



RESOURCEBASE
LIMITED

ABN 57 113 385 425
Suite 5, 62 Ord Street
West Perth WA 6005

Phone: (08) 9322 1587

Fax: (08) 9322 5230

Email: admin@resourcebase.com.au

Web Site: www.resourcebase.com.au

ASX Announcement

18 August 2020

Broula King Divestment & Company Update

Resource Base Limited (ASX: RBX) (**Resource Base, RBX** or the **Company**) is pleased to announce that it has entered into a Binding Exclusive Option Agreement (**EOA**) with Australian private company Sunshine Reclamation Pty Ltd (**SRP**) granting SRP an exclusive option to purchase 100% of the issued shares in the Company's wholly owned subsidiary Broula King Joint Venture Pty Ltd (**BKJV**) (**Transaction**). BKJV is the owner of the Broula King gold project under Mining Lease 1617 and Exploration Licence 8509 surrounding the Mining Lease, which is located in the Shire of Weddin in central NSW.

SRP is an exploration, mine reclamation and rehabilitation group specialising in complex environmental and metallurgical problems. SRP seeks to address the mining industry's historical legacies, particularly in relation to acid mine drainage and contamination issues. BKJV provides an ideal centralised processing plant to safely and sustainably treat materials from other reclamation projects. Given that BKJV has exhausted its gold resource and is transitioning into the closure stage of its life, divesting the project makes sense for RBX and allows the Company to hand over the project to a group that specialises in mine closure and rehabilitation.

The divestment allows RBX to lock in its liabilities for the site and reduce its overall risk going forward, while at the same time realising a significant price for the project.

The key terms of the EOA are as follows:

1. Subject to the satisfaction or waiver of certain conditions precedent (see below) SRP is granted an exclusive option to purchase 100% of the shares in BKJV from the Company (**Option**);
2. The Company grants to SRP a 2-month exclusivity period in which to undertake all required due diligence and exercise the Option (**Exclusivity Period**), unless extended by the parties;
3. An AUD\$50,000 non-refundable option fee (**Option Fee**) is payable by SRP to the Company within 5 business days of executing the EOA, deductible from the final consideration price if SRP exercises the Option;

4. In the event SRP exercises the Option, aggregate consideration of AUD\$800,000 is payable according to the following schedule:
 - the Option Fee of A\$50,000, paid within 5 business days of the execution date;
 - A\$150,000, paid within 5 business days of settlement of the proposed Transaction (**Settlement**);
 - A\$200,000, paid as deferred consideration by 30 March 2021; and
 - A\$400,000, paid as deferred consideration by 30 April 2021.
5. The two deferred consideration payments mentioned above are to be appropriately secured against a first ranking mining mortgage (or similar charge agreed by the parties) over BKJV from Settlement.
6. Exercise of the Option is conditional on completion of financial, legal and technical due diligence by SRP on BKJV.
7. On exercise of the Option, Settlement is then subject to the satisfaction (or waiver) of the following conditions precedent during the Exclusivity Period:
 - *Ministerial consent*: if required, the parties obtaining Ministerial consent for the proposed change in effective control of the Tenements;
 - *Approvals*: the parties obtaining all necessary legal, regulatory, board, shareholder and/or third-party approvals, consents or waivers required in connection with the Transaction (including, but not limited to, Resource Base receiving shareholder approval pursuant to ASX Listing Rule 11.2); and
 - *Removal of BKJV liabilities*: all debt obligations and liabilities being removed from BKJV; and
 - *Novation*: the contract for sale for the property known as "The Mines" between Resource Base and Mr John Sutton being novated to BKJV and, if required, Mr Sutton's consent being obtained for the novation).

The above conditions precedent to Settlement are to be satisfied (or waived) within 2 months of the exercise of the Option (unless extended by the parties).

SRP is not a related party of the Company.

It is intended that the consideration to be paid by SRP to RBX under the Transaction may be used for the following:

- Costs associated with the completion of the EOA process including ongoing BKJV site regulatory compliance;
- Costs associated with the completion of due diligence associated with the acquisition of a new resource asset;
- Costs associated with the re compliance and recapitalisation of the Company through seeking to have its securities reinstated to trading on the ASX in accordance with ASX policy set out in ASX Guidance Note 33;
- Costs associated with the ongoing corporate management and administration of the Company; and
- Costs associated with payment of creditors and the retirement of debt.

Company Update

Following recent Board and management changes, a strategic review of the Company's operations was immediately commenced. This review led to the decision that it is in the Company's best interests to:

- Divest BKJV, which is currently on care and maintenance;
- Unwind the potential magnetite lease purchase and magnetite processing strategy due to a lack of positive market outlook and recover the AUD\$65,000 deposit paid to the Administrator (the deposit was returned to the Company in full in early July);
- Commence an immediate search for new resource opportunities, of which early stage due diligence is currently being undertaken on several potential resource assets; and
- Seek to recapitalise the Company and have its securities reinstated to trading on the ASX in accordance with ASX policy set out in ASX Guidance Note 33, with a suitable resource asset being identified and acquired by the Company.

Following the decision to divest BKJV, with all associated infrastructure, a formal sale process was initiated, and a virtual data room established by the Company. To ensure costs were minimised and the sale price maximised, the Board resolved to directly manage the sale process, as opposed to outsourcing the process to a third party for additional cost.

A number of parties engaged in varying levels of due diligence and negotiations with the Company on potential purchasing options.

The Company believes that SRP is well positioned to fully leverage the strategic value of the site and provide the best value proposition to the Company. The parties are working closely and in good faith to reach a positive conclusion to the EOA.

The Company will provide further updates as the EOA process progresses and on progress regarding the Company's search for new resource asset opportunities.

The ASX suspended the Company from official quotation on 19 November 2018 and there has been no trading in the Company's shares on the ASX since that time. RBX notes that, in accordance with ASX policy set out in ASX Guidance Note 33, if the Company has not recomplied with Chapters 1 and 2 of the ASX Listing Rules by 19 November 2020, ASX will remove the Company from the official list of ASX at commencement of trading on the following trading day.

Authorised by the Board of Directors

For further information please contact:

Shannon Green

Executive Chairman

Resource Base Limited

Phone: +61 8 6462 1421

www.resourcebase.com.au

Forward Looking Statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.