# Broadening Base

## Acquiring the Toliara Sands Project

Investor Presentation
19 December 2017

BASE RESOURCES


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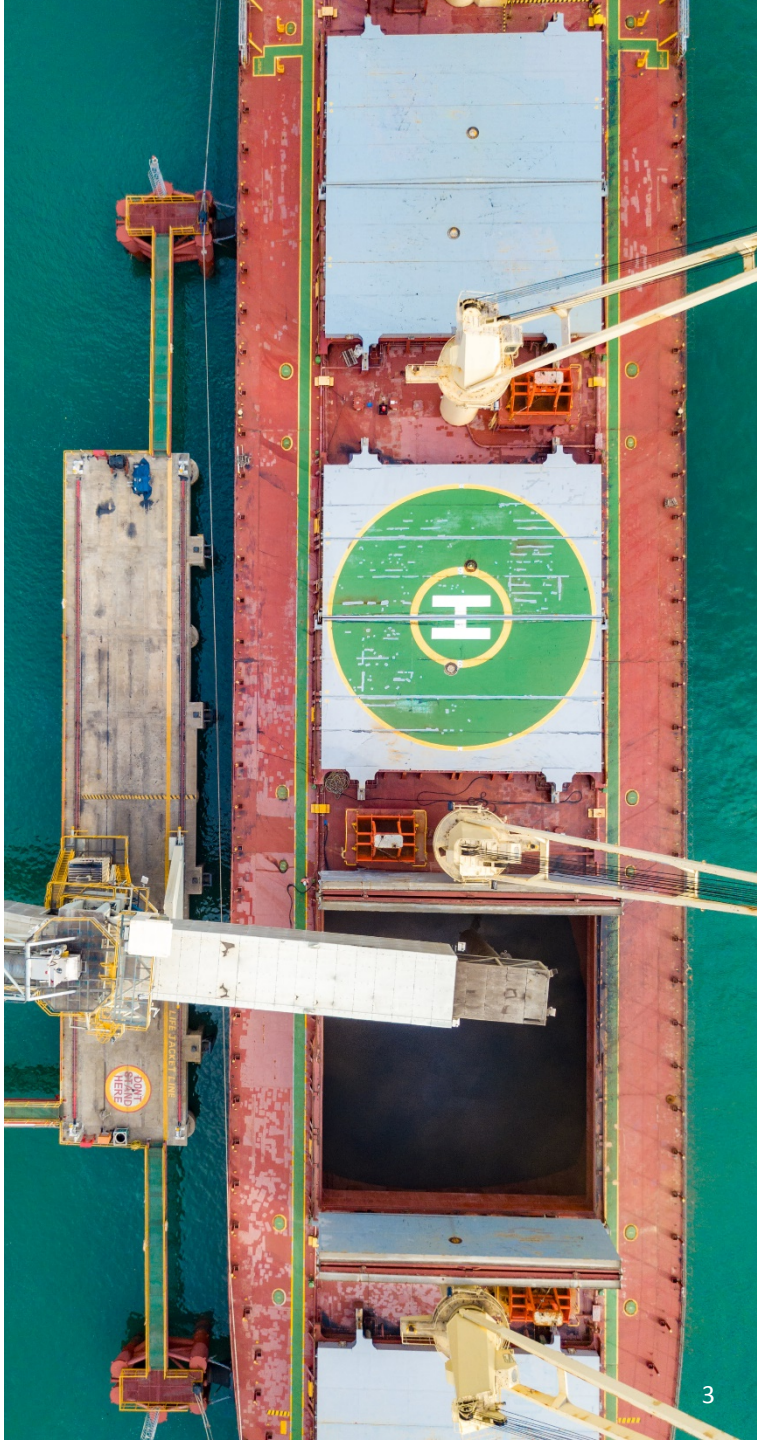
# Broadening Base

1. Team with a track record of delivery
2. Consistent, high cashflow Kwale Operations, with extension potential
3. A sound financial platform from which to grow the business
4. Improving markets are supporting a need for new supply
5. The Toliara Sands Project – our preferred development asset
6. A transformational acquisition
7. Funded through a A$100 million share offer



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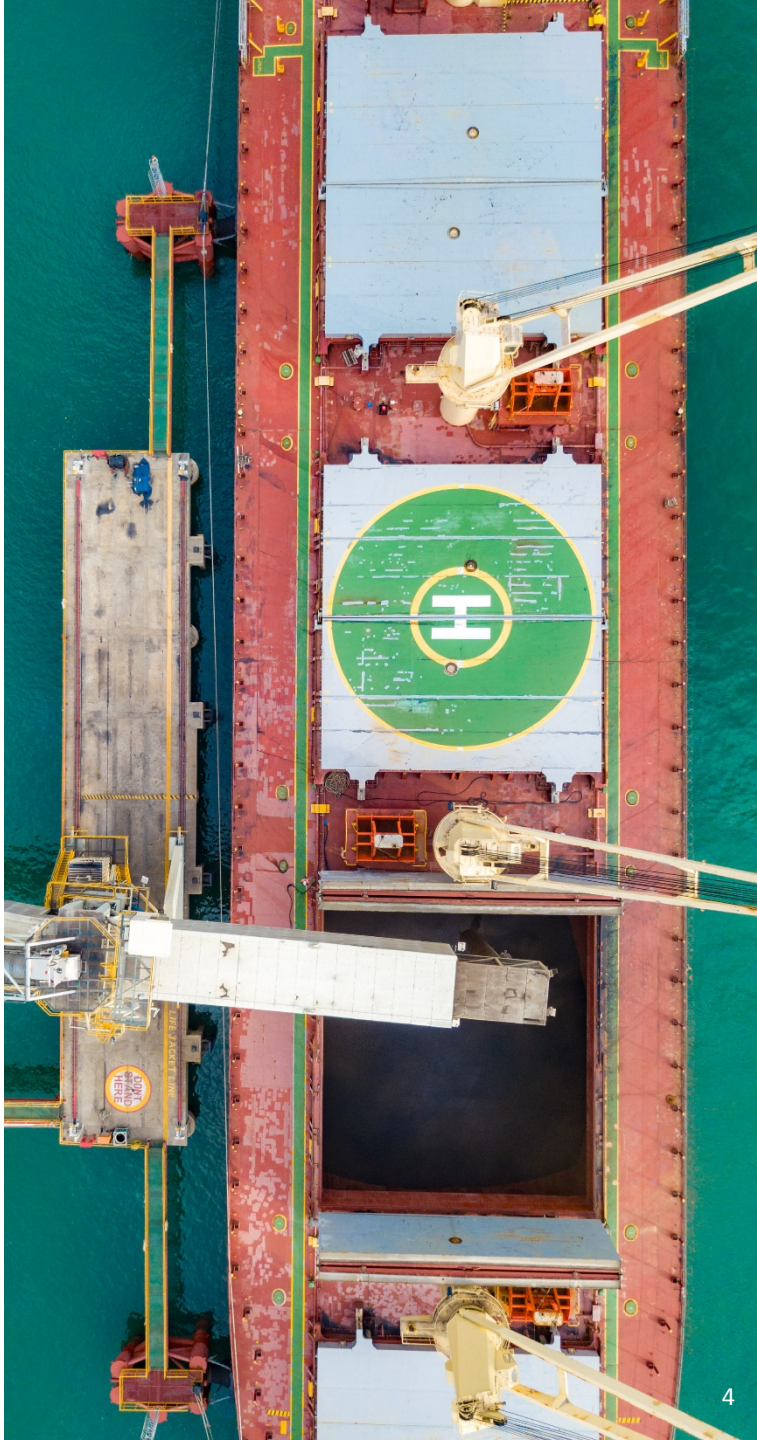


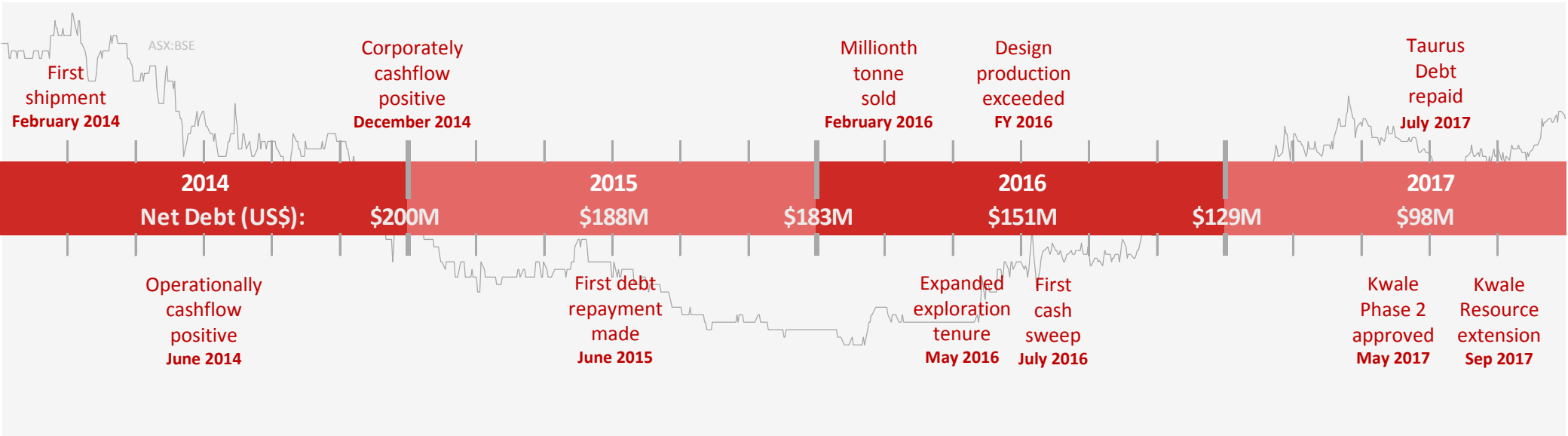
# A quality Base team

- Strong, settled Board and management team.
- Successfully developed Kenya's first large-scale mining project.
- Track record of project delivery and operational performance at Kwale:
  - Tightly managed construction project.
  - Smooth "mineral sands" ramp up to beyond design outputs.
- Recognised, successful business model in Africa, including:
  - Government engagement.
  - Safety, training and workforce development.
  - Social license establishment and maintenance.
- Ready for the next opportunity and challenge.

BASE RESOURCES

# A record of achievement

BASE RESOURCES

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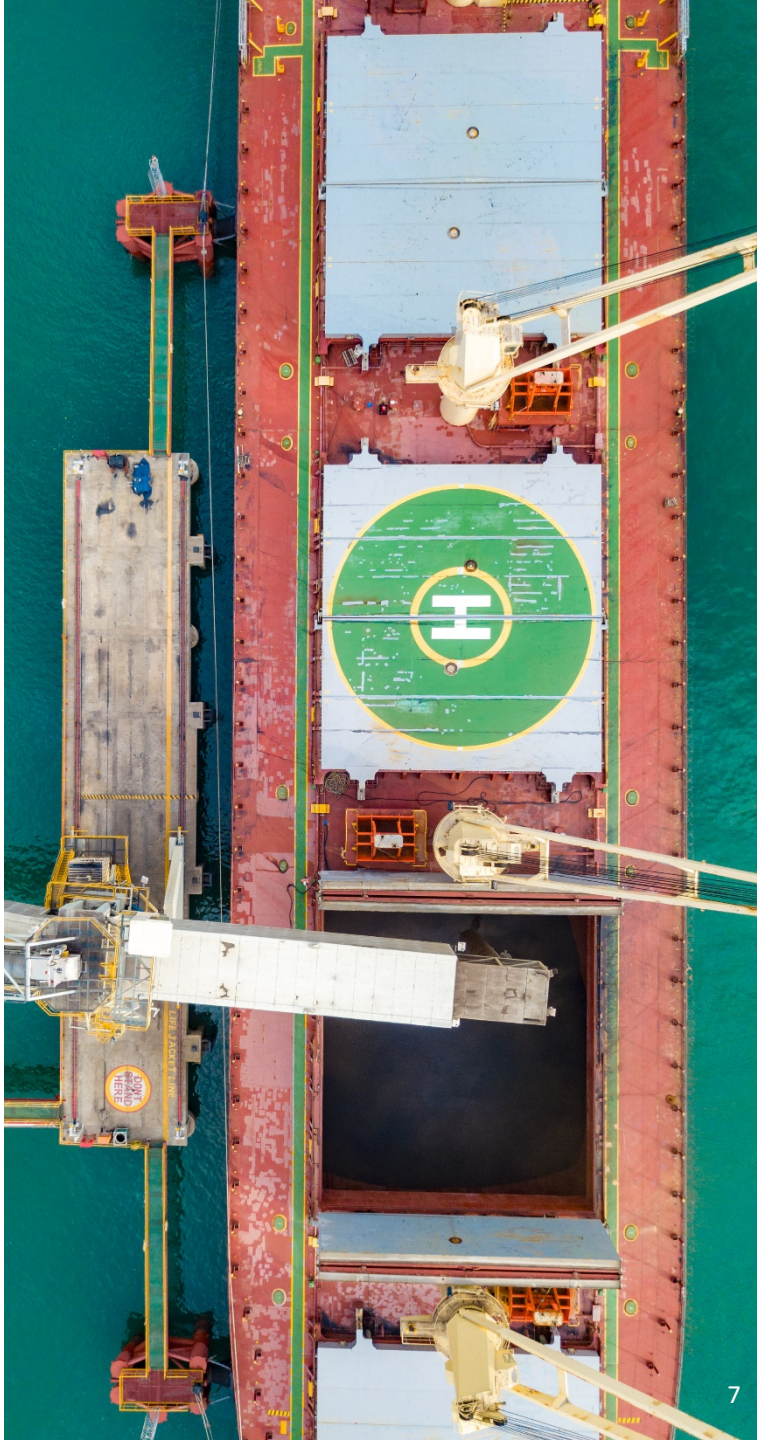

# Kwale Mineral Sands Operation

# Built, commissioned and operating safely

**19 MILLION**
Hours worked with 3 Lost-time Injuries

**45 months**
Since last Lost-time Injury

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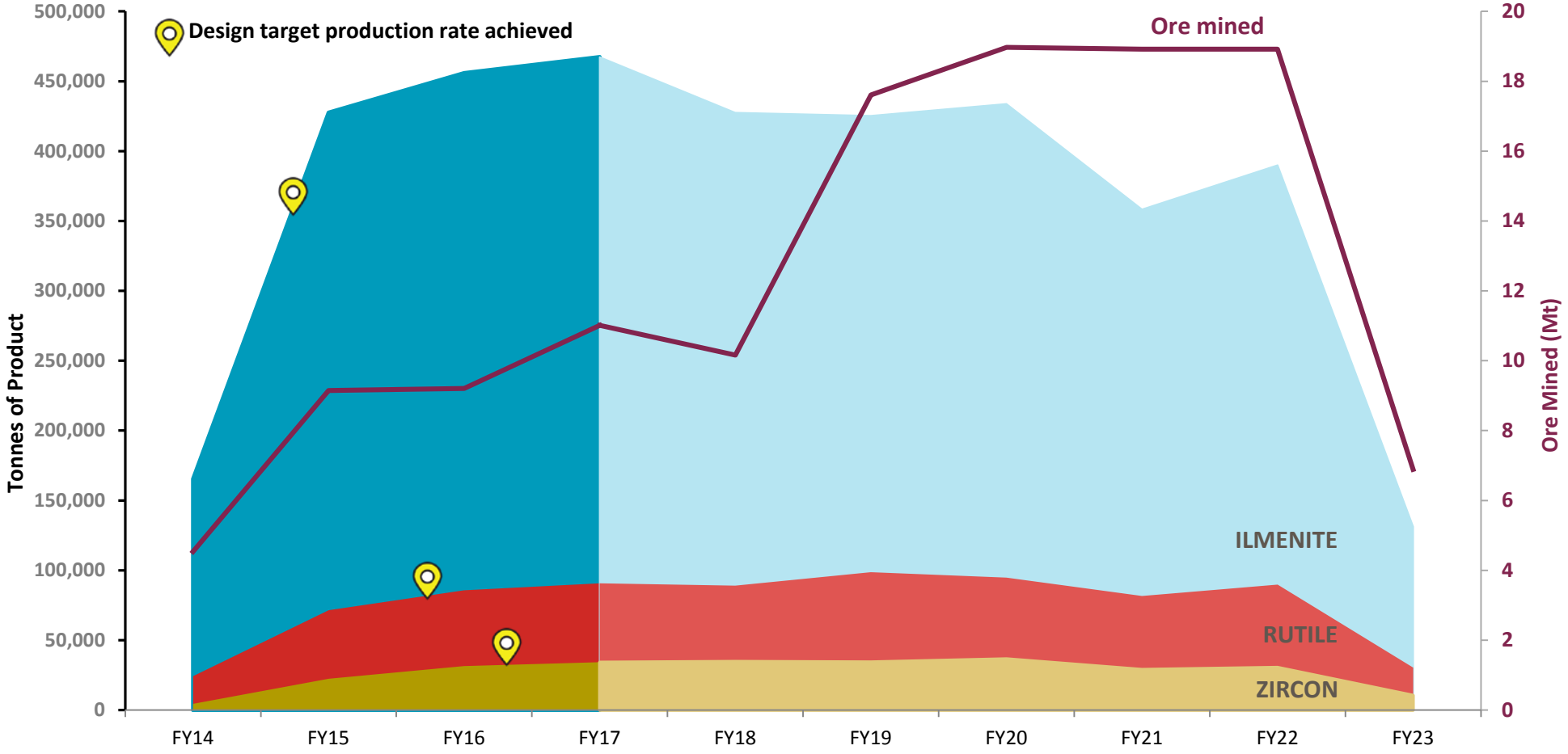
# A rapid ramp up and consistent LOM production profile at Kwale



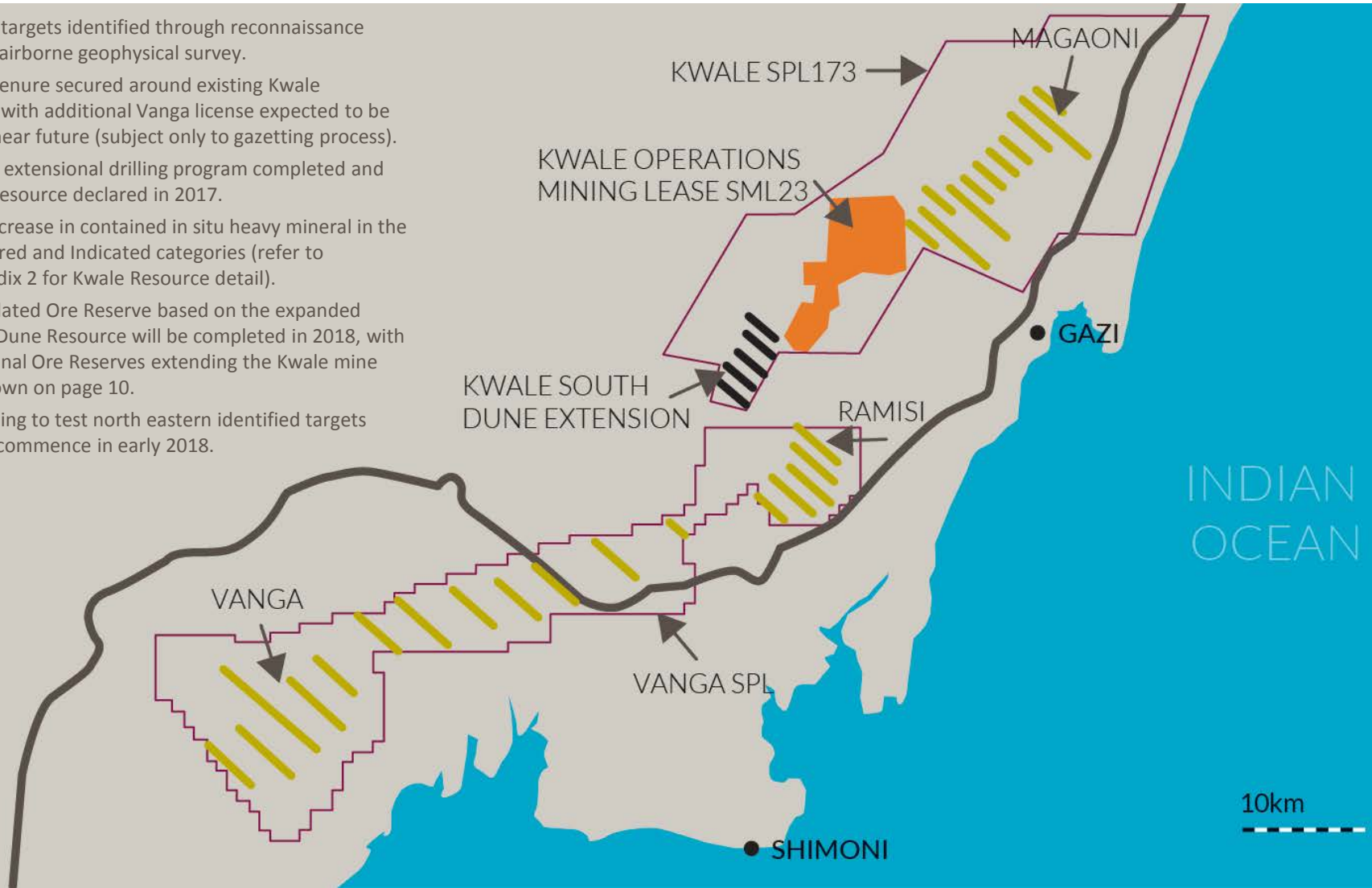

**Notes**: Current Kwale Ore Reserves will be fully depleted in November 2022.
Production targets are based solely on Ore Reserves prepared by Competent Persons in accordance with the JORC Code (2012 edition) and are the result of detailed studies based on the actual performance of the Kwale mine and processing plant. These studies include the assessment of mining, metallurgical, ore processing, environmental and economic factors. FY2018 production guidance is based on the following assumptions: Mining of 10.6Mt at an average heavy mineral grade of 7.50%; mineral separation plant (MSP) feed rate at 91tph; and MSP product recoveries of 100% for ilmenite, 99% for rutile and 77% for zircon. Refer to Appendix 2 for detail of Kwale Ore Reserves.

# Strong operating margins


**Note**: Margins for September 2017 Quarter

# Further drilling planned in pursuit of additional mine life extension

- Exploration targets identified through reconnaissance drilling and airborne geophysical survey.
- Significant tenure secured around existing Kwale operations, with additional Vanga license expected to be granted in near future (subject only to gazetting process).
- South Dune extensional drilling program completed and expanded Resource declared in 2017.
  - 19% increase in contained in situ heavy mineral in the Measured and Indicated categories (refer to Appendix 2 for Kwale Resource detail).
  - An updated Ore Reserve based on the expanded South Dune Resource will be completed in 2018, with additional Ore Reserves extending the Kwale mine life shown on page 10.
- Further drilling to test north eastern identified targets planned to commence in early 2018.



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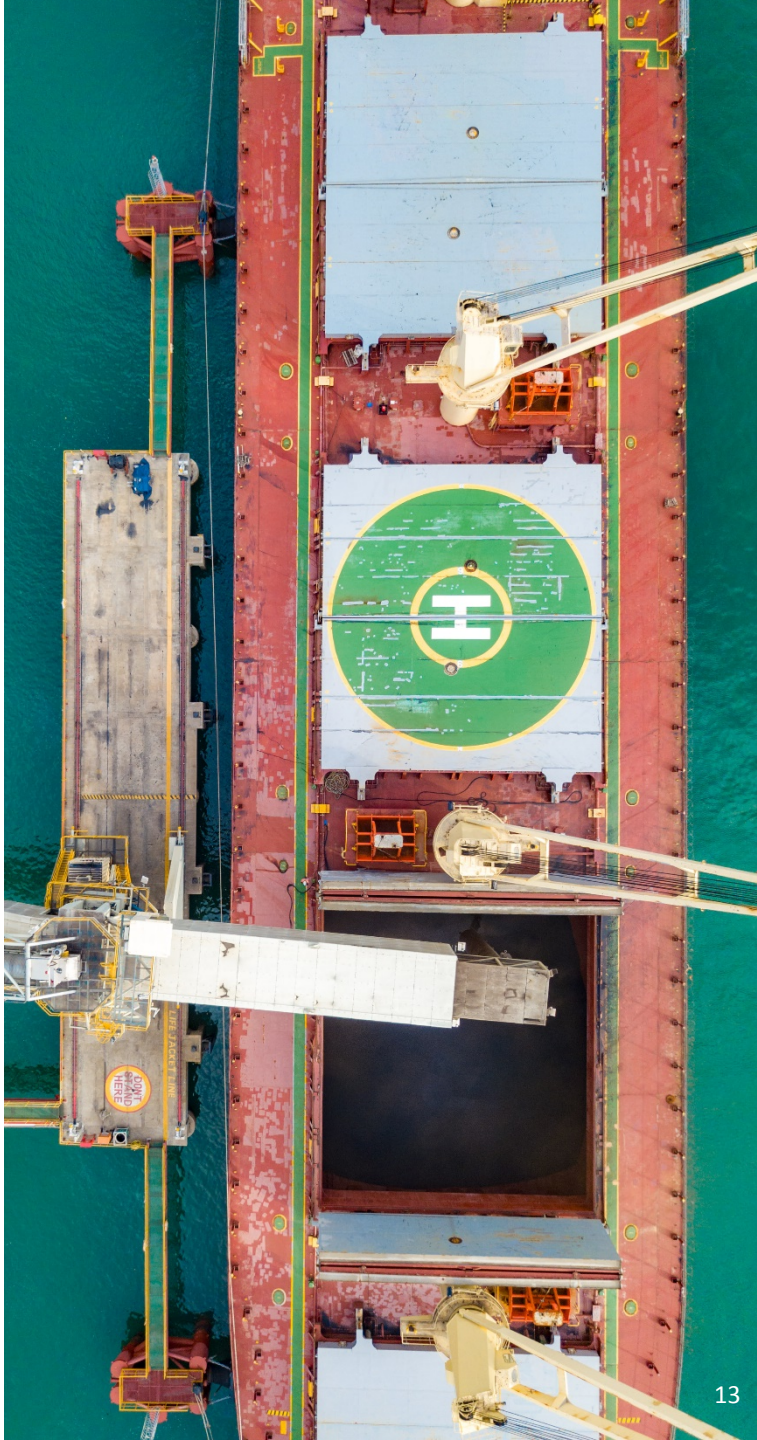

# A financial snapshot

- **Solid equity base** (ASX & AIM: BSE )
  - **A$224 million** market capitalisation @ A$0.30

| Substantial Shareholders | Interest |
|---|---|
| Pacific Road Capital | 24.4% |
| Sustainable Capital | 15.0% |
| Regal Funds Management | 11.4% |
| Bank of America Corporation | 5.2% |
| Aterra Capital | 4.95% |

- **Rapidly reducing debt**
  - **US$86 million** in net debt at 30 September 2017
  - **US$94 million** paid down since June 2015
- **Strong and improving earnings and cashflow**
  - **A$110 million** group EBITDA for FY2017
  - **A$66 million** group EBITDA in H2 FY2017

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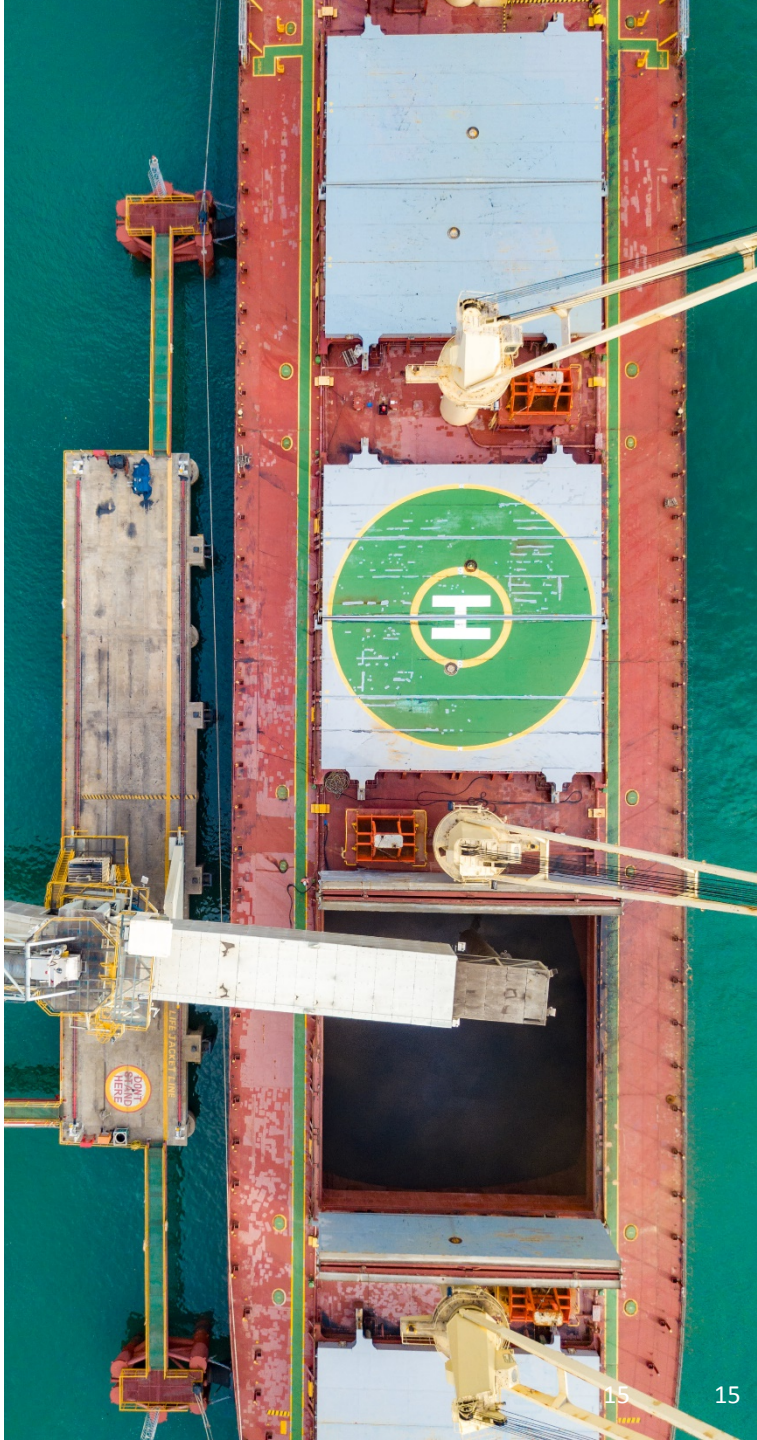


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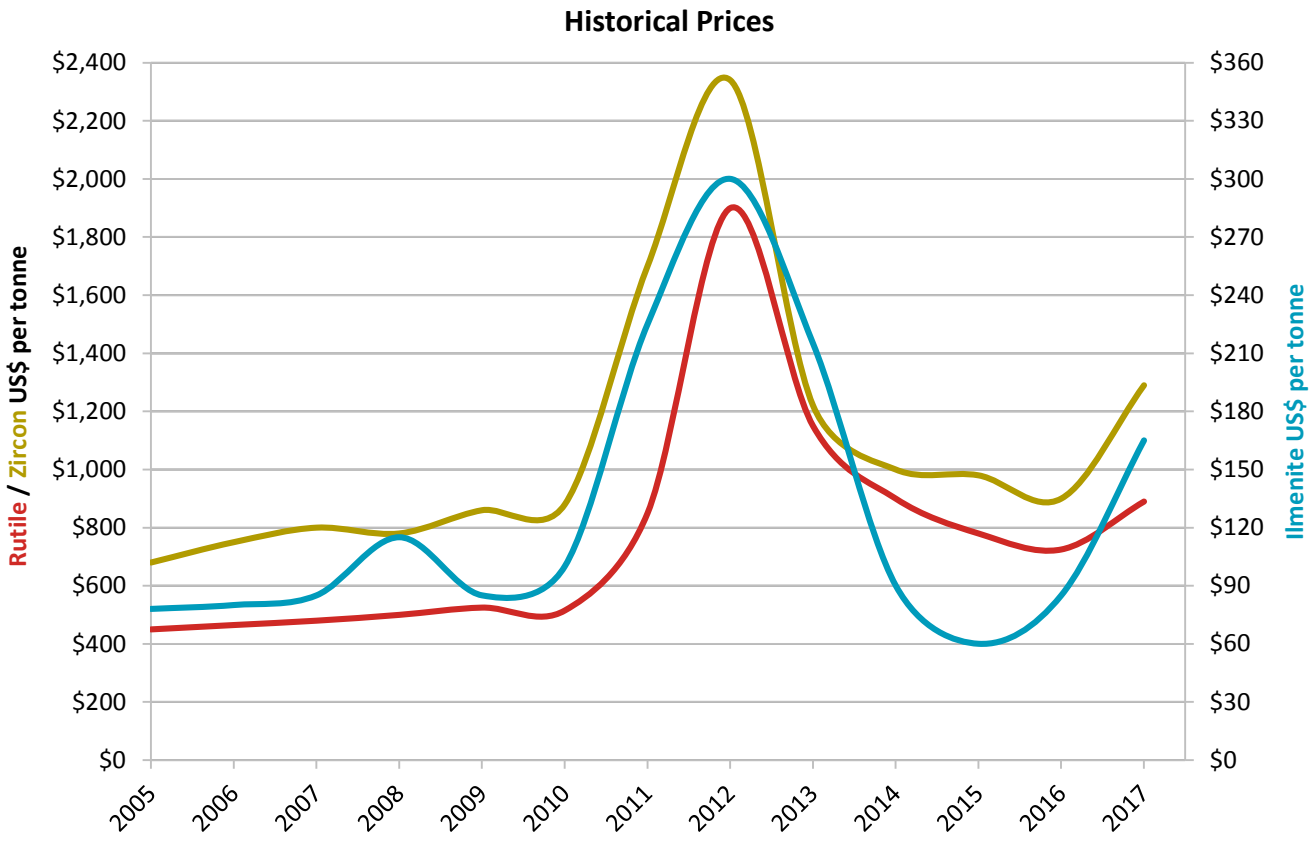
# An improving market…

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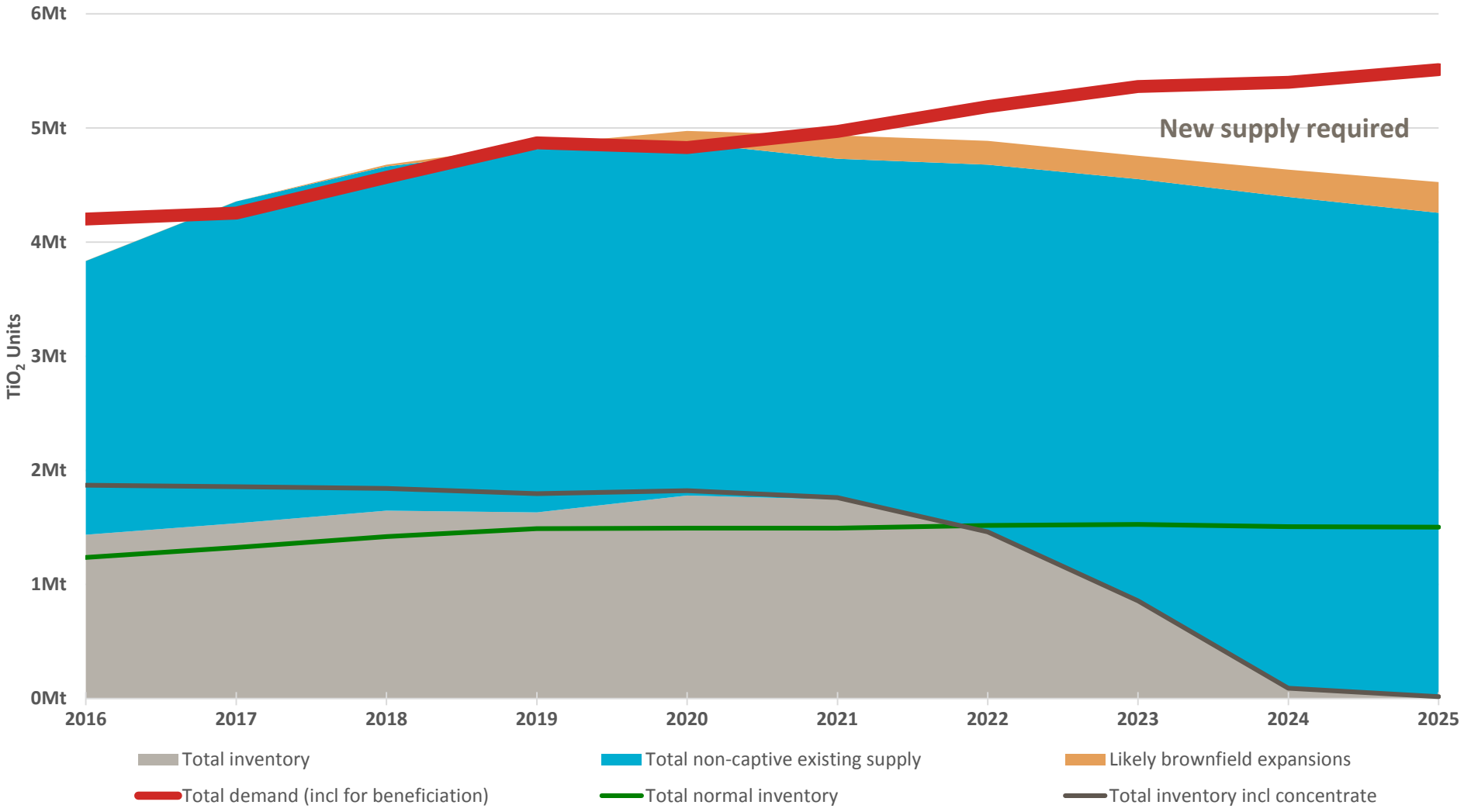
# …with sound long term fundamentals

- Applications are ubiquitous in everyday life.
- Demand is tightly tied to global GDP.
- Maturing orebody profile – new supply will be required, particularly in sulphate feedstocks.
- Average VHM grade of new projects is in decline.
- Higher prices will be required to support new supply.

BASE RESOURCES

# …and an emerging supply gap for sulphate feedstocks




**Source**: Base Resources analysis

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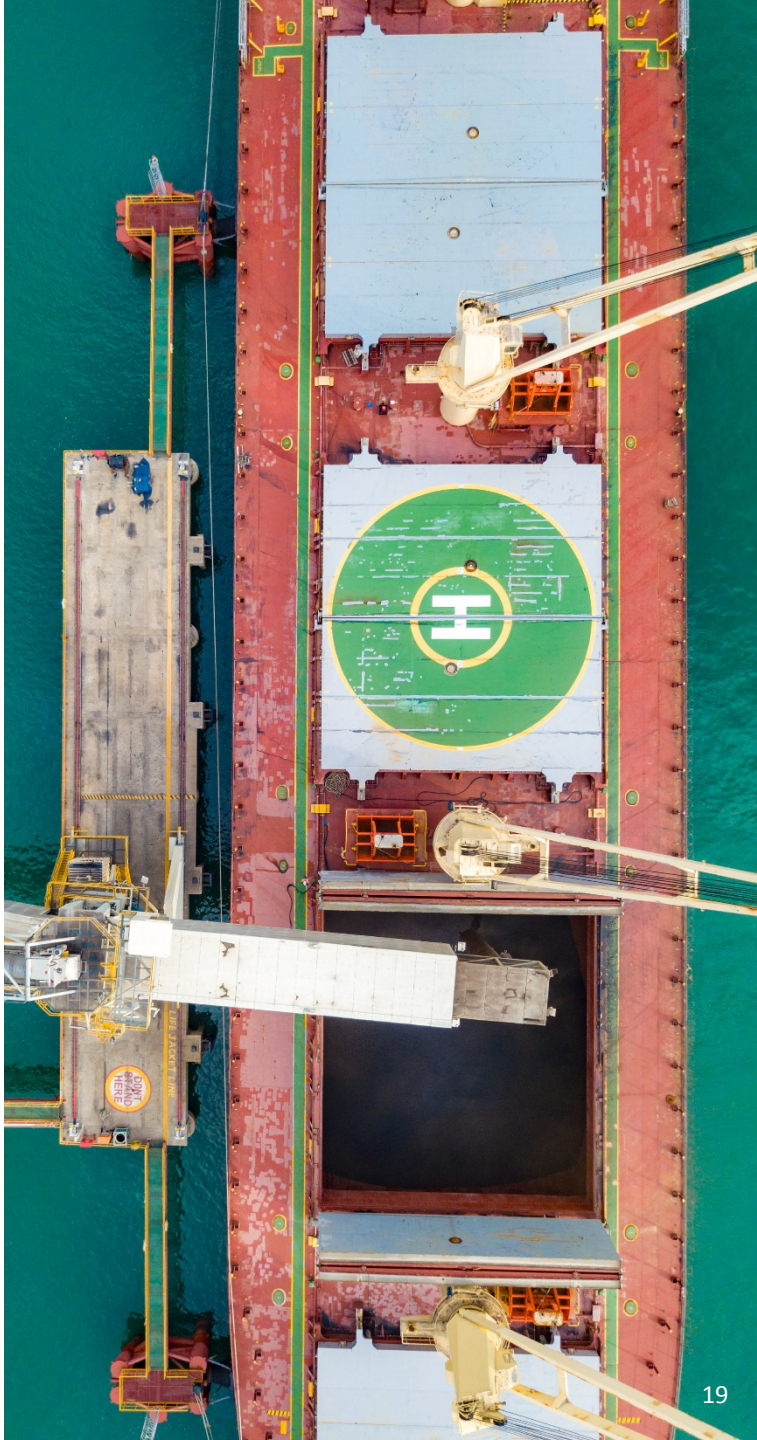
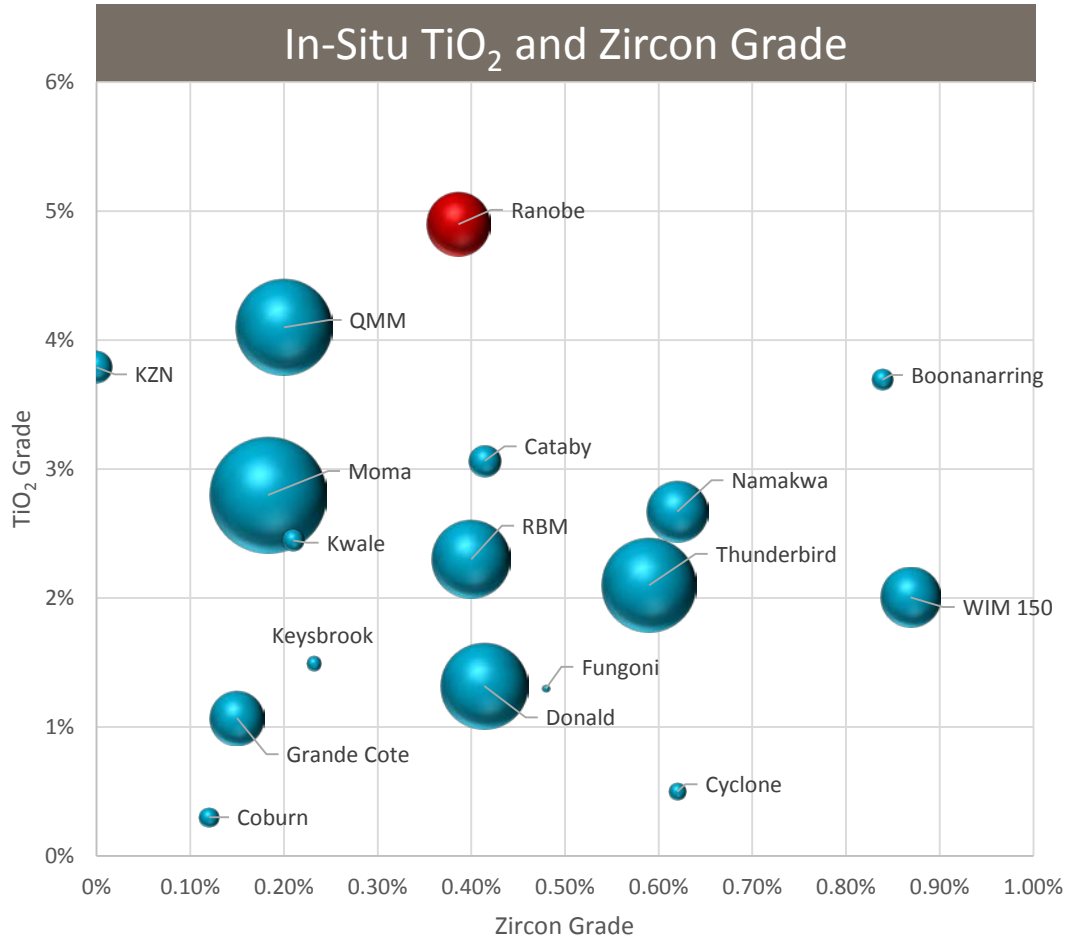


# Why Toliara Sands Project is our preferred development asset

- The large, high grade Ranobe deposit underpins the Toliara Sands Project, located in the south-west of Madagascar:
  - Resource of 857mt, with 612mt in the Measured and Indicated categories, **sufficient to support a 40+ year mine life at a scale similar to Kwale** (refer to page 21)**.**
- The Ranobe deposit has **expansion potential.**
- **Scope for operational scale-up** over time.
- Simple mineralogy and technically **straight forward processing**.
- Simplicity, high grade and scale produce an **expected 1st quartile Revenue to Cash Cost ratio** (similar to Kwale at around 3+ times).
- The **stage of development**, and consequent timeline to production, balances capitalising on market opportunity with the ability to get the development concept right.
- The project enjoys the **support of the Madagascan government**.
- Is a project **Base can execute well** and should generate significant shareholder returns.




**Note:**

- All projects shown on the basis of last reported Measured & Indicated Mineral Resources estimate.
- $TiO_2$ grade represents the in-ground grade of titanium minerals (ilmenite, leucoxene and rutile). Zircon represents the in-ground grade of zircon
- Size of bubble represents the VHM contained (ilmenite, leucoxene, rutile and zircon). For scale Cataby contains 8Mt of VHM, RBM contains 49Mt of VHM and Moma contains 108Mt of VHM
- Hard rock deposits are excluded from the analysis

**Source**: RFC Ambrian research

BASE RESOURCES

# A large, high grade Resource with ilmenite the driver

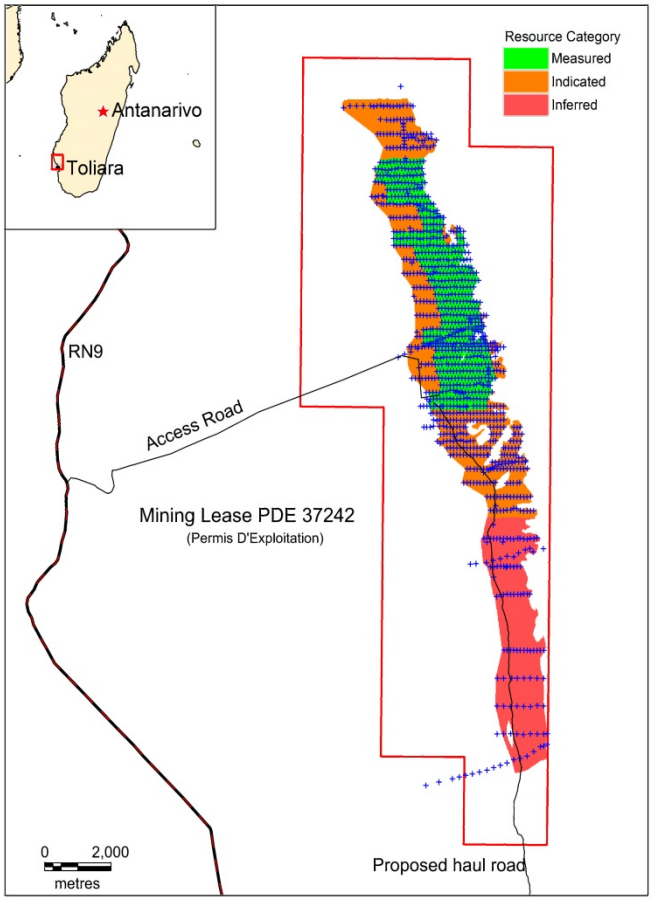
- A global Mineral Resource estimate of 857 million tonnes at 6.2% heavy mineral (prepared by Base Resources[1]).
- A high degree of confidence in the Mineral Resource estimate with 612 million tonnes at 6.7% heavy mineral in the Measured and Indicated categories.
  - Contained mineral in M&I – 29Mt ilmenite, 2.4Mt zircon and 0.65Mt rutile.

| Ranobe deposit | Material | HM | HM | SL | OS | HM Assemblage | | |
|---|---|---|---|---|---|---|---|---|
| Resource Category | Mt | Mt | % | % | % | Ilmenite | Rutile | Zircon |
| Measured | 282 | 20.3 | 7.2 | 4 | 0 | 72 | 2 | 6 |
| Indicated | 330 | 20.5 | 6.2 | 4 | 0 | 72 | 2 | 6 |
| Inferred | 245 | 12.4 | 5.0 | 5 | 1 | 71 | 1 | 5 |
| **Total** | **857** | **53.2** | **6.2** | **4** | **0** | **72** | **2** | **6** |

- Grade and assemblage compare favourably with the Central and South dune deposits on which the successful Kwale Operation was developed…but a significantly greater scale.

| Kwale deposits [2] | Material | HM | HM | SL | OS | HM Assemblage | | |
|---|---|---|---|---|---|---|---|---|
| | Mt | Mt | % | % | % | Ilmenite | Rutile | Zircon |
| **Total** | **185** | **8.1** | **4.4** | **25** | **0** | **59** | **13** | **6** |

- With comparable revenue value[3] per in ground tonne of Mineral Resource:
  - Ranobe (Measure & Indicated) – US$13.8/tonne
  - Kwale – US$12.4/tonne



Toliara Sands Mining Lease, Ranobe Resource Outline and Drillholes

**Notes:**

(1) Refer to page 38 for a summary of the information used to prepare the Ranobe Deposit Mineral Resources estimate as presented in this report and Appendix 1 for the Ranobe Deposit JORC Table 1.

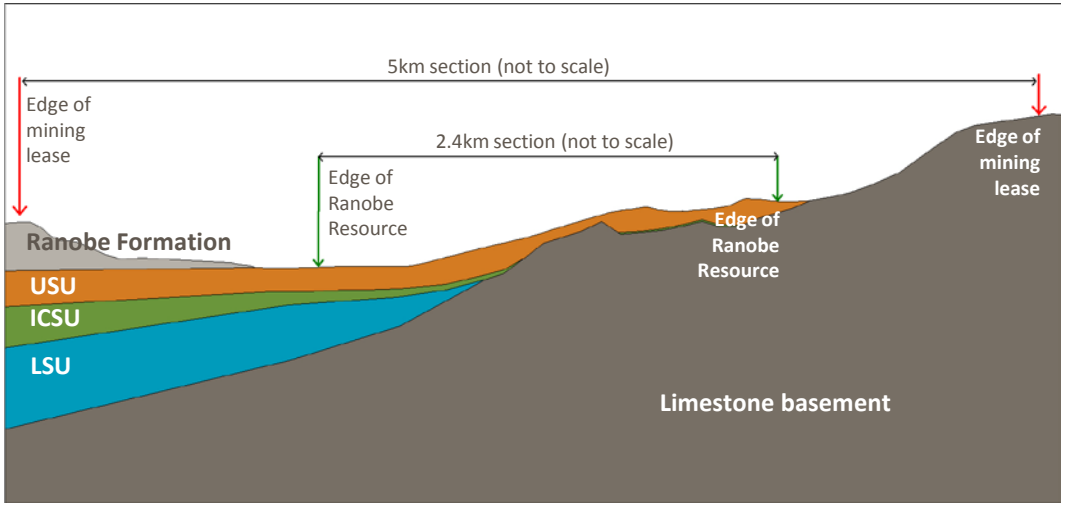
(2) Kwale Central and South Dune Mineral Resource estimate as at commencement of operations taking into account subsequent resource updates. Refer to Appendix 2 for Kwale Mineral Resource information.

(3) Calculated on in-ground contained mineral in M&I Resource categories and based on approximate spot prices of: Ilmenite US$170/t, Rutile US$900/t and Zircon US$1,200/t

# Further substantial resource potential exists

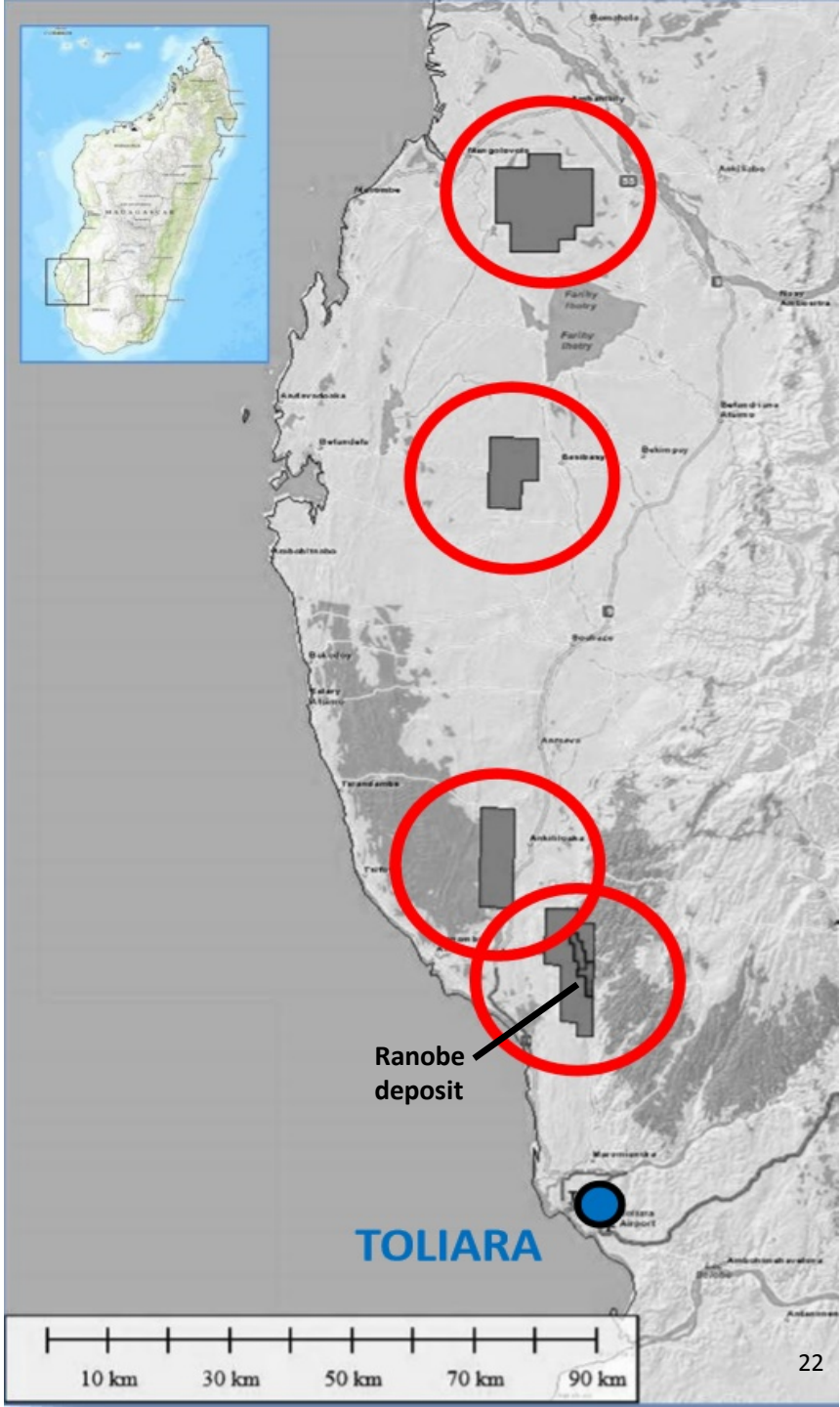
## At Ranobe

- The current Resource is limited to the Upper Sandy Unit (USU)
- Two lower geological units (Intermediate Clay Sandy Unit (ICSU) and Lower Sandy Unit (LSU), refer below) have been tested by some limited drilling, indicating mineralisation.
- A 8,000m drilling program is estimated to be required to support an inferred resource in ICSU and LSU zones.




## Three additional tenement packages to the North of Ranobe

- Preliminary drilling conducted to date suggests areas of prospectivity justifying further evaluation.



# Sound project progress has been made

**Primary permits are in place**

- Mining license covering entire Ranobe Resource is in place.
- Environmental approval has been granted, with a revision to allow an increase to 12mtpa mining and a larger footprint in its final stages.
- Established legislated land acquisition process is now underway and expected to be completed by July 2018.

**Project studies are in progress with significant elements at a DFS level**

- Low slimes, free running sands and no overburden enables a simple mining and tailing methodology, supported by completed mining trials.
- A technically straight forward flowsheet is envisaged, supported by a suite of completed test work, albeit more is required.
- While available infrastructure is limited, management is confident based on due diligence to date that all requirements can be met.

**Status as a supported project of national importance has been established**

- Madagascar has had two large scale mineral developments in Ambatovy and QMM which have contributed to the establishment of sound regulatory frameworks.
- Toliara Sands is seen as the next mining project of national significance.
- Large scale mining investment (LGIM) regime provides preferential and stable fiscal terms – application to be lodged next year.

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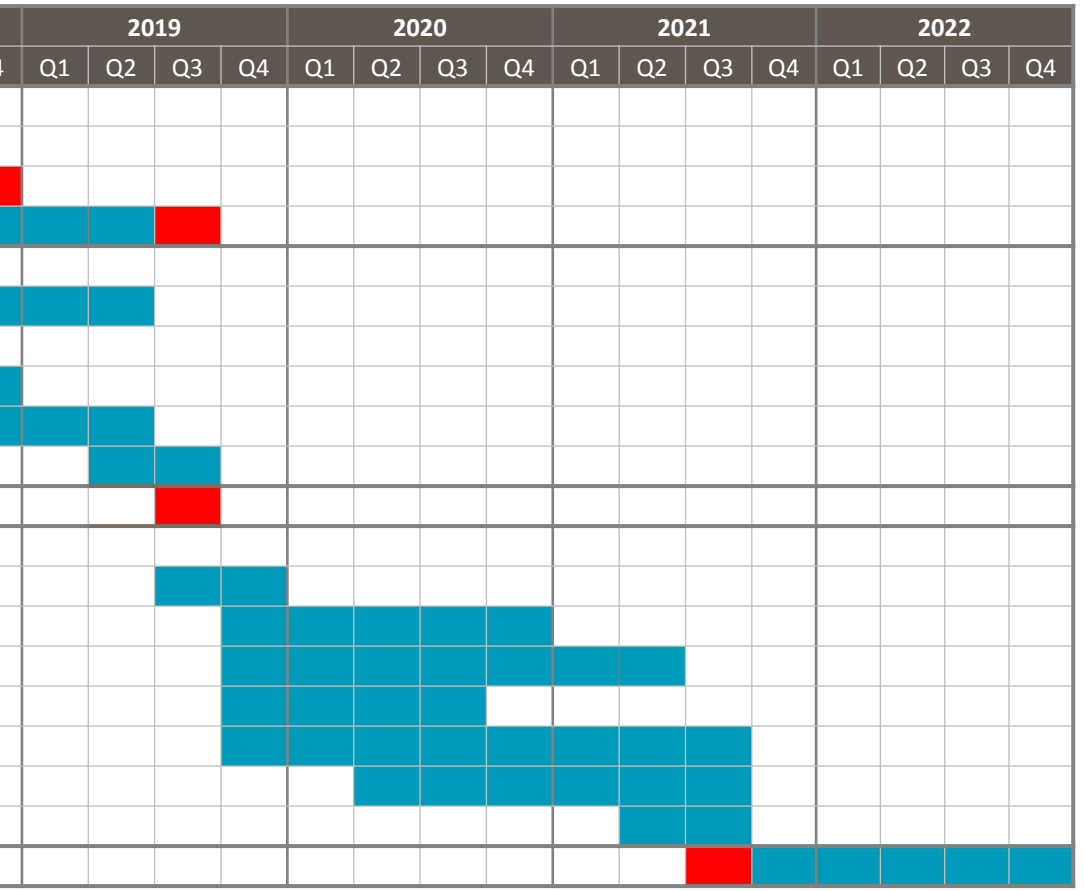
# A development plan envisages a complete study phase ahead of an FID in mid-2019




Funding of pre-development activities is expected to come from a combination of a recently implemented US$25 million revolving credit facility and available six-monthly cash sweeps from Kwale Operations.

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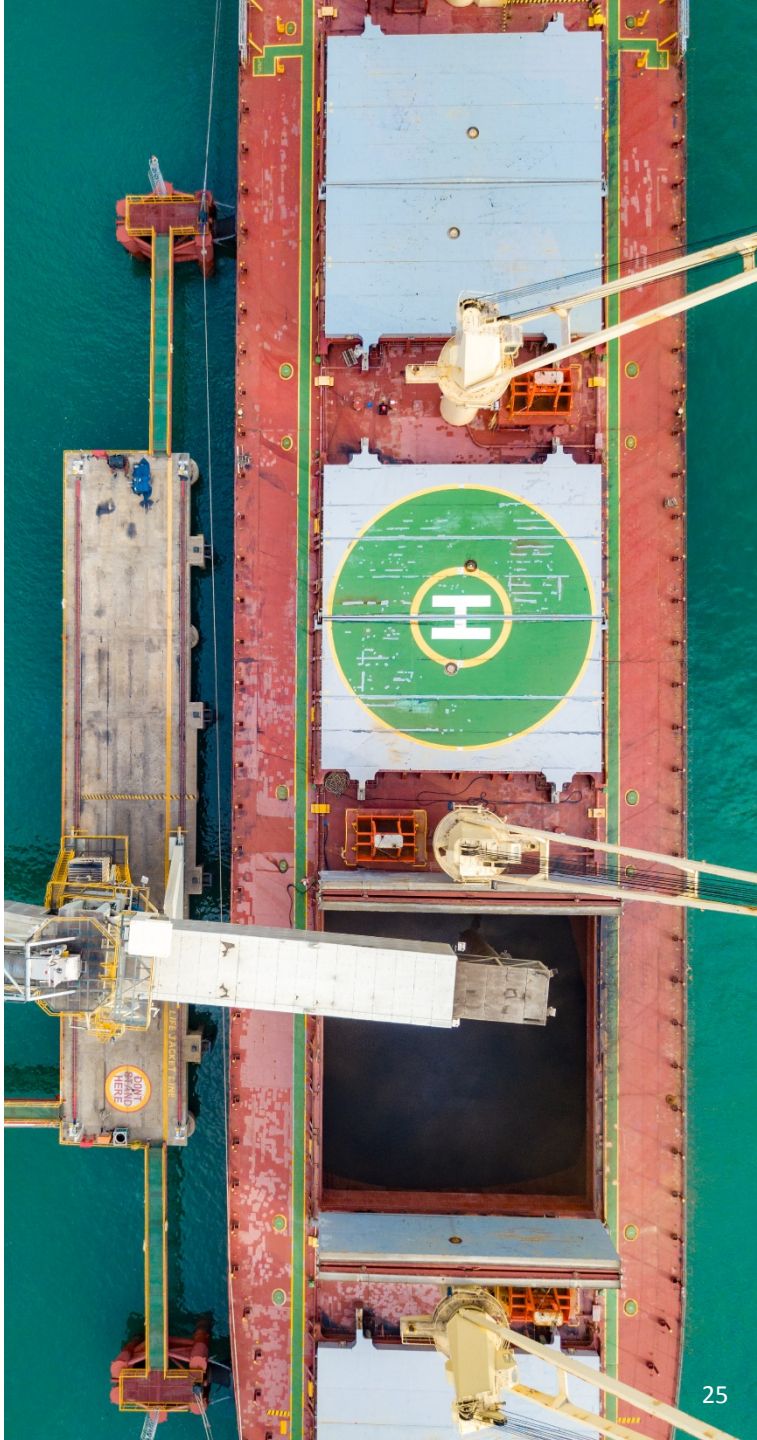

# An acquisition that will see Base transformed

- Provides a project to capitalise on demonstrated expertise to drive further shareholder value.
- Creates a unique company in the sector – “mid-cap” with established highly profitable operations, a quality development asset and long combined life.
- Establishes diversity of sources of enhanced equity value – cashflow rerating and mine life extension at Kwale and project progression at Toliara.
- Alleviates single asset and single jurisdiction risks.
- Mitigates time horizon risks for commodity prices.
- Creates a company of strategic relevance in the mineral sands sector.

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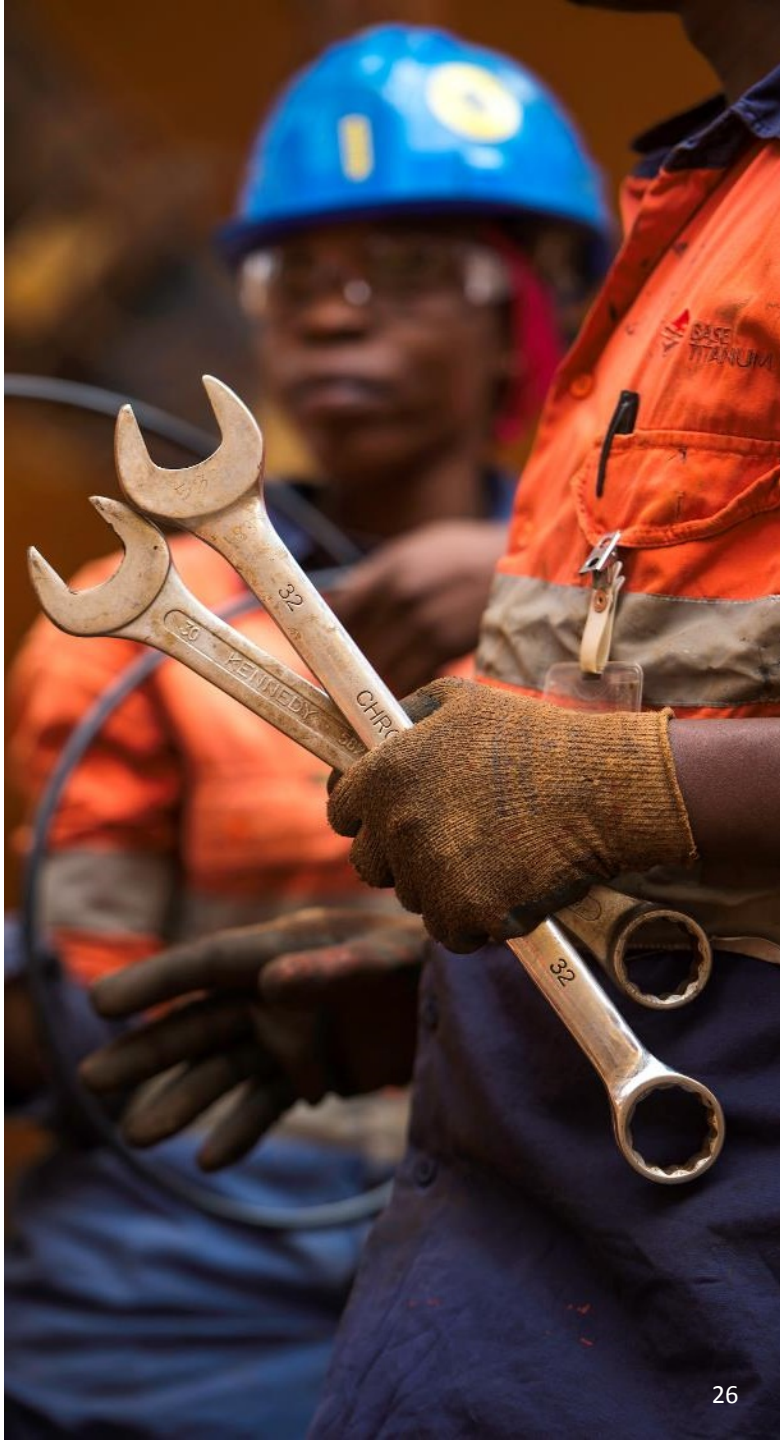

# Key Acquisition terms

## Structure

- Acquiring two holding companies in Mauritius
  - Madagascar Mineral Fields Ltd
  - Malagasy Sands No 2 Ltd
- Wholly owned subsidiaries in Madagascar own the Toliara Sands Project and other group assets
  - Toliara Sands SARL
  - Madagascar Resources SARL
- Seller is World Titane Holdings Ltd (recently demerged from World Titanium Resources Ltd (ASX: WTR))

## Key terms

- US$75 million payable on Completion
- Further US$7 million payable upon certification for the LGIM regime. LGIM is a beneficial fiscal and legal stability regime for eligible large-scale investments in the Malagasy mining sector
- Further US$10 million payable upon a fully funded Final Investment Decision by the Base Board to proceed to construction
- Deferred payments accelerate and become payable upon a change of control[1] of Base or a Project company, or sale of the Project
- Completion expected to occur in late January 2018
- Completion conditional on Base completing an equity raising for a minimum of A$80 million to majority fund the acquisition.
- Any shortfall in acquisition funding following completion of the equity raising is expected to come from a combination of the recently implemented US$25 million revolving credit facility and Base's right to place shares to the seller for up to 20% of the initial US$75 million consideration
- World Titane Holdings to retain 15% shareholding in the Mauritius holding companies, transferring to Base:
  - 5% on payment of the further US$7 million
  - 10% on payment of the further US$10 million
  - or 15% automatically to Base after 2 years
- Acquisition is on a group cash and debt free basis
- Seller termination events limited to material breach of warranty or material breach of a material obligation

NOTE 1) a change of control will occur if a person acquires 50% or more of the voting or economic interest in the shares of Base Resources or a Project Company, or the power to control the board or financial and operating policies or management of Base Resources or a Project company.

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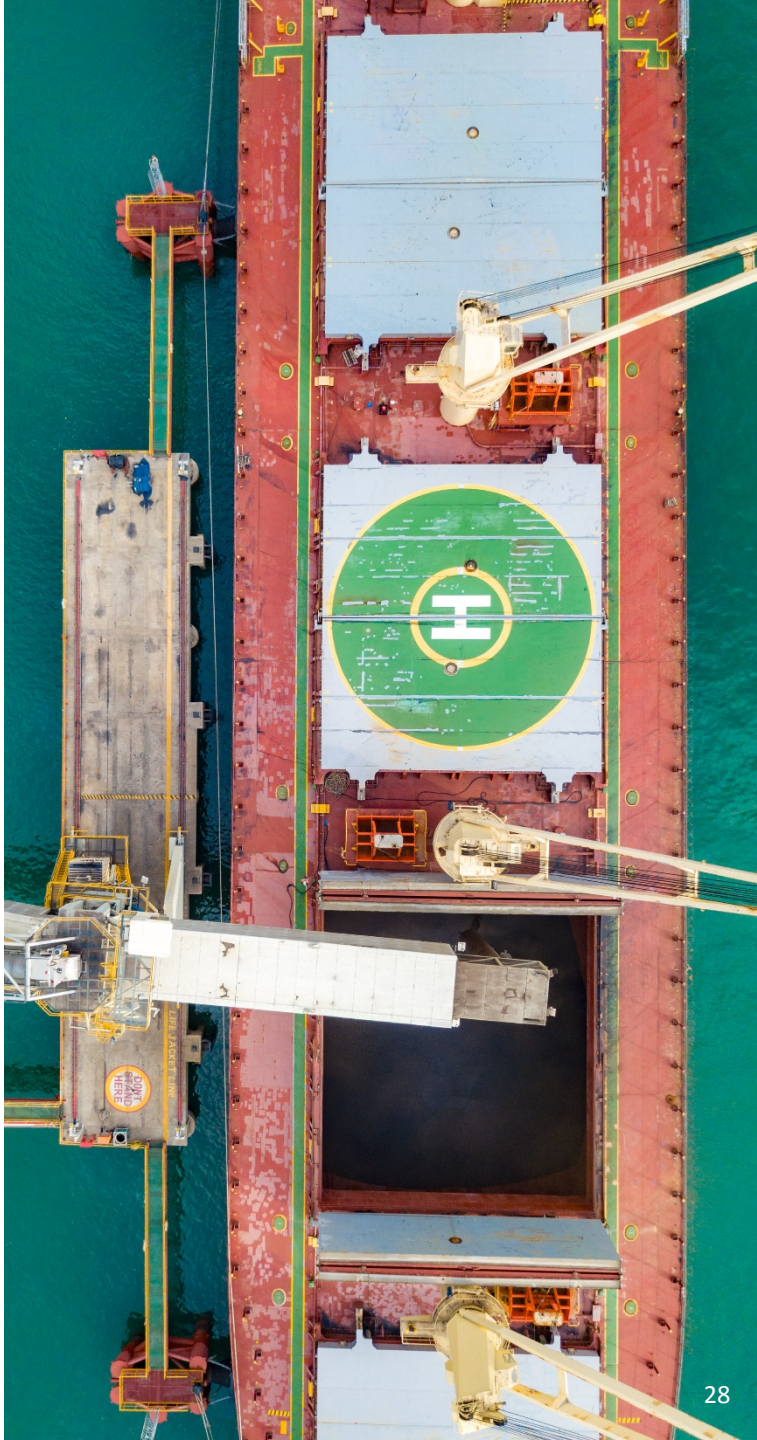

# A$100 million share offer

| | |
|---|---|
| **Placement** | Issue of approximately 143.1 million shares to raise gross proceeds of approximately A$36.5 million. |
| **Entitlement Offer** | 1 for 3 accelerated pro rata renounceable Entitlement Offer to issue approximately 249.1 million shares and raise gross proceeds of approximately A$63.5 million. |
| **Entitlement Offer & Placement price** | 25.5 cents per new share, being a discount of:<br>• 15.2% to the 10 day VWAP(1) of Base's shares traded on ASX<br>• 16.4% to the last closing share price on Monday, 18 December 2017. |
| **Institutional Entitlement Offer** | Estimated A$51.9 million Entitlement Offer to eligible institutional shareholders. |
| **Retail Entitlement Offer** | • Estimated A$11.6 million Entitlement Offer to eligible retail shareholders.<br>• Retail entitlements trade on ASX market from Thursday, 21 December 2017. |
| **Bookbuild (2)** | • Institutional entitlements not taken up are placed into an institutional shortfall bookbuild and any shortfall thereafter will be taken up under the underwriting arrangements.<br>• If the amount per new share realised in the institutional shortfall bookbuild exceeds the offer price of 25.5 cents per new share, the excess (less any applicable withholdings) will be paid to shareholders who did not accept their entitlement in full (with respect to that part of the entitlement they did not accept only) and to ineligible shareholders. |

**Notes**: **(1)** Volume weighted average price to Monday, 18 December 2017; **(2)** Placement of the shortfall pursuant to the shortfall bookbuild is subject to Board discretion.

# A$100 million share offer (cont.)

| | |
|---|---|
| **Underwriting** | The Placement and Entitlement Offer are partially underwritten up to a cap of approximately A$88.4 million by RFC Ambrian Limited, subject to typical termination events. |
| **New shares** | New shares issued under the Placement and the Entitlement Offer will rank equally in all respects with existing shares from the date of allotment. |
| **Record Date** | Australian register: 7.00pm (Sydney time) on Thursday, 21 December 2017.<br>UK register: 6.00pm (GMT) on Thursday, 21 December 2017. |
| **Existing shares on issue** | ~747.2 million |
| **New shares to be issued under the Placement and Entitlement Offer** | ~ 392.2 million, representing approximately 52.5% of existing undiluted share capital. |
| **Total shares on issue following the Placement and Entitlement Offer** | ~ 1,139.4 million |
| **New shares as a percentage of the post transaction share capital** | ~34.4% |
| **No control effects to arise** | • Base's current largest shareholder with 24.4% is not participating in the Placement. While this shareholder has provided a commitment to accept its entitlements under the Entitlement Offer, its interest in Base is expected to reduce as a consequence of the Placement and Entitlement Offer.<br>• Sub-underwriting arrangements made by RFC Ambrian Limited are such that no party will move to an interest of 20% or more through the underwriting arrangements. |

# Timetable

| Event | Date[1] |
|---|---|
| ASX Trading halt and announcement of Offers | Tuesday, 19 December 2017 |
| Placement and Institutional Entitlement Offer opens | Tuesday, 19 December 2017 |
| Placement and Institutional Entitlement Offer closes | 5.00pm Wednesday, 20 December 2017 |
| Institutional Entitlement Offer shortfall bookbuild | Wednesday, 20 December 2017 |
| Retail entitlements commence trading on deferred settlement basis | Thursday, 21 December 2017 |
| Record date: Australian Register<br>Record date: UK Register | 7.00pm Thursday, 21 December 2017<br>6.00pm (GMT) Thursday, 21 December 2017 |
| Despatch of retail offer booklet and entitlement and acceptance form | Thursday, 28 December 2017 |
| Retail Entitlement Offer opens | Thursday, 28 December 2017 |
| Settlement of the Placement and Institutional Entitlement Offers | Thursday, 4 January 2018 |
| Allotment of new shares issued under the Placement and Institutional Entitlement Offer and commencement of trading on ASX and AIM | Friday, 5 January 2018 |
| Retail entitlement trading ends | Wednesday, 10 January 2018 |
| Retail Entitlement Offer closes | 7.00pm Wednesday, 17 January 2018 |
| Allotment of new shares issued under the retail Entitlement Offer | Monday, 22 January 2018 |
| New Shares issued under the retail Entitlement Offer commence trading on ASX and AIM | Tuesday, 23 January 2018 |
| Despatch of holding statements | Wednesday, 24 January 2018 |

1. Dates and times are indicative only and may be subject to change. References to time are to Australian Eastern Daylight Time (AEDT), unless otherwise noted.

# Risks

**Notice:** There are a number of risks, both specific to Base and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of Base, and the industry in which Base operates. The following list of risk factors should not to be taken as an exhaustive list of the risks faced by Base or by investors in Base. The factors set out below, and others not specifically set out below, may in the future materially affect the financial performance of Base and the value of its shares. Base's shares carry no guarantee with respect to the payment of dividends, returns of capital or future market value.

**Part A: Key Acquisition Risks**

**Completion risk**

There is a risk that the acquisition of the Toliara Sands Project (**Acquisition**) may not complete on the current terms and expected timing, if at all, due to a failure to satisfy the condition precedent to the Share Sale Agreement or due to serious breach of a warranty (subject to certain materiality thresholds). The only condition precedent to the Share Sale Agreement is Base completing an equity raise for a minimum amount of A$80 million, expected to be satisfied through the successful close of the Placement and Entitlement Offer (**Share Offer**). Base has entered into an underwriting agreement under which RFC Ambrian Limited (**Underwriter**) have agreed to partially underwrite the Share Offer (**Underwriting Agreement**). If the Share Sale Agreement is terminated or rendered void or unenforceable, or becomes terminable by World Titane Holdings Limited (**WTH**), the Underwriter will be entitled to terminate the Underwriting Agreement. The Underwriter also has the ability to terminate the Underwriting Agreement on the occurrence of certain defined events which are usual for an Underwriting Agreement (such as regulatory investigation or prosecution, a failure to obtain quotation approval of the new shares on ASX, an insolvency event in relation to Base or a Base group member, or Base being removed from the official list of the ASX), where such event has or is likely to have a material adverse effect on the success of the Share Offer. Termination of the Underwriting Agreement would have an adverse impact on the Offer and Base's sources of funding for the Acquisition. If the Acquisition is not completed but the Share Offer has been successfully closed, Base will assess the most appropriate way to utilise the proceeds of the Offer, including whether there is an efficient manner of returning proceeds to shareholders.

**Foreign exchange rate and partial underwriting risk**

The consideration for the Acquisition is payable in US$. However, the funds to be raised under the Offer, which are being used to fund the Acquisition, are in AUD and GBP. Therefore, a significant depreciation in the Australian dollar or pound sterling against the US$ could result in the amount raised under the Offer being insufficient to fund the Acquisition. Further, the Offer is only partially underwritten (up to approximately A$88 million). Therefore, if the Offer is not fully subscribed for the funds raised under it will be insufficient to fund the Acquisition. However, Base has mitigated against these risk by retaining an option to issue up to US$15 million of the consideration in Base fully paid ordinary shares. It also has additional capacity under its debt facilities that it could draw on to meet a shortfall. However, in the unlikely event that if the shortfall is so significant that these mitigants are insufficient to cover any funding gap and Base is unable to source alternative funding it would be in breach of its completion obligations under the Share Sale Agreement.

**Due Diligence**

Base undertook a due diligence process in respect of the Acquisition and was provided with the opportunity to review certain information provided by or on behalf of WTH. While Base considers the due diligence process undertaken to be adequate in the circumstances, Base has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. There is no assurance that all material issues and risks in respect of the Acquisition have been identified.

To mitigate this risk, contractual representations and warranties have been obtained in the Share Sale Agreement in respect of the adequacy or accuracy of the materials disclosed during the due diligence process. Base is also entitled to set off any loss it suffers due to a breach of warranty or representation under the Share Sale Agreement against the deferred payments it is required to make to WTH on the achievement of certain project milestones.

BASE RESOURCES

# Risks (continued)

**Part B: Key Business Risks of Base (post-Acquisition)**

**Foreign exchange risk**
Base's revenues, majority of costs (both capital and operating) and debt funding are all denominated in US dollars. Because the majority of costs and revenues are both denominated in the same currency, a natural hedge will exist in terms of operating foreign exchange risk. The Share Offer is made in Australian dollars, however, and therefore shareholder returns will be subject to risks associated with the exchange rate of US dollars to Australian dollars.

**Price risk**
Base's revenues and cash flows are derived from the sale of ilmenite, rutile and zircon. Its financial performance is therefore exposed to fluctuations in the prices for those minerals, which have been particularly volatile in recent times. Mineral sands prices are influenced by numerous factors and events that are beyond the control of Base, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors. Base cannot provide any assurance as to the prices it will achieve for ilmenite, rutile or zircon. Changes in commodity prices may have a positive or negative effect on Base's mineral sands projects and other activities.

**Operating risks**
The current and future operations of Base may be affected by a range of factors including: adverse geological conditions; limitations on activities due to seasonal weather patterns and cyclone activity; unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities; unanticipated metallurgical problems that may affect production volumes or extraction costs; mechanical failure of operating plant and equipment; industrial and environmental accidents, industrial disputes and other force majeure events; unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; inability to obtain necessary consents or approvals; and health and safety risks.

**Kenya**
Base's Kwale Project is located in Kenya, Africa. Whilst Base has operated in Kenya for a number of years and has experience operating in this market, in recent history Kenya has experienced greater economic, social and political volatility than developed Western countries. There is therefore a higher degree of geo-political risk associated with doing business there. As a result, Base's operations in Kenya may be impacted by: potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems; potential difficulties in protecting/enforcing rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules; changes in government policies and procedures, including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes; changes in applicable royalty rates; restrictions on the transfer / repatriation of funds and monetary policies; risk of expropriation or nationalisation with inadequate compensation; currency fluctuations, high inflation and deteriorating economic conditions; and civil unrest and industrial action, personal security issues, disease outbreaks, social and religious conflict and acts of terrorism. A failure to comply with Kenya's laws and regulations, including conditions imposed on Base's activities under relevant permits, may result in operations being suspended, a forfeiture of critical permits, the imposition of a financial guarantee or surety, or financial penalty or compensation order, along with the potential for associated damage to the reputation of Base .

BASE RESOURCES

# Risks (continued)

**Madagascar**
The Toliara Sands Project, which Base has contracted to acquire, is located in Madagascar. Whilst the political situation in Madagascar remains stable since the return to constitutional rule in May 2014, it has experienced greater economic, social and political volatility than developed Western countries and there is therefore a higher degree of geo-political risk associated with doing business there. As a result, Base's future operations in Madagascar and the advancement of the Toliara Sands Project may be impacted by: potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems; potential difficulties in protecting/enforcing rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules; changes in government policies and procedures (in particular, as a result of any change in government following the upcoming elections in 2018), including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes; changes in applicable royalty rates; restrictions on the transfer / repatriation of funds and monetary policies; risk of expropriation or nationalisation with inadequate compensation; currency fluctuations, high inflation and deteriorating economic conditions; and civil unrest and industrial action, personal security issues, disease outbreaks, social and religious conflict and acts of terrorism. A failure to comply with Madagascar's laws and regulations, including conditions imposed on Base's future activities under relevant permits, may result in operations being suspended, a forfeiture of critical permits, the imposition of a financial guarantee or surety, or financial penalty or compensation order, along with the potential for associated damage to the reputation of Base.

**Australia**
Legal, tax and regulatory changes in Australia, where Base is incorporated, may also impose additional financial obligations on the company or otherwise adversely affect the value of Base's assets and the financial position and performance of Base .

**Title risk**
Minerals licences are granted subject to various conditions. Failure to comply with conditions may lead to forfeiture. All of the mineral properties in which Base has or may have an interest will be subject to renewal. If any of the mineral properties are not renewed for any reason, Base may suffer damage through loss of opportunity to develop.

**Environmental risks and regulation**
There is always a risk of environmental damage arising from Base's operations, including through accident, which may give rise to liabilities and costs for Base, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down.

**Product sales agreements and counterparty risk**
Base has contracts with various counterparties with respect to the sale of product from the Kwale Project. These contracts do not cover all product expected to be produced from the Kwale Project. There is no guarantee that Base will be able to reach agreement on terms satisfactory to it for the sale of product not presently contracted, or from any product from the development of the Toliara Sands Project. If Base cannot reach agreement on satisfactory terms, this may have an adverse effect on Base's future revenues. The financial performance of Base is also potentially exposed to failure by counterparties to its product sales agreements and other agreements, and there can be no guarantee that Base would be able to recover the full amount of any loss through legal action.

BASE RESOURCES

# Risks (continued)

**Mineral Resource and Ore Reserve estimates**
Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Base's operations.

**Mining and production**
There can be no guarantee, and Base shareholders should not assume, that anticipated tonnages and grades of ore will always be achieved during mining and production or, even if they are, that they will be sufficient to sustain a profitable mining operation, or there will not be significant increases in costs in contractors, labour, plant, materials or utility charges (or the availability of any of these) in a manner that will adversely impact on anticipated capital, development or operating costs.

**Project finance facility, capital needs and potential additional funding requirements**
In the ordinary course of operations, Base is required to issue financial assurances, particularly with regard to its project finance facilities, insurances and bond guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Base's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. While Base anticipates it will be able to continue to meet its debt repayments when they fall due and stay within applicable financial covenants, deteriorating economic or project specific events, may cause this to change, leading to adverse consequences. In addition, Base may require additional financing for its mineral sands business interests and there can be no guarantee that such funding will be obtained at all or on acceptable terms. If Base seeks to obtain any additional funding by way of an equity raising, this is likely to be dilutive to existing Base shareholders.

**Toliara Sands Project development**
The Toliara Sands Project in Madagascar, which Base has contracted to acquire, will be subject to a range of risks typically associated with mining project developments. These risks include but are not limited to, Reserve definition, project design and engineering, project financing, environmental, permitting, construction, development cost variations, contractor control, product off-take arrangement. Neither Base nor its directors warrant the successful development of the Toliara Sands Project will occur or the timing of that development.

**Mineral sands exploration interests**
Base is involved in mineral exploration activities, which are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. In addition, the exploitation of successful discoveries involves obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. The success of Base in progressing projects not already in production (including the Toliara Sands Project) will also depend upon Base having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral properties and possible relinquishment of the mineral properties.

BASE RESOURCES

# Risks (continued)

**Insurance**
Insurance against all risks associated with mining operations are not always available or affordable. Base intends to maintain insurance where it is considered appropriate for Base's needs. However, Base is not insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive in the circumstances.

**Key executives and personnel**
Base's prospects depend in part on its ability to attract and retain its executive officers, senior management and key consultants and for these personnel to operate effectively.

**Competition**
Base competes with other mineral sands production companies internationally. Some of these companies have greater financial and other resources than Base and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Base will be able to compete effectively with these companies.

**Discretion in use of capital**
The Base Board and management have discretion concerning the use of Base's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, Base's financial and/or operational performance may suffer.

**Litigation**
Base is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Base may face claims in respect of safety by an employee, contractor or a member of the public.

**Part C: Share and Share Offer risks**
**Share price volatility and share market risks**
The value of Base shares and prices at which they trade in the market are affected by a number of general factors which are beyond the control of Base and its directors. This includes factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. No assurances can be given that new shares issued under the Share Offer will trade at or above the offer price. Neither Base nor its directors warrant the future performance of Base or any return on an investment in Base . Furthermore, access to additional equity sources in the future may be impacted by adverse market conditions.

BASE RESOURCES

# Risks (continued)

**Dilution**
Given the size of the Share Offer, including the Placement, Eligible Shareholders who are not able to participate in the Placement and/or do not take up their entitlements, and ineligible shareholders, will be diluted by the offer. Base may also sell shares in the future to raise additional capital which could cause future dilution.

**Sell-down by existing shareholders**
There is a risk that existing substantial shareholders may seek to sell-down their shareholdings in Base. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the prices of Base's shares.

**Share price volatility and share market risks**
The share prices of quoted companies, in particular mining and exploration companies, can be highly volatile and shareholdings may be illiquid. The price at which the shares are quoted and the price which investors may realise for their shares may be influenced by a large number of factors, some of which are specific to Base and its operations and some of which may affect quoted companies generally. These factors include, without limitation: the operating performance of Base and market expectations of future performance; changes in general economic conditions and outlook, including interest rates, inflation rates, exchange rates, commodity prices and the demand for, and supply of, capital; natural disasters, terrorism events and other hostilities and conflicts; changes in government policies, taxation and other laws; large purchases or sales of shares by other investors; changes in investor sentiment towards market sectors and the equity markets in general; and other factors outside of the control of Base .

**Liquidity risk**
There can be no guarantee that there will always be an active market for Base's shares or that the price of Base shares will increase. There may be relatively few buyers or sellers of shares on the ASX and/or AIM at any given time. This may affect the volatility of the market price of shares. It may also affect the prevailing market price at which Base shareholders are able to sell their Base shares. This may result in Base shareholders receiving a market price for their Base shares that is less or more than the price paid pursuant to the Share Offer.

BASE RESOURCES

# Ranobe Deposit supporting information

A summary of the information used to prepare the Ranobe Deposit Mineral Resources estimate as presented in this report is as follows.

The Toliara Sands Project is located on the 125.4 km$^2$ Mining Lease (Permis D'Exploitation) 37242 (**PDE 37242**), approximately 40 kilometres north of the town of Toliara in south west of Madagascar and approximately 15 kilometres inland from the coast (refer Figure 1).

The Toliara Sands Project comprises a single continuous deposit, the Ranobe Deposit.

The present and previous owners of the Toliara Sands Project conducted drilling programs on the Ranobe Deposit in 2001, 2003, 2005 and 2012 (refer Figure 2).

Mineral Resources estimation work previously carried out on the Ranobe Deposit is as follows:

- 2004 by Ticor Pty Ltd;
- 2006 by Exxaro Resources Ltd;
- 2010 by Geocraft Consulting for Madagascar Resources NL
- 2012 by McDonald Speijers and Associates for World Titanium Resources Limited;
- 2016 by World Titanium Resources Limited Competent Person, Ian Ransome.

The unconsolidated aeolian Quaternary sediments comprising the deposit overlie Eocene age limestone which in turn overlie Mesozoic limestone, marl and sandstone. The aeolian Holocene Ranobe Formation partially onlaps the deposit from the west. The Ranobe Deposit comprises three mineralised units: the upper sand unit (**USU**), intermediate clay sand unit (**ICSU**) and the lower sandy unit (**LSU**). The Resource Estimate only considers material from the USU at surface because of its higher heavy mineral (**HM**) grade and the lack of sampling of the lower units.

The USU is a well sorted fine-grained unconsolidated aeolian sediment. It contains approximately 5 per cent slime or clay (**SL**) and approximately 6 per cent HM, mainly Ilmenite, Zircon and Rutile, and low oversize (**OS**), which on average is less than 1 per cent.

The geological interpretation for the Ranobe Deposit considered the data in the drill logs, HM assay results, and the results of pilot plant-scale test work conducted on trial mining pits. Five geological domains have been identified: the three mineralised units (USU, ICSU, LSU), the Ranobe Formation and the limestone basement (**LST**).

The right to mine the Ranobe Deposit was granted to the existing owners under PDE 37242 on 21 March 2012. PDE 37242 has a term of 40 years from 21 March 2012, and provides the right to carry out mining operations for the production of ilmenite, rutile, leucoxene and zircon through and is renewable for further period of 40 years.

The environment and land use are described as semi-arid and intensive subsistence agriculture/mixed farming/forestry.

Drilling was completed by the reverse circulation, air core (**RCAC**) method for all four drilling programmes conducted to date, all by Wallis Drilling. RCAC drilling was used to obtain 1 to 3m samples from which, approximately 10 – 30 kg was collected. Samples were dried, riffle split and submitted for assay. Three laboratories were used, and all followed the same assay procedure which conformed to AS4350.2-1999. All labs produced three assays: HM% (via sink float using tetrabromoethane), SL% (screened at 63µm) and OS% (screened at 1mm). This is described in the relevant section of the JORC 2012 Table 1 in Appendix 1.

# Ranobe Deposit supporting information (cont.)

Mineral assemblage analyses were conducted by two different methods to characterise the mineralogy of the deposit. QEMSCAN analysis using scanning electron microscopy was performed by two different labs (referred to as QEMSCAN 2006 and QEMSCAN 2017) using slightly different definitions of the titanium minerals. The other technique, referred to as MA98, uses samples subjected to magnetic separation to capture magnetic (**mag**), middling (**mid**) and non-magnetic (**non-mag**) fractions. The mid and mag fractions were combined and, with the non-mag fraction, subjected to XRF analysis. Data from the mag and non-mag XRF analyses were processed through an error minimisation algorithm that calculated mineralogy using assumed mineral chemistries. Figure 3 shows the location of the mineral assemblage samples. Neither of these methods correlate well with each other, or with results of pilot plant-scale test work conducted on trial mining pits. The rutile values for MA98 and QEMSCAN 2017 average approximately 1.5% of HM, while QEMSCAN 2006 averages approximately 2.3% of HM. Despite this, the Ranobe Deposit Resource Estimate uses all three datasets because the gross ilmenite values (the sum of all minerals with a $TiO_2$ content ranging between 45% and 85%) and the zircon values are consistent for all methods of mineral assemblage analysis. The rutile discrepancy was accepted as immaterial due to the relatively low level of rutile compared with ilmenite and zircon, and therefore not considered economically significant.

Drill hole, collar and assay data are captured digitally and managed in a Microsoft Access database. Sufficient quality control has been undertaken to satisfy the Competent Person that the assay data is sound and may be used for resource estimation. The table below summarises the QA/QC samples processed for each of the four drill programs.

| | # Analyses | | | |
|---|---|---|---|---|
| **Sample Designation** | 2001 Drill Program | 2003 Drill Program | 2005 Drill Program | 2012 Drill Program |
| **A sample** | 1225 | 3045 | 2117 | 3580 |
| **Duplicate A sample** | - | - | 72 | 282 |
| **Replicate A sample** | - | - | - | 194 |
| **B sample** | - | 152 | 97 | 177 |
| **C sample** | - | 45 | 110 | 2 |
| **Repeat** | - | - | 72 | 46 |
| **Control sample** | - | - | 68 | 146 |

No QA/QC samples were taken for the 2001 drill program, which comprises 12% of total samples. The B and C sampling comparisons with the A samples for the 2003 drill program showed that the A sample lab (IMP laboratories in Boksburg, South Africa) slightly underestimated the HM assays by 5%, which is not considered significant enough to place the Resource Estimate in question. The same comparison for the 2005 drill program showed the A sample lab (ACL laboratory in Pretoria, South Africa) biased the SL assays upward by approximately 5%, which is not considered significant. No bias was detected for assays from the 2012 drill program.

# Ranobe Deposit supporting information (cont.)

The topographic digital elevation model (**DEM**) was prepared by World Titanium Resources Limited using Geovia (Surpac) software from LIDAR survey. The X,Y positions were surveyed by GPS (+/- 6m RMS) for the 2001 drill program (10% of holes) and by DGPS (+/- 0.3 m RMS) for the subsequent drill programs. The drill holes take their level from the LIDAR surface DEM. The coordinate system used is UTM zone 38 south (WGS 84). That the 2001 drill program holes were located less rigorously is not considered to pose a risk to the resource estimate.

Construction of the geological grade model was based on coding model cells below open wireframe surfaces, comprising topography and the base of the USU. Model cell dimensions of 50m x 100m x 1m in the XYZ orientations were used.

Interpolation was undertaken using various sized search ellipses to populate the model with primary grade fields (HM, SL, OS, and mineralogy). Inverse distance weighting (**IDW**) to a power of two was used for primary assay fields.

The bulk density (**BD**) applied to the Ranobe Deposit Mineral Resources model was a component-based algorithm: BD = 1.61 x HM%. Given the generally low slime levels and based on the experience of the Competent Person this is considered appropriate.

The criteria used for the Mineral Resources estimate classification is drill hole spacing and the type of mineralogy data. In summary the classifications were determined as follows:

- Measured where the drill spacing is 200 x 100 m or better and where there is QEMSCAN 2006 or QEMSCAN 2017 mineralogy data and where the limestone basement is not overly undulating. The MA98 mineralogy does not provide the level of detail to support a Measured category regardless of drill hole spacing.
- Indicated where the drill spacing is 400 x 200 m or better.
- Inferred where the drill spacing is greater than 400 x 200 m.

The estimate presented herein uses a 3% HM bottom cut. A 3% HM cut-off is considered appropriate, because the mineralogy of this deposit is similar to other mines where the actual economic cut-off grades are in the range of 1.5-3%. It also allows for comparison to previous resource figures.

At this cut-off grade, the size and grade of the deposit offer very reasonable prospects for eventual economic extraction. Given the permeable nature of the sediments, the low water table and Base's dry mining expertise, the most likely mining method would be dry mining by dozer or front end loader. Processing could be achieved via standard mineral sands methods: spiral concentration, and magnetic and electrostatic separation. The physical properties of the heavy minerals at the Ranobe Deposit are, from metallurgical test work, similar to other deposits being mined today.

Refer to Appendix 1 for the JORC 2012 Table 1.

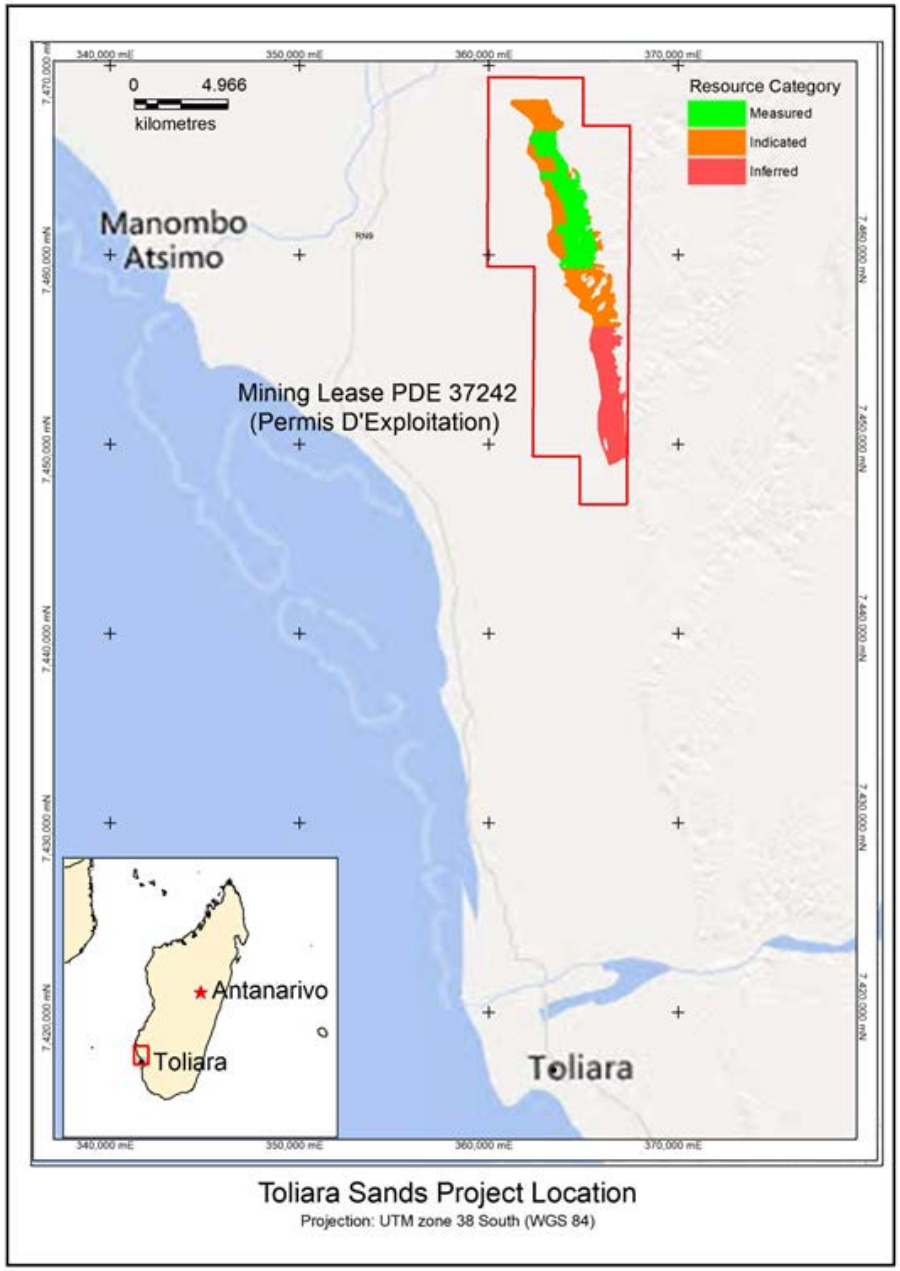


**Figure 1**: Plan showing location of Ranobe Project area covered Mining Lease 37242.

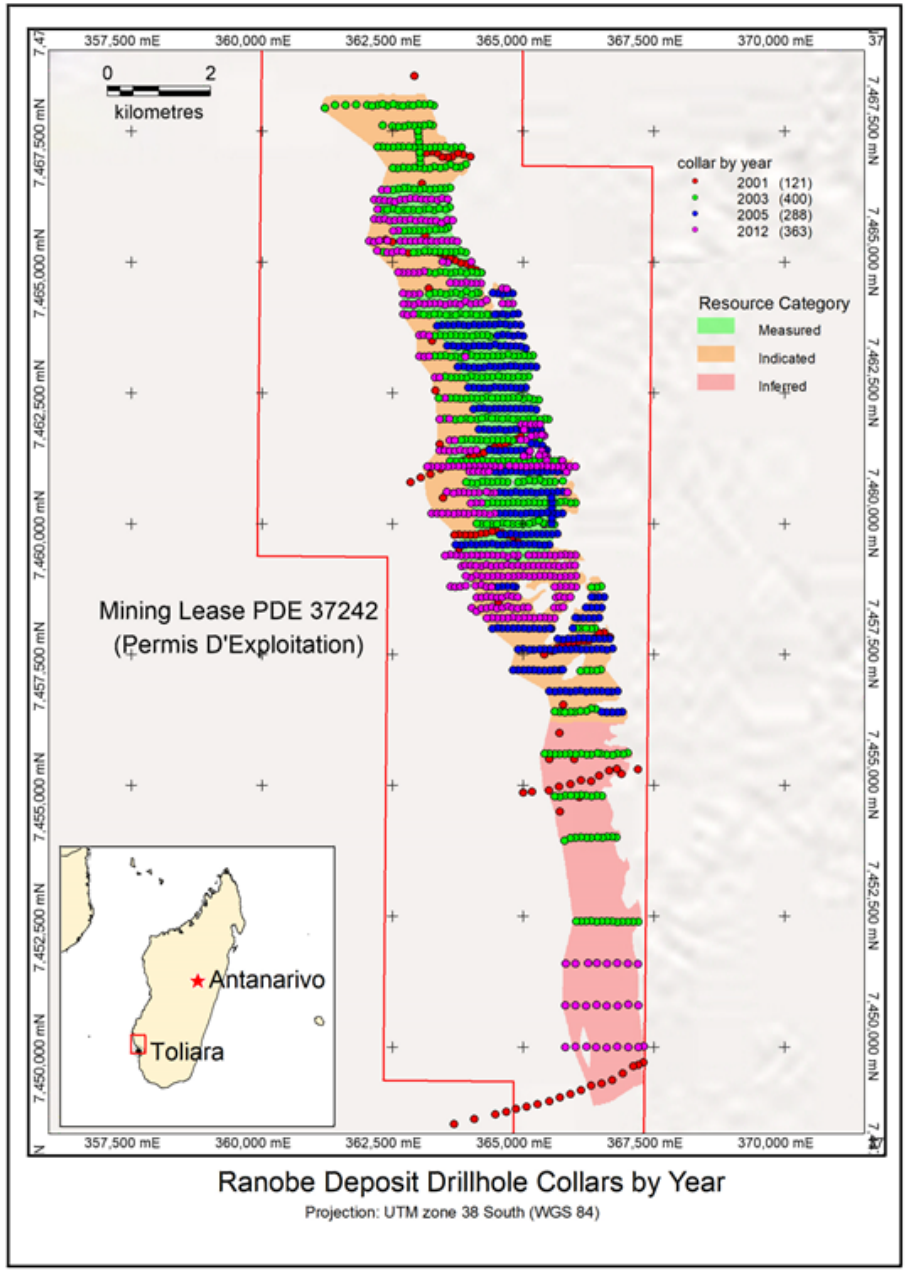


**Figure 2:** Plan showing the Ranobe Deposit, location of drill holes used for resource estimation, ML boundary, Measured, Indicated and Inferred 3% HM cut-off resource outlines.

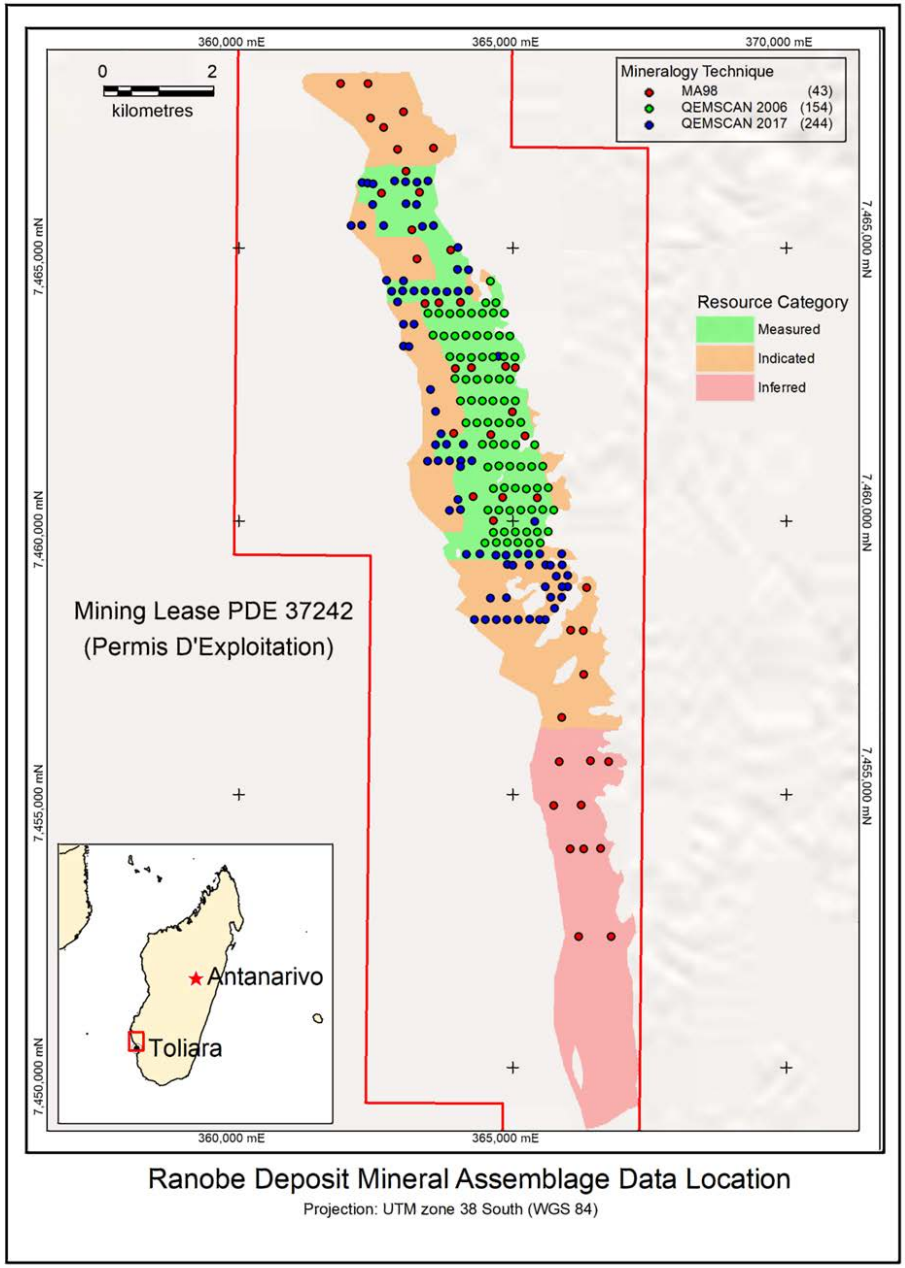


**Figure 3:** Plan showing the Ranobe Deposit, location of mineral assemblage samples used for resource estimation, ML boundary, Measured, Indicated and Inferred 3% HM cut-off resource outlines.

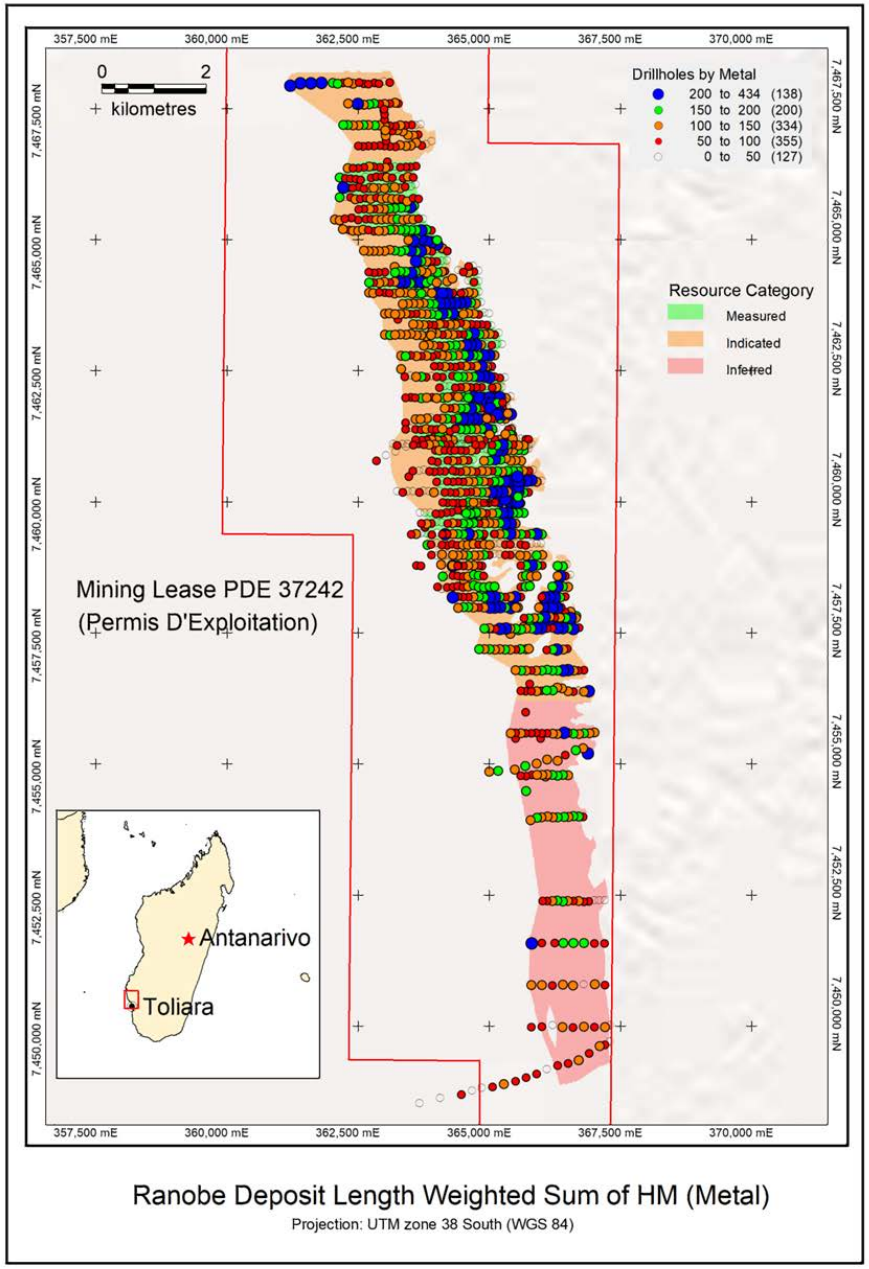


**Figure 4:** Plan showing the Ranobe Deposit, location and the length weighted sum of HM of drill holes used for resource estimation, ML boundary, Measured, Indicated and Inferred 3% HM cut-off resource outlines. For example, a 15 metre intersection which averages 10% HM would have a weighted sum value of 150.

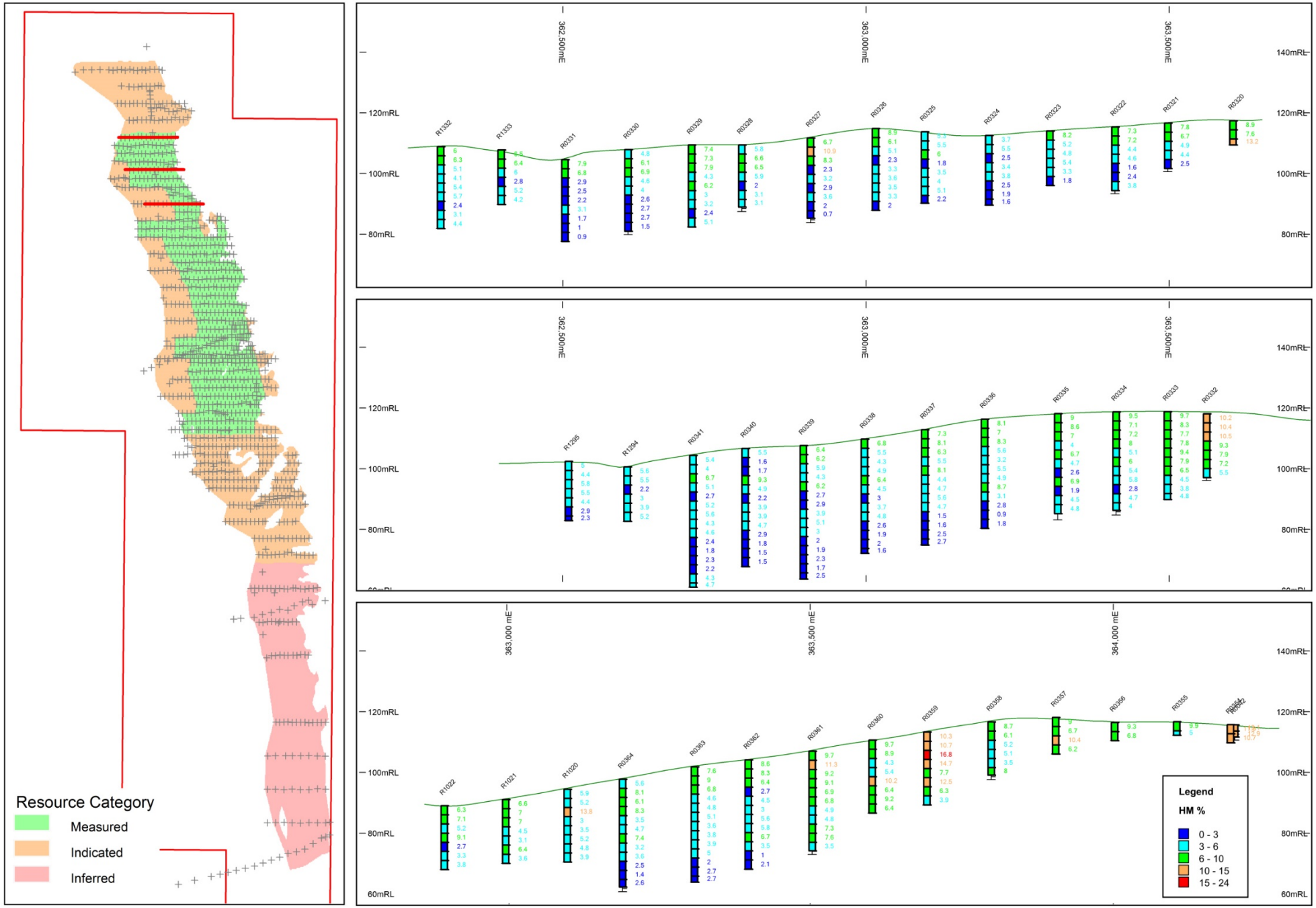


**Figure 5:** Cross-section of the northern part of the Ranobe Deposit showing geology and HM grade relationships between geological domains (5 x vertical axis).

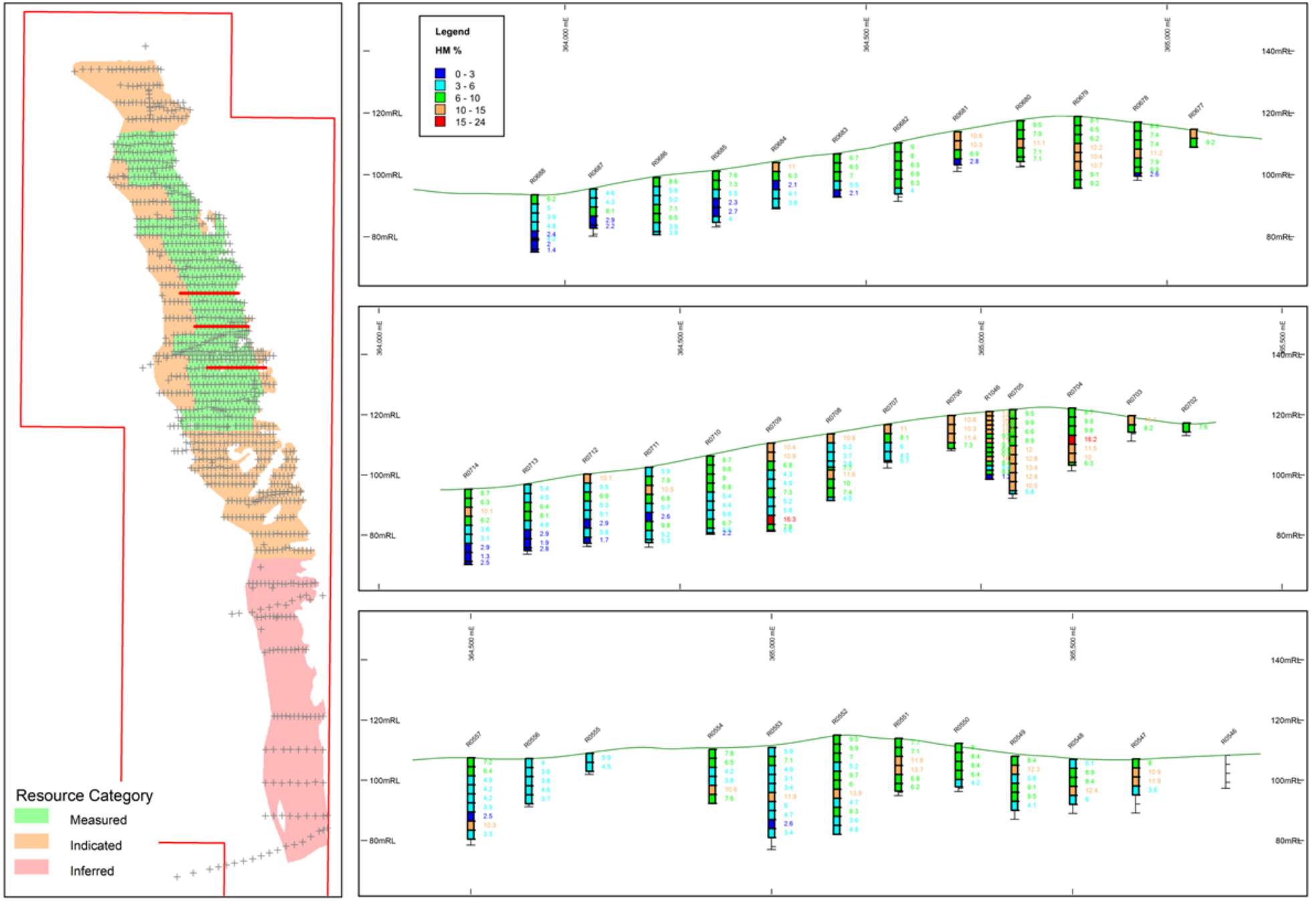


**Figure 6:** Cross-section of the central part of the Ranobe Deposit showing geology and HM grade relationships between geological domains (5 x vertical axis).

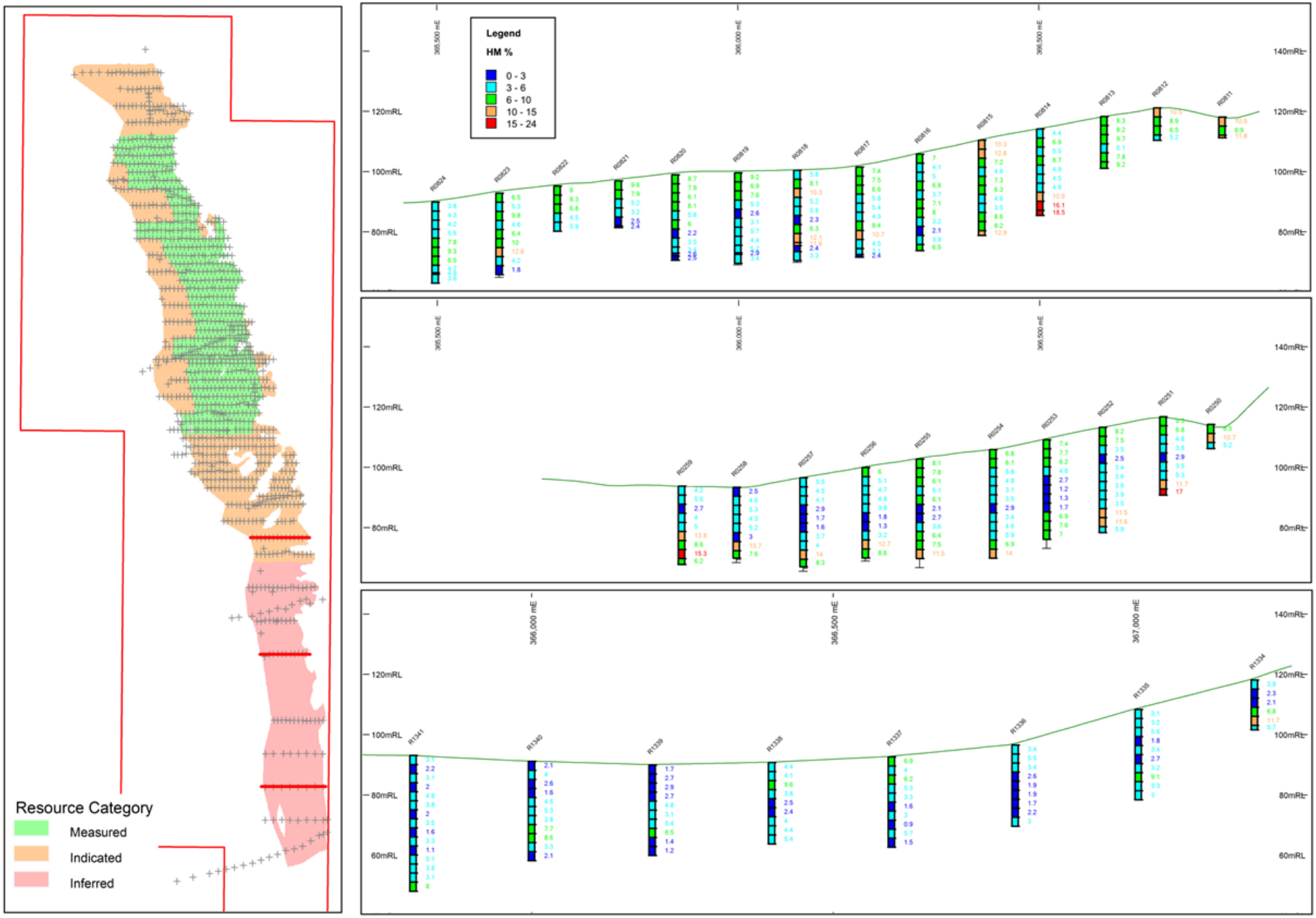


**Figure 7:** Cross-section of the southern part of the Ranobe Deposit showing geology and HM grade relationships between geological domains (5 x vertical axis).

# Appendix 1 – Ranobe Deposit
# Mineral Resources JORC Table 1

BASE RESOURCES

| SECTION 1 - SAMPLING TECHNIQUES AND DATA | | |
|---|---|---|
| **CRITERIA** | **EXPLANATION** | **COMMENT** |
| Sampling techniques | Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.<br>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | Aircore drilling was used to obtain samples at 1 to 3 m intervals for the 2001, 2003, 2005 and 2012 drill programs.<br>• All holes were drilled using a reverse circulation Wallis Drill setup to collect the complete sample with a basic cyclone separation by means of a swivel outlet feeding two alternate sample bags. No sample splitting was undertaken out on site<br>• All holes were drilled vertically |
| Drilling techniques | Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | All drilling was undertaken using an air pressured reverse circulation Wallis Mantis drill rig.<br>Core diameter is HQ (96mm external diameter, 63.5mm internal diameter), with 3 metre rod lengths fitted with a face discharge drill bit.<br>Aircore is considered a standard industry technique for heavy mineral sands. Aircore drilling is a form of reverse circulation drilling where the sample is collected at the face and returned inside the inner tube. |
| Drill sample recovery | Method of recording and assessing core and chip sample recoveries and results assessed.<br>Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | The twin-tube aircore drilling technique is known to provide high quality samples from the face of the drill hole<br>Wallis Mantis drill rig uses face discharge bits, at low air pressures (105 – 140 kPa) and low rotation speeds (45-65 RPM) to maximize recovery.<br>There is no correlation between recovery and grade resulting in no sample bias. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Logging | Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>The total length and percentage of the relevant intersections logged. | All samples were visually checked and logged on site by a rig geologist and logged for lithotype, grain size, sorting, colour, competence, moisture content.<br>A small subsample was taken for each drill interval and manually panned for estimation of HM content. |
| Sub-sampling techniques and sample preparation | If core, whether cut or sawn and whether quarter, half or all core taken.<br>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.<br>Whether sample sizes are appropriate to the grain size of the material being sampled. | The material was split using a 40mm single tier riffle to produce a sample for submission of approximately 1 kg in a calico sample bag. The calico sample bags were sundried before being shipped.<br>For one sample in every 20, an additional two 1 kg calico bagged samples were taken for checking purposes. These are referred to as the B and C samples, the primary sample being designated as the A sample.<br>2001 drill program samples were dispatched to Western Geochem Labs (WGL) in Perth, Australia. WGL was retained for the analysis of check samples for the 2003 and 2005 drill programs. The A samples were sent to IMP Laboratory in Boksburg, South Africa for the 2003 drill program and to ACT Laboratory in Pretoria, South Africa for the 2005 and 2012 drill programs.<br>All laboratories: separation of concentrates was by heavy liquid (tetrabromoethane (TBE) at density 2.95 g/cc).<br>All samples were:<br>• Dried, weighed<br>• Sample riffle split to produce 400 gram A sample<br>• Sample screened +1mm, weighed<br>• Sample screened -63µm, weighed<br>• TBE for heavy media separation<br>• HM%<br>• TBE Floats weighted<br>• TBE Sinks weighted<br>• Mineral assemblage analyses (to determine ilmenite, rutile and zircon content) were conducted by two different methods to characterise the mineralogy of the deposit. QEMSCAN analysis uses scanning electron microscopy. The other technique, referred to as MA98, uses samples subjected to magnetic separation to capture magnetic (mag), middling (mid) and non-magnetic (non-mag) fractions. The mid and mag fractions were combined and, with the non-mag fraction, subjected to XRF analysis. Data from the mag and non-mag XRF analyses were processed through an error minimisation algorithm that calculated mineralogy using assumed mineral chemistries |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Quality of assay data and laboratory tests | The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | Analytical procedure conforms to AS4350.2-1999; Australian Standards Heavy mineral sand concentrates – Physical testing using TBE; technique is total.<br>Quality control procedures:<br>• Regular checks of analyses against estimates from field logging<br>• Submission of B and C samples to a second laboratory<br>• Submission of randomly inserted control samples at a rate on about 1 in 25<br>• Duplicate sample analyses<br>• Extra samples taken irregularly in high grade areas. |
| Verification of sampling and assaying | The verification of significant intersections by either independent or alternative company personnel.<br>The use of twinned holes.<br>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>Discuss any adjustment to assay data. | Assay data was compared with geology logs of panned HM grades for out of range assay produced by site geologist. Replicate assaying undertaken.<br>2003 and 2005 drilling and sample assaying undertaken independently by Ticor/Kumba Resources.<br>2012 drilling, logging and sampling undertaken by independent site geologist.<br>Validation of the drill database was undertaken independently by McDonald Spiers and Associates and cross checked in house by World Titanium Resources Limited (**WTR**) specialists. |
| Location of data points | Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.<br>Specification of the grid system used.<br>Quality and adequacy of topographic control. | Drill hole collars for the 2001 drill program were surveyed by GPS. Drill hole collars for the 2003, 2005, and 2012 drill programs were surveyed using DGPS.<br>Topographic data was derived from a ground controlled LIDAR survey undertaken by Southern Surveys.<br>All drill holes are vertical, down hole surveys were deemed inappropriate.<br>Grid system used throughout the program UTM Grid, Zone 38S, WG84 .<br>McDonald-Speijers consider the lateral location of 2001 drill program collars is not as accurate as later drill programs but this is not considered to be a risk for resource or ore reserve estimation in this deposit. |
| Data spacing and distribution | Data spacing for reporting of Exploration Results.<br>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br>Whether sample compositing has been applied. | Three basic drill patterns used:<br>• 100mE spacing along line with 200mN between lines with 50m hole offset<br>• 100mE spacing along line with 400mN between lines<br>• 200mE spacing along line with 800mN between lines<br>Variography demonstrates that drill spacing of 100mE x 200mN is sufficient to classify as Measured resource and 100mE x 400mN sufficient to classify as Indicated Resource.<br>No HM assay samples were composited. HM mineral assemblage samples were composited over 3 and 6 metre intervals. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Orientation of data in relation to geological structure | Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | All drill holes were drilled vertically.<br>Drill lines were drilled north – south, east – west within 12° of the deposit anisotropy.<br>No bias to drill grid sampling has been introduced.<br>The orientation of the drilling is considered appropriate for testing the lateral and vertical extent of mineralization without any bias. |
| Sample security | The measures taken to ensure sample security. | All samples were placed in calico bags and grouped in rice bags by drill hole.<br>The sample bags were labelled by both marker and aluminum tags for drill hole number and sample depth.<br>The samples were delivered to the laboratory sealed with cable ties and with a shipment form. |
| Audits or reviews | The results of any audits or reviews of sampling techniques and data. | Audits and reviews or the sampling data and techniques have been carried out by:<br>• Ticor 2004<br>• Kumba Resource 2006<br>• Exxaro 2007<br>• MacDonald Speijers and Associates 2012<br>• Base Resources and IHC Robbins 2017<br>All review and audits considered the sampling and analysis to be of good quality and suitable for resource estimation. |

| SECTION 2 - REPORTING OF EXPLORATION RESULTS | | |
|---|---|---|
| **CRITERIA** | **EXPLANATION** | **COMMENT** |
| Mineral tenement and land tenure status | Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | The Ranobe Deposit is held on one mining licence: PDE37242.<br>All mineral rights to PDE37242 are 100% owned by Toliara Sands SARL.<br>PDE37242 was granted on 21 March 2012 and has a term of 40 years until 2052 when it may be extend for a further 40 years. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Exploration done by other parties | Acknowledgment and appraisal of exploration by other parties. | 1999 – 2002 Deposit first discovered and explored by Madagascar Resources NL:<br>• 121 RC aircore holes for 3,081 metres<br>2003 – 2009 Ticor/Kumba Resources (Exxaro) joint venture:<br>• 688 RC aircore holes for 15,558.8 metres; Pre-Feasibility Study completed<br>2012 World Titanium Resources Limited:<br>• 361 RC aircore holes for 8,053.2 metres |
| Geology | Deposit type, geological setting and style of mineralisation. | Project comprises a heavy mineral sand deposit and is located on the South West coast of Madagascar within the Mesoic Morondava Basin along a 30 km wide coastal plain juxtaposed to an Eocene limestone scarp.<br>The coastal plain which is floored by faulted limestone is overlain by a succession of progressively shallowing sequence of beach and lagoon type unconsolidated clastic and subaerial dunes which successively overstep and onlap onto the basement limestone scarp in the east.<br>The deposit is hosted within a stabilized mega dune system which is arrested along the basement scarp slope and extend for approximately 22 km north northwest south southeast<br>The entire dune unit is mineralized by an assemblage of ilmenite, zircon, rutile and monazite concentrated with the unit by aeolian winnowing. The unit generally thickens westwards away from the scarp slope from 3 metres to 60 metres. The deposit anisotropy parallels the scarp slope, with higher HM grades concentrated along the mega- dune crest line. |
| Drill hole Information | A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>• easting and northing of the drill hole collar<br>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>• dip and azimuth of the hole<br>• down hole length and interception depth<br>• hole length.<br>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | 1999-2002 Madagascar Resources NL:<br>• 121 RC aircore holes for 3,081 metres<br>2003 – 2009 Ticor/Kumba Resources (Exxaro) joint venture:<br>• 688 RC aircore holes for 15,558.8 metres; Pre-Feasibility Study completed<br>2012 World Titanium Resources Limited:<br>• 361 RC aircore holes for 8,053.2 metres<br>All holes were drilled vertically.<br>RC holes averaged 22.8 metres in depth.<br>See drill hole location plan (Figure 2).<br>Exploration Results are not being reported at this time. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Data aggregation methods | In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.<br>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.<br>The assumptions used for any reporting of metal equivalent values should be clearly stated. | Exploration results are not being reported at this time.<br>No metal equivalent values were used.<br>No aggregation of short length samples was used as samples were consistently sampled at 1– 3m intervals. |
| Relationship between mineralisation widths and intercept lengths | These relationships are particularly important in the reporting of Exploration Results.<br>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | The deposit is flat lying and intersected by vertical holes.<br>The 3% HM cut-off zone averages 17.5 metres thick. |
| Diagrams | Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | See Pages 43-45, Figures 5-7. |
| Balanced reporting | Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | Exploration results are not being reported at this time. |
| Other substantive exploration data | Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | Exploration results are not being reported at this time. |
| Further work | The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | Future work will consist of infill drilling of a 200mN x 100mE grid to convert Inferred and Indicated Resources to Measured Resources.<br>Future exploration is proposed immediately to the west of the drilled area. |

| SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES | | |
|---|---|---|
| **CRITERIA** | **EXPLANATION** | **COMMENT** |
| Database integrity | Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.<br>Data validation procedures used. | The original drill data derived by Madagascar Resources, Ticor/Kumba Resources (Exxaro) and the WTR drill data have been independently reviewed and validated by McDonald-Speijers and Associates and WTR personnel. Data review included:<br>• Cross checking collar data against original hard copies<br>• Cross checking of laboratory analysis certificates with from/to assay data<br>• Validation of reported assay data against field value estimates<br>• Cross checking lithology log interpretation with oversize, slimes and HM content<br>An Access data base has been updated and maintained by WTR, which has been reviewed by both site and project geologists. This database has been reviewed by Base Resources and found to be free of errors.<br>WTR and Base Resources validation checks of the drill database include:<br>• Assay comparison for out of range values<br>• Sample gaps<br>• Overlapping sample intervals<br>• Collar coordinate verification including collar elevations normalized to LIDAR digital terrain model |
| Site visits | Comment on any site visits undertaken by the Competent Person and the outcome of those visits.<br>If no site visits have been undertaken indicate why this is the case. | No site visit was undertaken by Mr Scott Carruthers. Instead, reliance was placed on previous site visits undertaken by Mr Ian Ransome (WTR Competent Person) in 2012 and 2014 following extensive discussions between Mr Carruthers and Mr Ransome.<br>Mr Ransome's 2012 site visit resulted in the recognition of a western on-lap onto the host sand unit by a younger dune system, and detailed definition of mineral resource boundary. |
| Geological interpretation | Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.<br>Nature of the data used and of any assumptions made.<br>The effect, if any, of alternative interpretations on Mineral Resource estimation.<br>The use of geology in guiding and controlling Mineral Resource estimation.<br>The factors affecting continuity both of grade and geology. | There is a high degree of confidence in the geological interpretation of the sand units (aeolian and shallow marine sands).<br>The extent of the upper mineralized sand unit was determined by a combination of LIDAR and drill hole data, with no assumptions made.<br>Earlier Mineral Resource estimations included a series of younger dunes on-lapping the western margin of the deposit. This area has been excluded from the current resource estimate on the basis that no mineralogical data is available at present for these units. The effect of this exclusion is to lower the current resource estimate.<br>The Mineral Resource estimate only considers the aeolian Upper Sand Unit at surface because of its higher HM grade and the lack of sampling of the lower units. Dune morphology has been used with cross-sectional data to define search ellipsoid orientation in populating the resource model.<br>The main factor controlling grade and geology continuity is mega-dune morphology. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Dimensions | The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. | The resource extends for 22 km north – south and averages 2 km wide.<br>The average depth of mineralisation from the surface to the 3% HM cut-off is 17.5 metres. |
| Estimation and modelling techniques | The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.<br>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.<br>The assumptions made regarding recovery of by-products.<br>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).<br>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.<br>Any assumptions behind modelling of selective mining units.<br>Any assumptions about correlation between variables.<br>Description of how the geological interpretation was used to control the resource estimates.<br>Discussion of basis for using or not using grade cutting or capping.<br>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. | Surpac Vision software was used to estimate the mineral resources.<br>Drill data was statically evaluated for distribution and outliers, and composited to 1.5 metre intervals.<br>A 3% HM cut-off wire-surface was digitized from drill data. Topographic surface was created from LIDAR data. The Mineral Resource was modelled as a single domain, extending from the topographic surface to the 3% HM cut-off.<br>Resource Block Model was constructed with block dimensions 50mE x 100mN x 1mZ, and populated using the ID2 method. Block Model was interpolated using a dynamic ellipsoid whose ranges were determined by variography:<br>• Major axis: 300 metres<br>• Major/Intermediate ratio: 2<br>• Major/Minor ratio: 50<br>• Vertical search limit: 3 metres<br>• Multipliers: 2 x (Indicated), 4 x (Inferred)<br>Block Model was populated using the following search criteria:<br>• Minimum number of samples: 5<br>• Maximum number of samples: 16<br>• Maximum number of samples from one hole: 3<br>• No data constraint<br>Four previous Mineral Resource estimates have been undertaken: Ticor 2004, Exxaro 2006, Milne 2010, McDonald-Speijers and Associates 2012. The current resource model has been reviewed against these previous estimates.<br>No assumptions have been made regarding recovery of by-products. No deleterious elements or non-grade variables are present. All resource blocks are mined from the surface with no overburden.<br>Mineral assemblages show little statistical variation over the deposit, and correlate well with HM content. Cross-sections and dune morphology were used to guide the dynamic search ellipsoid used in populating the Block Model. Eastern and western extents of the block model were derived from mapped data. No grade capping was deemed necessary as grade values exhibited a normal Poisson distribution with no outliers. Sectional slices of the Model were visually compared and validated against drill hole data. |
| Moisture | Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. | Tonnage estimates used a dry density.<br>Moisture content was not determined. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Cut-off parameters | The basis of the adopted cut-off grade(s) or quality parameters applied. | A 3 % HM cutoff grade was used. |
| Mining factors or assumptions | Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. | Dry mining of deposits using dozer or excavator/front end loader with truck haul to slurry unit.<br>Deposit is surfaced mined with no minimum dimensions. |
| Metallurgical factors or assumptions | The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. | Test work completed by Ticor/Kumba Resource 2004 Pre-Feasibility Study.<br>Test work completed by Exxaro 2009 Feasibility Study.<br>Test work undertaken by AML 2007 and 2009.<br>Process design by TZMI 2012.<br>Ongoing test work at Mineral Technologies, Brisbane, Australia.<br>Mineral Assemblage is consistent over the orebody comprising 72% Ilmenite group, 6% Zircon, 2% Rutile and 2% Monazite. |
| Environmental factors or assumptions | Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. | Environmental Management Plan approved by Government of Madagascar June 2017. |

| CRITERIA | EXPLANATION | COMMENT |
|---|---|---|
| Bulk density | Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.<br>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.<br>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. | In situ density test were conducted by Soillab Pty.Ltd. Sand replacement dry density tests were conducted at 14 sites over the deposit in specially excavated trenches ranging from 1.0 m – 2.15 m for a total of nineteen samples, with particle size and other tests. Average density was determined as 1.701 tonnes per cubic metre.<br>The average near-surface (0-3m) HM content of the nearest drill holes to the excavated trenches is 9.3% which suggests that the density measurements was biased towards a higher than average HM grade for the deposit. An industry wide standard of density = 1.61+ 0.01 * HM (in %), has been adopted in this resource model to negate against this effect. |
| Classification | The basis for the classification of the Mineral Resources into varying confidence categories.<br>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).<br>Whether the result appropriately reflects the Competent Person's view of the deposit. | The resource was classified variography and on the drill hole spacing due to the uncomplicated geology, continuity of mineralisation and confidence in the drill hole data.<br>The criteria used for the Mineral Resources estimate classification is drill hole spacing and the type of mineralogy data. In summary the classifications were determined as follows:<br>• Measured where the drill spacing is 200 x 100 m or better and where there is QEMSCAN 2006 or QEMSCAN 2017 mineralogy data and where the limestone basement is not overly undulating. The MA98 mineralogy does not provide the level of detail to support a Measured category regardless of drill hole spacing.<br>• Indicated where the drill spacing is 400 x 200 m or better.<br>• Inferred where the drill spacing is greater than 400 x 200 m. |
| Audits or reviews. | The results of any audits or reviews of Mineral Resource estimates. | The current resource estimate has been reviewed against the previous Resource Estimate undertaken by MacDonald Speijers and Associates (2012) by the Competent Person and found to be reasonable. |
| Discussion of relative accuracy/ confidence | Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.<br>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.<br>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. | No statistical or geo-statistical review of the accuracy of the resource estimate has been undertaken.<br>The resource statement is a global estimate.<br>There has been no production to date. |

# Appendix 2 - Kwale Ore Reserves and Mineral Resources at 30 June 2017

| Category | Material | In Situ HM | HM | SL | OS | HM Assemblage | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | ILM | RUT | ZIR |
| | (Mt) | (Mt) | (%) | (%) | (%) | (%) | (%) | (%) |
| **Mineral Resources [1]** | | | | | | | | |
| **Measured** | 106.1 | 3.99 | 3.8 | 25 | 1 | 58 | 13 | 6 |
| **Indicated** | 41.0 | 1.16 | 2.8 | 26 | 6 | 54 | 13 | 6 |
| **Inferred** | 0.2 | 0.003 | 1.3 | 27 | 7 | 52 | 14 | 6 |
| **Total** | 147.3 | 5.15 | 3.5 | 25 | 2 | 57 | 13 | 6 |
| **Ore Reserves** | | | | | | | | |
| **Proved** | 61.5 | 2.86 | 4.6 | 26 | 1 | 59 | 14 | 6 |
| **Probable** | 29.8 | 1.04 | 3.5 | 26 | 4 | 55 | 13 | 6 |
| **Total** | 91.3 | 3.90 | 4.3 | 26 | 2 | 58 | 13 | 6 |

BASE RESOURCES

Notes:

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

# Appendix 3 – JORC Competent Persons Statement

**Ranobe Deposit Mineral Resources**

The information in this report that relates to Ranobe Deposit Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr. Scott Carruthers. Mr. Carruthers is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Carruthers is employed by Base Resources and owns 147,171 Base shares. Mr. Carruthers has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). Mr. Carruthers consents to the inclusion in this report of Ranobe Deposit Mineral Resource estimates and supporting information in the form and context in which it appears.

**Kwale Deposit Mineral Resources and Ore Reserves**

For further detailed information on the Kwale Deposit Mineral Resources and Ore Reserves, refer to Base's ASX market announcement of 9 October 2017 "2017 Kwale Mineral Resources and Ore Reserves Statement" available at https://www.baseresources.com.au/investor-centre/asx-releases/. Base confirms that it is not aware of any new information or data that materially affects the information included in that ASX market announcement and all material assumptions and technical parameters underpinning the estimates in that ASX market announcement continue to apply and have not materially changed.

BASE RESOURCES

# Appendix 4 - Foreign selling restrictions

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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