Right sector. Right project. Right time.

August 2010
The Kwale Opportunity

A “World Class” advanced project well positioned to capitalise on a forecast sustained opportunity in the mineral sands market.

As a Project

• Mineral sands market fundamentals present an opportunity for new supply to enter an environment of escalating prices and supply shortfall.
• Kwale is a robust project with a timeline and scale to take advantage of the opportunity, forecast to generate net cash of US$400 million over an 11 year mine life from 2013.
• Well advanced with US$40 million+ spent to date - DFS completed in 2006 and all leases, licences and permits currently in place. Previous impediments to development now cleared.
• Supported by well developed physical and social infrastructure.
• Supported by Kenyan government (GoK) as a project of national significance.
• Cheap entry with manageable implementation and risk profile.

As a launch pad

• Significant additional production potential from 1.5 billion tonne resources.
• Establishes capital base and cash flow for expansion.
• Model for operation in East Africa.
Ilmenite, rutile and zircon are essentially “lifestyle products” by virtue of their dominant end-uses.

- Kwale ilmenite and rutile are feed stocks for production of TiO₂ pigments used in the production of high quality finishes.
- Zircon is premium quality and suitable for ceramic applications.
- Consumption correlates strongly with economic development, being driven by urbanisation and increasing demand for basic consumer products.
- In the most developed economies, demand has stabilised.
Kwale Product Positioning

Products are of a quality that means they are readily saleable into a market facing significant supply deficits.

**Ilmenite**
- suitable for sulphate route TiO₂ pigment manufacture as well as both chloride and sulphate titanium slag production. Sulphate ilmenite demand in China is a particular growth segment.
- Impurity profile is generally favourable (particularly radionuclide), with no fatal flaws. Low TiO₂ content may incur a pricing penalty of up to $10/t (8% on long term forecast of $125/t).
- No perceived impediment to sale of full production volumes.

**Rutile**
- meets the specification for “premium” grade, with exception of slightly higher Fe₂O₃.
- Impurity profile is generally favourable (particularly radionuclide), with no fatal flaws.
- No perceived impediment to sale of full production volumes.

**Zircon**
- premium quality and should be suitable for ceramic applications.
- The radionuclide (uranium and thorium) levels are amongst the lowest in the industry, making the product desirable as a blend feed which could attract a premium of up to $50/tonne.
- Geographic proximity to Europe and Indian ceramics industries.
- No perceived impediment to sale of full production volumes.
Previous impediments to development have now been cleared.

1995–7  Initial exploration, project areas identified and exploration licenses secured
2000    First feasibility study completed
2001    Court injunction granted to landowners halted all activities - lifted in 2002
2002–5  EIA approved and environmental license issued
         Environmental management plan approved
         Pilot plant constructed and design criteria confirmed for DFS
         Special Mining Lease issued
         Fiscal Investment Agreement with Government of Kenya signed
2006    C$60m in equity raised and US$150m project debt facility established (Standard Chartered, WestLB and African Development Bank), contractors appointed, construction commenced.
2007    Project halted pending resolution of resettlement and compensation disputes - all land compensation matters settled and relocation completed.
2008-9  Jinchuan provisionally agreed to provide US$200m for a 70% project interest
         Terminated by Jinchuan in October - reasons considered unrelated to the project
2010    In January Tiomin announced a merger with diamond company Vaal diam.
         Concurrently announced the sale of all non diamond assets. Sought to sell the mineral sands interests in a “fire sale” process.
         In February Base announced the conditional acquisition of the project interests. By May the Government of Kenya had approved the project transfer to Base. By 30 June all remaining conditions of the acquisition were satisfied.
The Kwale Project is focused on the Central and South dunes only. Vast additional resources provide a range expansion options.

<table>
<thead>
<tr>
<th>Dune</th>
<th>Classification</th>
<th>THM (%)</th>
<th>Ilmenite (%)</th>
<th>Rutile (%)</th>
<th>Zircon (%)</th>
<th>HMC x 10^6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>Measured</td>
<td>6.79</td>
<td>3.95</td>
<td>0.90</td>
<td>0.50</td>
<td>2.61</td>
</tr>
<tr>
<td>Central</td>
<td>Indicated</td>
<td>4.54</td>
<td>2.47</td>
<td>0.63</td>
<td>0.32</td>
<td>1.37</td>
</tr>
<tr>
<td>South</td>
<td>Indicated</td>
<td>3.5</td>
<td>1.4</td>
<td>0.4</td>
<td>0.2</td>
<td>2.45</td>
</tr>
<tr>
<td>North**</td>
<td>Indicated</td>
<td>2.1</td>
<td>1.0</td>
<td>0.2</td>
<td>0.1</td>
<td>2.44</td>
</tr>
<tr>
<td>All</td>
<td>Total</td>
<td>3.48</td>
<td>1.73</td>
<td>0.41</td>
<td>0.21</td>
<td>8.87</td>
</tr>
</tbody>
</table>

- JORC compliant resource, audited by SRK.
- Deposits occur as unconsolidated dunes with negligible waste stripping and very simple low cost mining.

- Located along the coast, to the north of Mombasa.
- Potential for 30+ year mine life.
Production

Relatively simple operation in close proximity to port and well supported by existing infrastructure.

- Dunes are amenable to a low-cost continuous mining technique.
  - Bucket wheel excavator contemplated in DFS.

- Processing via conventional mineral sands separation techniques.

- 2 separate pilot plant operations give confidence in processing behaviour, recoveries, slimes handling and product quality.

- Key infrastructure secured.
  - Power production permit issued and 132kv substation 18km from mine site.
  - Mukurumudzi river dam authorised. Bore field in process.
  - 10km from main coastal highway.

- 50 kilometre haul distance to Likoni port at Mombasa.

- Dedicated port site for construction of loading facility adjacent to existing Likoni terminal.
The Kwale project is of market-significant scale, albeit with a relatively short mine life based on Central and South dunes.

**Base Case (DFS as reviewed)**

- Estimated capital development cost – US$180 million.
  - Total funding required – approximately US$200 million.
- Development - 18 months.
- Target first production in 2013.
- Mine Life – 11 years.
  - Is a project of 2 halves with significantly higher production in the 1st 6 years from Central Dune before move to lower grade South Dune.
- Balanced mineral assemblage by expected revenue contribution:
  - Ilmenite 27%
  - Rutile 40%
  - Zircon 33%
- Total Revenue – US$1.3 billion.
“World class” project in top quartile of producers on Revenue : Cash Cost and mid-point of cost curves.

- Keys drivers are:
  - relatively strong grade.
  - mineral assemblage with 27% high value rutile and zircon.
  - very low stripping ratio.

- Is a project of 2 halves:
  - Particularly strong in first 6 years of operations at the higher grade Central Dune.
“Base Case” Project Economics

Projected US$230 million net cash surplus generated in first 6 years.

- Base Case IRR (post tax real) - 28%.
  - “Downside” Case IRR (post tax real) – 18%.

- NPV$_{10}$ of US$136 million.

- Net after tax cash flow of US$400 million (after repayment of investment).

- Base Case does not reflect identified project enhancement opportunities (except some obvious capital improvements) and includes conservative cost estimates.

- Only reflects “Kwale Project (Central and South Dunes)” with no contribution from North Dune or Kilifi, Mambrui and Vipingo.
The Base Team

Strong team in place with the right mix of skills to successfully develop the Kwale Project and capitalise on the wider opportunity.

TIM CARSTENS
Managing Director.

- 15 years in the resources industry
  - North Limited
  - Iron Ore Company of Canada
  - Robe River Iron
  - St Barbara Mines Limited
  - Perilya Limited
- Held diverse senior executive roles spanning strategy, corporate development, finance and operations.
- International experience.

COLIN BWYE
Executive Director – Operations & Development.

- 20+ years experience in mineral sands sector.
- Previously managing director of Doral Mineral Industries with mineral sands, fused materials and specialty chemical operations in WA.
- Experienced in bringing mineral sands projects into production.
- Kenyan national.

RFC CORPORATE FINANCE

- Specialist investment and advisory firm, focused on the resources sector with one of the largest resource sector corporate finance teams in the world.
- Significant mineral sands advisory experience.
- Only non-UK authorised nominated adviser for LSE’s AIM market.
- Significant portfolio of successfully executed debt and equity raising mandates.
Proposed Workplan to FID

Base is working towards the rapid development of the Kwale Project with a plan for first production in early 2013.

1. “Base Case” DFS
   - Ausenco update of 2006 BFS

2. Develop “Enhanced DFS”
   - Process design review
   - Confirmatory drilling
   - Value engineering
   - Enhanced DFS

3. Development funding
   - Initial socialisation on Base Case DFS
   - Secure off-take agreements
   - Finalise funding
   - Final Investment Decision

4. Project underway
Capital Structure

Following the recent $8 million capital raising, Base is well funded to progress to FID, has significant institutional shareholders and a tight register.

<table>
<thead>
<tr>
<th>Shares</th>
<th>Options</th>
<th>Option Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing</td>
<td>38,000,001</td>
<td>29%</td>
</tr>
<tr>
<td>Non-renounceable rights issue</td>
<td>38,000,001</td>
<td>29%</td>
</tr>
<tr>
<td>Placement</td>
<td>51,111,111</td>
<td>40%</td>
</tr>
<tr>
<td>Transaction advisory fee</td>
<td>2,500,000</td>
<td>2%</td>
</tr>
<tr>
<td>Directors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Substantial Shareholders**

<table>
<thead>
<tr>
<th>Substantial Shareholders</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Investment Management Services Ltd (AIMS)</td>
<td>19.97%</td>
</tr>
<tr>
<td>RMB Resources Ltd (RMB)</td>
<td>17.15%</td>
</tr>
<tr>
<td>Seaspin Pty Ltd</td>
<td>8.57%</td>
</tr>
<tr>
<td>Polaris Capital Ltd</td>
<td>5.02%</td>
</tr>
<tr>
<td>Alwaha Fund Ltd</td>
<td>5.02%</td>
</tr>
<tr>
<td><strong>Total interest of Substantial Shareholders</strong></td>
<td><strong>55.72%</strong></td>
</tr>
<tr>
<td><strong>Total interest of top 10 shareholders</strong></td>
<td><strong>73.78%</strong></td>
</tr>
</tbody>
</table>

- **AIMS** is a private investment vehicle of David Crichton-Watt. Mr Crichton-Watt is the managing director of Malaysian based funds management group AIM Asset Management Sdn Bhd which currently has around US$250m under management.
- **RMB** is the global resources focused merchant banking business of the FirstRand Group. Listed on the Johannesburg Stock Exchange, FirstRand Group is one of South Africa’s largest financial institutions.
Three finance streams are under review - prospects are encouraging. Final funding expected to comprise a blend to optimise equity value.

<table>
<thead>
<tr>
<th>DEBT</th>
<th>INDUSTRY</th>
<th>EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$150 million debt financing secured by Tiomin in 2006.</td>
<td>Mineral sands market fundamentals driving strategic imperative for consumers to secure supply.</td>
<td>Increasing equity market interest in the sector with mineral sands producers experiencing positive re-ratings.</td>
</tr>
</tbody>
</table>

- Syndicate comprised of Standard Chartered, WestLB and African Development Bank.
  - EFIC provided political risk insurance.
- Outlook for mineral sands has improved dramatically since 2006 but credit markets have tightened.
  - Base Case repayment of capital in 2.5 years.
- Kwale significance to Kenyan mining industry places within the mandate of development banks and govt agencies.

- Preliminary discussions commenced.
- Previous Jinchuan agreement at US$200m for 70%:
  - implies US$85 million for carried interest.
  - equates to A$0.58 per Base share (fully diluted).
- Near term Kwale production required to mitigate the projected industry supply shortfall on all products.

- The March 2010 US$270m raising by Kenmare Resources plc for the Moma project indicates international appetite.
- RFC engaged as lead adviser.
- A number of funds have expressed interest in participating in the development equity raising.
- Looking to identify supporting broker.
Substantial Share Price Upside

Base has secured Kwale at a “fire sale” price that has yet to be reflected in the market.

A number of Likely Catalysts:

- Road shows and presentations to raise market awareness and understanding of the opportunity over the short term.
- Completion of the Enhanced DFS.
- Development of financing strategy.

* Projected Base Case after-tax cashflow at 10% discount rate
Forward Looking Statements

"Certain statements made during or in connection with this presentation contain or comprise forward looking statements regarding the capital cost, production and financial performance of the Kwale Project. Although Base believes the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Base undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events."

Attribution Statement

"Information in this presentation that relates to a JORC compliant mineral resource carried out in 2001 at the Kwale Project is based on information and opinion compiled by Dr Alwyn Annels. Dr Annels is a Fellow of the UK Institute of Materials, Minerals and Mining and is a Competent Person for the purposes of the JORC Code. Dr Annels was at that time, an employee of SRK (UK) Limited and consents to the inclusion in the announcement of the information based on his work in the form and context in which it appears on the basis that the resources have not changed since his 2001 information.

SRK has also consented to the publication of this attribution statement on the basis that the resources and modifying factors have not changed since its last review for Lenders in 2006/2007 which used essentially the same resources as were reviewed in 2001."
CONTACTS

Tim Carstens  
Managing Director  
Base Resources Ltd

Email:  tcarstens@baseresources.com.au  
Phone:  08 9322 8910  
Fax:  08 9322 8912

Stephen Allen  
Executive Director  
RFC Corporate Finance Ltd

Email:  stevea@rfc.com.au  
Phone:  08 9480 2500  
Fax:  08 9480 2511