solely on pandemic response, it is considered clear that FID will be delayed.
- Until there is greater clarity on the trajectory of resumption of global economic activity and the lifting of the government suspension of activities, it is not considered appropriate to settle a revised timetable for FID.
- Consistent with this, given the relevance of development timing to forecast revenues and the wide range of potential global economic outlooks, the specific DFS project economics will be reconfirmed with the benefit of greater clarity in the coming quarters.



Toliara Project indicative timeline

Planned FID has been delayed from H2 2020. Once line of sight on lifting of suspension, resumption of international travel and financial market conditions is achieved, a revised FID will be announced. We maintain readiness to accelerate progress when conditions support.



Building a unique mineral sands company



- **Team** with a track record of delivery.
- 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.
- Market outlook supporting a clear **need for new supply**.
- A world class development in the **long-life Toliara Project**.



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Appendices



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 + leucogene mineral species

** Recovered Leucogene 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.