

Transformational Acquisition of the Toliara Sands Project and A\$100 million share offer

HIGHLIGHTS

Toliara Sands Project summary:

- A large, high grade Mineral Resource of 857 million tonnes at 6.2% heavy mineral, with 612 million tonnes in the Measured and Indicated categories at 6.7% heavy mineral.
- Key permits are in place including mining lease and environmental approval. An established legislated land acquisition process is underway and scheduled for completion in mid-2018.
- Mining trials and processing test-work completed to date support a simple dry mining operation and technically straight forward process flowsheet.
- Operational simplicity, high grade and scale can be expected to produce a robust project with a first quartile revenue to cash cost ratio.
- Base Resources' development plan should see the Toliara Sands Project in production in mid-2021.

Acquisition and share offer summary:

- Binding agreement reached under which Base Resources will:
 - acquire an initial 85% interest in the world-class Toliara Sands Project in Madagascar for consideration of US\$75 million; and
 - acquire the remaining 15% interest, with a further US\$17 million payable on achievement of key milestones as the project advances to mine development.
- A\$100 million to be raised to fund the initial US\$75 million consideration, through a partially underwritten share placement and accelerated pro rata renounceable entitlements offer at A\$0.255 per share.
- Share offer composition:
 - Institutional placement of 143.1 million shares to raise A\$36.5 million; and
 - 1 for 3 accelerated pro rata renounceable entitlements offer of 249.1 million shares to raise A\$63.5 million.

Base Resources Limited (ASX & AIM: BSE) (**Base Resources** or the **Company**) is pleased to announce that it has reached agreement with World Titane Holdings Ltd (**World Titane**) whereby Base Resources will acquire an initial 85% interest in the wholly owned Mauritian subsidiaries of World Titane, which between them hold a 100% interest in the Toliara Sands Project in Madagascar (held through wholly owned subsidiaries in Madagascar). This acquisition is conditional only on Base Resources completing an equity raising for a minimum of A\$80 million to partially fund the acquisition costs.

The Toliara Sands Project is considered by Base Resources to be one of the best mineral sands development projects in the world. It is underpinned by the Ranobe deposit which has a JORC 2012 Resource of 857 million tonnes at 6.2% heavy

mineral, including 612 million tonnes at 6.7% heavy mineral in the Measured and Indicated Categories¹.

Building on the work completed to date, Base Resources' development plan is to complete a full study phase ahead of a decision to proceed to construction in the second half of calendar 2019. This timetable could be expected to see the Toliara Sands Project in production in mid-2021.

Tim Carstens, Managing Director of Base Resources, commented:

“World Titane (the successor to the formerly ASX-listed World Titanium Resources Limited) has invested significantly in progression of the Toliara Sands Project over a number of years, establishing a world-class Mineral Resource, advancing development studies and securing key permits and licenses. World Titane has also successfully fostered strong relationships with the Government of Madagascar and the local community. The majority shareholders in World Titane, AMED Funds and Boule Titanium, who have been instrumental in the recent project progression, have committed their ongoing support to the project to ensure a continued smooth progression to mine development.

This is a transformational acquisition for Base Resources and represents a significant step in execution of the Company's strategic plan. Further explanation of the rationale for the acquisition and transformational impact is set out in an investor presentation released to the ASX today, together with further details of the transaction terms².”

Carlo Baravalle of AMED Funds, and Chairman of World Titane commented:

“We are very pleased to have concluded this transaction with Base Resources, an accomplished mineral sands mining company with an excellent track record of successful project development in Africa. Working closely with local stakeholders and government during the past couple of years, during a particularly challenging period for mineral sands, World Titane, with the support of AMED Funds and Boule Titanium, have significantly progressed the project. We are proud to be able to introduce Base Resources to now drive the Toliara Sands Project towards construction.”

Jean-Raymond Boule of Boule Titanium commented:

“We would like to thank the Government of Madagascar for their unwavering support during the initial exploration and development phase of the project and we look forward to continuing to work closely with all the authorities in Madagascar, and Base Resource, in the further development of the Project.”

The Offer

To fund the US\$75 million initial consideration, Base Resources is seeking to raise A\$100 million through a combined share placement to institutional investors in eligible jurisdictions and a 1 for 3 accelerated pro rata renounceable entitlements offer (**Offer**). All shares will be offered at A\$0.255 per share (**Offer Price**). The Offer has been partially underwritten by RFC Ambrian Limited (**RFC Ambrian**) subject to the terms and conditions of an offer management and underwriting agreement to a cap of approximately A\$88.4 million.

RFC Ambrian has also been appointed by Base Resources as the Offer Manager. Numis Securities Limited has been appointed the Joint UK Manager in relation to the Offer.

¹ Refer to Base Resources' ASX market announcement “Investor Presentation – Acquiring the Toliara Sands Project” released today (19 December 2017) (available from <https://www.baseresources.com.au/investor-centre/asx-releases>) which contains the JORC competent persons statement for this estimate of Mineral Resource. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

² Refer to Base Resources' ASX market announcement “Investor Presentation – Acquiring the Toliara Sands Project” released today (19 December 2017) (available from <https://www.baseresources.com.au/investor-centre/asx-releases>).

Transformational Acquisition and Share Offer

The A\$0.255 per share Offer Price represents a 16.4% discount to the last traded price of Base Resources shares on ASX on 18 December 2017 and a 15.2% discount to the 10-day VWAP on ASX to 18 December 2017.

The Offer comprises the following:

- a placement of approximately 143.1 million fully paid ordinary shares to raise approximately A\$36.5 million (**Placement**); and
- an accelerated pro rata renounceable entitlements offer of approximately 249.1 million fully paid ordinary share to raise approximately A\$63.5 million (**Entitlement Offer**).

The Entitlement Offer will comprise two components:

- an accelerated entitlement offer to existing eligible institutional shareholders of Base Resources on the record date for the Offer (**Institutional Entitlement Offer**); and
- an entitlement offer to existing eligible retail shareholders of Base Resources on the record date for the Offer (**Retail Entitlement Offer**), which includes the ability for eligible retail shareholders to trade their retail entitlements on market on ASX.

It is the responsibility of purchasers of entitlements to inform themselves of the eligibility criteria for exercise (details of which are set out in the Retail Entitlement Offer booklet to be lodged on ASX on 21 December 2017). If holders of entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the entitlements.

All new shares issued under the Offer will rank equally with existing shares in Base Resources.

Base Resources will appoint a nominee to seek to sell ineligible shareholders' entitlements during the Offer period. Any proceeds of this sale (less transaction costs) will be paid to ineligible shareholder on a pro rata basis.

Anticipated Timetable for the Offer

Institutional Entitlement Offer and Placement opens	Tuesday, 19 December 2017
Institutional Entitlement Offer and Placement closes	5.00pm Wednesday, 20 December 2017
Institutional Offer shortfall bookbuild	Wednesday, 20 December 2017
Institutional Entitlement Offer and Placement results announced	Thursday, 21 December 2017
Retail Entitlement Offer booklet lodged on ASX	
Trading resumes on an ex-entitlement basis	
Retail entitlements commence trading on ASX on a deferred settlement basis	
Record date for shareholders on Base Resources' Australian register	7.00pm Thursday, 21 December 2017
Record date for shareholders on Base Resources' UK register	6.00pm (GMT) Thursday, 21 December 2017
Retail Entitlement Offer opens and Retail Entitlement Offer booklet dispatched	Thursday, 28 December 2017
Settlement of Institutional Entitlement Offer and Placement	Thursday, 4 January 2018
Trading of retail entitlements on ASX ends	Wednesday, 10 January 2018
Retail Entitlement Offer closes	7.00pm Wednesday, 17 January 2018
Retail Entitlement Offer results announced	Friday, 19 January 2018
Retail Entitlement Offer allotment date	by 12.00pm Monday, 22 January 2018

Base Resources reserves the right to change these dates without prior notice. References to time are to Australian Eastern Daylight Time (AEDT), unless otherwise noted. The commencement of quotation of new shares is subject to confirmation from ASX and AIM.

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a Retail Offer Booklet expected to be lodged with ASX on 21 December 2017 and dispatched on 28 December 2017.

Further information in relation to the matters described in this announcement, including important notices and key risks, is set out in the investor presentation released to the ASX today by Base Resources and should be read in conjunction with this announcement. The information in the Disclaimer and Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

Herbert Smith Freehills is Base Resources' legal adviser in relation to the Offer.

ENDS

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