

23 December 2014

Mr Ben Tippett
Adviser, Listings (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Mr Tippett

Base Resources Limited - Takeover bid for World Titanium Resources Limited

We act for Base Resources Limited (ABN 88 125 546 910) (**Base**).

In accordance with section 633(1) item 5 of the Corporations Act, please find attached an announcement and a copy of the bidder's statement in relation to Base's off-market takeover bid for all of the ordinary shares in the capital of World Titanium Resources Limited (ABN 21 120 723 426) (**Bidder's Statement**).

The Bidder's Statement was lodged with the Australian Securities & Investments Commission and was given to World Titanium Resources Limited earlier today.

Pursuant to section 633(4) of the Corporations Act, Base gives notice that 31 December 2014 is the date which has been set, in accordance with section 633(2) and 633(3) of the Corporations Act, for the purpose of determining the persons to whom the Bidder's Statement is to be sent.

Yours faithfully



Shaun McRobert
Partner
T +61 8 9269 7150
shaun.mcrobot@au.kwm.com

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Takeover Offer for World Titanium Resources Limited

Key Details

- Offer of 1 Base Share for every 5 World Titanium Shares;
- Offer represents a significant premium to the traded prices of World Titanium Shares during the period leading up to this announcement;
- Subject to limited conditions including a 40% minimum acceptance condition;
- Offer already supported (in the absence of a superior proposal) by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited, through a pre-bid acceptance agreement; and
- On the basis the Offer is successful, Base will secure the Toliara Sands Project to complement its successful Kwale Project and position itself for future growth within the mineral sands industry.

Base Resources Limited (ASX & AIM: BSE) ("**Base**"), the mid-tier East African mineral sands producer, is pleased to announce an off-market takeover offer ("**Offer**") for World Titanium Resources Limited (ASX:WTR) ("**World Titanium**").

The Offer is 1 Base ordinary share ("**Base Share**") for every 5 World Titanium ordinary shares ("**World Titanium Shares**").

Based on the ASX closing price of Base Shares on 22 December 2014 of 20.0 cents, the Offer values each World Titanium share at 4.0 cents. This represents a 60% premium to the closing price of World Titanium shares on the ASX on the same date of 2.5 cents.

On the basis of the 1, 3 and 6 month volume weighted average prices of the shares traded in both companies on the ASX, the Offer represents premiums of 118%, 98% and 56% respectively.

The Offer is subject to limited conditions, including (but not limited to):

- 40% minimum acceptance;
- World Titanium conducting its business in the ordinary course; and
- no "prescribed occurrences" happening.

Full details of these conditions are set out in Base's Bidder's Statement which has been sent to World Titanium and lodged with ASIC today. A copy of the Bidder's Statement accompanies this announcement.

The Offer is supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited. JP Morgan Asset Management (UK) Limited holds 7.7% of World Titanium and has entered into a pre-bid acceptance agreement with Base confirming that, in the absence of a superior proposal, it will accept the Offer within 5 business days of Base declaring it unconditional.

Base believes that the support of JP Morgan Asset Management (UK) Limited should be seen as an endorsement of the merits in accepting the Offer for all World Titanium shareholders.

Base notes that all four of the directors of World Titanium are representatives of World Titanium's existing largest shareholders, Boule Titanium Limited (20.4% interest in World Titanium Shares) and Mineral Deposits Limited (19.1% interest in World Titanium Shares). In these circumstances, it has not been practical for Base to engage with the World Titanium board regarding the Offer in advance of this announcement.

Indicative Timetable

Base expects to send its Bidder's Statement, which will provide more information about the Offer, to World Titanium Shareholders on or around 6 January 2015. It is expected that the Offer will become open to acceptances on 6 January 2015 and that it will close on 7 February 2015 (unless extended).

Benefits of the Offer to World Titanium Shareholders

The directors of Base believe there are very compelling reasons for World Titanium shareholders to accept the Offer. In summary:

- The Offer represents a significant premium to the market price for World Titanium Shares in the period prior to the announcement of the Offer;
- World Titanium shareholders will become shareholders in a mid-tier East African focused mineral sands company which combines the successful Kwale Project in Kenya with the Toliara Sands Project in Madagascar;
- World Titanium shareholders will gain exposure to the Base board and management team who have demonstrated their ability to deliver the successful Kwale Project;
- World Titanium shareholders will become shareholders in a company which is capable of driving the development of the Toliara Sands Project, including arranging the required financing;
- The Offer is already supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited; and
- World Titanium shareholders will have access to a more liquid market for their holding.

About World Titanium

World Titanium is an Australian incorporated ASX listed mineral sands company and as at 22 December 2014 had a market capitalisation of \$9.0 million.

World Titanium's core focus is the exploration and evaluation of its 100% owned Toliara Sands Project in Madagascar.

Based on publicly available information, the substantial shareholders of World Titanium are:

Shareholder	Shares	Interest
Boulle Titanium Limited	73,725,060	20.4%
Mineral Deposits Limited	69,138,124	19.1%
JP Morgan Asset Management (UK) Limited	28,032,234	7.7%
Blakeney LLP	25,586,488	7.1%

Base's Intentions

Base is seeking to acquire World Titanium to secure ownership of the Toliara Sands Project.

Through obtaining outright ownership or effective control of World Titanium, Base will extend its mineral sands project interests and diversify its project and geographical risk profiles.

On securing control, Base would intend to initially explore the development options for the Toliara Sands Project and progress development on a timeline that is responsive to market conditions.

Impact of the Offer on Base

The successful acquisition, or the securing of effective control, of World Titanium will result in Base becoming a larger East African-focused mineral sands player with:

- a producing operation in Kenya with one of the highest revenue to cash cost ratios in the sector (Kwale Project);
- a well-recognised development project in Madagascar (Toliara Sands Project);

- an experienced board and management team with recent success in the financing and progression through to production of a significant mineral sands project in Africa;
- a strong institutional shareholder base including a number of specialist global resource sector investment funds; and
- Increased scale, market relevance and trading liquidity, with listings on both the ASX and the AIM market in London, positioning the Base Group to access ongoing institutional shareholder support to drive future growth.

On successful completion of the Offer, World Titanium Shareholders will together hold approximately 11.4% of Base and will therefore retain exposure to World Titanium's Toliara Sands Project, while also enjoying the benefits of being a shareholder in an emerging mineral sands producer with a solid track record of achievement.

Commenting on today's announcement, Managing Director, Tim Carstens said; 'The Toliara Sands Project in Madagascar is a well-recognised large scale, high grade development opportunity. The success of the Kwale Mineral Sands operation provides a model and platform to bring an additional asset into our portfolio that presents us with a clear growth path in line with our strategy for building a sustainable and globally significant resources company.'

Advisers

Base's corporate adviser on the Offer is RFC Ambrian Limited and its legal adviser is King & Wood Mallesons.

For further information contact:

Base

Tim Carstens
Managing Director
+61 8 9413 7400

RFC Ambrian Limited

Stephen Allen
Executive Director
+61 8 9480 2500

ENDS

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwye	Executive Director

Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Michael Stirzaker	Non-Executive Director
Malcolm Macpherson	Non-Executive Director

COMPANY SECRETARY

Winton Willesee

NOMINATED ADVISOR & BROKER

RFC Ambrian Limited

As Nominated Advisor:

Andrew Thomson or Trinity McIntyre

Phone: +61 (0)8 9480 2500

As Broker:

Jonathan Williams

Phone: +44 20 3440 6800

SHARE REGISTRY

ASX

Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace

PERTH WA 6000

Enquiries: 1300 850 505 / +61 (3) 9415 4000

www.computershare.com.au

AIM

Computershare Investor Services PL C

The Pavilions

Bridgwater Road

BRISTOL BS99 6ZZ

Enquiries: +44 (0) 870 702 0003

www.computershare.co.uk

AUSTRALIA MEDIA RELATIONS

Cannings Purple

Michael Vaughan / Warrick Hazeldine

Email: mvaughan@canningspurple.com.au

whazeldine@canningspurple.com.au

Phone: +61 (0)8 6314 6300

UK MEDIA RELATIONS

Tavistock Communications

Jos Simson / Emily Fenton / Nuala Gallagher

Phone: +44 (0) 207 920 3150

KENYA MEDIA RELATIONS

Africa practice (East Africa)

David Maingi / James Njuguna / Joan Kimani

Phone: +254 (0)20 239 6899

Email: jkimani@africapractice.com

PRINCIPAL & REGISTERED OFFICE

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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY

Bidder's Statement

This Bidder's Statement contains an Offer by Base Resources Limited (ABN 88 125 546 910) to acquire all of your ordinary shares in World Titanium Resources Limited (ABN 21 120 723 426)

ACCEPT THE OFFER

to receive ONE (1) Base Share for every FIVE (5) World Titanium Shares you hold

Legal adviser

**KING & WOOD
MALLESONS**

Corporate Adviser

 **RFC Ambrian**

IMPORTANT NOTICES

NATURE OF THIS DOCUMENT

This document is a bidder's statement issued by Base Resources Limited ABN 88 125 546 910 (**Base**) under Part 6.5 of the *Corporations Act 2001* (Cth). This Bidder's Statement is dated 23 December 2014 and includes an offer dated [●] January 2015.

You should read this Bidder's Statement in its entirety.

DEFINED TERMS

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 11 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning as in the *Corporations Act*.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Bidder's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each World Titanium Shareholder. Accordingly, you are encouraged to seek independent financial and taxation advice before making a decision whether or not to accept the Offer.

DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which World Titanium and Base operate as well as general economic conditions, prevailing exchange rates and interest rates, and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Base, the officers or employees of Base, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

DISCLAIMER AS TO WORLD TITANIUM

The information on World Titanium and World Titanium's securities contained in this Bidder's Statement has been prepared by Base using only publicly available information.

The information in this Bidder's Statement concerning World Titanium and the assets and liabilities, financial position and performance, profits and losses and prospects of World Titanium has not been independently verified by Base.

Accordingly Base does not, subject to the *Corporations Act*, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Base Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on World Titanium, has also been prepared using publicly available information. Accordingly, information in relation to the Base Group is subject to the foregoing disclaimer to that extent.

Further information relating to World Titanium's business may be included in World Titanium's Target's Statement which World

Titanium must provide to its shareholders in response to this Bidder's Statement.

JORC

Unless otherwise stated, the information in this Bidder's Statement concerning, and capitalised terms used in relation to, Mineral Resources has been prepared and disclosed in accordance with JORC Code 2012. The information concerning, and capitalised terms used in relation to, Ore Reserves has been prepared and disclosed in accordance with JORC Code 2004 and has not been updated to comply with JORC Code 2012 on the basis the information has not materially changed since it was last reported. All references to reserves and resources are stated on a 100% basis.

PRIVACY

Base has collected your information from the World Titanium register of shareholders for the purpose of making this Offer and, if accepted, administering a record of your acceptance of Base's Offer for your holding of World Titanium Shares. The *Corporations Act* requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Base's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC and the ASX. The registered office of Base is Level 1, 50 Kings Park Road, West Perth WA 6005.

FOREIGN JURISDICTIONS

The distribution of this Bidder's Statement in jurisdictions outside Australia and New Zealand may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Base or to otherwise permit a public offering of Base Shares outside Australia and New Zealand. Base Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the *Securities Act*), except in a transaction exempt from the registration requirements of the *Securities Act* and applicable United States state securities laws. In making the Offer available to persons in New Zealand, Base is relying on an exemption contained in the New Zealand *Securities Act* (Overseas Companies) Exemption Notice 2013.

ASIC AND ASX DISCLAIMER

A copy of this Bidder's Statement has been lodged with ASIC and sent to the ASX. None of ASIC, the ASX or any of their respective officers takes any responsibility for the content of this Bidder's Statement.

SHAREHOLDER INFORMATION LINE

Base has established the Shareholder Information Line which World Titanium Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

- 1300 721 943 (Toll Free for calls within Australia); or
 - +61 3 9415 4282 (for callers outside Australia),
- which is available Monday to Friday between 6.30am and 5.30pm (WST).

Key Dates

Announcement of Offer	23 December 2014
Date of this Bidder's Statement	23 December 2014
Date of Offer	[●] January 2015
Offer closes	[●] February 2015

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How do I accept the Offer?

You may only accept the Offer for all of your World Titanium Shares. You may accept the Offer by completing the Acceptance Form accompanying this Bidder's Statement and returning it to Base in sufficient time for it to be acted on before the end of the Offer Period.

Further information with respect to the manner of acceptance for different holding types is set out below.

<p>For CHESS Holdings of World Titanium Shares</p> <p>(Holder Identification Number beginning with 'X')</p>	<p>To accept the Offer, contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf before the end of the Offer Period.</p> <p>Alternatively, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form. The Acceptance Form will only give rise to a valid acceptance if it is received so as to enable Base to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if Base lawfully determines it is otherwise valid). You should ensure that the Acceptance Form is received in sufficient time before the end of the Offer Period for this processing to occur.</p>
<p>For Issuer Sponsored Holdings of World Titanium Shares</p> <p>(Securityholder Reference Number beginning with 'I')</p>	<p>If your World Titanium Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your World Titanium Shares, to accept the Offer, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form.</p>

Address for completed Acceptance Forms

BY POST

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

BY HAND

Please contact Computershare Investor Services Pty Limited for the address details in the State in which you would like to hand deliver.

Managing Director's letter

23 December 2014

Dear World Titanium Shareholder,

On 23 December 2014, Base Resources Limited (**Base**) announced its intention to make an off-market takeover offer for all of your shares in World Titanium Resources Limited (**World Titanium**) (the **Offer**).

On behalf of the Directors, I am pleased to provide you with this Bidder's Statement detailing Base's offer to acquire your World Titanium Shares.

Under the Offer, Base is offering you one (1) Base Share for every five (5) of your World Titanium Shares.

The Base Board considers that the Offer presents a compelling opportunity for World Titanium Shareholders to become shareholders in a growth orientated mineral sands producer with diversified project interests in Africa, a broad institutional shareholder base and a management team with a proven record in financing and developing minerals sands projects.

The Offer provides a substantial premium for your World Titanium Shares

At the date of the announcement of the Offer, the Offer Consideration represented a value of 4.0 cents for each of your World Titanium Shares. The Offer Consideration represents a significant premium to the prices at which World Titanium Shares have traded on the ASX up to 23 December 2014, being the last trading day prior to the announcement of the Offer, namely:

- 60% based on the closing price of 2.5 cents;
- 118% to the 1 month VWAP of 1.9 cents;
- 98% to the 3 month VWAP of 2.4 cents; and
- 56% to the 6 month VWAP of 3.3 cents.

World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited, has already confirmed its support for the Offer

As announced on 23 December 2014, Base has acquired a 7.7% interest in World Titanium from JP Morgan Asset Management (UK) Limited, which has agreed to support the Offer and has entered into a Pre-Bid Acceptance Agreement with respect to its World Titanium Shares, under which it has agreed to accept the Offer upon the Offer being declared unconditional, in the absence of a superior proposal.

The Base Board believe that this support is recognition of the value proposition presented by the Offer and of investor confidence that the Base management team is best placed to advance World Titanium's Toliara Sands Project forward towards development.

Participate in the benefits under the Offer

Combining Base and World Titanium will create an East African focused mineral sands player with

- a producing operation in Kenya with one of the highest revenue to cash cost ratios in the sector (Kwale Project);
- a well-recognised development project in Madagascar (Toliara Sands Project);
- an experienced board and management team with recent success in the financing and development through to production of a significant mineral sands project in Africa;
- a strong institutional shareholder base including a number of specialist global resource sector investment funds; and
- increased scale, market relevance and trading liquidity, with listings on both the ASX and the AIM market in London, positioning the Base Group to access ongoing institutional shareholder support to drive future growth.

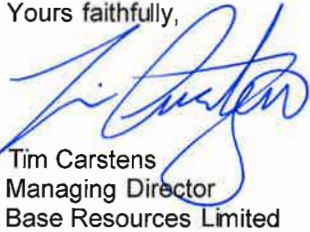
On successful completion of the Offer, World Titanium Shareholders will together hold approximately 11.4% of Base. You will therefore retain exposure to World Titanium's Toliara Sands Project, while also enjoying the benefits of being a shareholder in an emerging mineral sands producer with a solid track record of achievement.

Accept the Offer

I encourage you to carefully read this Bidder's Statement and to accept the Offer without delay. If you require additional assistance, please contact the Offer Information Line on 1300 721 943 (toll free within Australia) or +61 (0)3 9415 4282 (for callers from outside Australia) or consult your professional or financial adviser.

On behalf of my fellow Directors we very much look forward to welcoming you as a new shareholder in Base.

Yours faithfully,



Tim Carstens
Managing Director
Base Resources Limited

Reasons why you should accept the Offer

The Directors believe that there are compelling reasons to accept the Offer. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer. In summary:

The Offer represents a significant premium to the market price for World Titanium Shares in the period prior to the announcement of the Offer.

You will become a shareholder in an East African focused mineral sands company which combines the successful Kwale Project in Kenya with the Toliara Sands Project in Madagascar.

You will gain exposure to the Base Board and management team who have demonstrated their ability to deliver the successful Kwale Project.

You will become a shareholder in a company which is capable of driving the development of the Toliara Sands Project, including arranging the required financing.

The Offer is already supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited.¹

You will have access to a more liquid market for your holding.

You will no longer be exposed to the risks of being a World Titanium Shareholder.

If you do not accept the Offer, you risk becoming a minority shareholder in a company controlled by Base.

¹ See Section 9.3 of this Bidder's Statement for more information about the nature of this support.

The reasons why the Directors believe you should accept the Offer are explained in detail below.

1. The Offer represents a significant premium to the market price for World Titanium Shares in the period prior to the announcement of the Offer.

The Offer represents a premium of 40% to the value of World Titanium Shares on 22 December 2014, based on the price for Base Shares of \$0.20 on the same date.

The Offer also represents a substantial premium on a VWAP basis over the 3 month and 6 month periods prior to the announcement of the Offer.

Premium to VWAP

1 month	118%
3 month	98%
6 month	56%

Based on a 1 for 5 offer, pricing data FactSet

2. You will become a shareholder in an East African focused mineral sands company which combines the successful Kwale Project in Kenya with the Toliara Sands Project in Madagascar.

The Enlarged Base Group will be strongly positioned with a suite of production and development assets in the Kwale Project and a potentially long-life development asset in the Toliara Sands Project.

The Kwale Project has significant strengths, notably:

- Construction of the Kwale Project has been completed and production ramp-up is well advanced with positive operating cash flows now being achieved.
- The Kwale Project has a high value per tonne mineral assemblage and low operating costs that puts it at the optimal end of the revenue to cost ratio curve for global titanium dioxide mineral producers.

By accepting the Offer you will become a Base Shareholder, and will continue to participate in the Toliara Sands Project as a Base Shareholder.

The Enlarged Base Group will combine the cash flow generating Kwale Project with the Toliara Sands Project and will be well positioned to create shareholder value. It will have:

- Globally significant mineral sands assets providing scope for expansion into becoming a dual operating project company (the Kwale Project and Toliara Sands Project).
- A management team and board with demonstrated ability to successfully develop a mineral sands project.
- Diversification of geographic and geopolitical risk across two jurisdictions.
- Diversification of product exposure with globally significant combined production in each of rutile, sulphate ilmenite and chloride ilmenite and zircon, with a proven marketing capability.

3. You will gain exposure to the Base Board and management team who have demonstrated their ability to deliver the successful Kwale Project.

The Base Board and management team have recently completed the design, financing, construction and commissioning of the Kwale Project. The delivery of the Kwale Project is widely regarded by market commentators as a success in terms of time and costs. The Kwale Project has been operating for over 12 months with production ramp-up progressing to plan and approaching design output and performance levels. Standards of performance achieved in community, environmental and safety management reflect Base's commitment to excellence in all aspects of its activities.

Base believes that the experience gained in carrying out the development of the Kwale Project can be applied in evaluating, designing, financing and commissioning the Toliara Sands Project.

8. Base Resources Limited ► Bidder's Statement

For more information on the Directors and management team, please refer to section 1.6 of this Bidder's Statement.

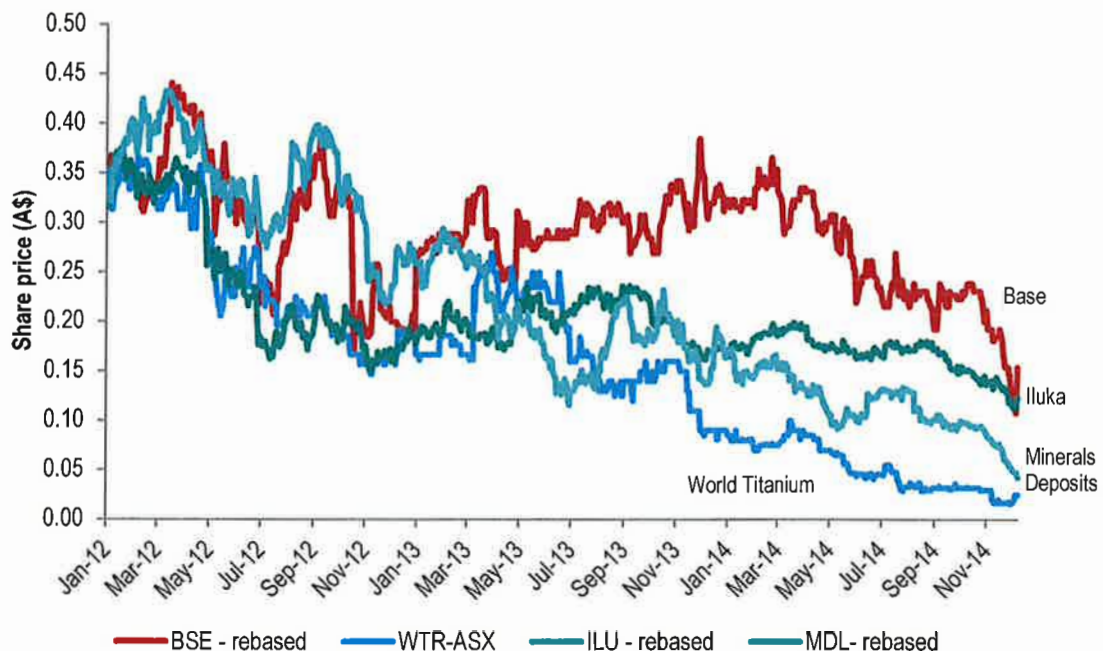
By accepting the Offer, you will become a shareholder in the Enlarged Base Group which will benefit from Base's high quality management team and business model, and will improve the development pathway for the Toliara Sands Project.

4. You will become a shareholder in a company which is capable of driving the development of the Toliara Sands Project, including arranging the required financing.

Base has successfully developed the Kwale Project and it has the management expertise to advance the Toliara Sands Project towards becoming the Enlarged Base Group's second globally significant mineral sands production asset.

Base has the management and operating systems in place which will be required to advance the Toliara Sands Project through the completion of the necessary feasibility studies. It also has the banking relationships and corporate scale necessary to support the financing for any future development of the Toliara Sands Project at the optimal commercial scale to capitalise on the orebody.

Base does not believe World Titanium is as well positioned to develop the Toliara Sands Project as the Enlarged Base Group would be. Base considers that the price performance of World Titanium Shares on the ASX since it was relisted in January 2012 reflects the significant risks associated with the development of the Toliara Sands Project by World Titanium. As demonstrated below, World Titanium's share price has underperformed Base and other selected ASX mineral sands focused companies over the same period.



Source: FactSet, prices on ASX rebased to the price for World Titanium on 12 January 2012

Base is listed on both the ASX and AIM, has established its profile in both markets and as such believes it has access to significant additional institutional investors to support future fundraisings.

5. The Offer is already supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited.

Base has already received support for the Offer from JP Morgan Asset Management (UK) Limited, a 7.7% shareholder, which has entered into a Pre-Bid Acceptance Agreement which provides that JP Morgan Asset Management (UK) Limited will accept the Offer, in the absence of a superior proposal.

Base believes the support of JP Morgan Asset Management (UK) Limited demonstrates the merits of the Offer and endorses the attraction of Base Shares as consideration for your World Titanium Shares.

6. You will have access to a more liquid market for your shareholding.

If you accept the Offer for your World Titanium Shares and become a Base Shareholder, you will become a shareholder in a company with greater trading liquidity.

Base is over twice as liquid as World Titanium over the last 12 months. The issued share capital of Base has turned over 0.2 times, whereas World Titanium has turned over 0.08 times and, in the prior 12 months, Base Shares turned over 0.25 whereas World Titanium turned over 0.12 times.

Shares with low trading liquidity are generally more difficult to sell on market, particularly in a single transaction. The Offer provides you with an opportunity to hold or trade in a stock which has significantly higher levels of liquidity.

7. You will no longer be exposed to the risks of being a World Titanium Shareholder.

There are significant risks attached to World Titanium Shares. In particular, there is a significant funding risk associated with the capital requirements for the development of the Toliara Sands Project.

Financing this capital requirement is likely to be extremely challenging in the near to medium term for a company of World Titanium's size and without access to a cash flow generating project, given the scarcity of available funding from equity markets and project finance from banks. With a current market capitalisation of approximately \$9.0million, it is likely that, if sufficient financing were available for the Toliara Sands Project, it would be on terms which would be highly dilutive to World Titanium Shareholders.

8. If you do not accept the Offer, you risk becoming a minority shareholder in a company controlled by Base.

Given the attractive nature of the Offer, Base believes that it is likely that a significant proportion of World Titanium Shareholders will accept the Offer. If you do not accept the Offer, there is a risk that you will become a minority shareholder in a company which is controlled by Base. In this case, it is likely that the liquidity of World Titanium Shares traded on the ASX would be materially reduced.

Frequently asked questions

The following is only a summary of the Offer and is qualified by the detailed information contained in section 10 of this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

What is this Bidder's Statement?	This Bidder's Statement was prepared by Base for distribution to World Titanium Shareholders. It sets out the terms of the Offer for your World Titanium Shares and information relevant to your decision whether or not to accept the Offer.
Who is the Bidder?	Base Resources Limited. Further information about Base is set out in section 1 of this Bidder's Statement.
What is the Offer?	Base is offering to buy all of the shares in World Titanium, including World Titanium Shares that are issued during the Offer Period due to the conversion of Options, on the terms set out in this Bidder's Statement.
What choices do I have?	<p>The Base Board recommends that you ACCEPT the Offer, however, you have the choice to:</p> <ul style="list-style-type: none">• ACCEPT the Offer for all of your World Titanium Shares;• sell your World Titanium Shares on the ASX (or any other trading platform), which may be at a higher or lower price than the Offer Consideration; or• do nothing if you wish to reject the Offer.
How do I accept the Offer?	<p>You may accept the Offer by completing the Acceptance Form in accordance with the instructions on it and returning it to an address on the Acceptance Form.</p> <p>The Acceptance Form will only give rise to a valid acceptance if it is received in sufficient time to be processed before the end of the Offer Period (which for CHES Holdings, means sufficient time to enable Base to instruct your Controlling Participant to initiate acceptance on your behalf).</p> <p>Full details on how to accept the Offer are set out in section 10.3 of this Bidder's Statement.</p>
What will I receive if I accept the Offer?	<p>If you are an Eligible Shareholder (being a World Titanium Shareholder with a registered address in Australia or New Zealand) and you accept the Offer then, subject to satisfaction of the Conditions, you will receive ONE Base Share for every FIVE World Titanium Shares.</p> <p>If you are a World Titanium Shareholder with a registered address outside Australia and New Zealand and you accept the Offer, you may not receive Base Shares. Instead, the Base Shares that you would have been entitled to receive may be issued to the Nominee who will sell them on your behalf and remit the net proceeds to you in Australian dollars. Ineligible Foreign Shareholders should refer to sections 9.9 and 10.8, which provide further information on Ineligible Foreign Shareholders and the Nominee sale process.</p>
If I accept the Offer, when will I receive the Base Shares?	If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form, you will be issued your Base Shares within 7 Business Days after the later of the date that you accept and the date that the Offer becomes, or is declared, unconditional.
Why should I accept the Offer?	The Directors believe there are a number of reasons World Titanium Shareholders should accept the Offer, which are set out on pages 7 to 10 of this Bidder's Statement. These reasons include that you will gain the benefit of exposure to the Base management team and become a shareholder in a company which is capable of advancing the development of the Toliara Sands Project, including the required financing.

Can I accept the Offer for only some of my Shares?	No. You cannot accept the Offer for only some of your holding. You may only accept the Offer for all of your World Titanium Shares.
Can I withdraw my acceptance?	Generally no. Under the terms and conditions of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, the bid remains conditional and Base varies the Offer in a way that postpones, for more than one month, the time when Base has to meet its obligations under the Offer.
What happens if I don't accept the Offer?	You will remain a World Titanium Shareholder and will not receive the consideration under the Offer. If Base becomes entitled to compulsorily acquire your World Titanium Shares (which the Corporations Act entitles it to do if it acquires a relevant interest in at least 90% of the World Titanium Shares during or at the end of the Offer Period), it intends to proceed with the compulsory acquisition. If your World Titanium Shares are compulsorily acquired by Base, it will be on the same terms (including the same consideration for each World Titanium Share acquired) as the Offer.
When does the Offer close?	The Offer is currently scheduled to close at 7.00pm (WST) on [●] February 2015, unless it is extended under the Corporations Act.
Can the Offer Period be extended?	Yes. The Offer Period can be extended at the election of Base and as required under the Corporations Act. Base will give written notice of any extension of the Offer Period in accordance with the Corporations Act.
What are the conditions to the Offer?	<p>The Offer is currently subject to a number of Conditions, including:</p> <ul style="list-style-type: none"> • a 40% minimum acceptance condition • no prescribed occurrences happening in relation to World Titanium (i.e. World Titanium not agreeing to issue, or issuing, any shares) • no material acquisitions or disposals of assets by World Titanium • World Titanium conducting its business in the ordinary course • World Titanium maintaining all necessary approvals for the operation of its business • World Titanium not giving or agreeing to give any break fees • non-existence of certain rights over World Titanium and its assets, and • no action by a Public Authority adversely affecting the Offer. <p>Full terms of the Conditions are set out in section 10.9 of this Bidder's Statement.</p>
What happens if the Conditions are not freed or fulfilled?	<p>If the Conditions are not freed or fulfilled by the end of the Offer Period, the Offer will lapse and any acceptances will be void.</p> <p>Base will provide notice on the status of each of the Conditions on [●].</p>
What if Base increases the Offer Consideration?	If you accept the Offer and Base subsequently increases the Offer Consideration and the Offer becomes unconditional, you will receive the increased price for your World Titanium Shares.
Does the Offer apply to my Options?	<p>Base is not making a separate takeover offer to holders of Options.</p> <p>However, the Offer extends to all World Titanium Shares that are issued between the date of this Offer the end of the Offer Period as a result of the exercise of Options.</p> <p>This means that holders of Options who exercise their Options prior to the end of the Offer Period will be able to accept the offer in respect of the World Titanium Shares issued during the Offer Period as a result of that exercise.</p> <p>If Base becomes entitled to acquire the Options compulsorily, it intends that those rights be exercised in accordance with Parts 6A.2 and 6A.3 of the Corporations Act.</p>

Are there risks if I accept the Offer?	<p>Yes, if you accept the Offer, and it becomes unconditional, you will be issued Base Shares and Base will acquire an interest in World Titanium. There are risks in holding Base Shares. You are already exposed to some of these risks, to varying degrees, as a result of you holding World Titanium Shares.</p> <p>Section 8 of this Bidder's Statement provides a summary of these risks. It deals with risks that are specific to Base, risks that are specific to World Titanium (to which you are already exposed), general and industry risks (to which you are already exposed) and risks related to the Offer and the Enlarged Base Group.</p>
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>Generally no.</p> <p>If your World Titanium Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Base, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your World Titanium Shares are registered in a CHESS Holding, or if you are a beneficial owner whose World Titanium Shares are registered in the name of a broker, bank custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder, the cash proceeds that you will be sent (following the sale of the Base Shares that you would otherwise have been entitled to receive under the Offer) will be net of transaction costs and will be paid by cheque in Australian dollars.</p>
What are the tax implications of acceptance?	<p>Section 7 of this Bidder's Statement describes the major tax implications in Australia for World Titanium Shareholders who accept the Offer. World Titanium Shareholders should not rely on that description as advice for their own affairs and Base recommends you seek independent taxation or other professional advice in relation to your own particular circumstances.</p>
Can I sell my World Titanium Shares on market?	<p>Yes. However, once you accept the Offer you will not be permitted to sell your World Titanium Shares on market, accept any other offer or otherwise deal with your World Titanium Shares. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your World Titanium Shares, subject to you withdrawing your acceptance.</p>
Will the Bidder proceed to compulsory acquisition?	<p>If you do not accept the Offer and Base acquires a relevant interest in at least 90% of all of the World Titanium Shares and the other conditions of the Offer are satisfied or waived, Base intends to proceed to compulsorily acquire your World Titanium Shares. If this occurs, you will be paid the Offer Consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer Consideration sooner if you had accepted the Offer prior to its close.</p>
What if I require further information?	<p>If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the Offer Information Line on 1300 721 943 (toll-free within Australia) or +61 3 9415 4282 (from outside Australia).</p>

1. Information on Base

1.1 Overview of Base

Base is an Australian incorporated mineral sands production company listed on the ASX and AIM under the code 'BSE' and as at 22 December 2014 had a market capitalisation of \$112.8 million.

Base's core project is the Kwale Project in Kenya, East Africa. The development of the Kwale Project was recently completed at a cost of US\$310 million. Mining and heavy mineral concentrate production commenced in October 2013 followed by the production of the first ilmenite and rutile finished products in December 2013. Zircon production commenced in February 2014 at the same time as the first bulk shipment of 25,000 tonnes of ilmenite was exported from Base's Likoni port and ship loading facility. Bulk rutile and containerised zircon sales began in April 2014.

1.2 Corporate structure

Base Resources Limited is the parent company of the Base Group. Base, and Base's wholly owned subsidiary Base Titanium (Mauritius) Limited, also own and control Base Titanium Limited and Base Exploration Limited.

1.3 History

Base (then named Base Iron Limited) was established as an iron ore exploration company and listed on the ASX in October 2008, raising \$4 million at IPO.

Base completed the acquisition of 100% of the Kwale Project in August 2010 from Tiomin Resources Inc together with options to acquire three further exploration projects in Kenya. The Kwale Project was acquired as an advanced development opportunity with a full Definitive Feasibility Study (DFS) having been completed and all material project approvals, permits and licenses in place. Base paid consideration of US\$3 million in cash on settlement and a 2% royalty on gross product revenue (FOB Mombasa) from the Kwale Project's Central Dune and South Dune deposits.

The Company undertook a share placement to raise \$8.1 million in November 2010 in order to provide additional funding for the completion of an enhanced DFS. A revised resource estimate was announced in February 2011 following the completion of a drilling program in December 2010 and the enhanced DFS was completed in May 2011 incorporating this enlarged resource base. The enhanced DFS was used to support a project financing for the Kwale Project. Credit approval for a US\$170 million project debt facility was announced in July 2011 and the completion of share issues totaling \$162.3 million in September 2011, provided Base with the requisite funds to proceed with the development of the Kwale Project.

Base raised a further \$40 million through an underwritten share placement and entitlement offer in October 2012. The first drawdown on the project finance debt facility was announced in November 2012 as construction of the Kwale Project took place. Amendments were made to the project finance debt facility during the Kwale Project development, with the final project finance debt principal being US\$215 million.

1.4 Base's principal activities

Base's principal activity is the operation of the Kwale Project in Kenya. A description of the Kwale Project is provided below.

1.4.1 Kwale Project Overview

The Kwale Project is the first large-scale mining project to have been undertaken in Kenya. The Kwale Project is located 10 kilometres inland from the Kenyan coast and 50 kilometres south of Mombasa, which is Kenya's second largest city and host to the primary port facility for the country and East Africa more broadly.



The Kwale Project is considered to be a high margin operating project when compared against global mineral sands operations and projects yet to be developed. The ore body is both high grade and has high value mineral assemblage, enjoying large scale and very low stripping ratio (<0.1:1). The Kwale Project is also located close to well-developed physical and social infrastructure.

1.4.2 Project development

Base acquired the Kwale Project from Tiomin Resources Inc in August 2010. Base subsequently undertook additional exploration drilling to increase the resource base of the Kwale Project followed by an enhanced DFS.

The total capital cost of the Kwale Project was approximately US\$310 million.

The Kwale Project development was divided into 6 discrete contract packages. These comprised: the processing facilities, including the wet concentrator plant (**WCP**) and the minerals separation plant (**MSP**), the Likoni port facility, a 132kv power line, the Mukurumudzi dam, the tailings storage facility and the access road and camp. The Base team undertook the integration of these discrete elements as well as the procurement of the mobile fleet, the dozer trap mining unit and establishment of a bore field for supplementary water supply.

The construction of a purpose built marine facility was completed at Likoni in November 2013. The fully owned and operated Likoni port facility includes a storage shed capable of holding in excess of 80,000 tonnes and a 1,000 tonnes per hour ship loader. The loading system was commissioned in early 2014, and the first bulk vessel of concentrate from the Kwale Project was loaded in February. The loading facility provides access to the existing shipping channel associated with the main Mombasa port. Containerised rutile and zircon are exported through the Mombasa container port.

Water is a key input for mineral sands projects. Supply for the Kwale Project comes from the Mukurumudzi dam, which was constructed by Base and is dedicated to the Kwale Project. Dam construction was completed in the second half of 2013, providing 8.5 gigalitres of water storage.

Mining commenced at the Kwale Project in October 2013 on the higher grade Central Dune zone, concurrent with the final stages of construction of the MSP, at which time the construction of the access road, 132kv power line and tailings facility and Mukurumudzi Dam were functionally complete. Concentrate processing through the MSP and the first production of ilmenite and rutile began in December 2013. Following completion of the Likoni port facility during December 2013, the first bulk shipment of 25,000 tonnes of ilmenite took place in February 2014 and in April 2014 the first bulk shipments of rutile and zircon were made.

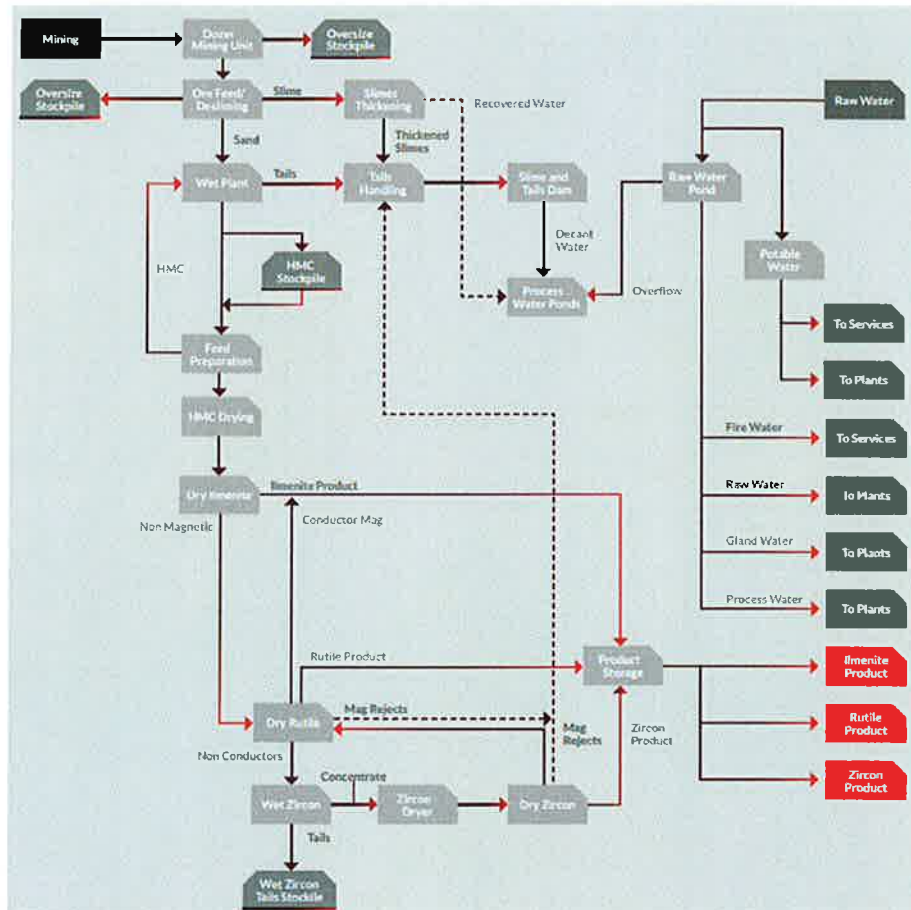
1.4.2 Operations

Mining at the Kwale Project is conducted by large bulldozers pushing ore to a screening and slurring unit. This 'dozer trap' mining method has been in use in the mineral sands industry for over 10 years, and is increasingly popular due to its flexibility and reliability. Process water from the plant reservoir is piped to the dozer trap, and used to slurry and transport the screened ore back to the plant. Ground conditions as determined by geotechnical testing are considered to be ideally suited to this mining method.

Processing of ore is conducted in two distinct stages. The WCP receives ore as slurry from the mine and after removal of clay and silt the sands are concentrated by spiral gravity separators to yield a concentrate of mixed heavy minerals (**HMC**). The HMC is cleaned, dried and fed into the MSP, where progressive removal of valuable minerals into final products is achieved.

In the MSP, multiple stages of magnetic and electrostatic separation are employed in the dry section of the plant to isolate the ilmenite and rutile products. Lighter minerals are removed in wet gravity separation processes and zircon product is separated out in the dry zircon circuit. A strategic stockpile of HMC is maintained between the two plants to ameliorate the effect of grade swings in the mined ore, and ensure the MSP is fed by a constant tonnage of HMC.

A diagram of the process flowsheet for the Kwale Project operations is provided below.



The ilmenite and most of the rutile produced is then transported in bulk to the Likoni port facility. The balance of the rutile and all of the zircon produced is containerised prior to transporting to the main Mombasa container port.

Since commissioning of the plant, the ramp-up program has delivered a steady improvement in production and recoveries. From the June 2014 quarter, MSP feed rates have been consistently at design levels of 80tph and MSP availability has increased to 92%, providing a stable platform on which to undertake further refinement testwork and plant optimisation. Ilmenite production has reached design capacity and is now exceeding expectations, whilst rutile and zircon production is consistent with a planned twelve month ramp-up to design capacity. Further plant modifications and optimisation are expected to increase production to design output through the 2015 financial year. Early results from this work have been encouraging with MSP recoveries consistent with the improvement plan.

1.4.3 Approvals to mine at the Kwale Project

The right to mine the Kwale Project's Central Dune and South Dune deposits was granted to the Kwale Project's previous owner by the government of Kenya under Special Mining Lease No. 23 on 6 July 2004 (**Kwale SML**). The Kwale SML was assigned to Base Titanium Limited (a wholly-owned subsidiary of Base) in July 2010, with consent from the Commissioner of Mines and Geology of the Government of Kenya.

The Kwale SML has a term of 21 years from 6 July 2004, and provides the right to carry out mining operations for the production of ilmenite, rutile and zircon and is renewable on materially the same

terms. A royalty of 2.5% on gross sales value (**FOB**) is in place for the first 5 years of commercial production. Discussions with the Government of Kenya regarding a voluntary increase in the royalty rate to a level not inconsistent with global mineral sands benchmarks are ongoing.

1.4.4 Resource Statement

Mineral Resource

The 2014 Mineral Resource estimates for the Kwale Project are the product of new drilling, assaying and mineralogical testwork, bulk density testwork and updated resource estimation work and follows twelve months of mining and are reported in accordance with the JORC Code 2012. Excluding depletion by mining to 30 June 2014, this represents an overall increase in the total Kwale Project Mineral Resources of 8 percent for material tonnes and 7 per cent for Heavy Mineral (**HM**) tonnes on the previously reported Mineral Resources at the commencement of the project.

The total Kwale Project Mineral Resources at 30 June 2014 is shown in the table below. In the tables below, slimes are denoted as "**SL**" and oversize as "**OS**".

Mineral Resources for the Kwale Project 30 June 2014

Deposit	Mineral Resource Category	Material (Mt)	In Situ HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage		
							Ilmenite (%)	Rutile (%)	Zircon (%)
Central Dune	Measured	63.6	4.20	6.6	25	0	55	14	6
	Indicated	15.6	0.42	2.7	29	2	52	13	6
	Total	79.1	4.62	5.8	26	1	54	13	6
South Dune	Measured	60.3	2.18	3.6	28	4	46	13	6
	Indicated	13.3	0.45	3.4	26	4	47	13	6
	Total	73.6	2.63	3.6	27	4	46	13	6
Total	Measured	123.9	6.38	5.2	26	2	51	14	6
	Indicated	28.9	0.87	3.0	27	3	50	13	6
	Grand Total	152.7	7.25	4.7	26	3	51	13	6

Note: The Mineral Resource estimates for the Kwale Project are reported in accordance with the JORC Code 2012. At a HM cut-off grade of 1 per cent, the Mineral Resource estimates for the Central Dune and South Dune deposits are summarised in the table above. All tonnes and grade information have been rounded, hence small differences may be present in the totals. All Mineral Resources are inclusive of Ore Reserves. The mineral assemblage is reported as a percentage of HM.

Competent Person's Statement – Mineral Resources

Information in this Bidder's Statement that relates to Mineral Resources is based on information compiled by Mr. Greg Jones who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Jones is the Principal for GNJ Consulting and has been retained by Base to conduct Mineral Resource estimation for the Kwale Project. Mr. Jones 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 Competent Person as defined in the JORC Code 2012. Mr. Jones consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

1.4.5 Ore Reserves

Ore Reserves for the Kwale Project are reported under the JORC Code 2004.

Ore Reserve for the Kwale Project 30 June 2014

Deposit	Ore Reserve Category	Ore (Mt)	In Situ HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage		
							Ilmenite (%)	Rutile (%)	Zircon (%)
Central Dune	Proved	42.6	2.94	6.9	24	0	56	13	6
	Probable	28.4	1.28	4.5	24	1	54	14	6
	Proved and Probable	71.0	4.19	5.9	24	1	56	13	6
South Dune	Proved	39.9	1.47	3.7	27	2	51	14	6
	Probable	25.2	0.85	3.4	29	5	42	12	5
	Proved and Probable	65.1	2.32	3.6	28	3	48	13	6
Total	Proved	82.5	4.41	5.3	25	1	54	14	6
	Probable	53.6	2.13	4.0	27	3	48	13	5
	Proved and Probable	136.1	6.51	4.8	26	2	52	13	6

NB: This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Ore Reserves are estimated using all available geological, relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities. The Ore Reserve estimates are determined by the consideration of all of the modifying factors in accordance with the JORC Code 2004, and for example, may include but are not limited to, product prices, mining costs, mining dilution and recovery, metallurgical recoveries, environmental considerations, access and approval. The mineral assemblage is reported as a percentage of HM.

Competent Persons Statement – Ore Reserves

Information in this Bidder's Statement that relates to Ore Reserves is based on information compiled by Scott Carruthers for the Central Dune and Per Scrimshaw for the South Dune, both of whom are Members of The Australasian Institute of Mining and Metallurgy. Mr Carruthers is a full time employee of Base Titanium Limited (a wholly owned subsidiary of Base Resources Limited). Mr Scrimshaw is employed by Creative Mined Enterprises. Both Mr Carruthers and Mr Scrimshaw have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2004. Both Mr Carruthers and Mr Scrimshaw consent to the inclusion in this Bidder's Statement of the information based on his work in the form and context in which it appears.

1.5 Ownership

Base is listed on the ASX and AIM with the ticker 'BSE' and has a diverse shareholder base of approximately 1,000 shareholders.

Base is not directly or indirectly controlled by another corporation or any person or foreign government and there are no arrangements which may, at a subsequent date, result in a change of control of Base. Base has a number of larger institutional shareholders, details of which are set out in section 3 of this Bidder's Statement.

1.6 Directors and Senior Management

1.6.1 Directors

Profiles of the Directors are as follows:

(a) **Andrew King – Non-Executive Chairman**

AssDip Min Eng, Grad Acct & Fin Mgt, MAusImm, MAICD

A mining engineer with over 35 years' experience in the mineral resources industry, Mr King brings to Base a considerable depth of knowledge and expertise in technical disciplines. In addition to experience covering corporate, strategic and operational roles in gold, iron ore, coal and base metals, he also holds qualifications in accounting and financial management.

(b) **Tim Carstens – Managing Director**

BCom, CA

Mr Carstens brings a diverse and substantial skill set to the development of Base, having previously held senior executive roles with Perilya Limited, North Limited, Robe River Iron Associates, Iron Ore Company of Canada and St Barbara Mines Limited in operations, strategy, corporate development and finance, both in Australia and overseas.

Prior to establishing Base in 2008, he was Executive General Manager – Operations and Development with Perilya Limited with responsibility for all operational and project development activities in the Broken Hill field, comprising two operating mines and three advanced development projects.

(c) **Colin Bwye – Executive Director (Operations & Development)**

Bachelor of Engineering with Honours in Metallurgy and Minerals Science

Mr Bwye has over 20 years' experience in the mineral sands sector, having commenced his professional career with RGC Mineral Sands (since acquired by Iluka Resources) as a plant metallurgist in 1988. Most recently he was Managing Director of Western Australian mineral sands producer Doral Mineral Industries Ltd, a subsidiary of Iwatani Corporation of Japan. Mr Bwye has an extensive knowledge of all aspects of the mineral sands industry, including downstream processing and marketing of mineral sands products and he has also been integral in bringing a number of development projects into production. He was born in Kenya and lived there prior to migrating to Australia in 1987.

(d) **Sam Willis – Non-Executive Director**

BCom

Mr Willis is an experienced company director in the resources and energy sectors and is currently a Director of oil and gas explorer and developer New Standard Energy Limited after having served as Managing Director for 7 years, and is also chairman of Elixir Petroleum Limited. Mr Willis has in excess of 15 years' experience and expertise in capital markets, corporate finance and executive board involvement with emerging small and mid-cap companies.

(e) **Michael Anderson – Non-Executive Director**

BSc (Hons), PhD

Dr Anderson has 20 years' industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. He subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited, and more recently as Managing Director at Exco Resources Limited, where he oversaw the successful development of the White Dam Gold Project, and the sale of Exco's Cloncurry Copper Project to Xstrata. He joined Taurus Funds Management as a director in August 2011.

(f) **Malcolm Macpherson – Non-Executive Director**

B.Sc., FAusImm, FAICD, FTSE

Mr Macpherson is an accomplished business leader, with significant experience in the global mining industry at executive management and board level. Since he began his career in the 1960's, Mr Macpherson has been an exploration geochemist in Africa and the Philippines, and a metallurgist in Malaysia, Australia and Africa. He spent 25 years from 1974 at Iluka Resources Limited, rising from mine manager to Managing Director and Chief Executive Officer.

Mr Macpherson has spent the last decade as a company director and consultant. He is currently a director of Bathurst Resources Limited, a Canadian-listed technology company.

He has previously held the position of Chairman with Azumah Resources Limited, Pluton Resources Limited and Western Power Corporation and has been a director of Portman Mining Limited, Titanium Corporations Inc. and Minara Resources Limited. Mr Macpherson has also been the Senior Vice President of the Minerals Council of Australia, President of the Western Australian Chamber of Minerals & Energy, and a member of the Senate at Murdoch University.

(g) Michael Stirzaker – Non-Executive Director

BCom, CA

Mr Stirzaker has 30 years' commercial experience, mainly in mining finance and mining investment. He began his career in Sydney as a Chartered Accountant with KPMG, having obtained a B.Com from the University of Cape Town. He moved into investment banking with Wardley James Capel (part of the HSBC Group) and then Kleinwort Benson Ltd in London. From 1993 to 2007, he was part of the natural resource advisory and investment boutique, RFC Group Ltd, where he became Joint Managing Director. He has also been a shareholder and director of Tennant Metals Pty. Ltd, a privately owned physical metal trader and investor, and was the Finance Director of Finders Resources Limited, an ASX listed company with copper and gold projects in Indonesia. In 2010, Mike joined the private equity mining fund manager, Pacific Road Capital Management Pty Ltd as an Executive Director.

1.6.2 Key management

(a) Denham Vickers - General Manager, Operations

BSc (Hons) Mining Engineering

Mr Vickers is a mining engineer with over 30 years' minerals industry experience in a variety of senior operational, development and consultancy roles. Mr Vickers graduated from the Royal School of Mines with an honours degree in mining and has developed and managed various underground and open pit mining operations throughout Africa, South America and the South Pacific. Prior to joining Base, his most recent role was as Operations Manager for the development and commissioning of the Bisha VMS deposit in Eritrea for Nevsun Resources.

(b) Kevin Balloch – Chief Financial Officer

BBus, CPA

Mr Balloch has over 20 years' practical financial and management experience in a diverse range of industries. This experience has involved all areas of corporate and treasury management, project financing, capital raisings, mergers and acquisitions, dual listings, feasibility studies and establishment of systems and procedures for new mining operations.

Prior to joining Base, Mr Balloch held senior positions with Equinox Minerals Limited, a dual listed TSX - ASX resources company which developed the major Lumwana Copper mine in Zambia and resulted in Equinox being one of the world's top 20 copper producers.

(c) Stephen Hay - General Manager, Marketing

LLB, BComm, MBA

Mr Hay has 14 years' experience in the mineral sands sector with the past 11 years in mineral sands sales and marketing. Mr Hay worked for BHP Iron Ore and Woodside Petroleum before joining Iluka Resources in 1999. After working in and building Iluka's Shanghai office into a critical platform for Iluka's business in the Chinese market, Stephen relocated back to Australia in 2011 to establish a minerals trading business for Iluka. Stephen has extensive knowledge and experience across all aspects of the mineral sands industry with a significant emphasis on products and markets.

(d) Joe Schwarz – General Manager, External Affairs

BSc Hons

A chemical engineer with 30 years' experience in the mining industry, predominantly in Africa, Mr Schwarz was most recently general manager of Tiomin Kenya Limited. Prior to this he was technical director of Bindura Nickel Corporation in Zimbabwe.

(e) Colin Forbes - General Manager, Environment & Community Affairs

BSc Geography

Mr Forbes has considerable experience in environmental and social aspects in the minerals industry. His previous positions included Social and Community Manager for African Minerals Ltd. in Sierra Leone and Resettlement Project Manager for Kibali Goldmines in the Democratic Republic of Congo.

1.7 Financial Information on Base Group

1.7.1 Basis of presentation of historical financial information

The historical financial information below relates to Base on a standalone basis and accordingly does not reflect any impact of the Offer. It is a summary only. Full financial statements for the Base Group for the year ended 30 June 2014 (being the last balance date prior to the date of this Bidder's Statement) are available at www.baseresources.com.au.

1.7.2 Historical financial information of the Base Group

The summarised historical statement of financial position of the Base Group as at 30 June 2014 set out below has been extracted from the audited consolidated statement of financial position of the Base Group as at 30 June 2014.

Consolidated statement of financial position as at 30 June 2014

	30 June 2014	30 June 2013
	\$000s	\$000s
Current assets		
Cash and cash equivalents	20,945	98,123
Trade and other receivables	33,265	6,131
Inventories	20,049	60
Other current assets	3,007	2,159
Total current assets	77,266	106,473
Non-current assets		
Capitalised exploration and evaluation	1,120	1,981
Capitalised mine development	-	281,390
Property, plant and equipment	386,153	12,259
Inventories	1,106	-
Restricted cash	5,406	5,478
Other receivables	-	16,229
Total non-current assets	393,785	317,337
Total assets	471,051	423,810
Current liabilities		
Trade and other payables	11,322	17,396
Borrowings	49,887	-
Provisions	1,180	712
Total current liabilities	62,389	18,108
Non-current liabilities		
Other payables	-	1,089

	30 June 2014	30 June 2013
	\$000s	\$000s
Borrowings	177,667	178,851
Provisions	21,696	2,163
Deferred revenue	5,181	5,474
Other liability	1,106	-
Total non-current liabilities	205,650	187,577
Total liabilities	268,039	205,685
Net assets	203,012	218,125
Equity		
Issued capital	213,669	213,669
Reserves	16,085	17,128
Accumulated losses	(26,742)	(12,672)
Total equity	203,012	218,125

On 17 November 2014, Base completed the rescheduling of the US\$215 million Kwale Project Debt Facility (**Debt Facility**). The rescheduling had the primary effect of realigning the Debt Facility repayment schedule to reflect the delay in commencement of sales from the Kwale Project to February 2014 from the original expectation of October 2013 when the facility was arranged in 2011. As a result, the first principal repayment was deferred from December 2014 to June 2015 and the debt repayments (referred to as borrowings above) due in the 2015 financial year are reduced from \$49.6 million (US\$45.9 million) to \$11.9 million (US\$11.0 million).

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2014**

	2014	2013
	\$000s	\$000s
Sales revenue	29,115	-
Cost of sales	(14,831)	-
Amortisation and depreciation	(9,031)	-
Royalties	(1,875)	-
Profit from operations	3,378	-
Corporate and external affairs	(8,706)	(7,058)
Community development costs	(2,298)	-
Product marketing	(738)	(400)
Other expenses	(1,261)	(217)
Loss before financing income and income tax	(9,625)	(7,675)
Financing (costs) / income	(4,351)	1,017
Loss before income tax	(13,976)	(6,658)
Income tax expense	(94)	(4)

	2014	2013
	\$000s	\$000s
Net loss for the year	(14,070)	(6,662)
Other comprehensive income		
Foreign currency translation differences - foreign operations	(2,031)	16,462
Total other comprehensive (loss) / income for the year	(2,031)	16,462
Total comprehensive (loss) / income for the year	(16,101)	9,800
Net (Loss) / earnings per Base Share	Cents	Cents
Basic (loss) / earnings per Base Share (cents per share)	(2.50)	(1.25)
Diluted (loss) / earnings per Base Share (cents per share)	(2.50)	(1.25)

1.8 Corporate governance

The Base Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on Base's corporate governance procedures, policies and practices can be obtained from www.baseresources.com.au and www.asx.com.au.

1.9 Publicly available information

The shares of Base are listed on the ASX and AIM under the ticker 'BSE'. Base is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations. Specifically, as an ASX listed company, Base is subject to the Listing Rules which require continuous disclosure of any information Base has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. Similarly, as an AIM listed company, Base is required to comply with the requirements of the AIM Rules for Companies. Generally, this necessitates that the company must issue notification without delay of any new developments which are not public knowledge which, if made public, would be likely to lead to a significant movement in the price of its AIM securities. Further specific disclosure obligations are imposed in relation to the disclosure of substantial transactions, related party transactions, reverse takeovers, and fundamental changes in business.

The ASX maintains files containing publicly disclosed information about all listed companies. Base's file is available for inspection at the ASX during normal business hours.

In addition, Base is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Base may be obtained from, or inspected at, an ASIC office.

On request to Base and free of charge, World Titanium Shareholders may obtain a copy of:

- the annual financial report of Base for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC on 16 September 2014 before lodgement of this Bidder's Statement with ASIC);
- any half-year financial report lodged with ASIC by Base after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- any continuous disclosure notice given to the ASX by Base since the lodgement with ASIC of the annual report for the year ended 30 June 2014 for Base referred to above and before lodgement of this Bidder's Statement with ASIC.

A substantial amount of information concerning Base is publicly available and may be accessed at www.baseresources.com.au.

A list of announcements made by Base to the ASX since 16 September 2014 is contained in Attachment 2 of this Bidder's Statement.

1.10 Announcement by Base in relation to the Offer

On 23 December 2014, Base made a public announcement to the ASX in relation to the Offer. A copy of that announcement is contained in Attachment 1 of this Bidder's Statement.

2. Information on Base's securities

2.1 Base issued securities

As at the date of this Bidder's Statement, Base's issued securities consisted of:

- 563,902,771 fully paid ordinary shares;
- 47,312,531 unlisted options to subscribe for Base Shares; and
- 22,041,338 unlisted performance rights.

As noted in section 2.5 below, Base has agreed to issue a further 30,712,530 unlisted options if it draws down the US\$20 million unsecured debt facility provided by Taurus Funds.

Further information regarding the terms and conditions applicable to Base Shares and unlisted options and performance rights is set out below in this section 2.

2.2 Recent trading of Base Shares

The latest recorded sale price of Base Shares on the ASX on or before the Announcement Date was \$0.20, as at close of trading on 22 December 2014.

The latest recorded sale price of Base Shares on the ASX before the date on which this Bidder's Statement was lodged with ASIC was \$0.20.

The highest recorded close price of Base Shares on the ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was \$0.31.

The lowest recorded close price of Base Shares on the ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was \$0.14.

2.3 Dividend history

Base has not paid a dividend since its incorporation. In the future, Base will continue to consider whether to begin paying dividends as appropriate having regard to its financial position, future capital requirements and other relevant factors.

2.4 Rights and liabilities attaching to Base Shares

The rights and liabilities attaching to the Base Shares which will be issued as the consideration under the Offer are set out in Base's constitution and the Corporations Act. A copy of the constitution of Base is available from www.baseresources.com.au.

The main rights and liabilities attaching to Base Shares are summarised below.

(a) Meetings of shareholders and voting rights

Members of Base are entitled to notice of, and to be present in person, or by proxy, attorney or representative at general meetings of Base. Every member or a proxy, attorney or representative of a member has one vote on a show of hands and one vote on a poll for each fully paid share at general meetings of Base. At least 28 days' written notice of a meeting of members must be given.

Quorum for a general meeting of members is at least two members (in person or by representative).

(b) Dividends

The Base Board may from time to time declare and pay a dividend and fix the amount, time for payment and the method of payment of the dividend to Base shareholders entitled to receive a dividend. No dividend will carry interest against Base.

Subject to any special right as to dividends attaching to a Base share, all dividends will be declared and paid according to the proportion which the amount paid on the Base share is to the total amount payable in respect of the Base shares held by a Base shareholder.

(c) Winding-up

The surplus assets of Base on a winding up are divisible among the members in proportion to their respective holdings.

(d) Transfer of Shares

Generally, Base Shares are transferable, subject to the formal requirements contained in the constitution. The Base Board may only refuse to register a transfer of shares if doing so would not contravene the ASX Settlement Operating Rules or the Listing Rules.

The Base Board must refuse to register a transfer (that is not an ASX Settlement Operating Rules regulated transfer) if the Listing Rules require Base to do so, or the transfer might be in breach of the Listing Rules in relation to those shares.

If the Base Board refuses to register a transfer, the Base Board must give written notice of the refusal to the person who lodged the transfer within five business days.

(e) Alterations to capital

The issue of Base Shares is under the control of the Base Board. The Base Board may issue or otherwise dispose of Base Shares, subject to the restrictions contained in the constitution, the Listing Rules and the Corporations Act as they determine.

Base may do anything in respect of its share capital, as permitted by the Listing Rules, the constitution and the Corporations Act, including authorising any form of capital reduction or buy back, or converting all or any shares into a larger or smaller number of shares by a Base Shareholders resolution.

(f) Unmarketable parcels

If the Base Board proposes to sell unmarketable holdings, it may give notice to each Base Shareholder with an unmarketable holding. The notice must comply with the requirements of the Corporations Act and the Listing Rules. Base Shareholders who desire to retain their unmarketable holding must give notice of their desire to Base within 6 weeks of the notice. A Base Shareholder who does not give that notice is to be regarded as irrevocably appointing each director and company secretary as the Base Shareholder's agent to sell the Base Shareholder's unmarketable holding.

(g) Amendments

The constitution of Base can be modified or repealed by way of a special resolution of Base Shareholders. A special resolution needs to be passed by at least 75% of the votes cast by Base Shareholders who are entitled to vote on the resolution.

2.5 Unsecured Debt Facility

On 23 December 2014, Base announced that it had entered into a US\$20 million unsecured debt facility (**Facility**) provided by Taurus Funds. Taurus Funds is a related entity of Taurus SM Holdings Pty Limited, which, when last disclosed, holds 12.4% of Base Shares. The Facility has a termination date of 31 December 2016. As noted in the announcement made on 23 December 2014, the principal terms of the Facility are:

- an upfront establishment fee of 2% of the Facility;
- an interest rate 10%, payable quarterly in arrears;
- a commitment fee of 2% per annum on the undrawn portion of the Facility; and
- Base has issued Taurus Funds with 30,712,531 Base Options with an option strike price of \$0.40 each and an expiry date of 31 December 2018. A further 30,712,530 Base Options with the same option terms will be issued to Taurus Funds pro rata for amounts over US\$5 million drawn on the Facility.

2.6 Base Options

The terms and conditions attached to the Base Options are as follows

As at the date of this Bidder's Statement, Base has 15,600,000 unlisted Base Options issued to Directors and management, 1,000,000 unlisted Base Options issued to RFC Ambrian Limited and 30,712,531 Base Options issued to Taurus Funds. The exercise prices and expiry dates for the Base Options on issue as at the date of this Bidder's Statement are as follows:

Exercise price	Expiry date	Number issued
\$0.09	9 July 2015	7,100,000
\$0.25	9 July 2015	8,500,000
\$0.25	30 July 2015	1,000,000
\$0.40	31 December 2018	30,712,531 ¹

¹As noted in section 2.5 above, Base will issue Taurus Funds with an additional 30,712,530 options pro rata with amounts drawn on the unsecured debt facility announced on 23 December 2014 over US\$5 million.

Base Option holders do not have any rights to participate in any issues of Base Shares or other interests in Base or any other entity.

2.7 Substantial holders in Base Shares

As at the date of this Bidder's Statement, so far as is known to Base based on publicly available information, there are no substantial holders of Base Shares, except as set out as follows:

Substantial shareholder	Voting power*
Pacific Road Resources Fund II ⁽¹⁾	20.4% ⁽²⁾
Taurus SM Holdings Pty Limited	12.4%
Sustainable Capital Ltd	9.5%
L1 Capital Pty Limited	7.8%
Acorn Capital Limited	7.6%
Aterra Investments Limited	5.5%
Genesis Asset Managers LLP	5.0%
	68.2%

* Note: Voting power shown is as disclosed in the relevant substantial shareholder notices at the time released to the market.

- 1) Pacific Road Resources Fund II is comprised of Pacific Road Capital Management GP II Limited (a Cayman Islands company) as general partner of Pacific Road Resources Fund II L.P. and Pacific Road Capital II Pty Limited (an Australian company) as trustee of Pacific Road Resources Fund II.
- 2) The total voting power shown for Pacific Road Resources Fund II is the sum of the voting power disclosed for the relevant related entities (noted in point 1 above) and as disclosed in Base's 2014 Annual Report.

2.8 Performance rights

On 29 November 2012, Base Shareholders approved and adopted the 2012 Base Resources Long Term Incentive Plan (LTIP).

The Base Board has discretion to grant Performance Rights under the LTIP to eligible employees (or their nominees).

As at the date of this Bidder's Statement, Base has on issue 22,041,338 Performance Rights under the LTIP to executives and senior employees of Base as part of their overall remuneration package. The Performance Rights were granted for no consideration and are not transferable except with prior approval of the Base Board. Holders of the Performance Rights will not be required to pay any consideration for the Base Shares issued to them on exercise of their Performance Rights.

The Performance Rights have different performance periods and vesting dates and are subject to various vesting conditions which include relative total Base Shareholder return and absolute total Base Shareholder return metrics.

For a detailed explanation of the terms and conditions applying to the Performance Rights, see Annexure A to the notice of annual general meeting for Base dated 29 November 2012.

Performance Rights are granted at no cost and carry no dividend or voting rights.

3. Information on World Titanium

3.1 Overview of World Titanium

World Titanium is an Australian incorporated ASX listed mineral sands company and as at 22 December 2014 had a market capitalisation of \$9.0 million.

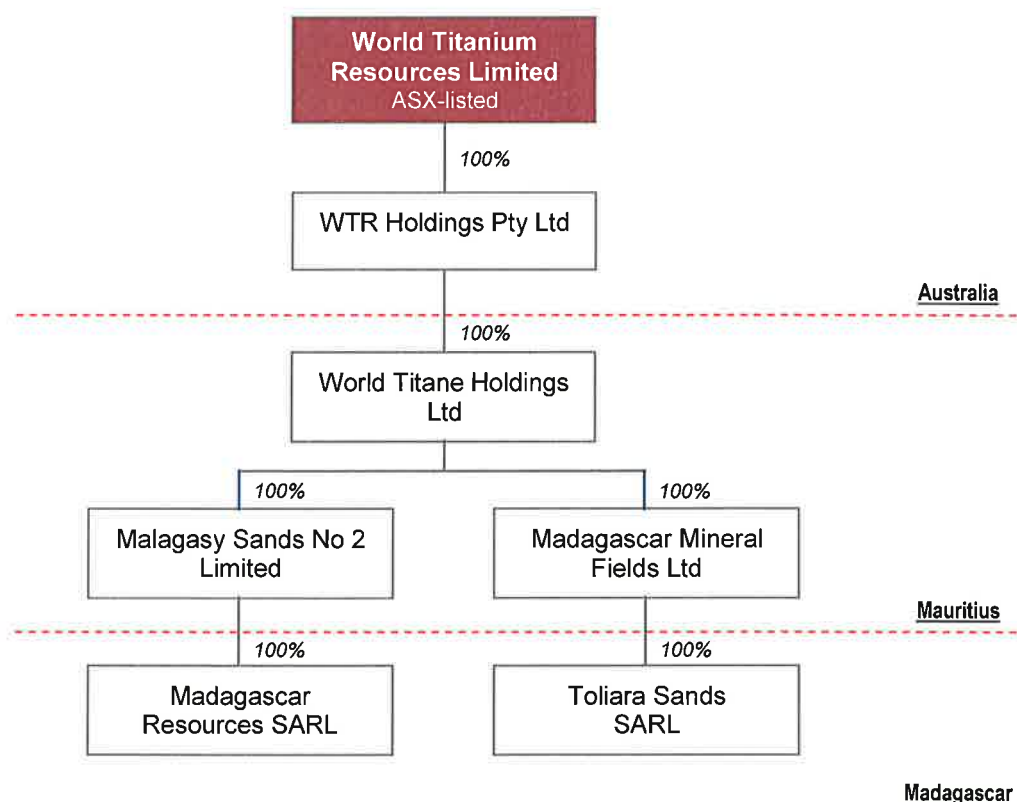
World Titanium’s core focus is the exploration and evaluation of its 100% owned Toliara Sands Project in Madagascar.

3.2 History, corporate structure and ownership of World Titanium

3.2.1 History

In August 2011, WTR Holdings Pty Ltd (an unlisted Australian public company, then called World Titanium Resources Ltd) entered into an agreement to merge with ASX listed Bondi Mining Ltd. The merger by way of Scheme of Arrangement was implemented on 30 December 2011 and, following this, Bondi Mining Ltd changed its name to World Titanium Resources Limited and applied for reinstatement of securities to official quotation on the ASX on 12 January 2012.

3.2.2 Corporate Structure



3.2.3 Ownership

As at 31 August 2014 there were 585 World Titanium Shareholders.

Based on publicly available information, the substantial shareholders of World Titanium are:

Shareholder	Number of World Titanium Shares held	Voting power*
Boulle Titanium Limited	73,725,060	20.4%
Mineral Deposits Limited	69,138,124	19.1%
JP Morgan Asset Management (UK) Limited	28,032,234	7.7%

Blakeney LLP	25,586,488	7.1%
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* Note: Voting power shown is calculated using the latest total shares on issue figure published by World Titanium of 362,006,589 shares.

3.3 Principal activities of World Titanium

World Titanium is advancing the Toliara Sands Project, which is located 40 kilometres north of the port of Toliara in south-west Madagascar. The Toliara Sands Project is World Titanium's primary development project.

In April 2012, World Titanium received two mining licences for the Toliara Sands Project, as well as the renewal of the remainder of the exploration licence for the Toliara Sands Project. Each of the mining licences has a term of 40 years and may be renewed for one or more additional 20-year term.

A Definitive Engineering Study (**DES**) was completed on the Toliara Sands Project in August 2012. The DES was based on an initial mining rate of 8Mtpa and estimated the production of 326ktpa of sulphate ilmenite and 81ktpa of chloride ilmenite, plus 44ktpa of zircon and rutile rich concentrate.

The estimated Mineral Resource of 959Mt at an average grade of 6.10% Total Heavy Mineral (**THM**) within the Toliara Sands Project's licences has the potential to support a mine life of more than 100 years at the expected initial mining rate of 8Mt per annum. The Toliara Sands Project "starter pit" is supported by an Ore Reserve of 161Mt at an average grade of 8.2% THM, with an initial mine life of 21 years.

The Environmental and Social Impact Assessment (**ESIA**) for the Toliara Sands Project was submitted on 24 June 2014 to The Office of National Environment (**ONE**) within the Madagascar government. The ESIA represents an important progression for the approval process to commence mining activities at the Toliara Sands Project. World Titanium anticipated receipt of approval to commence mining activities during the first half 2015. World Titanium management believe the timeframe to complete the approval process for the ESIA schedule will enable World Titanium to finalise the engineering design, continue to reduce overall capital costs, seek off-take for its ilmenite product and continue discussion with financial banking institutions to support the development of the Toliara Sands Project in the 2015 calendar year.

3.4 Directors of World Titanium

The following are the directors of World Titanium:

- Mr Nicholas Limb – Chairman
- Mr Jeffrey Williams – CEO
- Mr Michael Cuthbert – Non-executive director
- Mr Ian Ransome – Non-executive director

3.5 Publicly available information about World Titanium

As a company with securities quoted on ASX, World Titanium is a "disclosing entity" under the Corporations Act and subject to regular reporting and disclosure obligations. Among other things, these obligations require World Titanium to notify the ASX of information about specified events and matters as they arise for the purposes of the ASX making that information available to the financial market operated by the ASX. In particular, World Titanium must immediately notify ASX of any information of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of World Titanium Shares, subject to the exceptions for certain confidential information. Announcements made by World Titanium to ASX are available from the ASX website at www.asx.com.au.

4. Information on World Titanium's securities and funding of the Offer

4.1 World Titanium's issued securities

According to documents provided by World Titanium to the ASX, as at the date of this Bidder's Statement, World Titanium's issued securities consisted of:

- 362,006,589 World Titanium Shares; and
- 28,225,000 Options.

4.2 World Titanium Options

So far as is known to Base, the exercise prices and expiry dates for the Options on issue as at the date of this Bidder's Statement are as follows.

Exercise price	Expiry date	Number issued
\$0.795	8 May 2015	475,000
\$0.28	31 March 2015	16,275,000
\$0.13	12 August 2015	1,500,000
\$0.28	31 March 2015	6,475,000
\$0.28	31 December 2015	1,500,000
\$0.051	15 October 2019	2,000,000

4.3 Interests in World Titanium securities

As at the date of this Bidder's Statement and as at the date of the Offer, Base had the following interests in World Titanium securities.

	As at date of this Bidder's Statement	As at the date of the Offer
Voting power in World Titanium	7.8%	7.8%
Relevant interest in World Titanium Shares	28,232,234	28,032,234

4.4 Dealings in World Titanium Shares

4.4.1 Previous 4 months

Except as described below, neither Base nor any associate of Base has provided, or agreed to provide, consideration for World Titanium Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

On 21 December 2014 Base entered into a Pre-Bid Acceptance Agreement with JP Morgan Asset Management (UK) Limited in respect of 28,032,234 World Titanium Shares, representing 7.7% of World Titanium's issued capital.

Under the Pre-Bid Acceptance Agreement, JP Morgan Asset Management (UK) Limited has agreed to irrevocably accept the Offer in respect of 7.7% of World Titanium Shares, in the absence of a superior proposal.

See section 9.3 of this Bidder's Statement for further information on the material terms of the Pre-Bid Acceptance Agreement.

4.4.2 Period before Offer

Neither Base nor any associate of Base has provided, or agreed to provide, consideration for World Titanium Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

4.5 Recent performance of World Titanium Share prices



Source: FactSet, 12 months closing prices for World Titanium on ASX

4.6 Effect of the Offer on Options

The Offer does not extend to the Options. However, the Offer extends to World Titanium Shares that are issued on the exercise of Options during the period from the Register Date to the end of the Offer Period.

If Base and its associates have relevant interests in at least 90% of the World Titanium Shares during, or at the end of, the Offer Period Base will give a notice of compulsory acquisition to all outstanding World Titanium Shareholders, even if the World Titanium Shares to which those notices relate are issued:

- after the close of the Offer but before the notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- on exercise of Options, up to 6 weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

If Base is entitled to compulsorily acquire any outstanding World Titanium Shares, Base presently intends to seek to compulsorily acquire or cancel any outstanding Options pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

4.7 No pre-Offer benefits

Both during the period of 4 months before the date of this Bidder's Statement, and during the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Base nor any associate of Base gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to: accept the Offer; or dispose of World Titanium Shares, which is not offered to all holders of World Titanium Shares under the Offer.

4.8 No escalation agreements

Neither Base nor any associate of Base has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

4.9 Funding for the Offer

The consideration for the acquisition of your World Titanium Shares will be funded by the issue of Base Shares, unless you are an Ineligible Foreign Shareholder in which case you will receive a cash equivalent for your World Titanium Shares (see section 10.8 of this Bidder's Statement).

4.9.1 Maximum consideration

Based on the number of World Titanium Shares on issue at the date of this Bidder's Statement, the maximum number of Base Shares which may need to be issued in accordance with the Offer, if acceptances are received in respect of all World Titanium Shares, is 72,401,318 Base Shares.

In addition, if all Options on issue as at the date of this Bidder's Statement convert into World Titanium Shares during the Offer Period, then an additional approximately 5,645,000 Base Shares would become payable. If this additional number of Base Shares also becomes payable, the total number of Base Shares which would become payable under the Offer is approximately 78,046,318.

The potential effect of the Offer on Base's capital structure discussed above is summarised in the table below (assuming Base acquires all World Titanium Shares on issue under the Offer):

	Base Shares to be issued (rounded)	Cumulative total of Base Shares on issue
As at the date of this Bidder's Statement	-	563,902,771
To be issued under the Offer in exchange for World Titanium Shares on issue as at the date of this Bidder's Statement	72,401,318	636,304,089
To be issued under the Offer if all Options are exercised into World Titanium Shares and accepted into the Offer	5,645,000	641,949,089

* This table does not show other Base securities on issue (see section 2).

Base has the capacity to issue the maximum number of Base Shares which it may be required to issue under the Offer. No shareholder approvals or third party consents are required for the issue of those Base Shares.

4.9.2 Provision of consideration

On the basis of the arrangements described in this section 4, Base is of the opinion that it has a reasonable basis for holding the view, and holds the view, that Base will be able to provide the consideration offered under the Offer.

5. Intentions in relation to World Titanium

5.1 Introduction

This section 5 sets out Base's intentions in relation to the following:

- the continuation of the business of World Titanium;
- any major changes to the business of World Titanium and any redeployment of the fixed assets of World Titanium; and
- the future employment of the present employees of World Titanium.

Those intentions have been formed on the basis of the facts and information concerning World Titanium, and the general business environment, which are known to Base at the time of preparation of this Bidder's Statement. The articulation and formulation of Base's intentions are necessarily limited by virtue of the fact that it has only had access to publicly available information about World Titanium and its assets. As such Base does not have access to all material information that is necessary to assess the implications of its current intentions.

Final decisions will only be reached in the light of all material facts and circumstances at the relevant time, including once Base has had an opportunity to conduct a review of World Titanium's operations and assets as referred to below. Accordingly, the statements set out in this section are statements of current intentions only which may vary as new information becomes available or circumstances change.

5.2 Strategic Rationale

Base is seeking to acquire World Titanium to secure ownership of the Toliara Sands Project.

Through obtaining outright ownership or effective control of World Titanium, Base will extend its mineral sands project interests and diversify its project and geographical risk profiles.

5.3 Intentions on acquisition of 90% or more of the World Titanium Shares

This section 5.3 sets out Base's current intentions if, at the end of the Offer Period, it has acquired a relevant interest in 90% or more of the World Titanium Shares, and is therefore entitled to proceed to compulsory acquisition of the outstanding World Titanium Shares in accordance with Part 6A.1 of the Corporations Act.

The Offer contains a 40% minimum acceptance condition and as a result, Base may not receive acceptances such that it acquires a relevant interest in 90% or more of the World Titanium Shares.

However, if Base did acquire a relevant interest in 90% or more of the World Titanium Shares, Base's current intentions are as set out below.

5.3.1 Corporate matters

Base intends to:

- if it becomes entitled to do so under the Corporations Act, proceed with compulsory acquisition of the outstanding World Titanium Shares, including any World Titanium Shares which are issued after the close of the Offer as a result of the exercise of Options (see section 4.6 of this Bidder's Statement);
- then arrange for World Titanium to be removed from the official list of the ASX; and
- replace the members of the World Titanium Board with the nominees of Base. Replacement World Titanium Board members have not yet been identified by Base and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be members of the Base management team.

5.3.2 Strategic review

After the end of the Offer Period, Base intends to conduct an immediate, broad based review of World Titanium's operations, projects, assets, structure and employees.

In the course of this review, Base intends to focus on a number of key specific areas including (but not limited to):

- closing World Titanium's current head office and principal place of business at Level 17, 500 Collins Street, Melbourne and relocating all centralised head office functions to Base's head office located in West Perth, Western Australia;
- assessing the appropriateness and size of World Titanium's in-country offices in Madagascar and Mauritius;
- assessing the capabilities and skills of existing World Titanium employees, and matching these capabilities and skills with Base's existing organization, including identifying areas of duplication or overlap; and
- reviewing World Titanium's business and its integration with Base's existing business to evaluate opportunities to enhance the performance of, and expand, the businesses of the Enlarged Base Group.

5.3.3 Employees

World Titanium is understood to operate with a small number of employees. Base proposes to undertake a review of the roles that will be required to continue to progress the Toliara Sands Project under the control of Base. No specific redundancies have been identified at this stage, but it is likely the integration of World Titanium will involve some redundancies. If any World Titanium employee is made redundant, they will receive, as a minimum, payment and other benefits in accordance with their legal and contractual entitlements.

5.4 Intentions on gaining effective control but less than 90%

This section 5.4 sets out Base's intentions if Base acquires a relevant interest in less than 90% of the World Titanium Shares at the end of the Offer Period but has effective control of World Titanium.

In that circumstance, Base's current intentions are set out below.

5.4.1 Corporate matters

Base intends to:

- subject to the Corporations Act, become actively involved in determining World Titanium's capital management policies and controlling the strategic direction of the business of World Titanium (noting that if Base receives acceptances under the Offer that bring its relevant interest to more than 75% of World Titanium Shares, it will be in a position to cast the votes required for a 'special resolution' at a meeting of World Titanium members, which would enable it to pass resolutions, for example, to amend the World Titanium constitution); and
- subject to the Corporations Act and the World Titanium constitution, procure the appointment of a majority of Base nominees to the World Titanium Board so that the proportion of Base nominees is equal to or greater than Base's voting power in World Titanium. The identity of such nominee directors has not yet been determined, but nominees will be selected to bring technical and managerial expertise to the World Titanium Board. The nominees will ensure that they comply with their fiduciary duties and obligations as directors of World Titanium, in particular in dealing with potential conflicts of interest.

5.4.2 Strategic review

If, following the close of the Offer, World Titanium becomes a controlled entity but not a wholly owned subsidiary of Base, then Base will seek to procure that the new World Titanium Board implement the strategies and goals outlined in section 5.3.2 of this Bidder's Statement to the extent possible and appropriate in the circumstances.

5.4.3 Compulsory acquisition

It is possible that even if Base is not entitled to proceed to compulsory acquisition after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently be entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act, for example, as a result of acquisitions of World Titanium Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, Base currently intends to exercise those rights of compulsory acquisition.

5.4.4 Limitations in giving effect to intentions

The ability of Base to implement the intentions set out in this section 5 will be subject to the legal obligations of World Titanium directors to have regard to the interests of World Titanium and all

World Titanium Shareholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties. These may limit or modify the implementation of the intentions outlined above.

Also, as a result of those requirements, the approval of minority World Titanium Shareholders may be required for the implementation of some of the intentions outlined above.

5.5 Intentions if Base acquires less than 50% of World Titanium Shares

This section 5.5 describes Base's intentions if World Titanium does not become a controlled entity of Base (that is, Base acquires less than 50% of the World Titanium Shares). In those circumstances:

- Base does not expect to be in a position to necessarily give effect to the intentions set out in sections 5.3 or 5.4 of this Bidder's Statement, although Base will seek to exercise its rights as a shareholder of World Titanium and will seek to appoint nominee directors to the World Titanium Board in a proportion broadly similar to the proportion of the voting power that Base holds in World Titanium; and
- Base's current intention is to continue to hold any stake in World Titanium with a view to maximising returns for Base Shareholders, though it reserves its right to dispose of its stake in World Titanium Shares or acquire further World Titanium Shares as permitted by law if it considers that is in the best interests of Base Shareholders at the relevant time.

In addition to the limitations set out in section 5.4.4, Base's ability to implement its intentions will be limited by its ability to influence the decisions of World Titanium in its capacity as a non-majority shareholder of World Titanium and through its representation (if any) on the World Titanium Board.

5.6 Other intentions

Subject to the matters described above in this section 5 and elsewhere in this Bidder's Statement and, in particular, the completion of the general operational review of World Titanium's operations, it is the intention of Base, on the basis of facts and information concerning World Titanium that are known to it and the existing circumstances affecting the assets and operations of World Titanium at the date of this Bidder's Statement that:

- the business of World Titanium will be conducted in substantially the same manner as at the date of the Bidder's Statement;
- there will be no redeployment of the fixed assets of World Titanium; and
- it is the current intention of Base to retain all current World Titanium employees subject to completing the review stated in section 5.3.

6. Effect of the Offer on the Enlarged Base Group

6.1 Profile of the Enlarged Base Group following the successful takeover of World Titanium

6.1.1 Operations

The Enlarged Base Group (following the successful takeover of World Titanium) will continue to operate as a mineral sands producer, project developer and explorer with a primary focus on Africa.

6.1.2 Project portfolio

The Enlarged Base Group will hold the producing Kwale Project in Kenya and the Toliara Sands Project in Madagascar.

6.2 Pro forma statement of financial position of the Enlarged Base Group following the successful takeover of World Titanium

6.2.1 Basis of presentation of pro forma financial information

This section provides an overview of the effect of the Offer on the Enlarged Base Group, based on the audited consolidated statement of financial position for each of Base and World Titanium as at 30 June 2014 (which assumes that Base acquires 100% of World Titanium Shares under the Offer) after completion of the transaction with the pro forma adjustments noted in section 6.2.2 of this Bidder's Statement below.

This section 6.2 should be read in conjunction with the underlying financial information from which it is derived (see sections 1.7 and 4 of this Bidder's Statement), the risk factors set out in section 8 of this Bidder's Statement, Base's accounting policies and other information contained within this Bidder's Statement.

This section also sets out information regarding the general assumptions underlying the preparation of the Enlarged Base Group unaudited pro forma consolidated statement of financial position as at 30 June 2014 (adjusted for the Offer) as set out in section 6.2.2 of this Bidder's Statement, and other relevant considerations.

This information has been prepared for illustrative purposes only and has been prepared on an abbreviated basis. It does not provide all the disclosure usually provided in an annual report in accordance with the Corporations Act.

Pro forma adjustments and assumptions have been made to present the Enlarged Base Group unaudited pro forma consolidated statement of financial position as at 30 June 2014 (adjusted for the Offer). Acquisition accounting entries have been estimated consistent with the terms of the Offer and the assumptions set out in section 6.2.2 of this Bidder's Statement below. It is assumed that the acquisition will be accounted for as a Business Combination in accordance with applicable accounting standards.

The Base Board will undertake a comprehensive review of the fair value of the assets and liabilities acquired after the transaction has completed.

All adjustments have been made in accordance with IFRS and Australian accounting standards.

6.2.2 Enlarged Base Group pro forma consolidated statement of financial position

Prepared on the basis Base issues 72,401,318 Base Shares at a deemed issue price of 20.0 cents per Base Share to acquire 100% of World Titanium Shares under the Offer.

	Base	World Titanium	Adjustment	Pro Forma
				\$000s
Current assets				
Cash and cash equivalents	20,945	2,848		23,793
Trade and other receivables	33,265	565		33,830
Inventories	20,049	6		20,055

				\$000s
Other current assets	3,007	57		3,064
Total current assets	77,266	3,476	-	80,742
Non-current assets				
Capitalised exploration and evaluation	1,120		10,676	11,796
Property, plant and equipment	386,153	178		386,331
Inventories	1,106			1,106
Restricted cash	5,406			5,406
Other receivables		353		353
Total non-current assets	393,785	531	10,676	404,992
Total assets	471,051	4,007	10,676	485,734
Current liabilities				
Trade and other payables	11,322	203		11,525
Borrowings	49,887			49,887
Provisions	1,180			1,180
Total current liabilities	62,389	203	-	62,592
Non-current liabilities				
Other payables				
Borrowings	177,667			177,667
Provisions	21,696			21,696
Deferred revenue	5,181			5,181
Other liability	1,106			1,106
Total non-current liabilities	205,650	-	-	206,650
Total liabilities	268,039	203	-	268,242
Net assets	203,012	3,804	10,676	217,492
Equity				
Issued capital	213,669	26,859	(12,379)	228,149
Reserves	16,085	2,426	(2,426)	16,085
Accumulated losses	(26,742)	(25,481)	25,481	(26,742)
Total equity	203,012	3,804	10,676	217,492

6.3 Capital Structure

If Base acquires 100% of World Titanium, existing World Titanium Shareholders will own approximately 11.4% of Base.

7. Taxation considerations

7.1 Introduction

The following is a general description of the Australian income and capital gains tax consequences to World Titanium Shareholders of the acceptance of the Offer.

World Titanium Shareholders who are not resident in Australia for tax purposes should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The following summary is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every World Titanium Shareholder.

World Titanium Shareholders should seek independent professional advice in relation to their own particular circumstances.

7.2 Australian resident shareholders

Acceptance of the Offer will involve the disposal by World Titanium Shareholders of their shares by way of transfer to Base in exchange for shares in Base. The taxation consequences of such a disposal will depend upon a number of factors, including:

- whether the relevant World Titanium Shareholder holds the shares on capital account, revenue account or as trading stock; and
- whether the scrip for scrip roll-over is available.

7.3 World Titanium Shares held on capital account

7.3.1 Capital gains tax (CGT)

For Australian resident World Titanium Shareholders who hold their World Titanium Shares on capital account, the change in ownership of the World Titanium Shares as a result of acceptance of the Offer will constitute a CGT event for Australian CGT purposes.

World Titanium Shareholders who are Australian residents may make a capital gain or capital loss on the transfer of World Titanium Shares, depending on whether their capital proceeds from the disposal of the World Titanium Shares are more than the cost base of those World Titanium Shares, or whether the capital proceeds are less than the reduced cost base of those World Titanium Shares.

Generally, the tax cost base of World Titanium Shares will be equal to the consideration paid to acquire the World Titanium Shares. In addition, other incidental costs of acquiring the World Titanium Shares (such as brokerage fees and stamp duty) may be included in the tax cost base (or reduced cost base).

7.3.2 Scrip for scrip roll-over

World Titanium Shareholders who would otherwise make a capital gain from the disposal of their World Titanium Shares under the offer to Base may be eligible to elect for scrip to scrip roll-over relief in relation to the exchange of their World Titanium Shares for Base Shares.

The benefit of choosing scrip for scrip roll-over relief will depend upon the individual circumstances of each World Titanium Shareholder.

A World Titanium Shareholder, to the extent Base Shares are received in exchange for the disposal of their World Titanium Shares (i.e. this will not apply to Ineligible Foreign Shareholders), should be entitled to roll-over relief if the following conditions are satisfied:

- Base Shares are received in exchange for World Titanium Shares under the terms of the Offer and that exchange is considered a single arrangement;
- World Titanium Shareholders would otherwise make a capital gain on the disposal of their Base Shares;
- Base becomes the owner of at least 80% of World Titanium Shares; and
- the relevant World Titanium Shareholder chooses to obtain roll-over relief.

Scrip for scrip roll-over is not available to a World Titanium Shareholder who would realise a capital loss on acceptance of the Offer.

The consequences of the roll-over will be that any capital gain for a World Titanium Shareholder will be disregarded and the cost base of a World Titanium's Shareholder's replacement interest in Base will be calculated by reference to a reasonable apportionment of the cost base of the World Titanium Shareholder's original shares in World Titanium.

If World Titanium Shareholders are not eligible to elect, or do not elect, to apply scrip for scrip roll-over, those shareholders will be subject to the general capital gains tax consequences discussed in section 7.3.1. Also, as the Offer is subject to Base acquiring at least a 40% interest in World Titanium, it is possible that the 80% threshold will not be satisfied.

7.3.3 World Titanium Shares held on revenue account

World Titanium Shareholders who acquired World Titanium Shares for the main purpose of reselling them at a profit may be considered to hold those shares on revenue account for taxation purposes.

For Australian resident World Titanium Shareholders who hold their shares on revenue account, any gain or loss realized on the change in the ownership of the shares will be assessable as ordinary income or claimed as a revenue deduction. The gain or loss will be calculated as the difference between the value of the consideration, being the Base Shares received on disposal, and the cost of acquiring the World Titanium Shares.

In these circumstances scrip for scrip roll-over relief will not be available.

7.3.4 World Titanium Shares held as trading stock

World Titanium Shareholders who are engaged in the business of share trading by regularly buying and selling shares with a view to making profits in the ordinary course of carrying on a business of share trading may be considered to hold the shares as trading stock.

For Australian resident World Titanium Shareholders who hold their shares as trading stock, the market value of the Base Shares received from accepting the Offer will be included in that shareholder's assessable income.

In these circumstances scrip for scrip roll-over relief will not be available.

7.3.5 Australian tax consequences of owning Base Shares

If an Australian resident former World Titanium Shareholder sells their new Base Shares, the tax consequences will again depend upon a number of factors, including:

- whether they hold the shares on capital account, revenue account or as trading stock; and
- whether the scrip for scrip roll-over is available.

Any capital gain or loss may be calculated by reference to the cost base of the new Base Shares as noted above.

Dividends payable by Base to Australian resident shareholders will be included in their assessable income. If a franking credit is attached to a dividend then that credit will also be included in assessable income and a tax offset may be available in respect of that franking credit.

7.3.6 Good and services tax (GST)

The disposal of World Titanium Shares to Base should not be a taxable supply for GST purposes.

7.3.7 Stamp duty

No stamp duty should be payable in Australia by World Titanium Shareholders on the issue of the Base Shares.

8. Risks associated with the Offer

8.1 Introduction

If the Offer becomes unconditional, World Titanium Shareholders who accept the Offer will become Base Shareholders, and Base will acquire an interest in World Titanium.

If that happens, World Titanium Shareholders will continue to be indirectly exposed to the risks associated with having an interest in World Titanium's assets and general economic, share market and industry risks. There are also additional risks relating to the Offer and to Base, to which World Titanium Shareholders will be exposed through their holding of Base Shares.

A number of risks and uncertainties, which are both of a specific and a general nature, may affect the future operating and financial performance of Base and the Enlarged Base Group and the value of Base Shares. Many of these factors are beyond the control of Base and the Base Board.

You must carefully consider the following risk factors, as well as the other information provided by Base, and consult your financial and legal advisers before making a decision as to whether to accept the Offer.

The risks and uncertainties described below are not exhaustive. Additional risks and uncertainties that Base is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Base's operating and financial performance.

8.2 Specific risks affecting Base and the Enlarged Base Group

8.2.1 Issue of Base shares as consideration

World Titanium Shareholders are being offered consideration under the Offer that consists of a specified number of Base Shares, rather than a number of Base Shares with a specified market value. As a result, the value of the consideration will fluctuate depending upon the market value of the Base Shares. Furthermore, under the Offer, Base will issue a number of new Base Shares. Some World Titanium Shareholders may not intend to continue to hold their Base Shares and may wish to sell them on the ASX or AIM. There is a risk that if a significant number of World Titanium Shareholders seek to sell their Base Shares, this may adversely impact the price of Base Shares.

8.2.2 Substantial non-controlling shareholder

The Offer is subject to a 40% minimum acceptance condition. This Condition may be waived by Base. Whether or not this Condition is waived by Base, it is possible that Base will be a substantial non-controlling shareholder in World Titanium.

8.2.3 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. World Titanium Shareholders who accept the Offer will receive Base Shares which are denominated in Australian dollars, however the profits and losses of Base will be predominantly US dollars-based. As such, shareholder returns will, in Australian currency terms, be subject to risks associated with the exchange rate of US dollars to Australian dollars.

8.2.4 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 Kwale Project and other activities.

8.2.5 Operating and development risk

The ability of the Enlarged Base Group to achieve production targets within anticipated time lines, or at all, or meet operating and capital expenditure estimates cannot be assured. The assets and mining operations of the Enlarged Base Group are subject to uncertainty with respect to (among

other things): ore tonnes, grade, metallurgical recovery & impurities, ground conditions, operational environment, funding for development, regulatory changes, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters. If faced by the Enlarged Base Group, these circumstances could result in Base not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Base's financial and operational performance. In addition, for mineral projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

8.2.6 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 meet its debt repayments when they fall due and stay within 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 funding by way of an equity raising, this may be dilutive to existing Base Shareholders.

8.2.7 Overseas assets

Base's Kwale Project is located in Kenya and World Titanium's Toliara Sands Project is located in Madagascar. The Kwale Project and the Toliara Sands Project are subject to specific country risks such as changes in laws, practices and policies in the relevant jurisdiction, including laws that deal with foreign investors.

Changes in government regulations and policies in Australia, Kenya and Madagascar could adversely affect the Enlarged Base Group's financial performance. For example, its capacity to explore and mine, and in particular the ability to mine any reserves and explore may be affected by changes in government policy which are beyond the control of the Enlarged Base Group. While the political situation in Madagascar remains stable following the U.S. Africa Leaders' Summit in Washington in August 2014 and the African Union, European Union and International Monetary Fund resuming cooperation with Madagascar, there can be no assurance that further political developments will not negatively impact the development of the Madagascan assets and the economics of those projects.

8.2.8 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 and World Titanium have or may, upon exercise of options to acquire, have an interest in will be subject to renewal. If any of the mineral properties are not renewed for any reason, the Enlarged Base Group may suffer damage through loss of opportunity to develop. The Directors are not aware of any reason why renewal of any mineral properties of Base will not occur, but are unsure of the extent of any title risk with respect to World Titanium.

8.2.9 Operating history

Base is currently completing the ramp up of its operations at the Kwale Project and World Titanium is in the process of progressing the permitting and feasibility assessments on the Toliara Sands Project. There can be no assurance that Base will operate the Kwale Project at a profit in the future or bring the Toliara Sands Project into production or operate it profitably.

8.2.10 Product sales agreements

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 and 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. If it cannot reach agreement on satisfactory terms, this may have an adverse effect on Base's future revenues.

8.2.11 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. There can be no guarantee, and Base Shareholders should not assume, that: anticipated tonnages and grades of ore will be achieved during production or, even if they could be, 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.

8.2.12 Operating risks

The current and future operations of Base and World Titanium, including production activities, exploration and appraisal 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;
- 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.

8.2.13 Mineral sands exploration interests

Exploration activities 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.

Accordingly, if exploration activities undertaken by the Enlarged Base Group do not result in additional reserves or identified Mineral Resources cannot be converted into Ore Reserves, there may be an adverse effect on the Enlarged Base Group's financial performance.

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 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, a reduction in the cash reserves of the Base Group and possible relinquishment of the mineral properties.

8.2.14 Insurance

Insurance against all risks associated with mining operations and development are not always available or affordable. Base intends to maintain insurance where it is considered appropriate for the Enlarged Base Group's needs. However, the Enlarged Base Group will not be 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.

8.3 General risks

8.3.1 General 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. 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.

8.3.2 Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Enlarged Base Group's exploration, development and future production activities, as well as on its ability to fund those activities.

8.3.3 Market conditions

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. Neither Base nor its Directors warrant the future performance of Base or any return on an investment in the Enlarged Base Group. Furthermore, access to additional equity sources in the future may be impacted by adverse market conditions.

8.3.4 Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on a stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Enlarged Base Group's performance.

Mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

8.3.5 Reliance on key personnel and employees

The Enlarged Base Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Enlarged Base Group must continue to attract and retain highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

8.3.6 War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Enlarged Base Group.

8.3.7 Liquidity risk

There can be no guarantee that there will continue to 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 under the Offer.

8.3.8 Environmental risk

The operations and activities of the Enlarged Base Group are subject to the environmental laws and regulations of Kenya and Madagascar. As with all mining operations and exploration projects, the Enlarged Base Group's operations and activities are expected to have an impact on the environment, particularly if further advanced exploration or mine development proceeds.

Base is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Enlarged Base Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies,

once implemented, will not oblige the Enlarged Base Group to incur significant expenses and undertake significant investments which could have material adverse effect on the Enlarged Base Group's business, financial condition and performance.

8.3.9 Counterparty risk

The financial performance of the Enlarged Base Group is potentially exposed to failure by counterparties to agreements.

This may also lead to adverse financial consequences for the Enlarged Base Group and there can be no guarantee that Base would be able to recover the full amount of any loss through legal action.

8.3.10 Competition

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

8.3.11 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 and the Enlarged Base Group's financial and/or operational performance may suffer.

9. Other material information

9.1 Offers for World Titanium securities other than World Titanium Shares

The Offer does not extend to the Options. However, the Offer extends to the World Titanium Shares that are issued on the exercise of Options during the period from the Register Date to the end of the Offer Period.

If Base becomes entitled to compulsorily acquire any outstanding World Titanium Shares, Base presently intends to seek to compulsorily acquire or cancel any outstanding Options pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

9.2 Date for determining holders of World Titanium Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

9.3 Pre-Bid Acceptance Agreement

On 21 December 2014 Base entered into a Pre-Bid Acceptance Agreement with JP Morgan Asset Management (UK) Limited, in respect of 28,032,234 World Titanium Shares, representing 7.7% of World Titanium's issued share capital.

Under the Pre-Bid Acceptance Agreement, JP Morgan Asset Management (UK) Limited agreed that if Base publicly announces the Offer at no less than 1 Base Share for every 5 World Titanium Shares and on conditions no less favourable than the conditions set out in section 10.9 of this Bidder's Statement, then it will accept the Offer in respect of the World Titanium Shares it holds within 5 Business Days of the Offer being declared unconditional by Base under the Corporations Act, in the absence of a superior proposal.

The full terms of the Pre-Bid Acceptance Agreement are annexed to the Form 603 filed by Base with the ASX on 23 December 2014.

9.4 Disclosure of interests of Directors

9.4.1 Interests in Base Shares

As at the date of this Bidder's Statement, the following Directors have the following relevant interest in Base Shares:

Director	No. of Base Shares held	Voting power*	No. of Base Options held
Andrew King ⁽¹⁾	820,000	0.15%	800,000
Colin Bwye ⁽²⁾	1,838,739	0.33%	8,600,000
Michael Stirzaker ⁽³⁾	-	-	-
Sam Willis ⁽⁴⁾	200,000	0.04%	600,000
Tim Carstens ⁽⁵⁾	1,228,522	0.22%	5,000,000
Michael Anderson ⁽⁶⁾	-	-	-
Malcolm Macpherson	-	-	-

* Note: Voting power shown is based on the current number of Base Shares on issue at the date of this document, being 563,902,771 shares.

- 1) The Base Shares held by Mr King are held indirectly through the Lyandji Super Fund of which Mr King is a member. The Base Options held by Mr King are held directly. 400,000 Base Options are unlisted and exercisable at \$0.09 on or before 9 July 2015. 400,000 Base Options are unlisted and exercisable at \$0.25 on or before 9 July 2015.
- 2) Of the Base Shares held by Mr Bwye, 994,844 are held directly, 362,414 are held indirectly through Mr Bwye's spouse Annette Bwye and 481,481 are held indirectly through Bwye Superannuation Fund of which Mr Bwye is a trustee and beneficiary. The Base Options held by Mr Bwye are held directly. 5,000,000 Base Options are unlisted

and exercisable at \$0.25 on or before 9 July 2015. 3,600,000 Base Options are unlisted and exercisable at A\$0.09 on or before 9 July 2015.

- 3) Mr Stirzaker is a director of Pacific Road Capital II Pty Ltd, a related party of a Pacific Road Resources Fund II, a substantial shareholder in Base.
- 4) The Base Shares held by Mr Willis are held indirectly through the Willis Family Superannuation Fund of which Mr Willis is a trustee and beneficiary. The Base Options held by Mr Willis are held indirectly through Carossa Holdings Pty Ltd as trustee for Globetrotter Investment Trust of which Mr Willis is a beneficiary. 300,000 Base Options are unlisted and exercisable at \$0.09 on or before 9 July 2015. 300,000 Base Options are unlisted and exercisable at \$0.25 on or before 9 July 2015.
- 5) Of the Base Shares held by Mr Carstens, 1,095,188 are held directly and 133,334 are held indirectly through SUMO Superannuation Fund of which Mr Carstens is a beneficiary. The Base Options held by Mr Carstens are held directly. 2,500,000 Base Options are unlisted and exercisable at \$0.09 on or before 9 July 2015. 2,500,000 Base Options are unlisted and exercisable at \$0.25 on or before 9 July 2015.
- 6) Mr Anderson is a director of Taurus SM Holdings Pty Ltd, a substantial shareholder in Base.

9.4.2 Interests in World Titanium Shares

At the date of this Bidder's Statement, no Director had a relevant interest in World Titanium Shares.

9.4.3 Indemnity, insurance and access

Base's constitution permits the grant of an indemnity (to the maximum extent permitted by law) in favour of each officer of Base and its wholly owned subsidiaries.

Base has entered into deeds of indemnity and access with all of the Directors. The indemnity covers liability to third parties by such officers unless the liability arises out of conduct involving a lack of good faith by the officer. The indemnity also covers costs and expenses the officer incurs in defending any claim or proceeding relating to that person's position (unless that claim or proceeding arises out of conduct involving a lack of good faith) and legal costs (other than legal costs which are not reasonable).

Base also maintains an insurance policy in respect of certain present and future officers against certain liability incurred in that capacity. In addition, Directors have access to certain company documents relating to the period of their directorship for 7 years following their retirement as a Director.

9.5 Disclosure of interests of certain persons

Other than as set out elsewhere in this Bidder's Statement, no:

- Director or proposed director of Base;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- promoter of Base

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of Base;
- property acquired or proposed to be acquired by Base in connection with its formation or promotion, or the offer of Base Shares under the Offer; or
- the offer of Base Shares under the Offer.

9.6 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a Director or proposed director of Base to induce them to become, or to qualify as, a director of Base (other than director's fees and remuneration in the ordinary course); or
- for services provided by an Interested Person in connection with the formation or promotion of Base or the offer of Base Shares under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer (on the basis that the Offer is successful), including legal, financial and corporate advisers total approximately \$1.5 million (excluding GST).

9.7 Consents

9.7.1 Consents to inclusion of a statement

Each of the persons listed below has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Bidder's Statement that are specified below in the form and context in which the statements are included and to all references in this Bidder's Statement to those statements in the form and context in which they are included:

- each Director – to the inclusion of statements made by them.
- Mr Greg Jones – to being named in this Bidder's Statement as a Competent Person for the purposes of the JORC Code 2012 in the form and context in which he is named and to the inclusion of the matters based on his information in the form and context in which it appears.
- Mr Scott Carruthers and Mr Per Scrimshaw – to being named in this Bidder's Statement as a Competent Person for the purposes of the JORC Code 2004 in the form and context in which he is named and to the inclusion of the matters based on his information in the form and context in which it appears.
- JP Morgan Asset Management (UK) Limited – to being named and to references made in the Bidder's Statement to the Pre-Bid Acceptance Agreement in the form and context in which they appear.

9.7.2 Consents to be named

King & Wood Mallesons has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to the inclusion of its name in this Bidder's Statement as legal adviser to Base.

RFC Ambrian Limited has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to the inclusion of its name in this Bidder's Statement as corporate adviser to Base.

Computershare has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to the inclusion of its name in this Bidder's Statement as share registry to Base.

9.7.3 Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

9.8 Mineral Resources and Ore Reserves and disclosures

The information in this Bidder's Statement relating to the Ore Reserves of Base is extracted from Base's 2104 Annual Report which was released on 16 October 2014. The information in this Bidder's Statement relating to Mineral Resources of Base are extracted from the ASX announcement entitled Upgrade and Increase of Mineral Resources at Kwale dated 14 October 2014. Base confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. Base confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

9.9 Ineligible Foreign Shareholders

World Titanium Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Base Shares as consideration for their World Titanium Shares pursuant to the Offer, unless Base otherwise determines.

A World Titanium Shareholder is an Ineligible Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of World Titanium is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Shareholder if Base is satisfied that it is not legally or practically constrained from making the Offer to a World Titanium Shareholder in the relevant jurisdiction and to issue Base Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Base is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Base Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Nominee, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Ineligible Foreign Shareholders. See section 10.8 for further details.

9.10 ASIC modifications and exemptions

ASIC has published various 'class order' instruments providing for modifications and exemptions that apply generally to all persons, including Base, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Base has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order 13/521 to include in this Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX.

If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) during the bid period, please contact the Offer Information Line on 1300 721 943 (toll free within Australia) or +61 3 9415 4282 (for callers from outside Australia).

In addition, as permitted by ASIC Class Order 13/523, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Base has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer. In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains share price trading data sourced from FactSet without its consent.

9.11 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

9.12 AIM listing

All Base Shares can be traded on either the ASX or AIM. To trade Base Shares on AIM, Base Shares must first be transferred from the Base Australian share registry into the form of Depository Interests (each of which represents a Base Share) held in a CREST account on Base's UK sub-registry. The transfer process is relatively simple and is typically completed in a few days and is undertaken by contacting Base's share registrar, Computershare.

CREST is the UK equivalent of the CHESS system in Australia for the electronic settlement and registration of share trades. To hold shares in a CREST account, a shareholder should contact an authorised UK stockbroker and establish an account with them. Alternatively, several Australian stockbrokers have existing accounts with UK stockbrokers that they can utilise for the purpose of trading in AIM shares by their clients. Base can provide contact details for such stockbrokers in the UK and Australia which can facilitate trading Base Shares on AIM.

9.13 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- material to the making of a decision by a World Titanium Shareholder whether or not to accept the Offer; and
- known to Base,

which has not previously been disclosed to World Titanium Shareholders.

10. Terms and conditions of the Offer

10.1 Offer

- (a) Base offers to acquire all of your World Titanium Shares on the terms and subject to the conditions set out in this section 10.
- (b) This Offer relates to World Titanium Shares that exist or will exist as at the Register Date and extends to any World Titanium Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any Options.
- (c) You may only accept this Offer for all of your World Titanium Shares.
- (d) The consideration offered is ONE Base Share for every FIVE World Titanium Shares.
- (e) If the number of Base Shares you become entitled to is not a whole number, that fraction shall be rounded up to the nearest whole number of Base Shares. If Base reasonably believes that a World Titanium Shareholder's holdings have been manipulated to take advantage of this rounding up, then any fractional entitlement will be rounded down.
- (f) The Base Shares to be issued under the Offer will be issued fully paid and will rank equally in all respects with all other Base Shares currently on issue.
- (g) If, at the time this Offer is made to you, you are an Ineligible Foreign Shareholder, you will not receive Base Shares. Instead, you are offered and will receive a cash amount determined in accordance with section 10.8 of this Bidder's Statement.
- (h) By accepting this Offer, you undertake to transfer to Base not only the World Titanium Shares to which this Offer relates but also all Rights attached to those World Titanium Shares (see section 10.6).
- (i) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of World Titanium Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. If, for the purposes of accepting, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the Base Shareholder Information Line to request those additional copies.
- (j) If your World Titanium Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (k) This Offer is dated [●] January 2015.

10.2 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being [●] January 2015, and ending at 7:00pm (Australia Western Standard Time) on the later of:

- (a) [●] February 2015; or
- (b) any date to which the Offer Period is extended.

Base may, in accordance with the Corporations Act, extend the period during which this Offer remains open for acceptance. Also, if, within the last 7 days of the Offer Period, the Offer is varied to improve the consideration offered or Base's voting power in World Titanium increases to more than 50%, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

10.3 How to accept this Offer

10.3.1 Accept for all of your World Titanium Shares

You may only accept this Offer for all of your World Titanium Shares.

The Offer relates to World Titanium Shares that exist or will exist as at the Register Date and extends to any World Titanium Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any Options.

Irrespective of the manner in which you hold your World Titanium Shares (for instance on the issuer sponsored subregister or the CHESS subregister) you may accept the Offer by completing

and returning the Acceptance Form in accordance with the instructions on the form and so that it is received before the Closing Date.

10.3.2 World Titanium Shares held in Issuer Sponsored Holdings

If your World Titanium Shares are held in an issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:

- (a) **complete** and **sign** the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (b) **return** the Acceptance Form (together with any documents required by the terms of the Offer and the instructions on the Acceptance Form) to one of the addresses shown on the Acceptance Form, so that it is received before the end of the Offer Period.

10.3.3 World Titanium Shares held in your name in a CHESS Holding

If your World Titanium Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of those World Titanium Shares you must either:

- (a) **complete, sign and return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, to one of the addresses shown on the Acceptance Form so that it is received in sufficient time to enable Base to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if Base lawfully determines it is otherwise valid);
- (b) **complete, sign and return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, directly to your Controlling Participant (usually your broker) in sufficient time for the Offer to be accepted before the end of the Offer Period, with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (c) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your World Titanium Shares, to accept the Offer you must yourself initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

10.3.4 World Titanium Shares of which you are entitled to be registered as holder

To accept this Offer for World Titanium Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (a) **complete** and **sign** the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (b) **return** the Acceptance Form (together with any documents required by the terms of the Offer and the instructions on the Acceptance Form) to one of the addresses shown on the Acceptance Form, so that it is received before the end of the Offer Period.

10.4 Acceptance Form and other documents

10.4.1 Status of Acceptance Form

The Acceptance Form forms part of the Offer, and the instructions on the Acceptance Form must be followed in using it to accept this Offer.

10.4.2 Acceptance Form must be received before the Closing Date

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Base at one of the addresses shown on the Acceptance Form before the end of the Offer Period.

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in

time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration to which you are entitled until your original Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at one of the addresses shown on the Acceptance Form.

When using the Acceptance Form to accept this Offer in respect of World Titanium Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Base in time for Base to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

The postage and transmission of the Acceptance Form and other documents is at your own risk.

10.5 Validity of acceptances

Notwithstanding sections 10.3 and 10.4, Base may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your World Titanium Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Base.

Where you have satisfied the requirements for acceptance in respect of only some of your World Titanium Shares, Base may, in its sole discretion, regard the Offer to be accepted in respect of those World Titanium Shares but not the remainder.

Base will provide the consideration to you in accordance with section 10.7 in respect of any part of an acceptance determined by Base to be valid.

10.6 The effect of acceptance

10.6.1 Revocation of acceptance not accepted

Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your World Titanium Shares from the Offer or otherwise dispose of your World Titanium Shares, except as follows:

- (a) if the Conditions in section 10.9 have not all been fulfilled or freed by the Closing Date (or, in relation to the prescribed occurrences Condition in section 10.9.2, the end of the third Business Day after the end of the Offer Period), this Offer will automatically terminate and your World Titanium Shares will be returned to you; or
- (b) if the Offer Period is extended for more than one month and the obligations of Base to deliver the consideration are postponed for more than 1 month and, at the time, this Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance and your World Titanium Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

10.6.2 Agreement resulting from acceptance

By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 10.3, you will be deemed to have:

- (a) accepted this Offer (and any variation of it) in respect of, and, subject to all of the Conditions being fulfilled or freed, agreed to transfer to Base all of your World Titanium Shares (even if the number of World Titanium Shares specified on the Acceptance Form differs from the number of your World Titanium Shares);
- (b) represented and warranted to Base, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your World Titanium Shares (including any Rights) to Base is registered, that all your World Titanium Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your World Titanium Shares (including any Rights) to Base, and that you have

paid to World Titanium all amounts which at the time of acceptance have fallen due for payment to World Titanium in respect of your World Titanium Shares;

- (c) irrevocably authorised Base (and any director, secretary, nominee or agent of Base) to alter the Acceptance Form on your behalf by inserting correct details relating to your World Titanium Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Base to make it an effective acceptance of this Offer or to enable registration of your World Titanium Shares in the name of Base;
- (d) if you signed the Acceptance Form in respect of World Titanium Shares which are held in a CHESS Holding, irrevocably authorised Base (or any director, secretary, nominee or agent of Base) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of your World Titanium Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules, or give any other instructions in relation to your World Titanium Shares to your Controlling Participant, as determined by Base acting in its own interests as a beneficial owner and intended registered holder of those Shares;
- (e) irrevocably authorised and directed World Titanium to pay to Base, or to account to Base for, all Rights in respect of your World Titanium Shares, subject, if this Offer is withdrawn or lapses, to Base accounting to you for any such Rights received by Base;
- (f) irrevocably authorised Base to notify World Titanium on your behalf that your place of address for the purpose of serving notices upon you in respect of your World Titanium Shares is the address specified by Base in the notification;
- (g) with effect from the time and date on which all the Conditions have been fulfilled or freed, to have irrevocably appointed Base (and any director, secretary or nominee of Base) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your World Titanium Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of World Titanium and to request World Titanium to register, in the name of Base or its nominee, your World Titanium Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (h) whether or not the Offer or the contract resulting from your acceptance of the Offer has become unconditional, you irrevocably authorise Base (or any nominee or nominees of Base) as your agent and attorney to attend and vote in person or by proxy at all general meetings of World Titanium on your behalf until the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period or, if all the Conditions have been satisfied or waived, the registration of Base as the holder of those World Titanium Shares;
- (i) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of World Titanium or to exercise or purport to exercise any of the powers and rights conferred on Base (and its directors, secretaries and nominees) in sections 10.6.2(g) and 10.6.2(h) above;
- (j) agreed that in exercising the powers and rights conferred by the powers of attorney granted under sections 10.6.2(g) and 10.6.2(h) above, the attorney will be entitled to act in the interests of Base as the intended registered holder of your World Titanium Shares;
- (k) agreed to do all such acts, matters and things that Base may require to give effect to the matters the subject of this section 10.6.2 (including the execution of a written form of proxy to the same effect as this section 10.6.2 which complies in all respects with the requirements of the constitution of World Titanium) if requested by Base;
- (l) agreed to indemnify Base in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your World Titanium Shares to Base being registered by World Titanium without production of your Holder Identification Number or your Securityholder Reference Number for your World Titanium Shares;
- (m) represented and warranted to Base that, unless you have otherwise notified Base in writing, your World Titanium Shares do not consist of separate parcels of World Titanium Shares;
- (n) irrevocably authorised Base (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your World Titanium Shares to

Base's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;

- (o) agreed, subject to the Conditions being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Base may consider necessary or desirable to convey your World Titanium Shares registered in your name and Rights to Base; and
- (p) agreed to accept the Base Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Base and have authorised Base to place your name on its register of shareholders in respect of those Base Shares.

Unless otherwise specified in this section 10.6.2, the undertakings and authorities referred to in section 10.6.2 above will remain in force after you receive the Offer Consideration for your World Titanium Shares and after Base becomes registered as the holder of your World Titanium Shares.

10.7 Payment of consideration

10.7.1 When you will generally be paid

Subject to this section 10.7 and the Corporations Act, if you accept this Offer and the Conditions are fulfilled or freed, Base will pay you the consideration for your World Titanium Shares under this Offer within 7 Business Days after the date of your acceptance or, if at the time of your acceptance this Offer is subject to a Condition, 7 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional.

10.7.2 Payment where additional documents required

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to Base with your acceptance to enable Base to become the holder of your World Titanium Shares (such as a power of attorney):

- (a) if those documents are given with your Acceptance Form, Base will provide the consideration in accordance with section 10.7.1;
- (b) if those documents are given after your Acceptance Form and before the end of the Offer Period, while this Offer **is subject** to a Condition, Base will provide the consideration due to you within 7 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional;
- (c) if those documents are given after your Acceptance Form and before the end of the Offer Period while this Offer **is not subject** to a Condition, Base will provide the consideration due to you within 7 Business Days after that document is given; and
- (d) if those documents are given after the end of the Offer Period, Base will provide the consideration within 7 Business Days after those documents are given. However, if at the time the documents are given, the Offer is still subject to a Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Base will provide the consideration due to you within 7 Business Days after the Offer becomes unconditional.

10.7.3 Where Base is entitled to any Rights

If Base becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Base all documents necessary to vest those Rights in Base or otherwise to give Base the benefit or value of those Rights. If you do not give those documents to Base, or if you have received the benefit of those Rights, then Base may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Base) of those Rights in accordance with section 10.7. If Base does not, or cannot, make such a deduction, you must pay such value or amount to Base (as reasonably assessed by Base).

10.7.4 Issue of Base Shares

The obligation of Base to issue any Base Shares to which you are entitled will be satisfied by Base:

- (a) entering your name on the register of members of Base; and
- (b) dispatching or procuring the dispatch to you by prepaid post to your address recorded in World Titanium's register of members at open of business (Australian Western Standard Time time) on the Register Date, an uncertificated holding statement in your name. If your World Titanium Shares are held in a joint name, an uncertificated holding statement will be

issued in the name of, and forwarded to, the holder whose name appears first in World Titanium's register of members at open of business (Australian Western Standard Time) on the Register Date.

10.7.5 Payment of consideration to Ineligible Foreign Shareholders

If you have accepted the Offer and you are an Ineligible Foreign Shareholder, you will receive your share of the proceeds from the sale of the Base Shares in accordance with section 10.8.

10.7.6 Clearances for certain World Titanium Shareholders

If, at the time of acceptance of this Offer, any consent, authority, clearance or approval is required for you to receive any consideration under this Offer, including (but not limited to) any authority, clearance or approval of:

- (a) the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959 (Cth)* or otherwise);
- (b) the Minister for Foreign Affairs (whether under Part 4 of the *Charter of the United Nations Act 1945 (Cth)*, the *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)* or any other regulations made thereunders), or otherwise;
- (c) any Government Authority under Part 9 of the *Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth)*; or
- (d) any other person as required by any other law of Australia that would make it unlawful for Base to provide the Offer Consideration for your World Titanium Shares,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) the Offer Consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained by Base.

10.8 Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Base Shares as the consideration for your World Titanium Shares as a result of accepting this Offer, and Base will:

- (a) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Base Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for section 10.1(g) and the equivalent provision in each other offer under the Offer;
- (b) cause the Base Shares so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times YS}{TS}$$

TS

where:

'N' is the amount which is received by the Nominee upon the sale of all Base Shares under this section 10.8 less brokerage and sale expenses;

'YS' is the number of Base Shares which would, but for section 10.1(g), otherwise have been issued to you; and

'TS' is the total number of Base Shares issued to the Nominee under this section 10.8.

You will receive your share of the proceeds of the sale of Base Shares by the Nominee in Australian currency.

Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.

Under no circumstances will interest be paid on your share of the proceeds of the sale of Base Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

10.9 Conditions of the Offer

Subject to section 10.10, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

10.9.1 Minimum acceptance

During or at the end of the Offer Period, Base and its associates together have a relevant interest in at least 40% of all World Titanium Shares (on an undiluted basis).

10.9.2 No prescribed occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (a) World Titanium converts all or any of its shares into a larger or smaller number of shares;
- (b) World Titanium or a subsidiary of World Titanium resolves to reduce its share capital in any way;
- (c) World Titanium or a subsidiary of World Titanium:
 - i. enters into a buy-back agreement; or
 - ii. resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) World Titanium or a subsidiary of World Titanium:
 - i. issues shares;
 - ii. grants an option over its shares; or
 - iii. agrees to make such an issue or grant such an option, other than the issue of any World Titanium Shares in connection with the exercise of Options;
- (e) World Titanium or a subsidiary of World Titanium issues, or agrees to issue, convertible notes;
- (f) World Titanium or a subsidiary of World Titanium disposes, or agrees to dispose of the whole, or a substantial part, of its business or property;
- (g) World Titanium or a subsidiary of World Titanium charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) World Titanium or a subsidiary of World Titanium resolves to be wound up;
- (i) a liquidator or provisional liquidator of World Titanium or of a subsidiary of World Titanium is appointed;
- (j) a court makes an order for the winding up of World Titanium or of a subsidiary of World Titanium;
- (k) an administrator of World Titanium or of a subsidiary of World Titanium is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (l) World Titanium or a subsidiary of World Titanium executes a deed of company arrangement; or
- (m) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of World Titanium or a subsidiary of World Titanium;

10.9.3 Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of Base acquiring World Titanium Shares to:

- (a) acquire, or require World Titanium or a subsidiary of World Titanium to dispose of, or offer to dispose of, any material asset of World Titanium or a subsidiary of World Titanium; or
- (b) terminate or vary any material agreement with World Titanium or a subsidiary of World Titanium.

10.9.4 Conduct of business in the ordinary course

Between the Announcement Date and the end of the Offer Period (each inclusive), World Titanium's business and the business of World Titanium's subsidiaries is carried on in the ordinary course.

10.9.5 Acquisitions, disposals and other matters

Between the Announcement Date and the end of the Offer Period (each inclusive), neither World Titanium nor any of its subsidiaries:

- (a) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:
 - i. the manner in which World Titanium conducts its business;
 - ii. the nature (including balance sheet classification), extent or value of the assets of World Titanium; or
 - iii. the nature (including balance sheet classification), extent or value of the liabilities of World Titanium, including, without limitation, any transaction which would or (subject to one or more conditions) may involve:
 - a. World Titanium or any of its subsidiaries acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than \$2 million; or
 - b. World Titanium or any subsidiary of World Titanium disposing, or agreeing to dispose of any interest in the Toliara Project;
- (b) enters into or materially amends any material employment, consulting, severance or similar agreement or arrangement with officers, directors, other executives or employees of World Titanium or a subsidiary of World Titanium or otherwise materially increasing compensation or benefits, or accelerating compensation or benefits, for any of the above;
- (c) declares, agrees to pay or becomes liable to pay a material bonus (or similar remuneration based incentive payment) to any director, officer, employee, consultant or contractor of any member of the World Titanium Group, other than pursuant to
 - i. a resolution of the World Titanium Board passed before 30 June 2014; or
 - ii. a contract or arrangement entered into before 30 June 2014 (but not pursuant to an amendment to such contract or arrangement made after 30 June 2014); and
- (d) materially varies, amends or modifies any material contract, or enters into, offers to enter into, or announces that it proposes to enter into, any material joint venture, asset or profit sharing, partnership, royalty, commodity pre-purchase, offtake or mineral streaming agreement or makes an announcement in relation to such a commitment.

10.9.6 No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (b) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Base or any of its associates), in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:
 - (d) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of any transaction contemplated by the Pre-Bid Acceptance Agreement and the Bidder's Statement; or
 - (e) requires the divestiture by Base of any World Titanium or any material assets of World Titanium or any subsidiary of World Titanium.

10.9.7 No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), World Titanium does not announce, make, determine as payable or declare, or announce an intention to make, determine as payable or declare any distribution, declare or pay any distribution (whether by way of

dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing.

10.10 Nature and benefit of Conditions

The Conditions in section 10.9 are conditions subsequent. The non-fulfilment of any Condition does not, until the end of the Offer Period (or in the case of the Condition in section 10.9.2, until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell World Titanium Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 10.12.

Subject to the Corporations Act, Base alone is entitled to the benefit of the Conditions, or to rely on any nonfulfillment of any of them.

Each Condition is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other condition.

10.11 Freeing the Offer of Conditions

Base may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to World Titanium and to the ASX declaring this Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act.

This notice may be given:

- (a) in the case of the no prescribed occurrences condition, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all the other Conditions, not less than 7 days before the end of the Offer Period.

10.12 Contract void if Conditions not fulfilled

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (a) at the end of the Offer Period, any of the Conditions are not fulfilled; and
- (b) Base has not declared this Offer and any contract resulting from your acceptance of it free from the Conditions in accordance with section 10.11 .

10.13 Official quotation of Base Shares

Base has been admitted to the official list of the ASX. Shares of the same class as those to be issued as consideration have been granted official quotation by the ASX.

An application will be made within 7 days after the start of the bid period to the ASX for the granting of official quotation of the Base Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.

Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by the ASX of the Base Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the bid period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

10.14 Notice on status of Conditions

So that World Titanium Shareholders know the status of the Conditions (i.e. whether they have been freed or fulfilled), the Corporations Act prescribes that notice of the status of the Conditions must be given towards the end of the Offer Period.

The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is [●] (subject to extension in accordance with section 630(2) if the Offer Period is extended).

10.15 Withdrawal of this Offer

This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Base will give notice of the withdrawal to the ASX and to World Titanium and will comply with any other conditions imposed by ASIC.

If, at the time this Offer is withdrawn, all the Conditions have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 10.9, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

A withdrawal pursuant to this section 10.15 will be deemed to take effect:

- (a) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
- (b) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

10.16 Variation of this Offer

Base may vary this Offer in accordance with the Corporations Act.

10.17 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia, Australia.

11. Definitions and interpretation

11.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise appears, the following terms have the meanings shown below:

TERM	MEANING
Acceptance Form	The transfer and acceptance form enclosed with this Bidder's Statement or, as the context requires, any replacement or substitute transfer and acceptance form provided by or on behalf of Base
AIM	The AIM market of the London Stock Exchange
Announcement Date	The date of the announcement of the Offer to acquire all of the shares in World Titanium by Base, being 23 December 2014
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the Australian Securities Exchange, as the context requires
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement
Australian dollars	The lawful currency of Australia
Base	Base Resources Limited (ABN 88 125 546 910)
Base Board	The board of directors of Base
Base Group	Base and its subsidiaries and controlled entities
Base Option	An option to subscribe for a Base Share, details of which are set out in section 2.5
Base Share	One fully paid ordinary share in the capital of Base
Base Shareholder	A person registered in the register of members of Base as a holder of Base Shares
Base Titanium Limited	A wholly owned subsidiary of Base through direct interests and interests in a 100% controlled subsidiary of Base, incorporated in Kenya and being the 100% owner of the Kwale Project
Bidder's Statement	This document, being the statement of Base under Part 6.5 Division 2 of the Corporations Act relating to the Offer
Business Day	Has the meaning given in the Listing Rules
CHESS	The Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia
CHESS Holding	A holding of World Titanium Shares on the CHESS subregister of World Titanium
Computershare	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Condition	A defeating condition to the Offer set out in section 10.9
Controlling Participant	Has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules)
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time
Debt Facility	The US\$215 million project finance debt facility used to part fund the development of the Kwale Project

DFS	Definitive feasibility study
Director	A current director of Base
Eligible Shareholder	All World Titanium Shareholders who are not Ineligible Foreign Shareholders
Enlarged Base Group	The group of companies resulting from the combination of Base Resources and World Titanium and their related bodies corporate, following World Titanium becoming a controlled entity of Base Resources
FactSet	FactSet Research Systems Inc
Holder Identification Number	The number that starts with an "X", to identify a World Titanium Shareholder with a CHES Holding and has the same meaning as in the ASX Settlement Operating Rules
IFRS	The International Financial Reporting Standards
Ineligible Foreign Shareholder	A World Titanium Shareholder whose address as shown in the register of members of World Titanium is in a jurisdiction other than Australia or its external territories or New Zealand, unless Base otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a World Titanium Shareholder in the relevant jurisdiction and to issue Base Shares to such a World Titanium Shareholder on acceptance of the Offer, and that it is not unlawful for such a World Titanium Shareholder to accept the Offer in such circumstances in the relevant jurisdiction
Interested Persons	Has the meaning given in section 9.5
Issuer Sponsored Holding	a holding of World Titanium Shares on the issuer sponsored sub-register of World Titanium
JORC Code 2004	The 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', prepared by the Joint Ore Reserves Committee (the JORC Committee)
JORC Code 2012	The 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', prepared by the Joint Ore Reserves Committee (the JORC Committee)
Kwale Project	The Kwale mineral sands production project in Kenya, East Africa owned and operated by the Base Group
Listing Rules	The official listing rules of ASX, as amended and waived by ASX from time to time
LTIP	The Base Resources 2012 Long Term Incentive Plan as approved by Base Shareholders on 29 November 2012
Mineral Resource	Has the meaning given in paragraph 20 of JORC Code 2012
Nominee	The nominee appointed by Base in accordance with section 10.8 of this Bidder's Statement
Offer	The offer for World Titanium Shares under the terms and conditions contained in section 10.1 of this Bidder's Statement, including in each case as varied in accordance with the Corporations Act
Offer Consideration	Has the meaning given in section 10.1(d)
Offer Information Line	An information line which World Titanium Shareholders should call if they have any queries in relation to the Offer. The telephone number is 1300 721 943 (toll free within Australia) or +61 (0)3 9415 4282 (for callers from outside Australia), which is available Monday to Friday between 6.30am and 5.30pm (WST)

Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 10.2
Option	An option to subscribe for a World Titanium Share
Ore Reserve	Has the meaning given in paragraph 28 of JORC Code 2004
Performance Rights	Unlisted performance rights which may vest into Base Shares subject to certain performance criteria being met, granted under the LTIP
Pre-Bid Acceptance Agreement	Has the meaning given in section 9.3
Public Authority	Any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange
Register Date	The date set by Base under section 633(2) of the Corporations Act, being 31 December 2014
Rights	All accreditations, rights or benefits of whatever kind attaching or arising from World Titanium Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, Options or other securities declared, paid or issued by World Titanium or any of its subsidiaries)
Securityholder Reference Number	The number which starts with an "I", allocated by World Titanium to identify a World Titanium Shareholder with World Titanium Shares on World Titanium's issuer sponsored sub-register, and has the same meaning as in the ASX Settlement Operating Rules
Takeovers Panel	The Australian Takeovers Panel
Takeover Transferee Holding	Has the same meaning as in the ASX Settlement Operating Rules
Target's Statement	The statement of World Titanium under Part 6.5 Division 3 of the Corporations Act relating to the Offer
Taurus Funds	Taurus Funds Management Pty Ltd (ACN 121 452 560)
Toliara Sands Project	The Toliara mineral sands project in Madagascar owned by World Titanium
US dollars or US\$	The lawful currency of the United States of America
VWAP	The volume weighted average sale price for Base Shares or World Titanium Shares, as the case may be, traded on the ASX over a specified period
World Titanium	World Titanium Resources Limited (ABN 21 120 723 426)
World Titanium Board	The board of directors of World Titanium
World Titanium Group	World Titanium and its related body corporates
World Titanium Share	One fully paid ordinary share in the capital of World Titanium
World Titanium Shareholder	A person registered in the register of members of World Titanium as a holder of World Titanium Shares

11.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, the following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Perth time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) unless otherwise indicated, a reference to dollars, \$, Australian dollars, A\$, cents and currency is a reference to the lawful currency of the Commonwealth of Australia;
- (f) a gender includes all genders;
- (g) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act; and
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.

12. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the directors of Base.

Date: 23 December 2014

Signed for and on behalf of
Base Resources Limited
by



Tim Carstens – Managing Director

Attachment 1

Announcement in relation to the Offer



ASX, AIM and Media Release
23 December 2014

Takeover Offer for World Titanium Resources Limited

Key Details

- Offer of 1 Base Share for every 5 World Titanium Shares;
- Offer represents a significant premium to the traded prices of World Titanium Shares during the period leading up to this announcement;
- Subject to limited conditions including a 40% minimum acceptance condition;
- Offer already supported (in the absence of a superior proposal) by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited, through a pre-bid acceptance agreement; and
- On the basis the Offer is successful, Base will secure the Toliara Sands Project to complement its successful Kwale Project and position itself for future growth within the mineral sands industry.

Base Resources Limited (ASX & AIM: BSE) ("Base"), the mid-tier East African mineral sands producer, is pleased to announce an off-market takeover offer ("Offer") for World Titanium Resources Limited (ASX:WTR) ("World Titanium").

The Offer is 1 Base ordinary share ("Base Share") for every 5 World Titanium ordinary shares ("World Titanium Shares").

Based on the ASX closing price of Base Shares on 22 December 2014 of 20.0 cents, the Offer values each World Titanium share at 4.0 cents. This represents a 60% premium to the closing price of World Titanium shares on the ASX on the same date of 2.5 cents.

On the basis of the 1, 3 and 6 month volume weighted average prices of the shares traded in both companies on the ASX, the Offer represents premiums of 118%, 98% and 56% respectively.

The Offer is subject to limited conditions, including (but not limited to):

- 40% minimum acceptance;
- World Titanium conducting its business in the ordinary course; and
- no "prescribed occurrences" happening.

Full details of these conditions are set out in Base's Bidder's Statement which has been sent to World Titanium and lodged with ASIC today. A copy of the Bidder's Statement accompanies this announcement.

The Offer is supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited. JP Morgan Asset Management (UK) Limited holds 7.7% of World Titanium and has entered into a pre-bid acceptance agreement with Base confirming that, in the absence of a superior proposal, it will accept the Offer within 5 business days of Base declaring it unconditional.

Base believes that the support of JP Morgan Asset Management (UK) Limited should be seen as an endorsement of the merits in accepting the Offer for all World Titanium shareholders.

Base notes that all four of the directors of World Titanium are representatives of World Titanium's existing largest shareholders, Boule Titanium Limited (20.4% interest in World Titanium Shares) and Mineral Deposits Limited (19.1% interest in World Titanium Shares). In these circumstances, it has not been practical for Base to engage with the World Titanium board regarding the Offer in advance of this announcement.

Indicative Timetable

Base expects to send its Bidder's Statement, which will provide more information about the Offer, to World Titanium Shareholders on or around 6 January 2015. It is expected that the Offer will become open to acceptances on 6 January 2015 and that it will close on 7 February 2015 (unless extended).

Benefits of the Offer to World Titanium Shareholders

The directors of Base believe there are very compelling reasons for World Titanium shareholders to accept the Offer. In summary:

- The Offer represents a significant premium to the market price for World Titanium Shares in the period prior to the announcement of the Offer;
- World Titanium shareholders will become shareholders in a mid-tier East African focused mineral sands company which combines the successful Kwale Project in Kenya with the Toliara Sands Project in Madagascar;
- World Titanium shareholders will gain exposure to the Base board and management team who have demonstrated their ability to deliver the successful Kwale Project;
- World Titanium shareholders will become shareholders in a company which is capable of driving the development of the Toliara Sands Project, including arranging the required financing;
- The Offer is already supported by World Titanium's largest institutional shareholder, JP Morgan Asset Management (UK) Limited; and
- World Titanium shareholders will have access to a more liquid market for their holding.

About World Titanium

World Titanium is an Australian incorporated ASX listed mineral sands company and as at 22 December 2014 had a market capitalisation of \$9.0 million.

World Titanium's core focus is the exploration and evaluation of its 100% owned Toliara Sands Project in Madagascar.

Based on publically available information, the substantial shareholders of World Titanium are:

Shareholder	Shares	Interest
Boulle Titanium Limited	73,725,060	20.4%
Mineral Deposits Limited	69,138,124	19.1%
JP Morgan Asset Management (UK) Limited	28,032,234	7.7%
Blakeney LLP	25,586,488	7.1%

Base's Intentions

Base is seeking to acquire World Titanium to secure ownership of the Toliara Sands Project.

Through obtaining outright ownership or effective control of World Titanium, Base will extend its mineral sands project interests and diversify its project and geographical risk profiles.

On securing control, Base would intend to initially explore the development options for the Toliara Sands Project and progress development on a timeline that is responsive to market conditions.

Impact of the Offer on Base

The successful acquisition, or the securing of effective control, of World Titanium will result in Base becoming a larger East African-focused mineral sands player with:

- a producing operation in Kenya with one of the highest revenue to cash cost ratios in the sector (Kwale Project);
- a well-recognised development project in Madagascar (Toliara Sands Project);

- an experienced board and management team with recent success in the financing and progression through to production of a significant mineral sands project in Africa;
- a strong institutional shareholder base including a number of specialist global resource sector investment funds; and
- Increased scale, market relevance and trading liquidity, with listings on both the ASX and the AIM market in London, positioning the Base Group to access ongoing institutional shareholder support to drive future growth.

On successful completion of the Offer, World Titanium Shareholders will together hold approximately 11.4% of Base and will therefore retain exposure to World Titanium's Toliara Sands Project, while also enjoying the benefits of being a shareholder in an emerging mineral sands producer with a solid track record of achievement.

Commenting on today's announcement, Managing Director, Tim Carstens said: 'The Toliara Sands Project in Madagascar is a well-recognised large scale, high grade development opportunity. The success of the Kwale Mineral Sands operation provides a model and platform to bring an additional asset into our portfolio that presents us with a clear growth path in line with our strategy for building a sustainable and globally significant resources company.'

Advisers

Base's corporate adviser on the Offer is RFC Ambrian Limited and its legal adviser is King & Wood Mallesons.

For further information contact:

Base	RFC Ambrian Limited
Tim Carstens	Stephen Allen
Managing Director	Executive Director
+61 8 9413 7400	+61 8 9480 2500

ENDS

CORPORATE PROFILE

Base Resources Limited ABN 88 125 546 910

DIRECTORS

Andrew King	Non-Executive Chairman
Tim Carstens	Managing Director
Colin Bwy	Executive Director

Sam Willis	Non-Executive Director
Michael Anderson	Non-Executive Director
Michael Stirzaker	Non-Executive Director
Malcolm Macpherson	Non-Executive Director

COMPANY SECRETARY

Winton Willesee

NOMINATED ADVISOR & BROKER

RFC Ambrian Limited

As Nominated Advisor:

Andrew Thomson or Trinity McIntyre

Phone: +61 (0)8 9480 2500

As Broker:

Jonathan Williams

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SHARE REGISTRY

ASX

Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace

PERTH WA 6000

Enquiries: 1300 850 505 / +61 (3) 9415 4000

www.computershare.com.au

AIM

Computershare Investor Services PL C

The Pavilions

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BRISTOL BS99 6ZZ

Enquiries: +44 (0) 870 702 0003

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Cannings Purple

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KENYA MEDIA RELATIONS

Africa practice (East Africa)

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PRINCIPAL & REGISTERED OFFICE

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Fax: +61 (0)8 9322 8912

Attachment 2

ASX announcements made by Base since the release of its 2014 Annual Report on 16 September 2014

Date	Announcement
23/12/2014	US\$20 million in Additional Funding Secured
18/12/2014	Change in substantial holding
11/12/2014	Change in substantial holding
28/11/2014	Becoming a substantial shareholder
19/11/2014	Final Director's Interest Notice
19/11/2014	Board Changes
19/11/2014	Results of Meeting
19/11/2014	Presentation
17/11/2014	Documents Executed for Debt Facility Reschedule
12/11/2014	Change in substantial holding
29/10/2014	Appendix 3B and Appendix 3Y x 2 – LTIP Vesting
24/10/2014	Quarterly Cashflow Report
16/10/2014	Notice of Annual General Meeting/Proxy Form
16/10/2014	Annual Report to shareholders
14/10/2014	Upgrade and Increase in Mineral Resources at Kwale
08/10/2014	Quarterly Activities Report
06/10/2014	Credit Approval Received for Debt Facility Reschedule