

ASX, AIM and Media Release
22 November 2019

Chair's Address to the Annual General Meeting Friday, 22 November 2019, 10.30am (AWST)

Ladies and gentlemen

This was another significant year for Base Resources, with our highly productive Kwale Operation in Kenya continuing to deliver and the world class Toliara Project in Madagascar on schedule to commence operations in 2022. With this high-quality asset portfolio and a track record of excellence in safety and operations, community engagement and environmental stewardship, we are building a truly unique mineral sands company.

Medium and long-term dynamics for our products continue to be encouraging, with strong global demand and restricted supply. These market conditions supported steady price improvement for rutile and ilmenite throughout the year, while zircon prices stabilised following prior increases. In the longer term, anticipated structural supply shortfalls for all our products require new projects to be developed in the coming years and present exciting strategic opportunities for Base Resources as an established and experienced mineral sands producer.

Kwale Operations continued to perform well, with the Company focusing on maximising mineral recoveries under a high tonnage, low grade regime as the fringes of the Central Dune were mined and the orebody fully depleted. Mining operations were successfully transitioned to the South Dune towards the end of the financial year and re-commenced smoothly in July. This was another meticulously planned and executed capital project, and a testament to the capability of the Group's operational and project teams.

Most importantly, the above outcomes were achieved with an uncompromising focus on the safety, health and wellbeing of our employees, contractors and communities. One of the Company's most significant highlights was a Total Recordable Injury Frequency Rate of zero at the end of the financial year, with no medical treatments. The Kwale Operation has not had a lost time injury since February 2014 and our employees and contractors across the Company have now worked over 18.0 million hours lost time injury free. This is a remarkable achievement for any mining operation in any jurisdiction.

Kwale Operations also continued to set a high benchmark in regard to sustainability, with over 77,000 trees planted since operations commenced and over 3,000 farmers participating in our agricultural livelihood programs. Significantly, of the 1,141 people employed by Base Resources at Kwale Operations, 98% are now Kenyan nationals, with 70% drawn from Kwale County.

Our strong operational performance, combined with a healthy pricing environment, enabled the Company to achieve record revenue of US\$209.5 million for the financial year. This result, along with our low operating costs and focus on efficiency led to EBITDA of US\$113.5 million and a net profit after tax of US\$39.2 million. Strong cashflow enabled the Company to end the year US\$19.2 million net cash positive after repaying US\$72.5 million of debt. As of 30 September, the Company had net cash of US\$30.6m.

The Company remains focused on Kwale mine life extension to maximise value creation for employees, the community, the nation of Kenya and shareholders. A number of mine life extension and near mine exploration options are being pursued and completion of the extended South Dune mining tenure continues to progress. A Mineral Resources estimate for the Kwale North Dune deposit was released in the period, with a study phase now underway to assess the economics of potential mine life extension. Since the end of financial year, a number of new prospecting licence applications have also been submitted for other areas of Kenya.

In conjunction with delivering excellence at Kwale, the Company made significant progress in development of the Toliara Project in Madagascar, our next major growth opportunity. Following acquisition of the project in January 2018, an accelerated study phase saw the release of the findings from the pre-feasibility study (PFS) in March 2019. With a post-tax, pre-debt NPV₁₀ of US\$671 million, annual free cash flow generation of US\$133 million and a sector leading average revenue to cost ratio of 3.06, the PFS confirmed our view that the Toliara Project is a world class mineral sands development opportunity¹.

¹ Refer to Base Resources' announcement on 21 March 2019 "Toliara Project PFS confirms status as a world-class mineral sands development" available at [https://www.baseresources.com.au/investor-centre/asx-releases/\(PFS Announcement\)](https://www.baseresources.com.au/investor-centre/asx-releases/(PFS%20Announcement)). The PFS Announcement discloses details about the material assumptions and underlying methodologies adopted for deriving the forecast financial information included in this announcement in respect of the Toliara Project. Base Resources confirms that the material assumptions underpinning that information disclosed in the PFS Announcement continue to apply and have not materially changed.

The Toliara Project is also gaining significant momentum on the ground, with 5,500 local men and women registering to qualify for participation in a wide range of training programs including heavy mobile equipment operation, brickmaking, bricklaying and plastering. So far, over 580 local people have commenced or completed these training programs. In addition, 25 local Malagasy men and women have traveled to Kenya to undertake two-year apprenticeship programs at our Kwale Operation.

Unfortunately, these training programs in Madagascar have had to be temporarily halted along with other on-the-ground activities, as required by the Government of Madagascar while we discuss fiscal terms for the Toliara Project.

The Company will continue to engage in transparent and respectful dialogue with the Government of Madagascar to deepen its understanding of the significant benefits of the project. We hope to secure agreement in a timely manner on mutually beneficial and sustainable fiscal terms on which the Toliara Project may proceed to development.

Work on the definitive feasibility study (DFS) commenced during the year and remains on target for completion next month, ahead of a planned decision to proceed to construction in 2020. Financing arrangements for the Toliara Project development are progressing in parallel with the DFS. If a decision to proceed is approved on this schedule, the project timetable is expected to have the Toliara Project in operation by 2022.

In the Toliara Project, we are confident that we have one of the best undeveloped mineral sands assets in the world but, Base Resources remains alert to additional opportunities to further build our portfolio of assets, capitalise on our strengths and build an attractive investment profile.

I believe Base Resources is now very well positioned to create significant shareholder value.

Kwale Operations is a consistent and strong cash generator with extensional potential, the Toliara Project is an exciting development opportunity, market conditions are supportive, and we have an outstanding team with a recognised reputation for successful mineral development.

I'd like to thank the Board, our employees, suppliers, local communities and host governments for their steadfast support and commitment. Finally, thank you to you, our shareholders, for your confidence, and patience.

We appreciate your ongoing support as we continue to build a truly unique mineral sands company.

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About Base Resources

Base Resources is an Australian based, African focused, mineral sands producer and developer with a track record of project delivery and operational performance. The Company operates the established Kwale Operations in Kenya and is developing the Toliara Project in Madagascar. Base Resources is an ASX and AIM listed company. Further details about Base Resources are available at www.baseresources.com.au.