

Broadening Base

Creating a unique mineral
sands company

Half year results for the
period ended
31 December 2018

25 February 2019



**BASE
RESOURCES**



Disclaimer and Important Notices

This document has been prepared by Base Resources Limited (**Base Resources**). Information in this document should be read in conjunction with other announcements made by Base Resources to ASX.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information contained in this document (or any associated presentation, information or matters). To the maximum extent permitted by law, Base Resources and its related bodies corporate and affiliates, and their respective directors, officers, employees, agents and advisers, disclaim any liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct or indirect loss or damage arising from any use or reliance on this document or its contents, including any error or omission from, or otherwise in connection with, it.

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

Nothing in this document constitutes investment, legal or other advice. You must not act on the basis of any matter contained in this document, but must make your own independent investigation and assessment of Base Resources and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances.

This document does not constitute an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any security in any jurisdiction. In particular, this document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any “US Person” (as defined in the US Securities Act of 1933). This document may not be distributed or released in the United States or to, or for the account of, any US Person.

Base Resources - a unique mineral sands company

“Mid cap” pure mineral sands company

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

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



Highlights and Achievements – H1 FY19



13% increase in revenue, 7% increase in EBITDA

Net debt free at 31 December 2018

66% increase in ore mined – production steady

Continued strengthening of rutile and zircon prices

136km² Vanga prospecting license granted

Toliara PFS on track for March 2019 completion

No lost time or medical treatment injuries

US\$2.0m invested in community and environment

Key production metrics

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

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

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

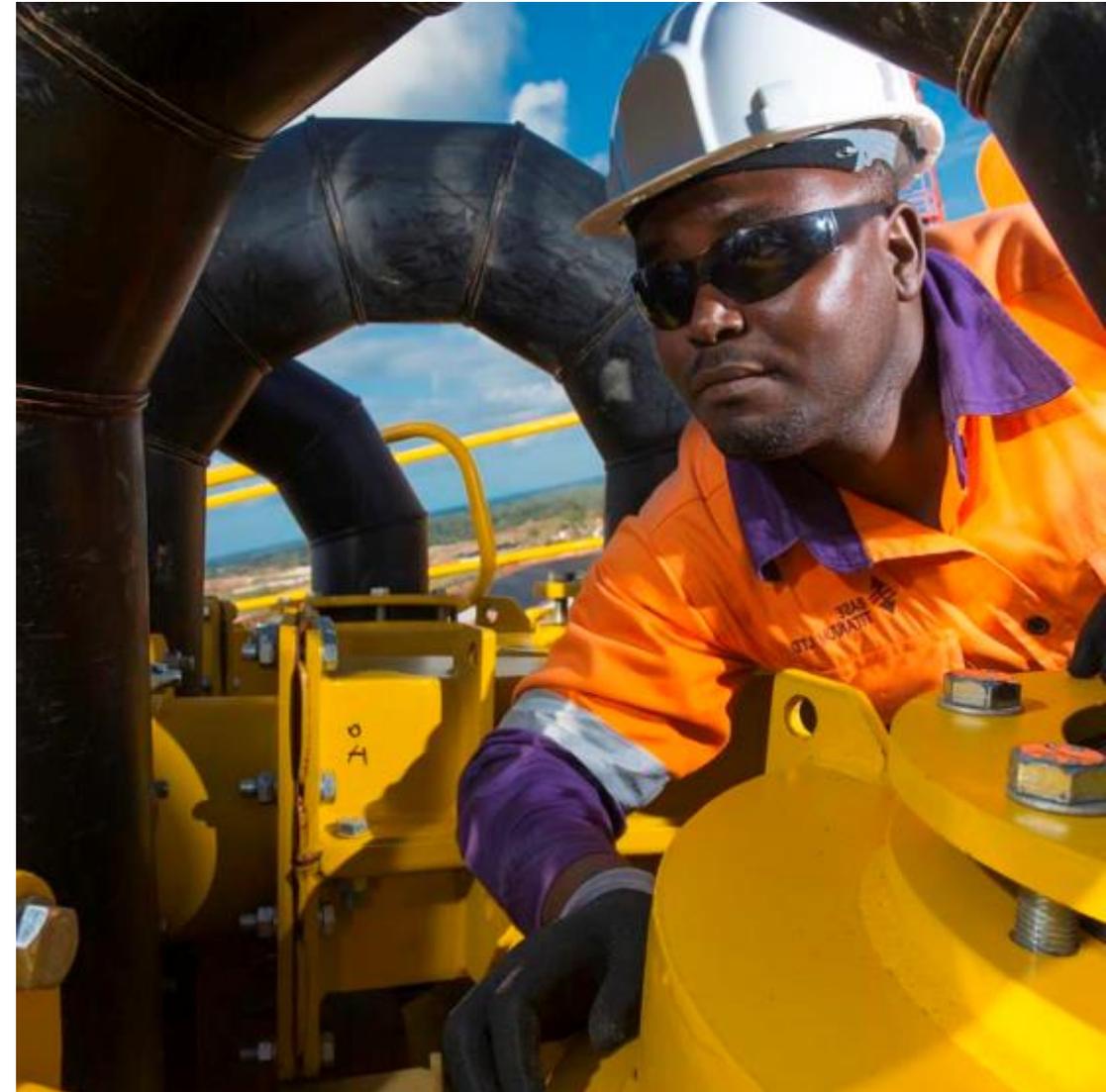
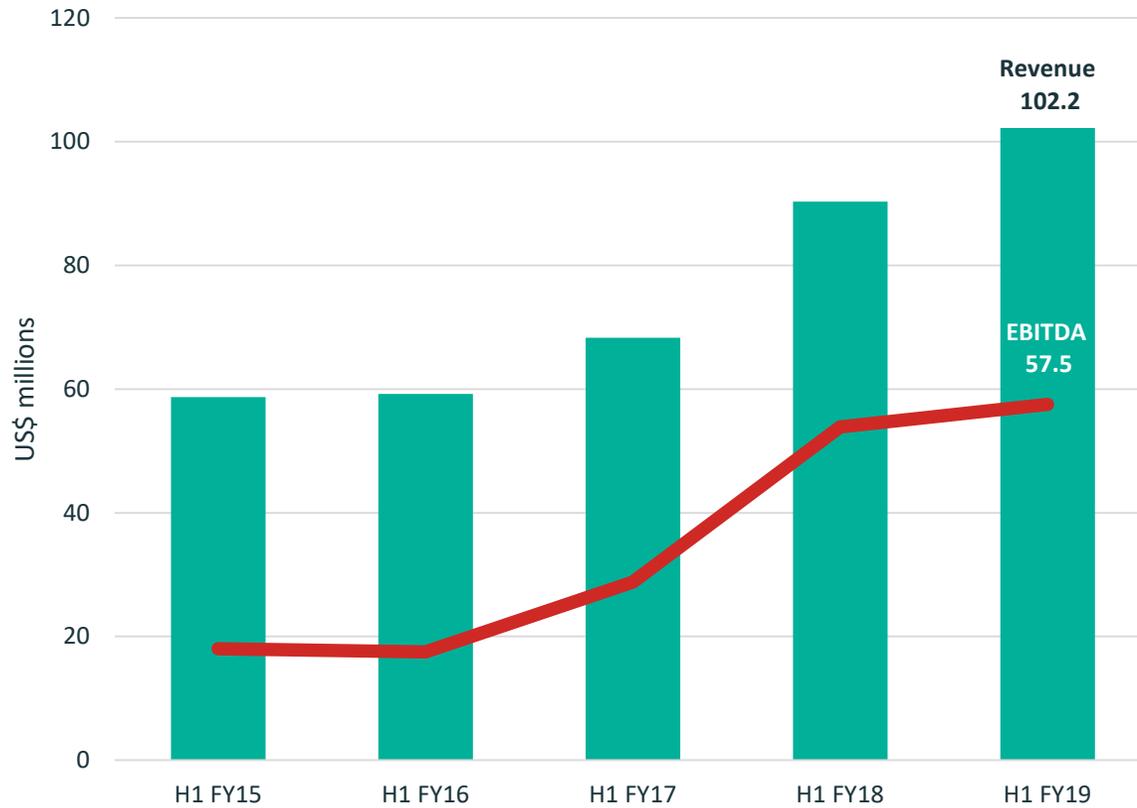
Key financial metrics

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

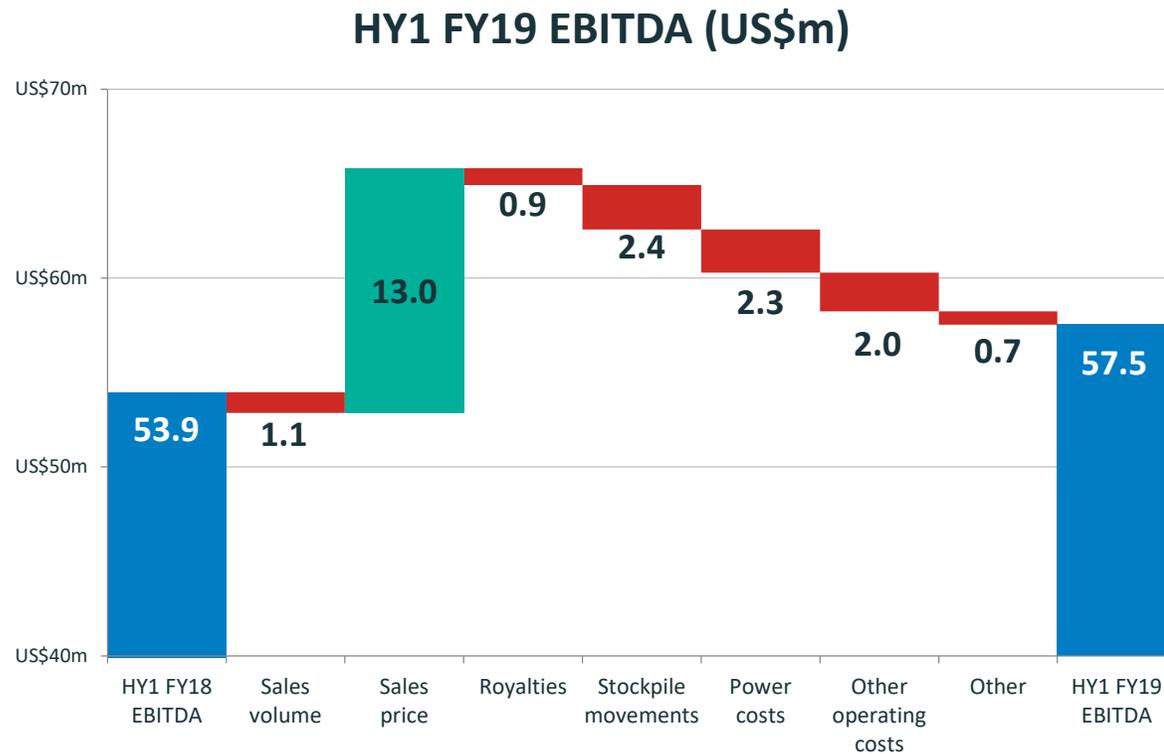
*Excludes depreciation and amortisation

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

Continued earnings growth



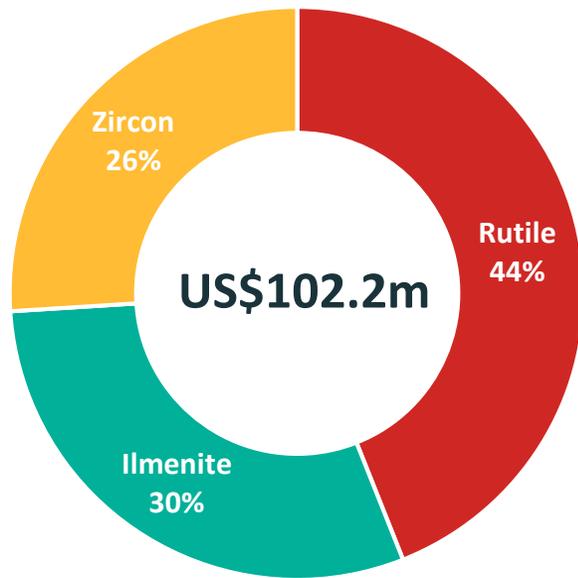
EBITDA improvement



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

H1 FY19 revenue share and pricing

Sales revenue



Historical pricing (FOB)



Source: TZMI and Company data

Net debt and cash flow

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

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

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

Outstanding safety outcomes indicative of performance culture

14.9
Million

Hours worked with
zero Lost-Time
Injuries

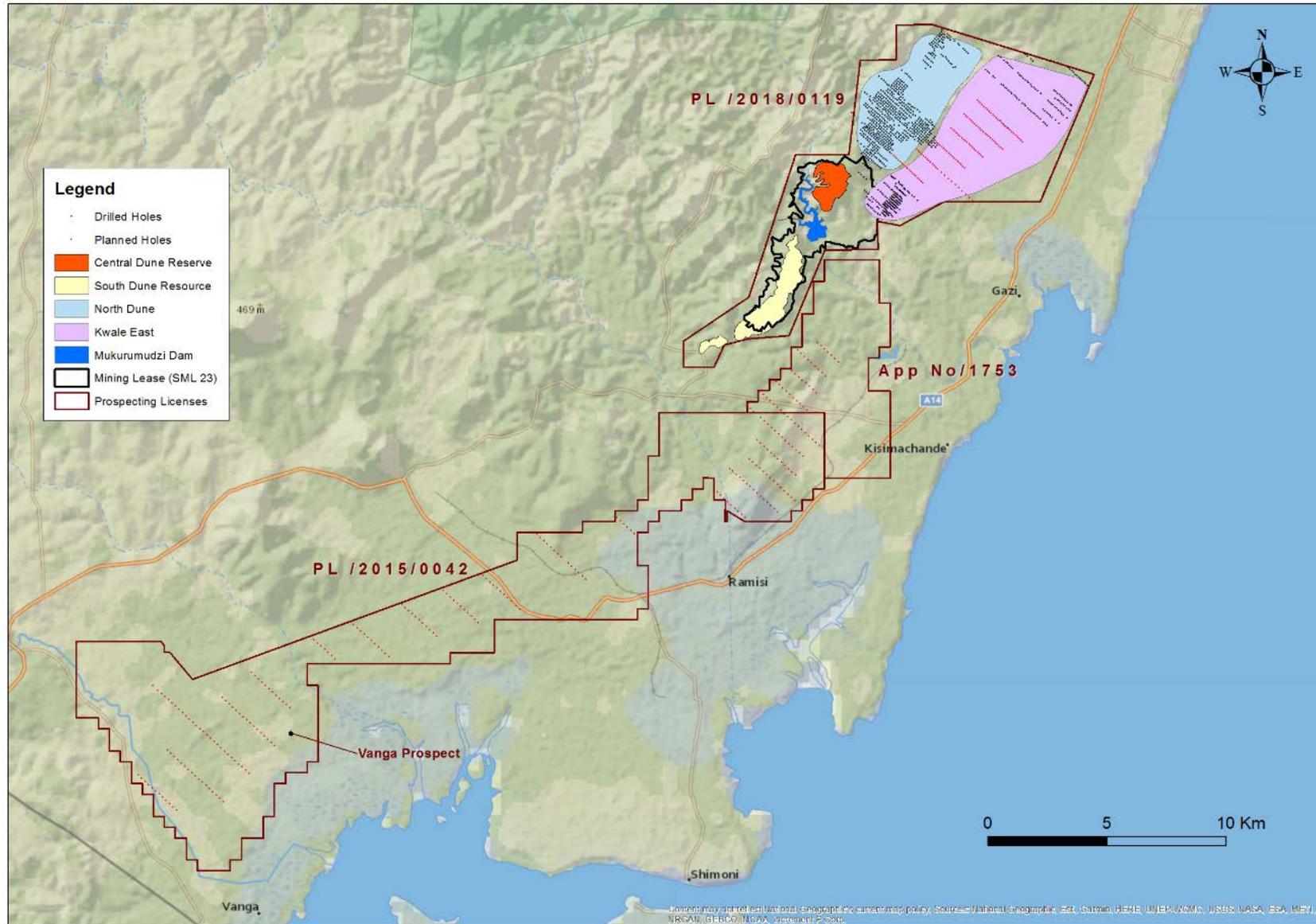
60
Months

Since last Lost-Time
Injury

5.3
Million

Hours worked
without a medical
treatment injury

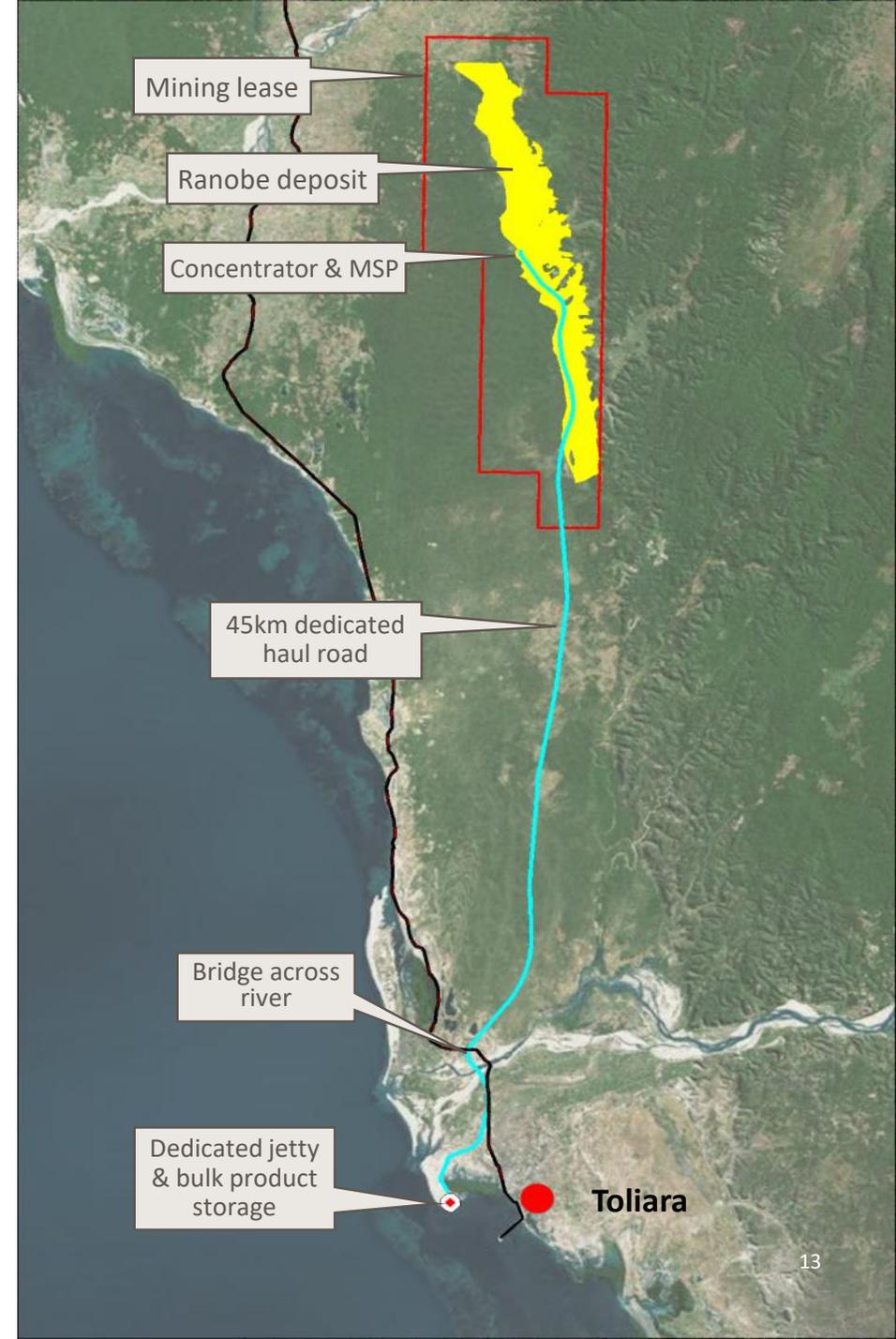
Multiple Kwale mine life extension opportunities



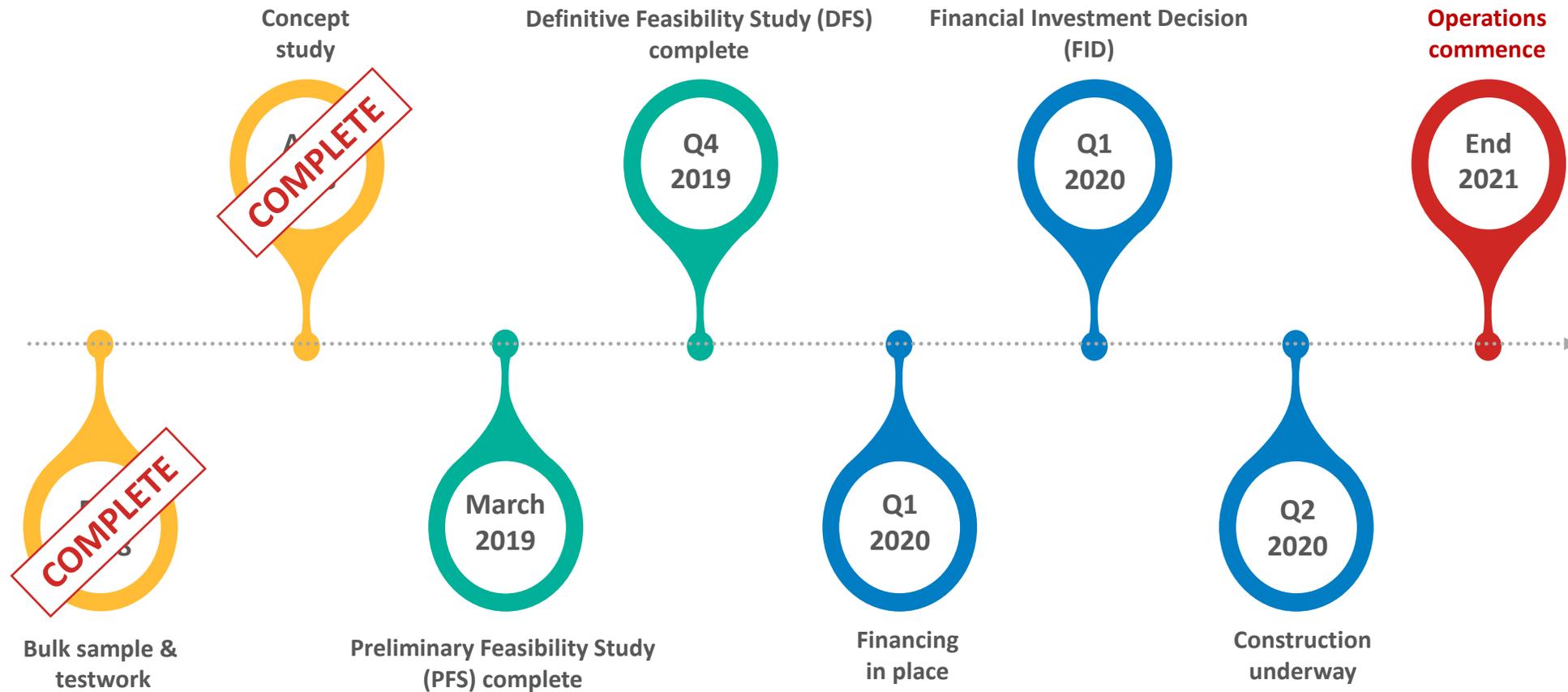
Toliara Project PFS progressing

Activities progressed during H1 FY19

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



A path to production in late 2021



Broadening Base



Team with a track record of delivery

Consistent, high cashflow Kwale Operations, with extension potential

A sound financial platform from which to grow the business

Improving markets are supporting a need for new supply

An advanced, quality Toliara Project

Creating a unique mineral sands company



BASE
RESOURCES



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

Ph. +618 9413 7400

F. +618 9322 8912

E. info@baseresources.com.au

baseresources.com.au

Appendices



Five year financial summary

