

Building a unique mineral sands company

Full year results for the
period ended
30 June 2019

26 August 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.

All currency is presented in United States Dollars (US\$), unless otherwise stated

Building a unique mineral sands company

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

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

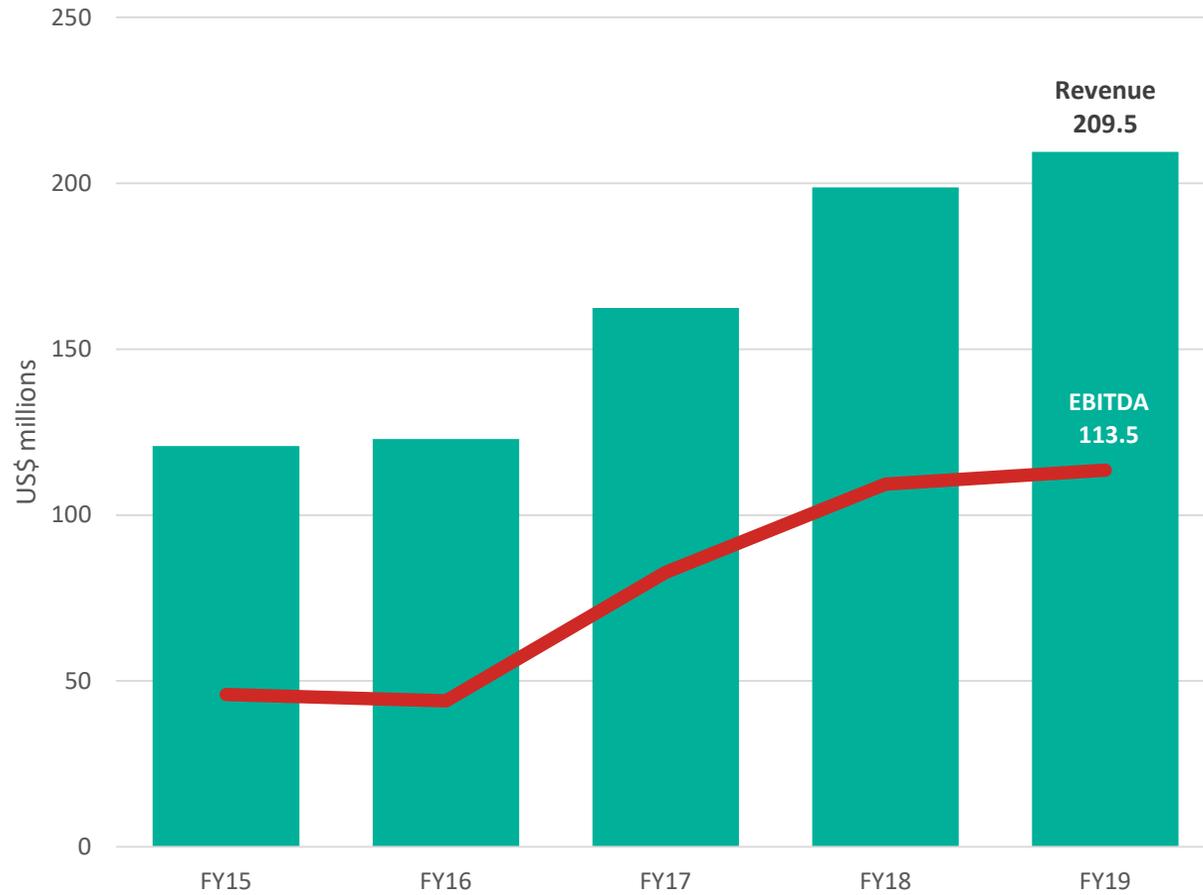


Year's highlights and achievements

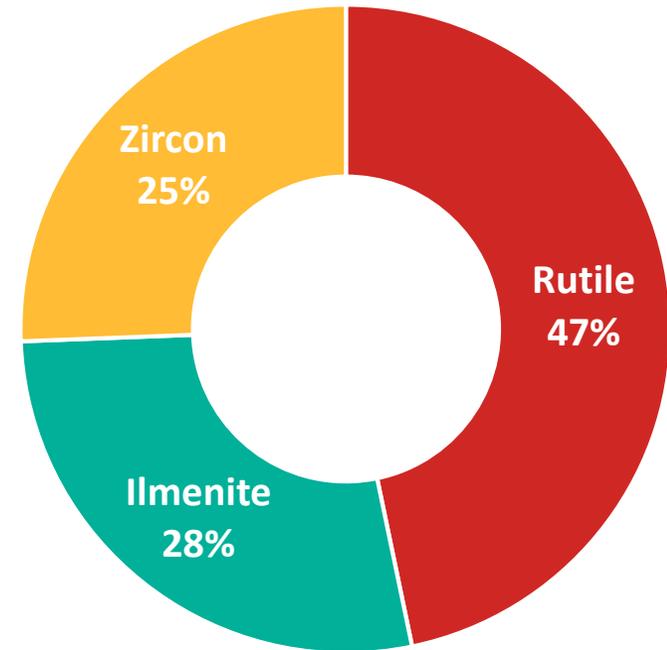


- Sales revenue up 5% to \$209.5m* on higher rutile and zircon prices
- EBITDA increased 4% to \$113.5m
- Net Profit up 15% to \$39.2m
- Production in line with updated guidance
- Net debt free - Kwale Project Debt Facility retired early
- Successful transition of mining to Kwale South Dune orebody
- Toliara Project PFS completed and DFS underway
- No lost time or medical treatment injuries
- \$3.8m invested in community and environmental programs

Continued earnings growth in FY19



FY19 Sales Revenue by Product



Kwale Operations' key production metrics

Mining & Wet Concentrator Plant	FY19	FY18	Variance
Ore mined (tonnes)	17,822,324	11,332,668	57%
Ore grade (% Heavy Mineral)	3.90%	7.12%	(45%)
Heavy mineral concentrate (tonnes)	644,180	748,081	(14%)

Mineral Separation Plant (tonnes)	FY19	FY18	Variance
MSP feed (HMC)	702,082	753,801	(7%)
Ilmenite produced	402,698	464,988	(13%)
Rutile produced	92,393	91,672	1%
Zircon produced	31,941	37,157	(14%)

- Mining rate increase facilitated by implementation of Kwale Phase 2 mine optimisation project
- Mining occurred in the remaining lower grade fringes of the Central Dune
- After fully depleting the Central Dune, mining transitioned to the South Dune orebody in June 2019
- MSP operated on stockpiled HMC throughout the 2-week transition period to ensure uninterrupted production
- Surplus HMC stockpiles were consumed by completion of the mining transition to the South Dune
- Product volume variances were a function of reduced MSP feed and HMC mineral assemblage

Key financial metrics

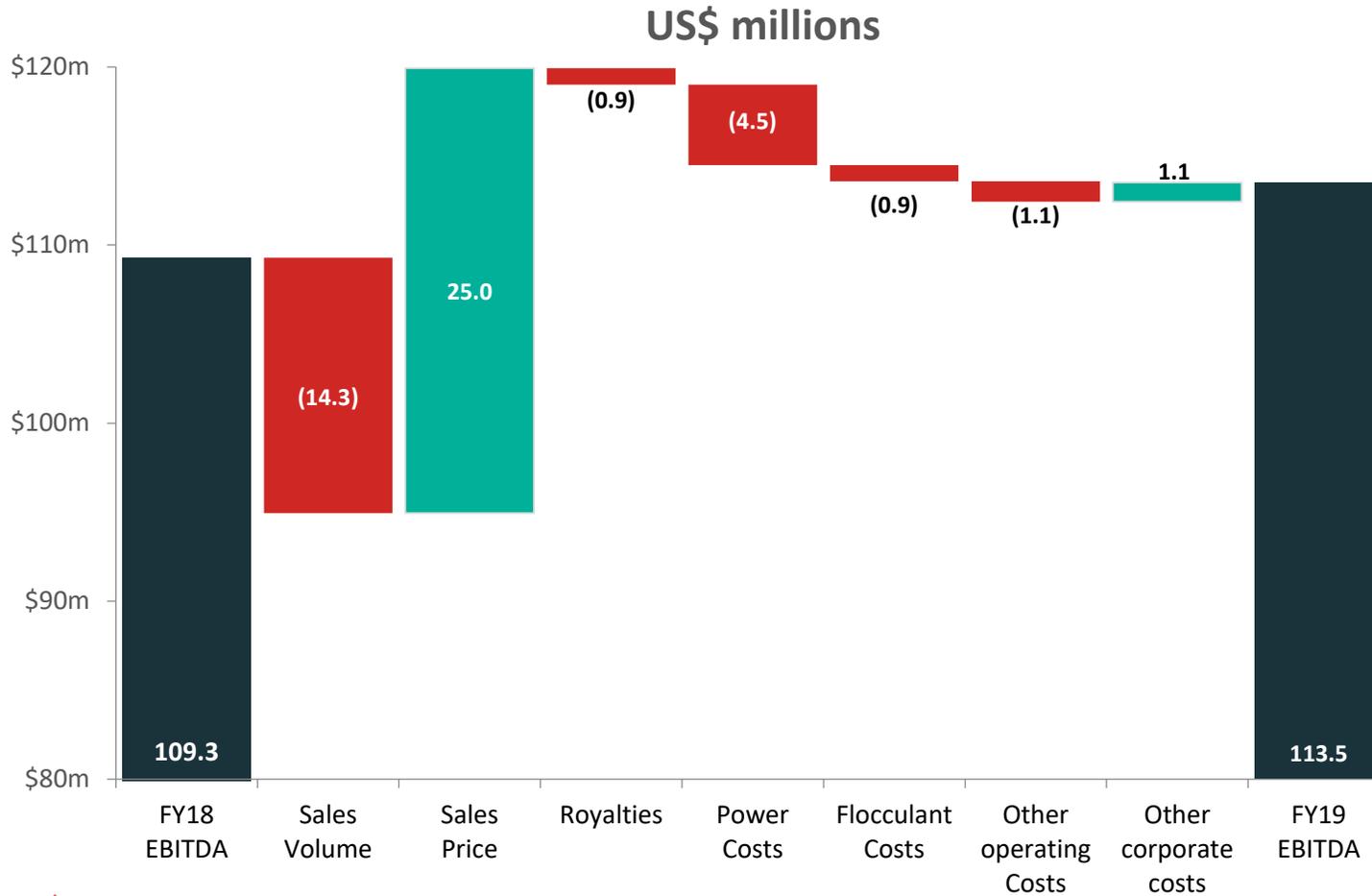
Profit & Loss (\$US million)	FY19	FY18	Variance
Revenue	209.5	198.8	5%
Costs of goods sold*	(79.9)	(72.4)	(10%)
EBITDA	113.5	109.3	4%
EBIT	61.4	61.8	(1%)
NPAT	39.2	34.0	15%

Revenue : Cost Ratio	FY19	FY18	Variance
Revenue per tonne sold	\$401/t	\$330/t	22%
Cost of goods sold per tonne*	\$153/t	\$120/t	(28%)
Revenue : cost of sales ratio	2.6	2.8	(7%)

*Excludes depreciation and amortisation

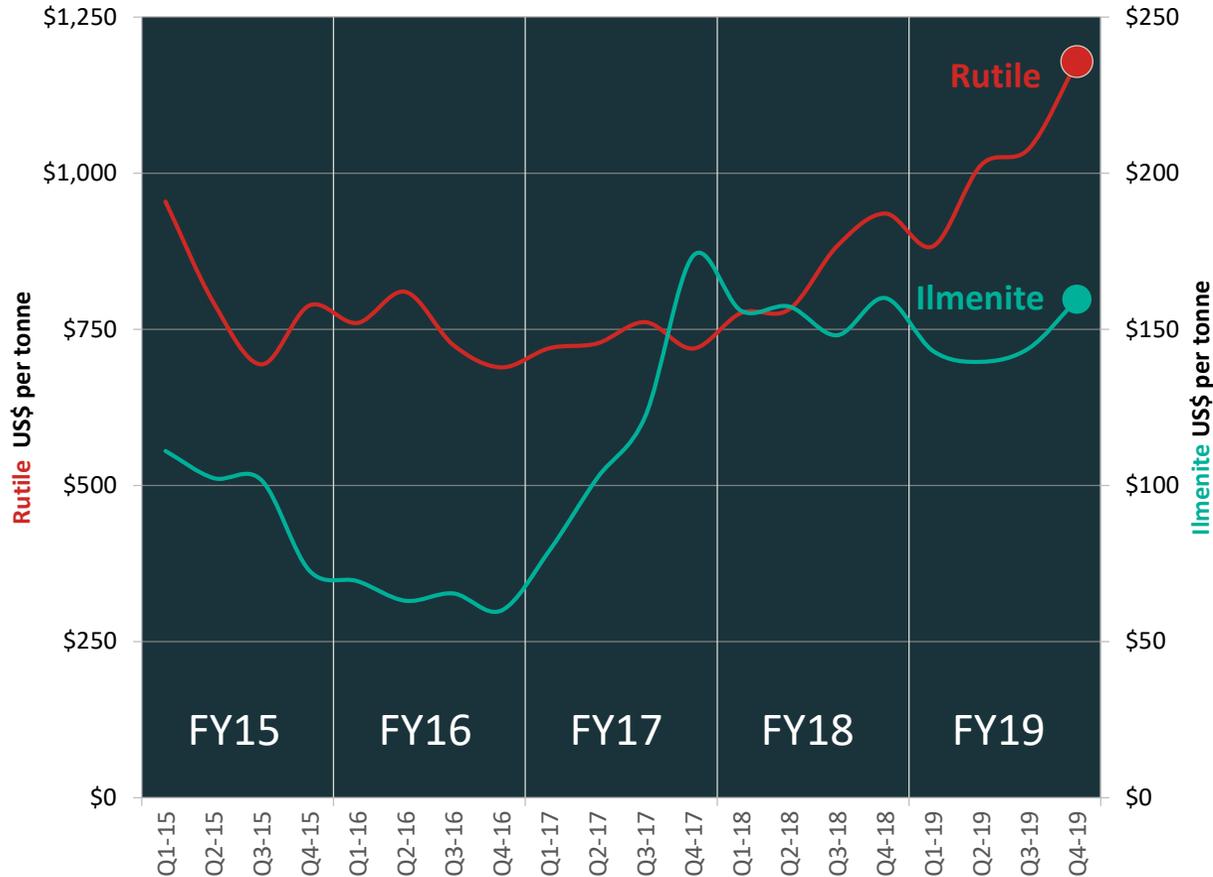
- Record sales revenue as a result of strengthening rutile and zircon prices
- Operating costs/cost of goods sold higher due to a 57% increase in volumes mined
- Depreciation charges up \$4.6m to \$52.1m following Kwale Phase 2 capital expenditure in late FY18
- Financing costs lower after early retirement of Kwale Project Debt Facility in October 2018
- Higher revenue and reduced funding costs support record NPAT of \$39.2m
- 18% increase in operating margin to \$248 per tonne
- Revenue to cost of sales ratio of 2.6:1 maintains Kwale Operations' position in the upper quartile of mineral sands producers

EBITDA year on year change



- Increase in rutile and zircon sales prices offsets lower sales volume
- Sales volume down on lower production, most notably ilmenite
- Royalties higher in line with increased sales revenue
- Power and flocculant costs higher due to the increased volume mined and higher unit costs

Strengthening rutile and ilmenite prices



Source: Company data



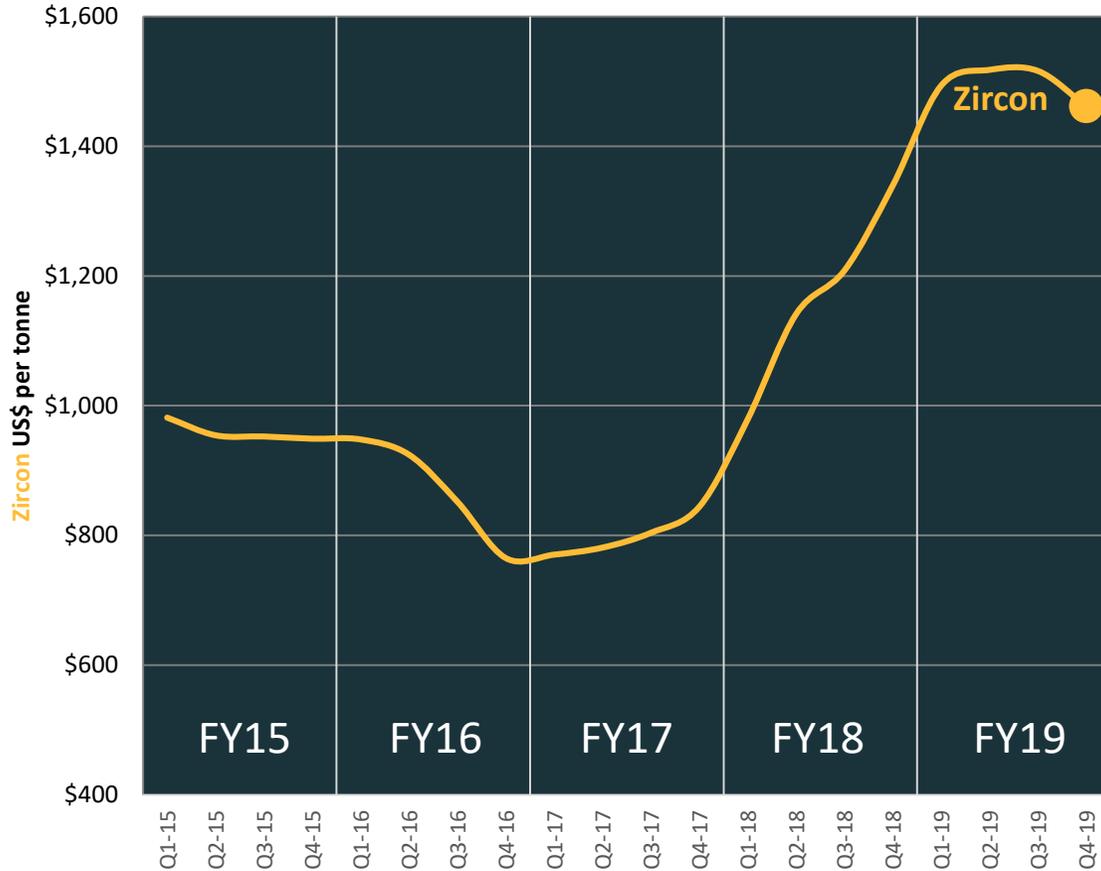
Outcomes

- Average realised rutile price per tonne 22% higher than FY18
- Average realised ilmenite price per tonne 5% lower than FY18 but improved as the year progressed
- Rutile sales revenue 29% higher than FY18
- Ilmenite sale revenue 24% lower than FY18

Market dynamics

- China pigment producers operating at optimal capacity with limited environmental shutdowns and high demand for ilmenite
- Demand from Base Resources' customers exceeds capacity to supply
- Ongoing supply constraints and demand continue to support rutile and ilmenite pricing gains

Stabilising zircon prices



Source: Company data

Outcomes

- Average realised zircon price per tonne 28% higher than FY18
- Zircon sales revenue 15% higher than FY18

Market dynamics

- Following two years of pricing gains, demand stabilised in FY19 due to global trade tensions and economic uncertainty
- Zircon supply is tightly managed by major producers, providing a solid foundation for ongoing market stability
- Longer term supply remains constrained
- Demand for Base Resources' zircon from current customers exceeds ability to supply

Net debt and cashflow

Net Debt (US\$ millions)	30 June 2019	30 June 2018
Cash on hand	39.2	29.7
Cash held for debt servicing	-	29.6
Debt	(20.0)	(92.5)
Net cash (debt)	19.2	(33.2)

Cashflow (US\$ millions)	FY19	FY18
Operating cashflows	96.6	117.1
Investing cashflows	(35.4)	(110.3)
Financing cashflows	(50.9)	(4.9)

- Net cash positive
- Debt reduced by \$72.5m in FY19
- Kwale Project Debt Facility retired early
- Revolving Credit Facility increased to \$75m on more favourable terms, increasing funding flexibility
- Operating cashflows lower due to a \$24.2m increase in receivables following record sales in June 2019 of \$32.1m
- Investing cash outflows primarily for progression of the Toliara Project and Kwale Operations mining transition to South Dune

Investing in the future of Kwale Operations

Mining transition to South Dune - \$11.7m capex

- Installation of 8.5km of slurry and water piping, 7.5km power line, pipe bridge across the Mukurumudzi Dam spillway and slurry and process water booster pumps

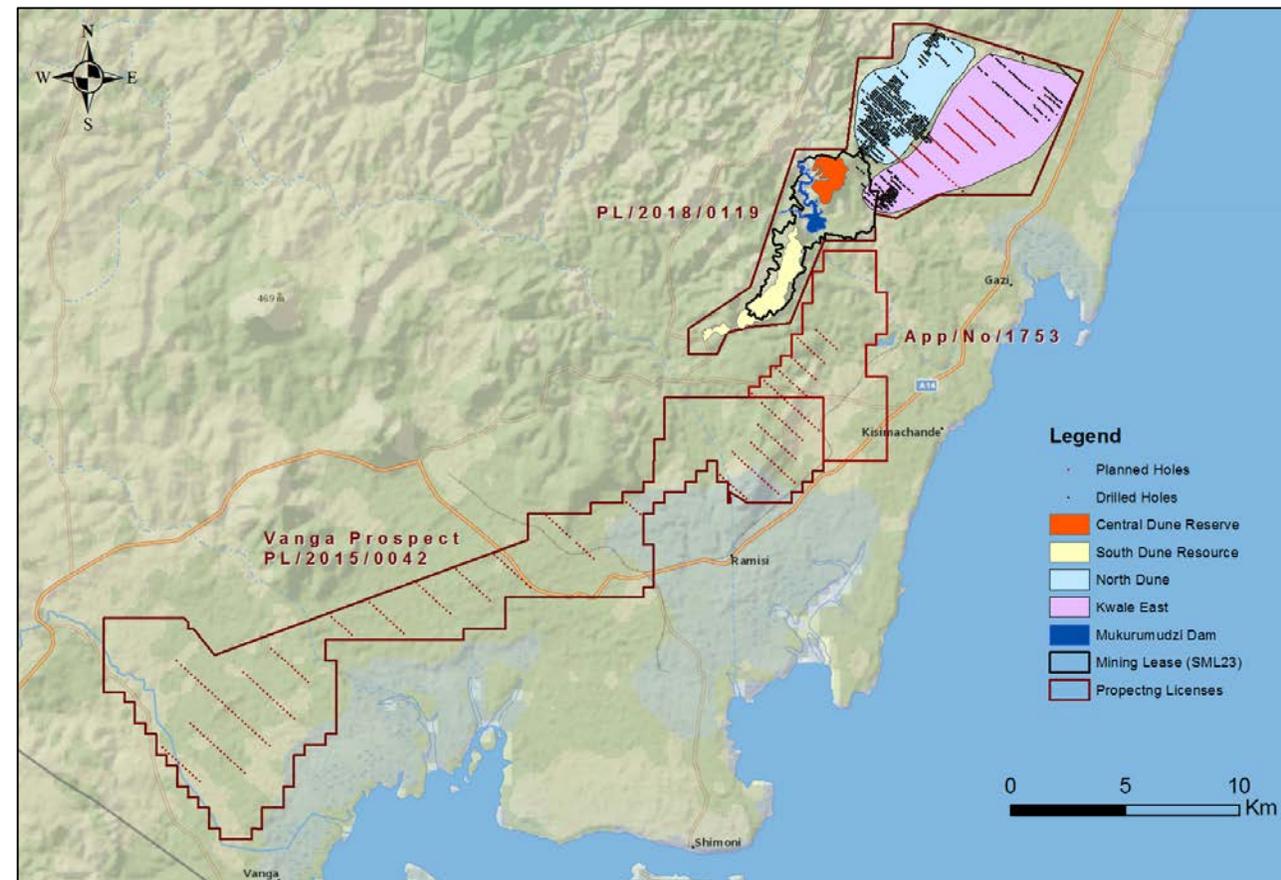
Exploration – \$1.5m

- North Dune Mineral Resource estimate of 171Mt at 1.5% HM, study phase commenced to assess economic viability^[1]
- Vanga Prospect granted and 8,195m drilled

Extending dam spillway lining - \$3.1m capex

- Concrete lining of the Mukurumudzi Dam spillway extended by 200m for long term erosion control

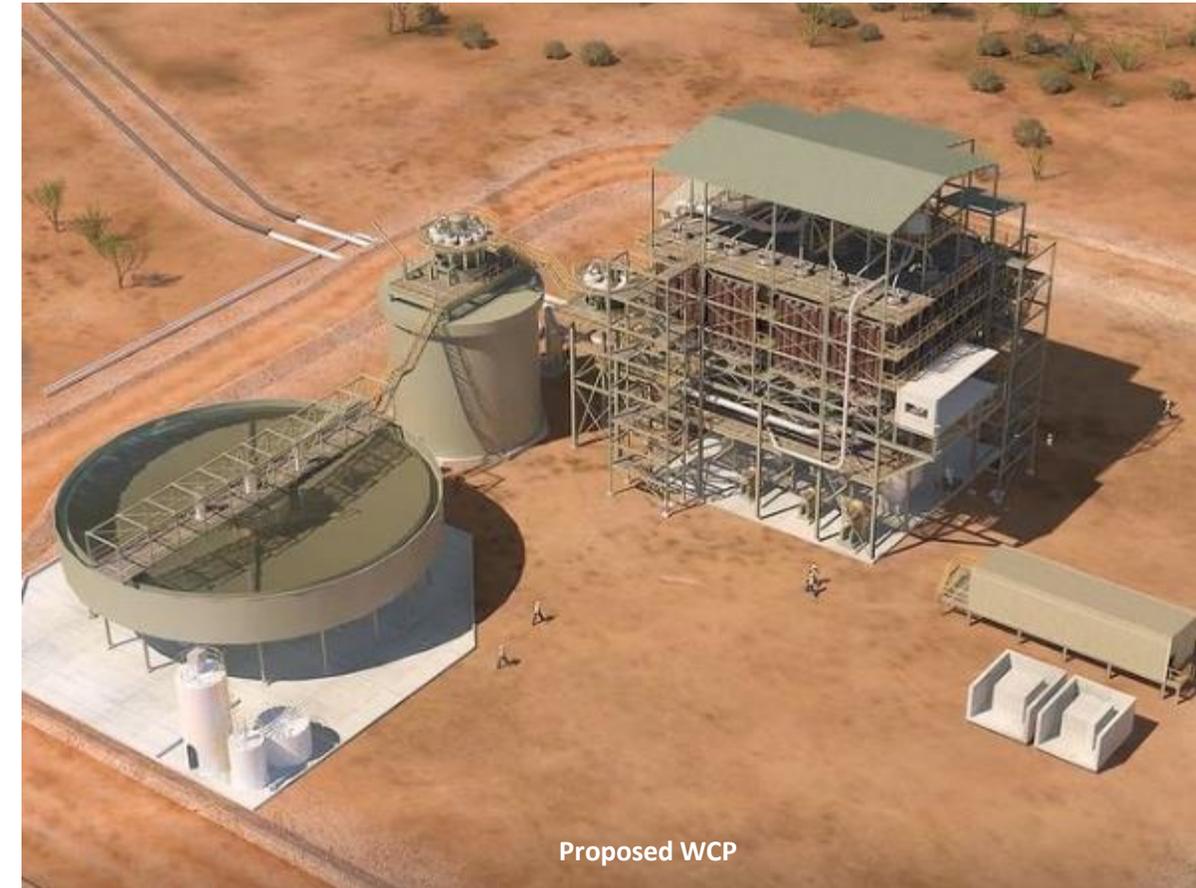
Other sustaining capex – \$2.5m



Investing in the Toliara Project

Total capital investment of \$17.3m to:

- Increase the Ranobe Mineral Resources to 1.3 billion tonnes at 5.1% HM, representing a 25% lift in contained HM tonnes
- Complete the Pre-Feasibility Study, showing^[1]:
 - NPV₁₀ post tax, real \$671m and IRR of 22.4%
 - Average annual production of 806kt ilmenite, 54kt zircon and 8kt rutile
 - Revenue to cost of sales ratio of 3.06
 - Stage 1 capex \$439m (13Mtpa), Stage 2 capex \$67m (19Mtpa)
 - LOM average annual EBITDA of \$165m
- Commence the Definitive Feasibility Study
- Establish early capability and capacity building programs
- Advance land acquisition
- Initiate the debt funding process



Further investing in our communities



\$3.8m invested in community and environment programs



2,500 smallholders enrolled in the Kwale Cotton Project



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



120 interns, apprentices, graduates and trainees



9,046 trees planted



240 volunteer health workers supported

Outstanding safety outcomes indicative of performance culture

17.0
Million

Hours worked with
zero Lost-Time
Injuries

64
Months

Since last Lost-Time
Injury

7.3
Million

Hours worked
without a medical
treatment injury

FY20 outlook

Priorities

- Progress the Toliara Project towards a final investment decision, including completion of the Definitive Feasibility Study
- Optimise performance of Kwale Operations on the South Dune orebody
- Complete mining tenure arrangements and update Kwale South Dune Ore Reserve for initial mine life extension
- Pursue additional Kwale mine life extension potential

Kwale Operations production guidance^[1]

- Rutile – 64,000 to 70,000 tonnes
- Ilmenite – 315,000 to 350,000 tonnes
- Zircon – 25,000 to 28,000 tonnes



Building a unique mineral sands company



- 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
- A world class, advanced Toliara Project
- Reputation for excellence in safety, community and environment



**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



Mineral sands demand tightly tied to global GDP

Ilmenite and rutile

- Primarily used as feedstock for the production of titanium dioxide pigment
- The pigment is non-toxic, highly refractive and very white
- Titanium metal used in aerospace, defence, industrial and medical industries



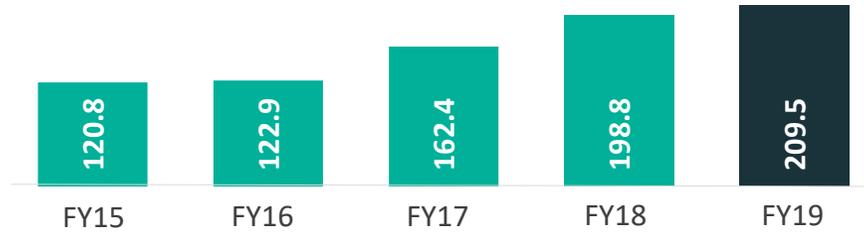
Zircon

- Zircon is resistant to heat, wear and abrasion
- Primarily used in ceramics for tiles due to its whiteness, opacity and brightness



5 year financial summary

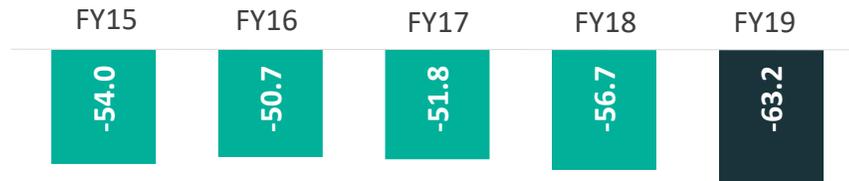
Revenue (US\$m)



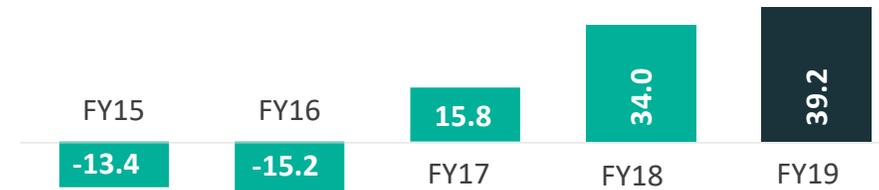
Operating cash flow (US\$m)



Operating costs (US\$m)



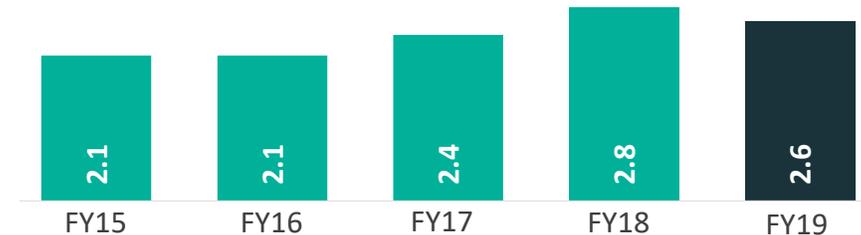
NPAT (US\$m)



EBITDA (US\$m)



Revenue to cost of goods sold ratio



Kwale Ore Reserves and Mineral Resources at 30 June 2019

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

Notes:

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

For further detailed information on the Kwale Deposit Mineral Resources and Ore Reserves, for the Kwale South Dune Deposit refer to Base Resources' market announcement on 9 October 2017 "2017 Kwale Mineral Resources and Ore Reserves Statement" and for Kwale North Dune Deposit refer to Base Resources' market announcement on 1 May 2019 "Mineral Resource for Kwale North Dune Deposit", each of which are 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 the 1 May 2019 and the 9 October 2017 market announcements and all material assumptions and technical parameters underpinning the estimates in the 1 May 2019 and the 9 October 2017 market announcements continue to apply and have not materially changed. For further detailed information on the depleted Kwale Deposit Mineral Resources and Ore Reserves as at 30 June 2019, refer to Base Resources' market announcements on 21 August 2019 "2019 Mineral Resources and Ore Reserves Statement" available at <https://www.baseresources.com.au/investor-centre/asx-releases/>.

Ranobe Mineral Resources as at 30 June 2019

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage		
						ILM	RUT*	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Measured	419	28	6.6	4	0	75	2	6
Indicated	375	18	4.9	8	1	72	2	6
Inferred	499	20	3.9	7	1	70	2	5
Total	1,293	66	5.1	6	0	72	2	6

Notes:

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

- 1) Mineral Resources estimated at a 1.5% HM cut-off grade.
- 2) Table subject to rounding differences.

For further detailed information on the Ranobe Deposit Mineral Resources, refer to Base Resources' ASX market announcements on 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" 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 the 23 January 2019 market announcement and all material assumptions and technical parameters underpinning the estimates in the 23 January 2019 market announcement continue to apply and have not materially changed.