

A close-up photograph of a hand holding a large amount of shimmering, blue and silver mineral sands. The background is dark, making the bright, sparkling particles stand out.

# Broadening Base

Creating a unique mineral sands company

Results for the financial year ended 30 June 2018



**BASE  
RESOURCES**



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# Highlights and achievements

Safety	Total Recordable Injury Frequency Rate of zero
Revenue up	Consistent production and higher average price achieved for all products
Mine optimised	Kwale Phase 2 mine optimisation successfully completed
Resources increased	Kwale Measured and Indicated mineral resources increased by 19%*
Growth path	Acquisition of world-class Toliara Sands Project in Madagascar
Record results	Revenue up 22%, EBITDA up 32%, NPAT up 114%
Debt down	Net debt down to US\$33.2m – reduced by US\$65.3m

\* Refer to Base Resources' market announcement "Mineral Resource Increase for Kwale South Dune" released on 4 October 2017, which is available at <http://www.baseresources.com.au/investor-centre/asx-releases>, which contains the JORC competent persons statement for this estimate of Mineral Resource. The Company confirms that it is not aware of any new information or data that materially affects the information included in this ASX announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in this announcement continue to apply and have not materially changed.





**Built, commissioned  
and operating safely**

**13.2 MILLION**

Hours worked with zero Lost-time  
Injuries

**54 months**

Since last Lost-time Injury

**Zero TRIFR**

No medical treatments in last 12 months



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# Community investment in FY18



US\$3.8m invested in  
community and  
environment programs



Kwale Cotton Project  
receives 'New Vision for  
Development' award by the  
World Economic Forum



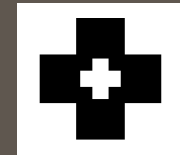
60,000 training hours  
delivered across employees



100 interns, apprentices  
and graduates employed  
from local communities



20,500 trees planted



Trained and supported 240  
health workers to deliver  
primary health care in the  
community



# Financial overview



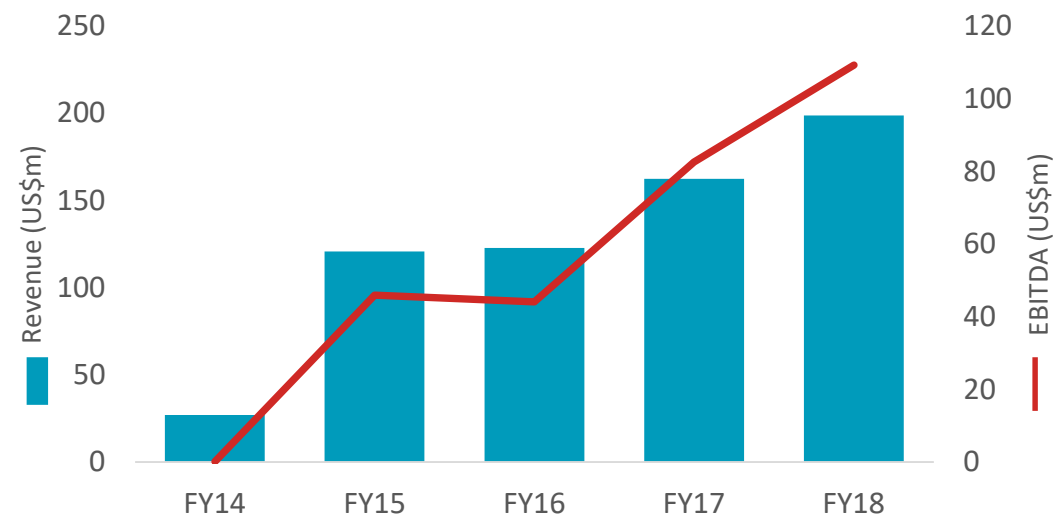
# Key financial metrics



## Commentary

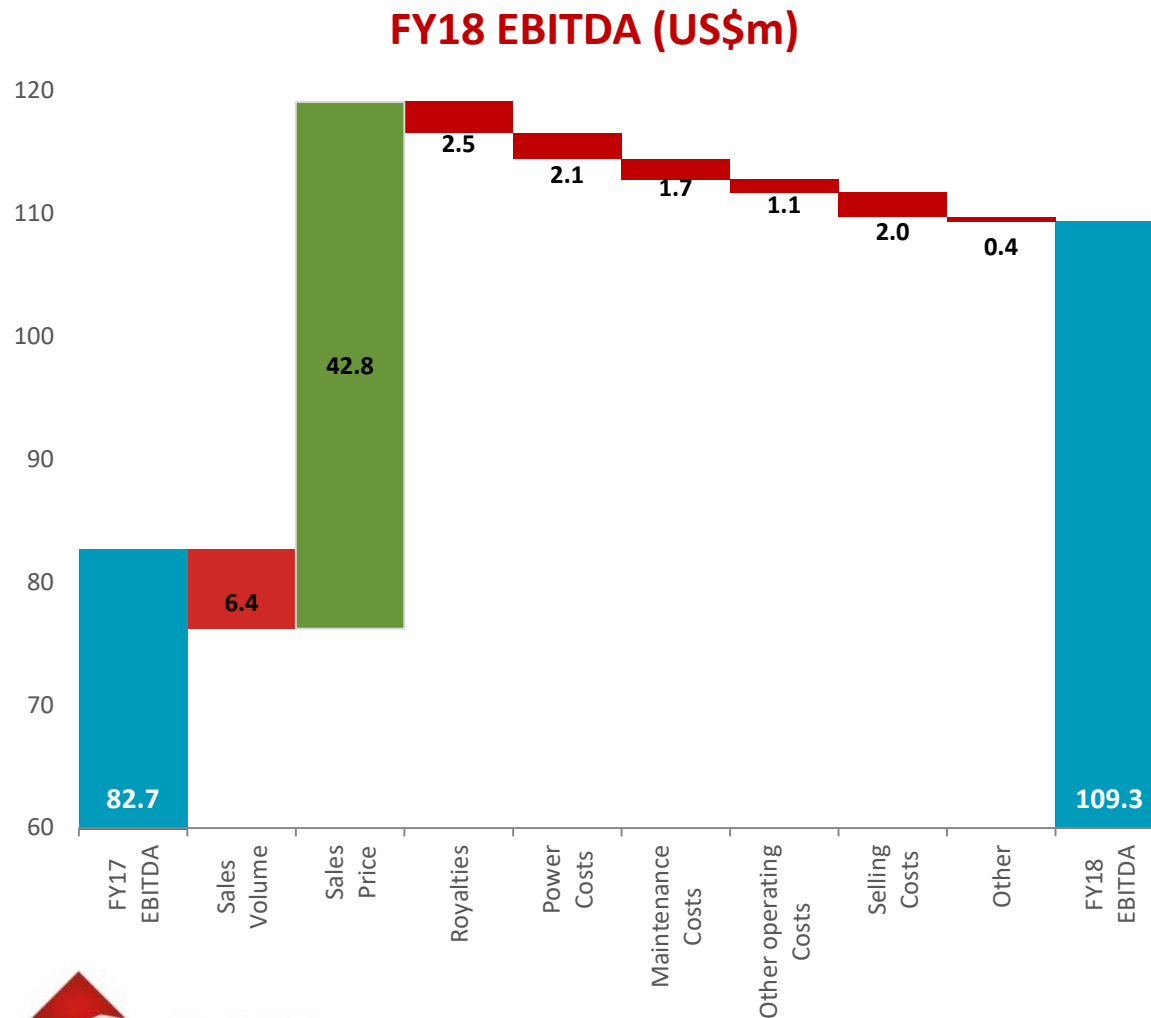
US\$m	FY18	FY17	Variance
Revenue	198.8	162.4	22%
Cost of goods sold*	(72.5)	(66.8)	9%
EBITDA	109.3	82.7	32%
EBIT	61.9	45.3	37%
NPAT	34.0	15.8	114%
Revenue/cost of sales	2.8:1	2.4:1	17%

\* Excludes depreciation and amortisation



- ▶ Revenue growth driven by price increases – sales volume 5% lower than prior year
- ▶ Higher fuel and electricity prices drive increase in operating costs
- ▶ EBITDA growth supported by revenue growth
- ▶ Basic earnings per share rose 71% to US3.66 cents per share.
- ▶ Further improvement to already highly competitive revenue to cost of sale ratio of 2.8:1.

# EBITDA improvement



## Commentary

- ▶ EBITDA significantly higher due to increased product prices
- ▶ Sales volume marginally lower than prior period
- ▶ Royalties and commissions (selling costs) rise in line with higher product prices
- ▶ Power costs higher with wider usage of hydraulic mining units
- ▶ Maintenance costs increase as equipment ages
- ▶ Other operating costs include diesel and labour



# Net debt and cashflow

US\$m	FY18	FY17	Variance
Debt	92.5	153.0	(40%)
Cash held for debt servicing	29.6	26.2	13%
Cash on hand	29.7	28.3	5%
Net debt	33.2	98.5	(66%)
Operating cashflows	117.1	76.6	53%
Investing cashflows	(110.3)	(7.2)	
Financing cashflows	(4.9)	(68.1)	

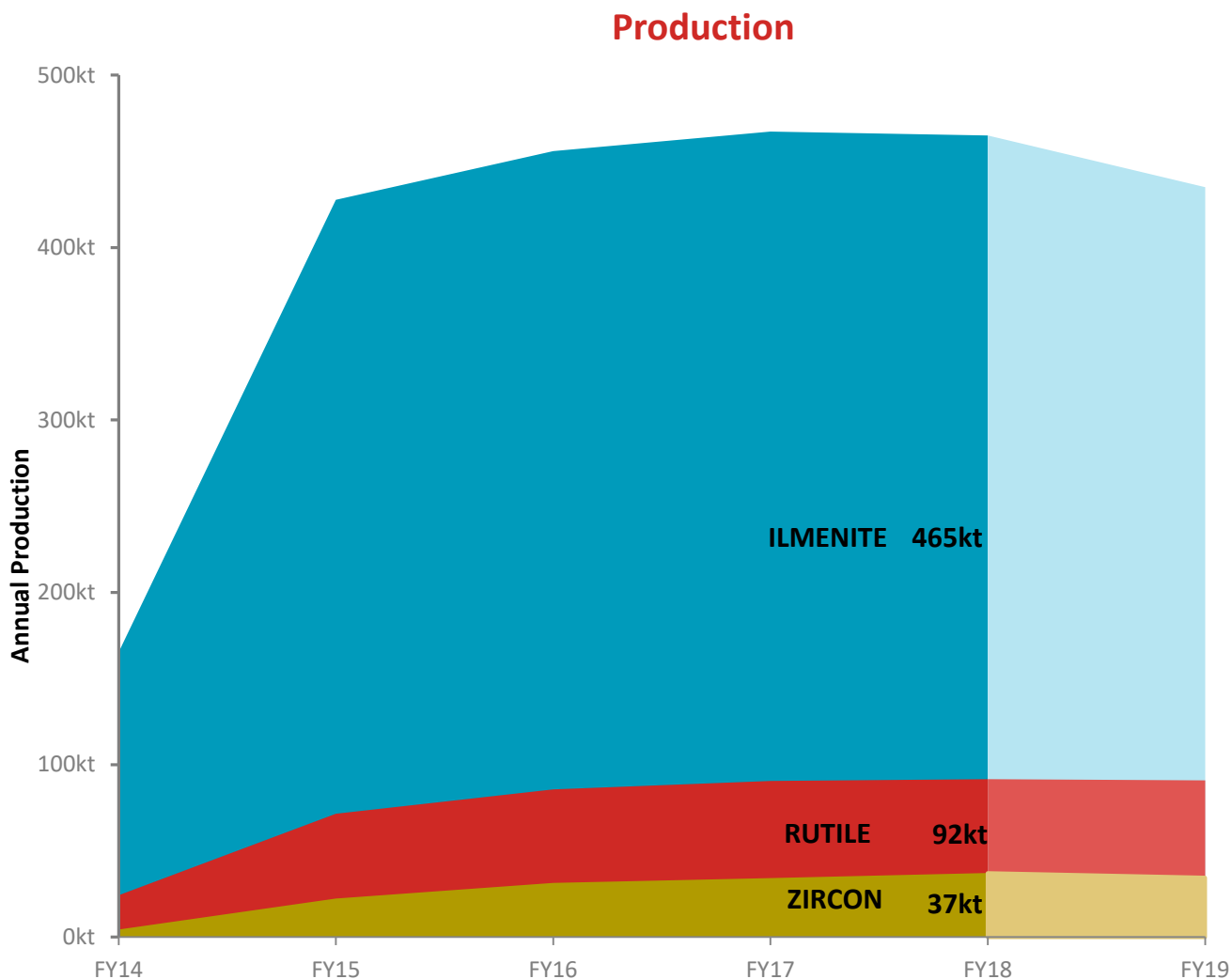
## Commentary

- ▶ Total Kwale Project Finance Facility debt repayments of US\$61.1m
- ▶ US\$11.8m repaid to retire the Taurus Debt Facility
- ▶ US\$30.0m revolving credit facility established for greater funding flexibility - US\$12.5m drawn down at 30 June 2018
- ▶ Operating cashflows increased with price growth
- ▶ Investing cashflows higher due to initial Toliara Sands acquisition payment of US\$75.0m and capex for Kwale optimisation
- ▶ Proceeds from the Toliara Sands capital raise (US\$76.1m) reducing financing cashflows



# Operational overview

# Consistent production profile



## Commentary

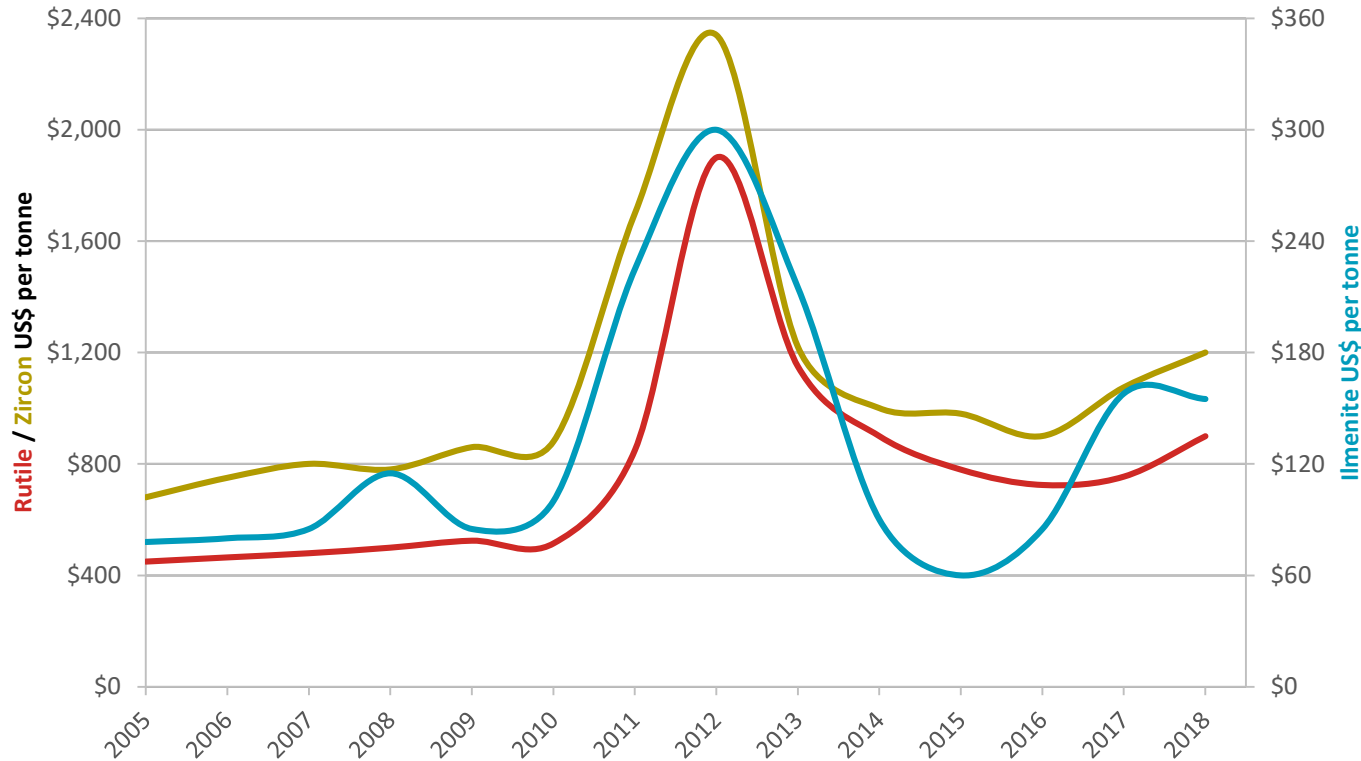
- ▶ Ilmenite production continued above design capacity in line with FY17
- ▶ Rutile and zircon production increase marginally due to higher processing recoveries
- ▶ Production expected to moderate slightly in FY19 due to low grade ahead of move to South Dune
- ▶ FY19 Production guidance\*:
  - Rutile – 88,000 to 93,000 tonnes
  - Ilmenite – 420,000 to 450,000 tonnes
  - Zircon – 32,000 to 37,000 tonnes
- ▶ Longer term mine plan under review given increased hydraulic mining capacity and additional Measured and Indicated mineral resources

\* Source: Base Resources June 2018 Quarterly Activities Report



# Growth supported by solid price improvement

## Historical Product Prices



## Commentary

- ▶ Rutile prices up 17% (average US\$854 per tonne)
- ▶ Ilmenite up 28% (average US\$155 per tonne)
- ▶ Zircon up 46% (average US\$1,172 per tonne)
- ▶ The rutile market continued to strengthen throughout FY18 – supported by strong demand, low inventory levels and restricted supply of high grade feedstock
- ▶ Ilmenite market remained firm
- ▶ Zircon prices moved up sharply supported by strong demand and limited supply

\* Source: TZMI

# Kwale Mine optimisation complete

## Kwale Phase 2 objective

Maximise heavy mineral concentrate feed to the mineral separation plant for the remaining life of mine, by increasing mining rates and concentrator capacity.

## How

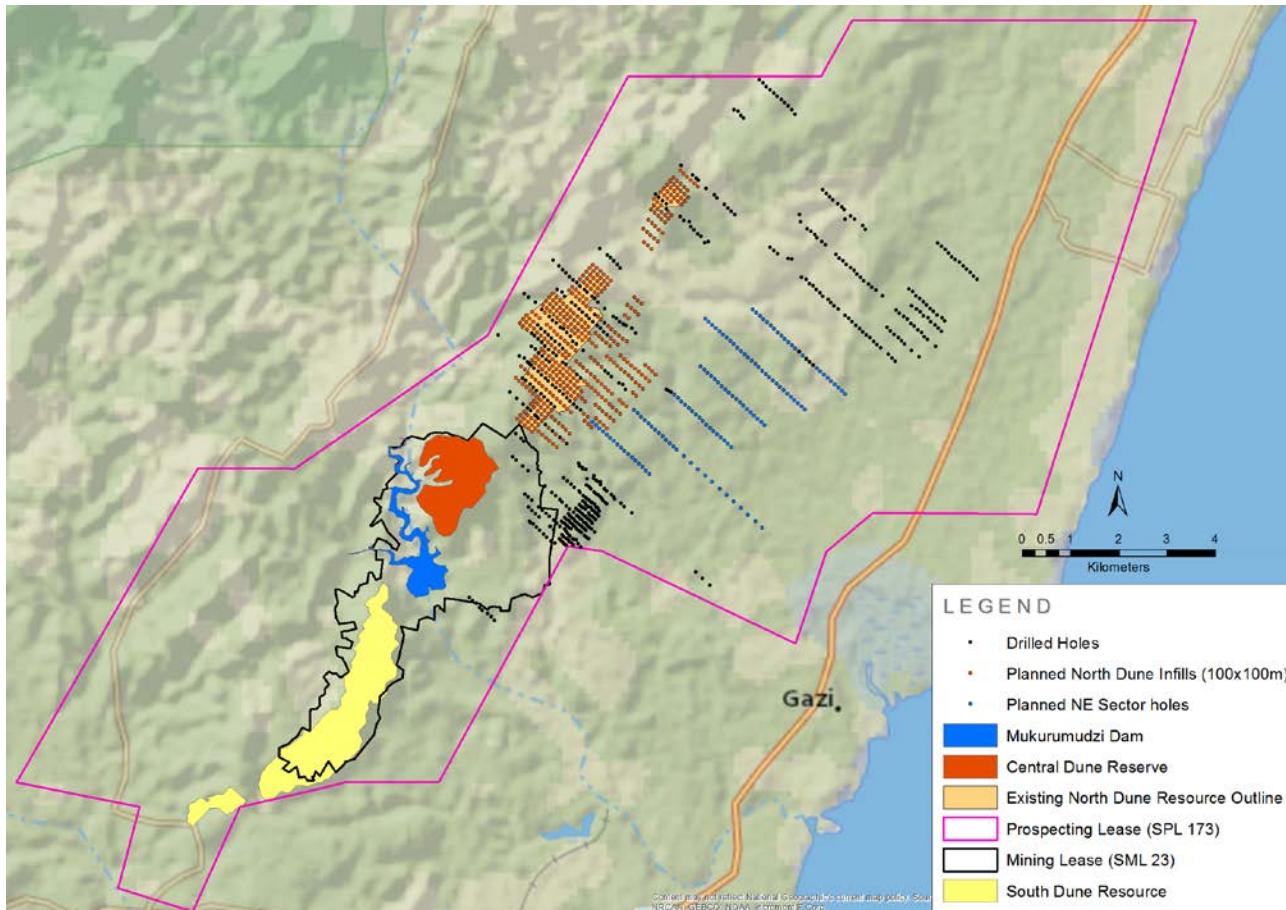
- ▶ Improve mining capacity by adding third hydro-mining unit
- ▶ Upgrade the wet concentrator plant and water supply

## Outcome

- ▶ Mining rate increased by 63% to 2,400Tph
- ▶ Delivered on time and on budget – capex spend of US\$29.8m
- ▶ Two hydraulic mining units and the dozer mining unit used in FY18
- ▶ A third hydraulic mining unit was commissioned in July 2018, with the dozer mining unit now on standby
- ▶ Wet concentrator plant upgraded, including a 69% increase in spiral capacity
- ▶ Mined ore increased to 11.3m tonnes for the year, with 3.5m tonnes mined in the fourth quarter following completion of the project



# M&I Resources increased by 19%\* and further drilling underway



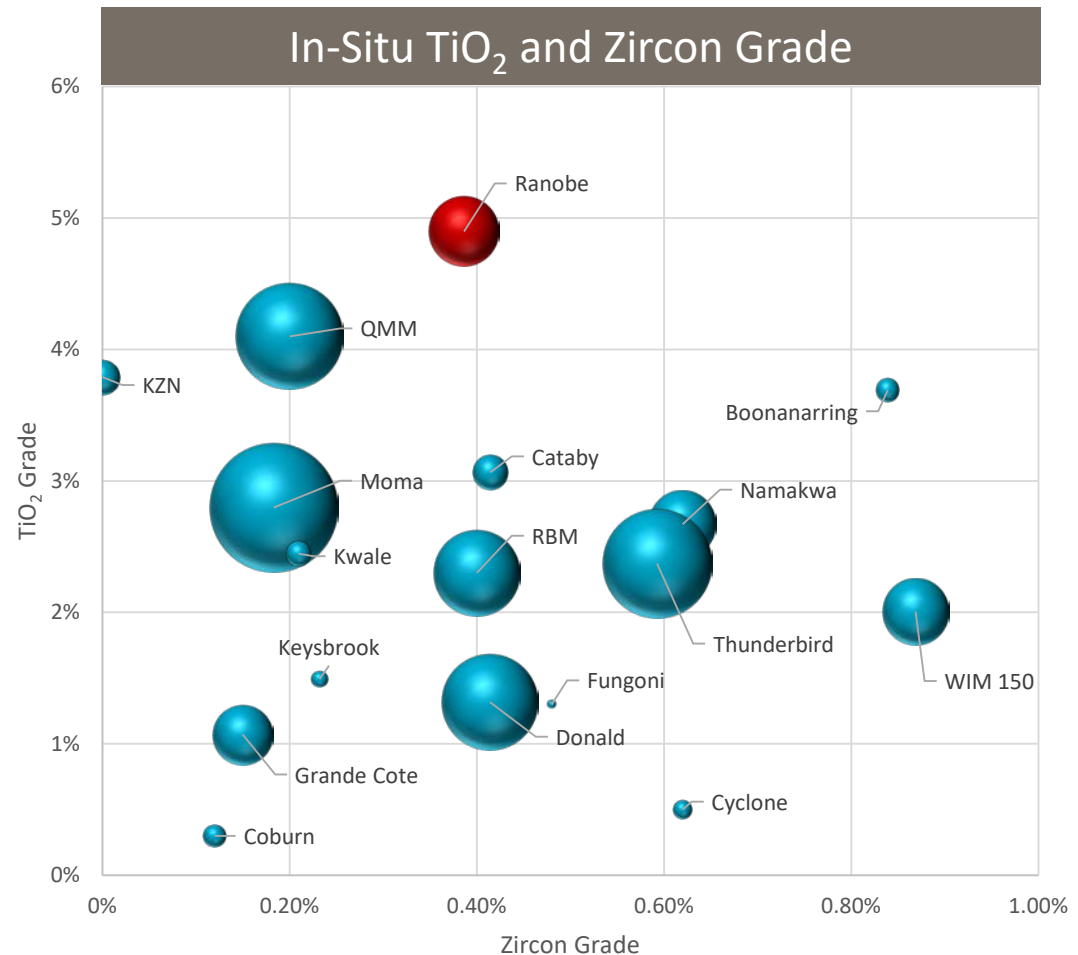
- ▶ Exploration targets identified through reconnaissance drilling and airborne geophysical survey
- ▶ Significant tenure secured around existing Kwale operations, with additional Vanga license expected to be granted in near future (has now been approved by the Mineral Rights Board)
- ▶ South Dune extensional 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 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
- ▶ Drilling to test north eastern identified targets commenced in April 2018
- ▶ A re-evaluation, including infill drilling, of the higher-grade areas of the North Dune commenced in the June 2018 quarter, motivated by an improved economic environment, refined resource definition methodology and insights from five years of operations on the Central Dune
- ▶ The North Dune is currently not included in the Kwale Mineral Resources

\* Refer to Base Resources' market announcement "Mineral Resource Increase for Kwale South Dune" released on 4 October 2017, which is available at <http://www.baseresources.com.au/investor-centre/asx-releases>, which contains the JORC competent persons statement for this estimate of Mineral Resource. The Company confirms that it is not aware of any new information or data that materially affects the information included in this ASX announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in this announcement continue to apply and have not materially changed.



# Why the Toliara Sands Project?

- ▶ 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 (see Appendix)
- ▶ 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)
- ▶ 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<sub>2</sub> 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

# Toliara Sands Project status

## Primary permits are in place

- ▶ Mining license covering entire Ranobe Resource is in place
- ▶ Environmental approval has been granted
- ▶ Established legislated land acquisition process is now underway and expected to be completed in Q1 2019

## Significant progress made

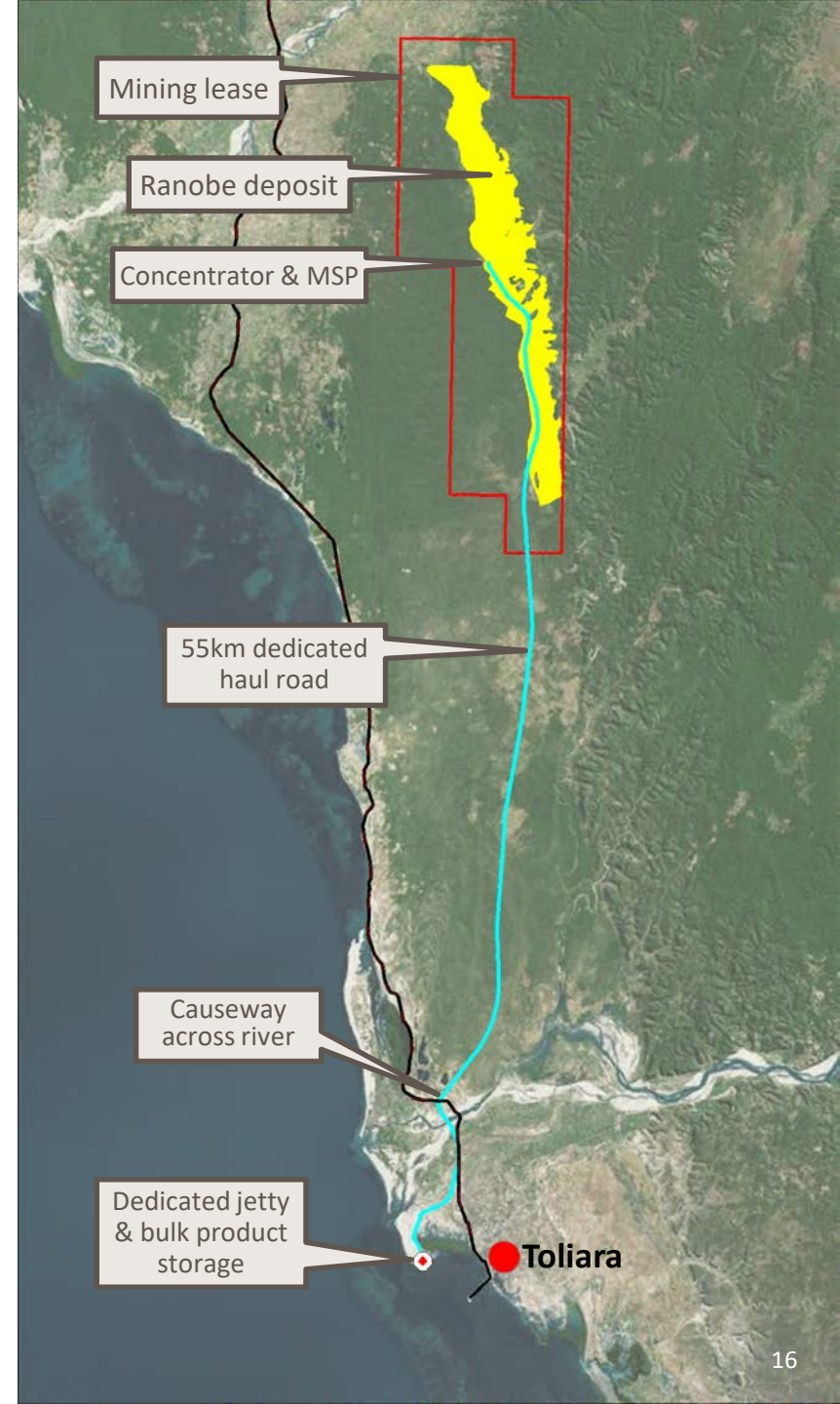
- ▶ Mineral Technologies and Lycopodium engaged to deliver pre-feasibility study
- ▶ Extensive on-site drilling program underway to further define the resource
- ▶ Planning on all infrastructure progressing – processing plant, mine, haulage road, river crossing, port

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

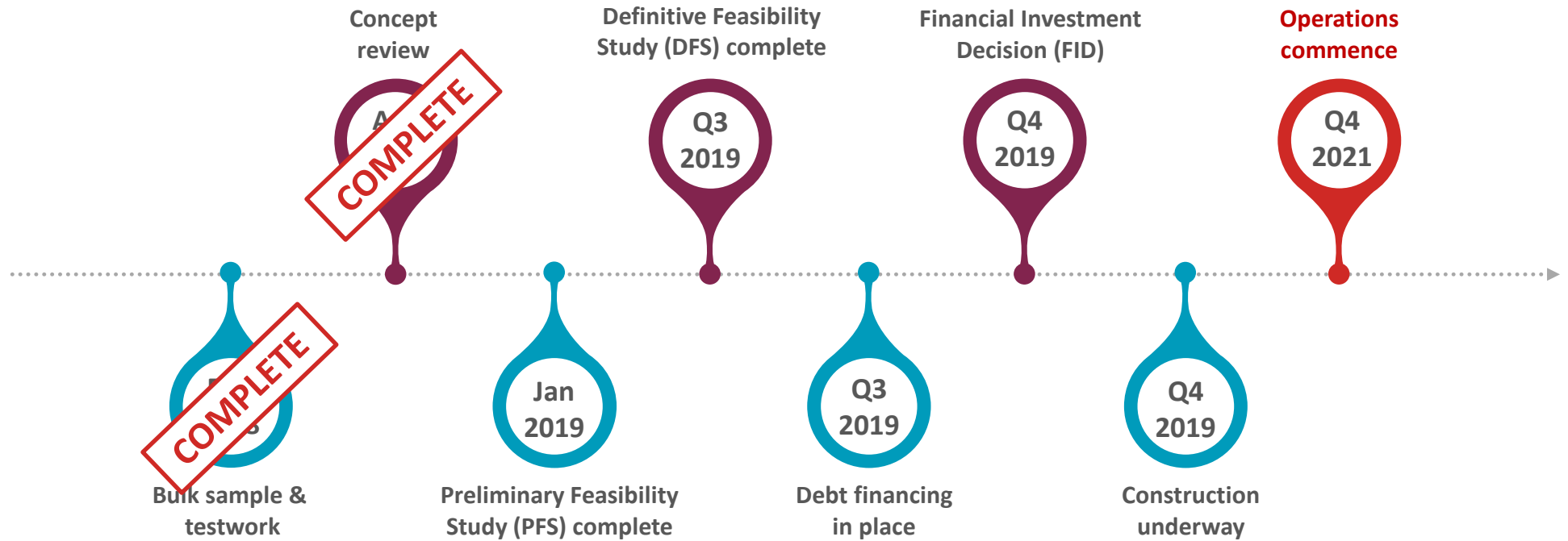
- ▶ Toliara Sands is seen as the next mining project of national significance

## General Manager External Affairs appointed

- ▶ Jean-Bruno Ramahefarivo commenced in role July 2018
- ▶ Extensive background in large scale mining and government in Madagascar



# A path to production in 2021





# Outlook for FY19

## Priorities

- ▶ Maintain exemplary health and safety record
- ▶ Complete Toliara Sands Project pre-feasibility study
- ▶ Commence definitive feasibility study
- ▶ Pursue exploration programs to underpin mine life extension at Kwale Operations
- ▶ Complete the move of mining to the South Dune
- ▶ Retirement of the Kwale Project Finance Facility

## Production guidance\*

- ▶ Rutile – 88,000 to 93,000 tonnes
- ▶ Ilmenite – 420,000 to 450,000 tonnes
- ▶ Zircon – 32,000 to 37,000 tonnes

\* Source: Base Resources June 2018 Quarterly Activities Report





# Appendix



**BASE  
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# Broadening Base

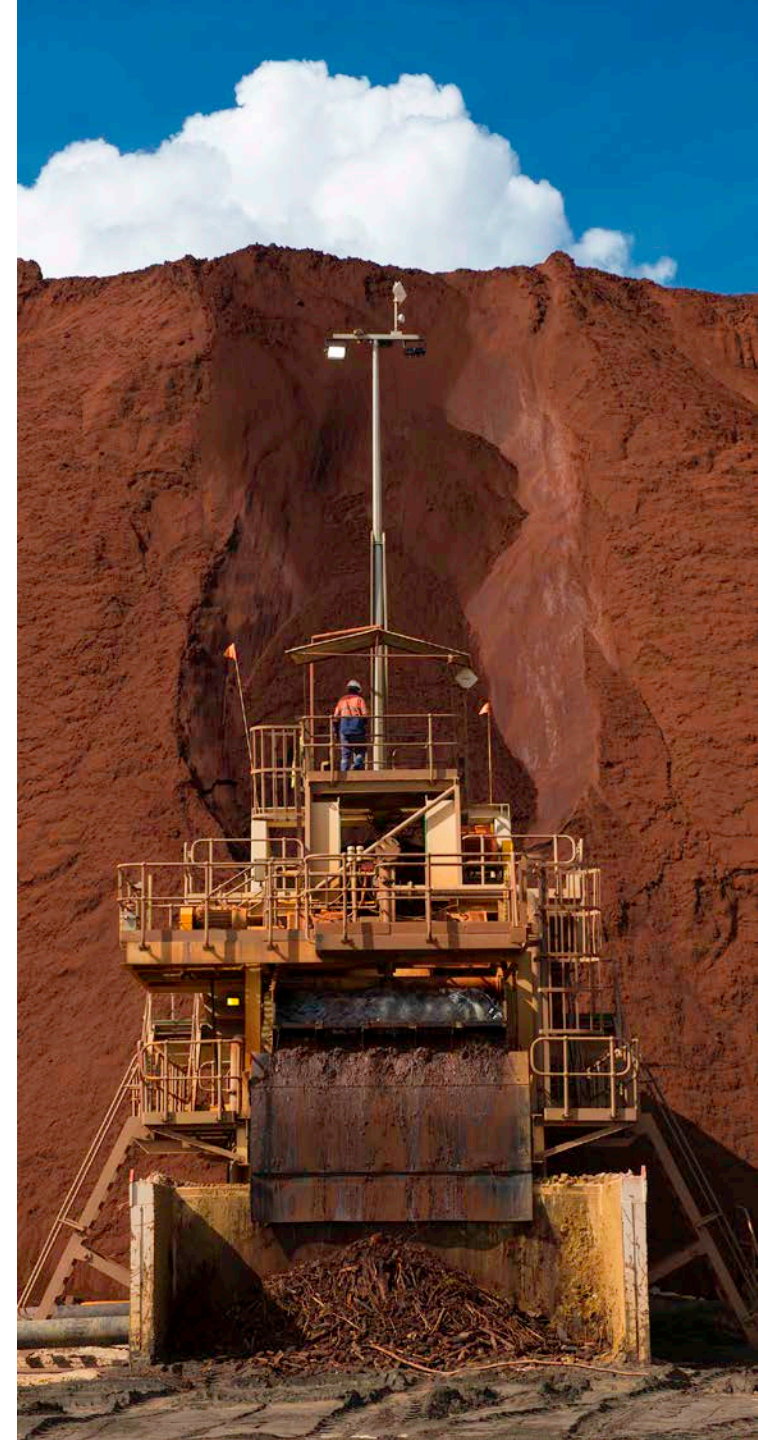
- 1 Team with a track record of delivery
- 2 Consistent, high cashflow Kwale Operations, with extension potential
- 3 A sound financial platform from which to grow the business
- 4 Improving markets are supporting a need for new supply
- 5 An advanced, quality Toliara Sands Project
- 6 Creating a unique mineral sands company





# Base Resources - a unique mineral sands company

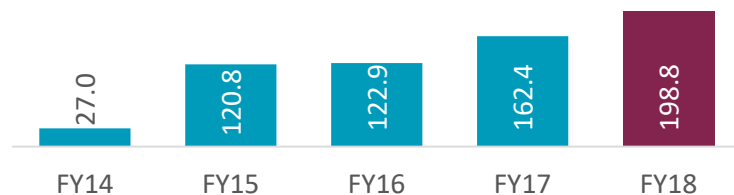
- ▶ “Mid cap” pure mineral sands company:
  - Established profitable Kwale Operations with extensional potential in Kenya;
  - A world class mineral sands development project in the Toliara Sands Project in Madagascar;
  - Long combined mine life;
  - Track record of excellence in safety, community engagement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



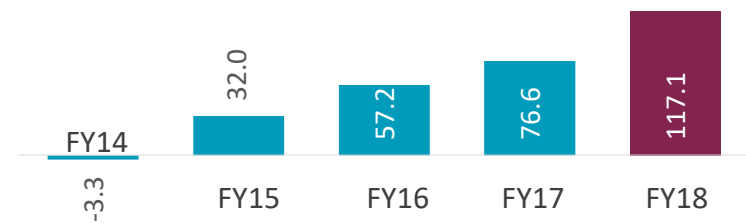
# 5 year financial summary



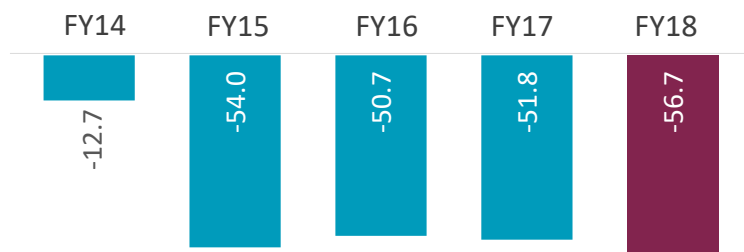
Revenue (US\$m)



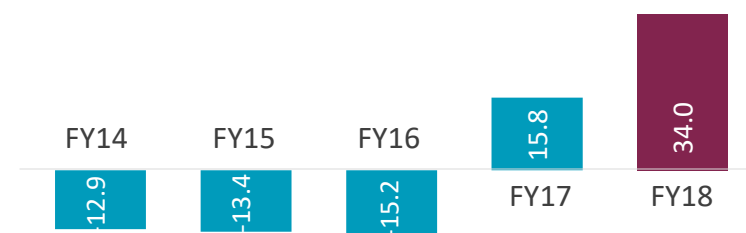
Operating cash flow (US\$m)



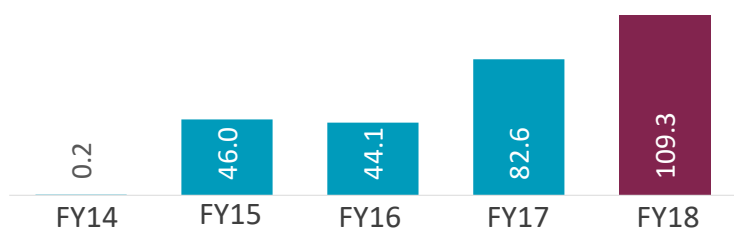
Operating costs (US\$m)



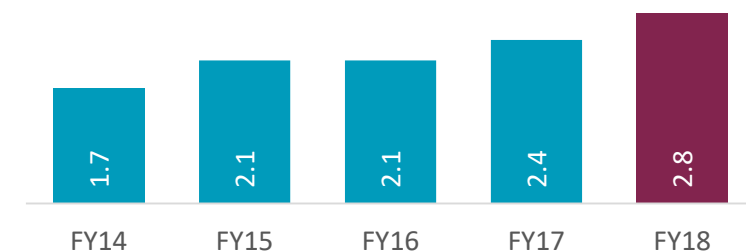
NPAT (US\$m)



EBITDA (US\$m)



Revenue to cost of goods sold ratio



# 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)	(%)	(%)	(%)	(%)	(%)	(%)
<b>Mineral Resources<sup>1</sup></b>								
<b>Measured</b>	106.1	3.99	3.8	25	1	58	13	6
<b>Indicated</b>	41.0	1.16	2.8	26	6	54	13	6
<b>Inferred</b>	0.2	0.003	1.3	27	7	52	14	6
<b>Total</b>	147.3	5.15	3.5	25	2	57	13	6
<b>Ore Reserves</b>								
<b>Proved</b>	61.5	2.86	4.6	26	1	59	14	6
<b>Probable</b>	29.8	1.04	3.5	26	4	55	13	6
<b>Total</b>	91.3	3.90	4.3	26	2	58	13	6

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.

## JORC Competent Persons Statement

For further detailed information on the Kwale Deposit Mineral Resources and Ore Reserves, refer to Base Resources' 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 Resources 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.





# Ranobe Mineral Resources

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

Notes:

- 1) Mineral Resources estimated at a 3% HM cut-off grade.
- 2) Table subject to rounding differences.

## JORC Competent Persons Statement

For further detailed information on the Ranobe Deposit Mineral Resources, refer to Base Resources' ASX market announcement of 19 December 2017 "Investor Presentation - Acquisition and Entitlement Offer" available at <https://www.baseresources.com.au/investor-centre/asx-releases/>. Base Resources 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.





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