



**BASE RESOURCES LIMITED**

**ABN 88 125 546 910**

**Interim Financial Report  
For the six-month period ended  
31 December 2018**

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Provided below are the Results for Announcement to the Market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A.3 and Appendix 4D for Base Resources Limited and its controlled entities for the half-year ended 31 December 2018 (the reporting period or half-year) compared with the half-year ended 31 December 2017 (the comparative period).

<b>Consolidated results</b>	<b>Movement</b>	<b>US\$000s</b>
Sales revenue	up 13% to	\$102,166
Net profit before tax	up 6% to	\$22,626
Net profit after tax attributable to members of Base Resources Limited	up 4% to	\$17,417

<b>Net tangible asset backing</b>	<b>Unit</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Net tangible assets	US\$000s	\$194,005	\$196,134
Shares on issue	number	1,166,623,040	747,193,939
Net tangible asset per share	US\$/share	\$0.17	\$0.26

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the end of the financial year. Capitalised exploration and evaluation assets have been treated as intangible assets and therefore excluded from the calculation of net tangible assets.

### **Dividends**

No interim dividend has been declared.

### **Details of entities over which control was gained or lost during the period**

None.

### **Independent auditor's review report**

The Financial Statements upon which this Appendix 4D is based have been reviewed and the Independent Auditor's Review Report to the members of Base Resources Limited is included in the attached Interim Financial Report.

### **Commentary**

Commentary on the results for the reporting period is contained within the financial statements that accompany this announcement. It is recommended that the half-year report be read in conjunction with the Company's Annual Financial Report for the year ended 30 June 2018 and any public announcements made by Base Resources during and after the half-year year ended 31 December 2018 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules.

## DIRECTORS REPORT

Your directors submit the interim financial report of the Group, being the Company, Base Resources Limited, and its controlled entities for the half-year ended 31 December 2018 (the **reporting period** or half-year) compared with the six-month period ended 31 December 2017 (the **comparative period**).

### Directors

The names of the directors in office at any time during or since the end of the half-year are:

*Mr Keith Spence*

*Mr Tim Carstens*

*Mr Colin Bwye*

*Mr Samuel Willis*

*Mr Malcolm Macpherson*

*Mr Michael Stirzaker*

*Ms Diane Radley*

Directors have been in office since the start of the financial year to the date of this report.

### Company Secretary

Mr Chadwick Poletti held the position of company secretary during the half-year.

### Principal Activities and Significant Changes in Nature of Activities

The principal activity of the Group is the operation of the Kwale Mineral Sands Operation (Kwale Operation) in Kenya and the development of the Toliara Project in Madagascar which the Group is progressing through an accelerated feasibility study program, that aims to advance toward a decision to proceed to construction in early 2020.

### Change in Presentation Currency

The Group's presentation currency was changed from Australian dollars (**AUD**) to United States dollars (**USD**) effective from 1 July 2017. This change in presentation currency is accounted for retrospectively. All figures included in this report are in USD, unless otherwise stated.

### Operating Results

The profit for the Group for the half-year after providing for income tax amounted to US\$17,417,000 (2017: US\$16,800,000).

### Dividends Paid or Recommended

There were no dividends paid or declared for payment during the period ended 31 December 2018.

### Review of Operations

Base Resources operates the Kwale Operation in Kenya, which commenced production in late 2013. The Kwale Operation is located 50 kilometres south of Mombasa, the principal port facility for East Africa.

In order to counter declining grades, and to fully exploit the availability of mineral separation plant (**MSP**) capacity, the Company completed the Kwale Phase 2 mine optimisation project in second half of the 2018 financial year. Following its successful implementation, mining volumes ramped up significantly, resulting in ore tonnes mined in the reporting period increasing by 66% over the comparative period. Mined ore grade of 4.18% for the reporting period was lower than the comparative period (7.61%), as expected, as mining proceeded around the fringes of the Central Dune orebody.

## DIRECTORS REPORT

Mining and Wet Concentrator Plant (WCP) Performance	Six months to Dec 2018	Six months to Dec 2017
Ore mined (tonnes)	9,828,180	5,906,079
Heavy mineral (HM) %	4.18%	7.61%
WCP Heavy mineral concentrate produced (tonnes)	348,015	435,305

Despite the increase in mining volume, production of heavy mineral concentrate (**HMC**) decreased by 20% to 348,015 tonnes due to the lower ore grade. In order to maintain steady MSP throughput, an additional 32,203 tonnes of HMC was drawn from the HMC stockpile (comparative period: 54,008 tonnes added to HMC stockpile), which closed the reporting period with a balance of 45,709 tonnes.

MSP Performance	Six months to Dec 2018	Six months to Dec 2017
MSP feed (tonnes of heavy mineral concentrate)	385,944	381,297
MSP feed rate (tph)	90	91
MSP recovery % <sup>(i)</sup>		
Ilmenite	102%	100%
Rutile	99%	100%
Zircon	76%	77%
Production (tonnes)		
Ilmenite	226,730	238,585
Rutile	49,630	45,587
Zircon	17,935	18,705
Zircon low grade	-	1,425

<sup>(i)</sup> The presence of altered ilmenite species that are not defined as either "rutile" or "ilmenite" in the Mineral Resource but are recovered in the production of both, results in calculated recoveries above 100% being achievable for both products

The MSP has continued to maintain high throughput rates with an average of 90tph achieved for the reporting period (comparative period: 91tph), whilst achieving availability of 97% (comparative period: 95%), which resulted in total MSP feed of 385,944 tonnes (comparative period: 381,297 tonnes).

Ilmenite production in the reporting period was lower at 226,730 tonnes (comparative period: 238,585 tonnes), due to lower contained ilmenite in the MSP feed, partly offset by the higher average ilmenite recoveries of 102% (100% in the comparative period).

Rutile production increased to 49,630 tonnes in the reporting period (comparative period: 45,587 tonnes) due to higher contained rutile in the MSP feed, with recoveries reasonably steady at 99%.

Zircon production decreased to 17,935 tonnes for the reporting period (comparative period: 18,705 tonnes) due to lower contained zircon in the MSP feed, with average zircon recoveries in line with the comparative periods 76%.

With no serious injuries occurring during the reporting period, Kwale Operations lost time injury (**LTI**) frequency rate remains at zero. The Company's employees and contractors have now worked 14.9 million man-hours LTI free, with the last LTI recorded in early 2014. Further, 5.3 million man-hours have been worked without a medical treatment injury.

## DIRECTORS REPORT

Marketing and sales	Six months to Dec 2018	Six months to Dec 2017
Sales (tonnes)		
Ilmenite	214,420	225,814
Rutile	47,588	37,971
Zircon	17,764	17,427
Zircon low grade	-	3,287

Across each of its three products, the Company maintains a balance of multi-year, annual and quarterly offtake agreements with long term customers as well as a small proportion of ongoing spot sales. These agreements, in place with some of the world's largest consumers of titanium dioxide and zircon products, provide certainty for the Kwale Operation by securing minimum offtake quantities. Selling prices in these agreements are derived from prevailing market prices, based on agreed price indices or periodic price negotiations.

The Company continues its strong market presence in China, the world's largest market for both ilmenite and zircon, with over 210,000 tonnes of ilmenite and over 13,000 tonnes of zircon products sold into the Chinese market during the reporting period. The strength of the mineral sands market for all products has ensured that sales continue to closely match production, with minimal inventories being maintained.

### Market Developments and Outlook

#### *Titanium Dioxide*

Ilmenite and rutile are primarily used as feedstock for the production of titanium dioxide (TiO<sub>2</sub>) pigment, with a small percentage also used in the production of titanium metal and fluxes for welding rods and wire. TiO<sub>2</sub> is the most widely used white pigment because of its non-toxicity, brightness and very high refractive index. It is an essential component of consumer products such as paint, plastics and paper. Pigment demand is therefore the major driver of ilmenite and rutile pricing.

After more than two years of strong growth, the global TiO<sub>2</sub> pigment industry moderated through the reporting period. Global economic uncertainties appear to have led to some pigment consumers reducing inventory levels which combined with the seasonally slow December quarter to dampen demand for pigment. However, most major pigment producers, who had been holding lower than normal inventories, continued to operate at high production levels which fuelled solid demand for feedstocks including rutile and ilmenite. Environmental inspections that had been restricting pigment production in China for the past two years dissipated through the reporting period, allowing most Chinese pigment producers to resume normal production rates.

Significant supply constraints on high grade feedstocks, combined with the ongoing firm demand, has resulted in continued price improvement for rutile.

Chinese domestic ilmenite production has been stable to slightly down through the reporting period while production and exports from India and Vietnam have significantly diminished. Indian government-imposed bans on mineral sands mining and exports are now in place in the two major ilmenite producing states – Tamil Nadu and Andhra Pradesh, with no indication of when mining in either state may resume. Government- issued export quotas in Vietnam expired at the end of the 2018 calendar year – and new quotas have not yet been forthcoming. These ilmenite supply constraints are supporting ilmenite prices which have remained stable throughout the reporting period and into early 2019.

## DIRECTORS REPORT

### *Zircon*

Zircon has a range of end-uses, the predominant of which is in the production of ceramic tiles, accounting for more than 50% of global zircon consumption. Milled zircon enables ceramic tile manufacturers to achieve brilliant opacity, whiteness and brightness in their products. Zircon's unique properties include heat and wear resistance, stability, opacity, hardness and strength, making it sought after for other applications such as refractories, foundries and specialty chemicals.

Demand growth for zircon is closely linked to growth in global construction and increasing urbanisation in the developing world. Following a two-year period of strong growth, the economic uncertainties that have emerged in most key markets have tempered demand for zircon resulting in prices stabilising during the latter stages of the reporting period and into 2019. However, ongoing constraints on global production are expected to support continued stable pricing for zircon.

### **Kwale Operations Extensional Exploration**

During the reporting period, the Company progressed the re-evaluation, including infill drilling, of the higher-grade areas of the North Dune, adjacent to the Kwale Operation's Central Dune, motivated by an improved economic environment, refined resource definition methodology and insights from five years of operations on the Central Dune. The drill program is now complete, with 573 holes for 20,598 metres drilled and a Mineral Resource estimate for the North Dune is expected during the June quarter of 2019.

The Company's 136km<sup>2</sup> Vanga Prospecting Licence (PL/2015/0042), extending south west from the company's Kwale Operation towards the Tanzanian border, was granted late in the reporting period. Community engagement in the area is currently underway, with a drill program planned to commence in the March 2019 quarter, access and drill rig availability permitting.

Extensional exploration drilling in the North-East Sector (now called Kwale East) of the Kwale Operations remains suspended pending resolution of community access issues.

### **Toliara Project**

During the reporting period, the Company continued to progress the pre-feasibility study for the Toliara Project in Madagascar, which is due for completion in March 2019. The pre-feasibility study (PFS) will build on the considerable body of work completed by previous owners of the Toliara Project and together form the foundations of an accelerated feasibility study program that aims to advance the project toward a decision to proceed to construction in early 2020.

During the reporting period, an update to the Ranobe deposit Mineral Resources estimate was completed to advance detailed mine planning and to refine the processing design criteria for the Toliara Project PFS. The update is the result of additional drilling completed to date and revised geological interpretations following a comprehensive mineralogical re-definition of drill samples, which, together with a revision of cut-off grade from 3.0% to 1.5% HM, has increased the Ranobe Mineral Resources estimate to 1.3 billion tonnes at 5.1% HM<sup>1</sup>.

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<sup>1</sup> For further detailed information on the Ranobe Deposit Mineral Resources, refer to Base Resources' ASX market announcements of 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" available at <https://www.baseresources.com.au/investor-centre/asx-releases/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in this ASX market announcement and all material assumptions and technical parameters underpinning the estimates in this ASX market announcement continue to apply and have not materially changed.

## DIRECTORS REPORT

### Review of Financial Performance

Base Resources achieved a profit after tax of US\$17.4 million for the six-month reporting period, a 4% increase compared with US\$16.8 million in the comparative period, primarily due to higher sales revenues.

	Six months to 31 December 2018				Six months to 31 December 2017		
	Kwale Operations	Toliara Project	Other	Total	Kwale Operations	Other	Total
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
<b>Sales Revenue</b>	<b>102,166</b>	-	-	<b>102,166</b>	<b>90,292</b>	-	<b>90,292</b>
<b>Cost of goods sold excluding depreciation &amp; amortisation:</b>							
Operating costs	(31,968)	-	-	(31,968)	(27,647)	-	(27,647)
Inventory movement	2,557	-	-	2,557	4,923	-	4,923
Royalties expense	(7,119)	-	-	(7,119)	(6,229)	-	(6,229)
<b>Total cost of goods sold <sup>(i)</sup></b>	<b>(36,530)</b>	-	-	<b>(36,530)</b>	<b>(28,953)</b>	-	<b>(28,953)</b>
Corporate & external affairs	(2,188)	(197)	(2,782)	(5,167)	(1,864)	(1,945)	(3,809)
Community development	(1,534)	-	-	(1,534)	(1,027)	-	(1,027)
Selling & distribution costs	(1,316)	-	-	(1,316)	(1,970)	-	(1,970)
Other income / (expenses)	443	-	(528)	(85)	(132)	(452)	(584)
<b>EBITDA <sup>(i)</sup></b>	<b>61,041</b>	<b>(197)</b>	<b>(3,310)</b>	<b>57,534</b>	<b>56,346</b>	<b>(2,397)</b>	<b>53,949</b>
Depreciation & amortisation	(26,025)	-	(62)	(26,087)	(23,481)	(21)	(23,502)
<b>EBIT <sup>(i)</sup></b>	<b>35,016</b>	<b>(197)</b>	<b>(3,372)</b>	<b>31,447</b>	<b>32,865</b>	<b>(2,418)</b>	<b>30,447</b>
Net financing expenses	(7,131)	-	(1,690)	(8,821)	(7,733)	(1,417)	(9,150)
Income tax expense	(5,209)	-	-	(5,209)	(4,497)	-	(4,497)
<b>NPAT <sup>(i)</sup></b>	<b>22,676</b>	<b>(197)</b>	<b>(5,062)</b>	<b>17,417</b>	<b>20,635</b>	<b>(3,835)</b>	<b>16,800</b>

<sup>(i)</sup> Base Resources' financial results are reported under International Financial Reporting Standards (IFRS). These Financial Statements include certain non-IFRS measures including EBITDA, EBIT and NPAT. These measures are presented to enable understanding of the underlying performance of the Group and have not been audited/reviewed.

Sales revenue increased 13% to US\$102.2 million for the reporting period (comparative period: US\$90.3 million), achieving an average price of product sold (rutile, ilmenite, zircon and zircon low grade) of US\$365 per tonne (comparative period: US\$317 per tonne), with averaged realised prices higher for rutile and zircon, offset by lower prices for ilmenite. Operating cost per tonne produced was 20% higher at US\$109 per tonne for the reporting period (comparative period: US\$91 per tonne), due to increased volumes mined following the implementation of the Kwale Phase 2 mine optimisation project. In addition, higher fuel costs and an increase in flocculant use on the lower grade ore have contributed to the increase in operating costs. Total cost of goods sold, excluding depreciation and amortisation, was US\$36.5 million for the reporting period, 26% higher than the comparative period (US\$29.0 million), at an average cost of US\$131 per tonne of product sold (comparative period: US\$102 per tonne), due to higher operating costs and higher royalties associated with increased sales revenue.

With a margin of US\$234 per tonne sold for the reporting period, 9% higher than the comparative period (US\$215 per tonne) and an achieved revenue to cash cost of sales ratio of 2.7 in the reporting period (comparative period:



## DIRECTORS REPORT

2.8), the Company remains well positioned high in the upper quartile of mineral sands producers.

Improved commodity prices and a continued focus on cost management has delivered a Kwale Operations EBITDA for the reporting period of US\$61.0 million, an 8% increase over the comparative period (US\$56.3 million) and a Group EBITDA of US\$57.5 million, a 7% increase over the comparative period (US\$53.9 million).

The majority of Kwale Operation assets are depreciated on a straight-line basis over the remaining mine life. Since the implementation of the Kwale Phase 2 mine optimisation project in March 2018, mining rates have significantly increased to offset declining ore grades and thus the remaining mine life is correspondingly shorter. As a result, depreciation and amortisation has increased 11% in the reporting period to US\$26.1 million (comparative period: US\$23.5 million). Should the extensional exploration currently underway at Kwale Operations be successful, there is the potential to increase ore reserves and extend mine life, thereby reducing future annual depreciation and amortisation charges.

A 10% increase in net profit after tax of US\$22.7 million was recorded by Kwale Operations (comparative period: US\$20.6 million) and Group net profit after tax increased by 4% to US\$17.4 million for (comparative period \$16.8 million). Basic earnings per share for the Group was US1.52 cents per share (comparative period: US2.26 cents per share), lower as a result of additional shares issued in January 2018 to fund the acquisition of the Toliara Project.

Cash flow from operations was US\$53.8 million for the reporting period (comparative period: US\$57.3 million), slightly lower than Group EBITDA due to working capital movements. The operating cash flows were used to fund capital expenditure at Kwale Operations, Toliara Project progression, as well as debt servicing and repayment.

Total capital expenditure for the Group was US\$14.0 million in the reporting period (comparative period: US\$17.0 million) comprised of US\$7.3 million at Kwale Operations (comparative period: US\$17.0 million), primarily for the preparatory work for the transition of mining operations to the South Dune deposit, US\$6.3 million on the progression of the Toliara Project and US\$0.3 million for Corporate capital works.

In October 2018, the US\$80.0 million outstanding balance of the Kwale Project Debt Facility was repaid from a combination of cash reserves and utilisation of the Revolving Credit Facility (**RCF**) following a concurrent increase in the RCF to US\$75.0 million. Early retirement of the Kwale Project Debt Facility demonstrates the continued strong performance of Kwale Operations and, together with the increased RCF, provides the Group with additional funding flexibility and reduced debt servicing costs.

During the reporting period, the Group became net cash positive for the first time following a US\$34.2 million reduction in net debt from US\$33.2 million at 30 June 2018, to a net cash position of US\$1.0 million at 31 December 2018. The Group's cash positive position is comprised of cash reserves of US\$49.1 million, with the RCF drawn to US\$48.2 million. future cash generation will now be available to contribute to the progression of the Toliara Project.

### After Balance Date Events

Subsequent to period end, in January 2019, US\$18.2 million of the RCF debt was repaid from existing cash reserves. The outstanding balance of the facility following this repayment was US\$30.0 million.

## DIRECTORS REPORT

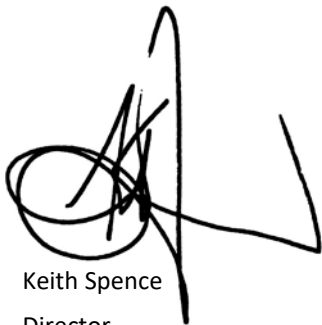
### Rounding

The Group is of a kind referred to in ASIC Class Instrument 2016/191 and in accordance with that Class Order, amounts in the interim financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

### Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 12 for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'Keith Spence', written over a circular stamp or seal.

Keith Spence

Director

Dated this 23<sup>rd</sup> day of February 2019



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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To the Directors of Base Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*KPMG.*

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta  
*Partner*

Perth

23 February 2019

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

		6 months to 31 December 2018	6 months to 31 December 2017 <sup>(i)</sup>
	Note	US\$000s	US\$000s
Sales revenue		102,166	90,292
Cost of sales	2	(62,555)	(52,434)
<b>Profit from operations</b>		<b>39,611</b>	<b>37,858</b>
Corporate and external affairs		(5,229)	(3,830)
Community development costs		(1,534)	(1,027)
Selling and distribution costs		(1,316)	(1,970)
Other expenses		(85)	(584)
<b>Profit before financing costs and income tax</b>		<b>31,447</b>	<b>30,447</b>
Financing costs	3	(8,821)	(9,150)
<b>Profit before income tax</b>		<b>22,626</b>	<b>21,297</b>
Income tax expense		(5,209)	(4,497)
<b>Net profit after tax for the period</b>		<b>17,417</b>	<b>16,800</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(1,644)	262
<b>Total other comprehensive (loss) / income for the period</b>		<b>(1,644)</b>	<b>262</b>
<b>Total comprehensive income for the period</b>		<b>15,773</b>	<b>17,062</b>
<b>Net Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share (US cents per share)		1.52	2.26
Diluted earnings per share (US cents per share)		1.50	2.10

(i) Restated from AUD to USD in accordance with change in presentation currency. Refer to "Note 1: Basis of preparation".

The accompanying notes form part of these condensed consolidated interim financial statements.

## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018 US\$000s	30 June 2018 <sup>(i)</sup> US\$000s
<b>Current assets</b>			
Cash and cash equivalents		49,126	29,686
Restricted cash		-	29,591
Trade and other receivables	4	40,484	38,726
Inventories	5	23,782	19,789
Other current assets		7,841	5,993
<b>Total current assets</b>		<b>121,233</b>	<b>123,785</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation	6	103,962	97,115
Property, plant and equipment	7	219,666	240,509
<b>Total non-current assets</b>		<b>323,628</b>	<b>337,624</b>
<b>Total assets</b>		<b>444,861</b>	<b>461,409</b>
<b>Current liabilities</b>			
Trade and other payables		29,965	27,865
Borrowings	8	32	53,266
Income tax payable		7,191	75
Deferred revenue		833	833
Other liabilities		8,653	8,564
<b>Total current liabilities</b>		<b>46,674</b>	<b>90,603</b>
<b>Non-current liabilities</b>			
Borrowings	8	47,059	35,532
Provisions		24,479	22,458
Deferred tax liability	12	18,474	20,969
Deferred revenue		208	625
Other liabilities		10,000	10,000
<b>Total non-current liabilities</b>		<b>100,220</b>	<b>89,584</b>
<b>Total liabilities</b>		<b>146,894</b>	<b>180,187</b>
<b>Net assets</b>		<b>297,967</b>	<b>281,222</b>
<b>Equity</b>			
Issued capital	10	306,512	305,277
Reserves		(19,990)	(16,384)
Retained earnings / (Accumulated losses)		11,445	(7,671)
<b>Total equity</b>		<b>297,967</b>	<b>281,222</b>

(i) Restated, refer to Note 12.

The accompanying notes form part of these condensed consolidated interim financial statements.

## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Issued capital US\$000s	Retained earnings / (Accumulated losses) US\$000s	Share based payment reserve US\$000s	Foreign currency translation reserve US\$000s	Treasury shares reserve US\$000s	Total US\$000s
Balance at 1 July 2017 as previously reported <sup>(i)</sup>	231,079	(36,341)	5,250	(19,517)	-	180,471
Impact of prior year error <sup>(ii)</sup>	-	(5,863)	-	-	-	(5,863)
Restated balance at 1 July 2017	231,079	(42,204)	5,250	(19,517)	-	174,608
Profit for the period	-	16,800	-	-	-	16,800
Other comprehensive income	-	-	-	262	-	262
Total comprehensive income for the period	-	16,800	-	262	-	17,062
<i>Transactions with owners, recognised directly in equity</i>						
Share based payments	529	559	(316)	-	-	772
<b>Balance at 31 December 2017<sup>(i)</sup></b>	<b>231,608</b>	<b>(24,845)</b>	<b>4,934</b>	<b>(19,255)</b>	<b>-</b>	<b>192,442</b>
Balance at 1 July 2018 as previously reported	305,277	(1,808)	5,806	(20,714)	(1,476)	287,085
Impact of prior year error <sup>(ii)</sup>	-	(5,863)	-	-	-	(5,863)
Restated balance at 1 July 2018	305,277	(7,671)	5,806	(20,714)	(1,476)	281,222
Profit for the period	-	17,417	-	-	-	17,417
Other comprehensive loss	-	-	-	(1,644)	-	(1,644)
Total comprehensive income for the period	-	17,417	-	(1,644)	-	15,773
<i>Transactions with owners, recognised directly in equity</i>						
Share based payments	1,235	1,699	(3,438)	-	1,476	972
<b>Balance at 31 December 2018</b>	<b>306,512</b>	<b>11,445</b>	<b>2,368</b>	<b>(22,358)</b>	<b>-</b>	<b>297,967</b>

(i) Restated from AUD to USD in accordance with change in presentation currency. Refer to "Note 1: Basis of preparation".

(ii) Restated, refer to Note 12.

The accompanying notes form part of these condensed consolidated interim financial statements.

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	6 months to 31 December 2018	6 months to 31 December 2017 <sup>(i)</sup>
Note	US\$000s	US\$000s
<b>Cash flows from operating activities</b>		
Receipts from customers	103,379	99,954
Payments in the course of operations	(48,997)	(42,657)
Other	(588)	(42)
<b>Net cash from operating activities</b>	<b>53,794</b>	<b>57,255</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,661)	(16,965)
Payments for exploration and evaluation	(7,321)	(132)
Other	406	390
<b>Net cash used in investing activities</b>	<b>(13,576)</b>	<b>(16,707)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	48,180	7,500
Repayment of borrowings	(92,473)	(40,324)
Transfers (to) / from restricted cash	29,591	(4,694)
Payment of debt service costs	(5,832)	(7,324)
<b>Net cash used in financing activities</b>	<b>(20,534)</b>	<b>(44,842)</b>
Net increase / (decrease) in cash held	19,684	(4,294)
Cash at beginning of period	29,686	28,278
Effect of exchange fluctuations on cash held	(244)	(158)
<b>Cash at end of period</b>	<b>49,126</b>	<b>23,826</b>

(i) Restated from AUD to USDs in accordance with change in presentation currency. Refer to Note 1: Basis of preparation".

The accompanying notes form part of these condensed consolidated interim financial statements.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## NOTE 1: BASIS OF PREPARATION

### Reporting entity

Base Resources Limited is a company domiciled in Australia. The condensed consolidated interim financial statements of the Group for the six-months ended 31 December 2018 comprises the Company and its controlled entities (together referred to as the Group). The Group is a for-profit entity and primarily involved in the operation of its Kwale Mineral Sands Mine in Kenya and development of its Toliara Project in Madagascar.

### Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 30 June 2018 and any public announcements made by Base Resources Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was approved by the Board of Directors on 22 February 2019.

### Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Functional and presentation currency

The Directors elected to change the Group's presentation currency from Australian dollars (AUD) to United States dollars (USD) effective from 1 July 2017. The change in presentation currency presents more relevant and reliable information on the Group. Prior period comparatives used in this financial report have been restated to USD using the procedures outlined below and as applied in the annual financial report for the year ended 30 June 2018:

- Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows have been translated into USD using average exchange rates prevailing for the relevant period.
- Assets and liabilities in the Statement of Financial Position have been translated into USD at the closing exchange rates on the relevant balance sheet dates.
- The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into USD using historical exchange rates.
- Earnings per share disclosures have also been restated to USD to reflect the change in presentation currency.

The functional currency of the Parent is AUD, whilst the presentation currency of the Group is now in USD. All subsidiaries have a functional currency of USD.

### Significant accounting policies

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are consistent with those applied by the consolidated entity in its annual financial report for the year ended 30 June 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ended 30 June 2019.



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Group has initially adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018. A number of other new standards are effective from 1 July 2018, but do not have a material impact on the Group's financial statements.

### a. AASB 15 Revenue from contracts with customers

AASB 15 establishes a comprehensive framework for deciding whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations. The Group sells mineral sands under a range of International Commercial Terms (Incoterms). Under AASB 15, revenue is recognised when control is transferred to the customer which replaced the notion of transfer risks and rewards in AASB 118 – Revenue (superseded on 1 July 2018). Under AASB 15 revenue is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The adoption of AASB 15 has had no material impact of the Group's financial statements. The Group has adopted AASB 15, although it has had no material impact on the Group's financial statements.

### b. AASB 9 Financial instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has adopted AASB 9, although it has had no material impact on the Group's financial statements.

### Critical accounting estimates and judgements

The directors make estimates and judgements in the preparation of the financial report that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 30 June 2018.

### NOTE 2: COST OF SALES

	6 months to 31 Dec 18	6 months to 31 Dec 17
	US\$000s	US\$000s
Operating costs	31,968	27,647
Changes in inventories of concentrate and finished goods	(2,557)	(4,923)
Royalties expense	7,119	6,229
Depreciation and amortisation	26,025	23,481
	<b>62,555</b>	<b>52,434</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 3: FINANCING COSTS

	6 months to 31 Dec 18	6 months to 31 Dec 17
	US\$000s	US\$000s
Interest expense, inclusive of withholding tax	3,007	5,801
Amortisation of capitalised borrowing costs	3,848	1,898
Unwinding of discount on provision for rehabilitation	325	215
Other financing costs	1,641	1,236
	<b>8,821</b>	<b>9,150</b>

Following the early retirement of the Kwale Project Debt Facility (refer to note 8), US\$2.8 million of capitalised borrowing costs were amortised to profit and loss.

### NOTE 4: TRADE AND OTHER RECEIVABLES

	31 Dec 18	30 Jun 18
	US\$000s	US\$000s
Trade receivables	15,513	16,912
VAT receivables	24,288	21,321
Other receivables	683	493
	<b>40,484</b>	<b>38,726</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 5: INVENTORIES

	31 Dec 18	30 Jun 18
	US\$000s	US\$000s
<b>Current</b>		
Heavy mineral concentrate and other intermediate stockpiles – at cost	4,076	4,717
Finished goods stockpiles – at cost	7,917	4,720
Stores and consumables – at cost	11,789	10,352
	<b>23,782</b>	<b>19,789</b>

### NOTE 6: CAPITALISED EXPLORATION AND EVALUATION

	31 Dec 2018	30 June 2018
	US\$000s	US\$000s
Toliara Sands Project – Madagascar	100,600	94,250
Kenya	3,362	2,399
Tanzania (a)	-	466
<b>Closing carrying amount</b>	<b>103,962</b>	<b>97,115</b>

#### a. Tanzania

Following completion of an economic and technical evaluation of the Tanzanian exploration projects, the Company decided to relinquish these licenses. As a result, all carried forward capitalised expenditure for these licenses has been impaired in full during the reporting period.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Plant & equipment	Mine property and development	Buildings	Capital work in progress	Total
As at 31 December 2018	\$000s	\$000s	\$000s	\$000s	\$000s
At cost	250,225	149,934	6,275	3,678	410,112
Accumulated depreciation	(116,908)	(70,824)	(2,714)	-	(190,446)
<b>Closing carrying amount</b>	<b>133,317</b>	<b>79,110</b>	<b>3,561</b>	<b>3,678</b>	<b>219,666</b>

#### Reconciliation of carrying amounts:

Balance at 1 July 2018	144,735	90,981	3,874	919	240,509
Additions	1,423	1,175	-	3,502	6,100
Transfers	4,143	(3,402)	-	(741)	-
Transfers to capitalised exploration expenditure	(65)	-	-	-	(65)
Increase in mine rehabilitation asset	-	219	-	-	219
Depreciation expense	(16,903)	(8,818)	(313)	-	(26,034)
Effects of movement in foreign exchange	(16)	(1,045)	-	(2)	(1,063)
<b>Balance at 31 December 2018</b>	<b>133,317</b>	<b>79,110</b>	<b>3,561</b>	<b>3,678</b>	<b>219,666</b>

As at 30 June 2018	\$000s	\$000s	\$000s	\$000s	\$000s
At cost	245,027	153,771	6,275	919	405,992
Accumulated depreciation	(100,292)	(62,790)	(2,401)	-	(165,483)
<b>Closing carrying amount</b>	<b>144,735</b>	<b>90,981</b>	<b>3,874</b>	<b>919</b>	<b>240,509</b>

#### Reconciliation of carrying amounts:

Balance at 1 July 2017	144,675	106,901	4,541	1,096	257,213
Additions	611	108	3	16,244	16,966
Transfers	1,023	-	46	(1,069)	-
Disposals	(8)	-	(214)	-	(222)
Reduction in mine rehabilitation asset	-	(378)	-	-	(378)
Depreciation expense	(13,851)	(9,356)	(301)	-	(23,508)
Effects of movement in foreign exchange	-	435	-	6	441
<b>Balance at 31 December 2017</b>	<b>132,450</b>	<b>97,710</b>	<b>4,075</b>	<b>16,277</b>	<b>250,512</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 8: BORROWINGS

	31 Dec 18	30 Jun 18
	US\$000s	US\$000s
<b>Current</b>		
Kwale Facility (a)	-	53,200
Finance lease liabilities	32	66
<b>Total current borrowings</b>	<b>32</b>	<b>53,266</b>
<b>Non-current</b>		
Kwale Facility (a)	-	26,773
Revolving Credit Facility (b)	48,180	12,500
Capitalised borrowing costs (b)	(1,205)	(18,395)
Amortisation of capitalised borrowing costs (b)	84	14,654
<b>Total non-current borrowings</b>	<b>47,059</b>	<b>35,532</b>
<b>Total borrowings</b>	<b>47,091</b>	<b>88,798</b>

#### a. Kwale Facility

In October 2018, the US\$80.0 million outstanding balance of the Kwale Project Debt Facility (**Project Debt Facility**) was repaid from a combination of cash reserves and utilisation of the Revolving Credit Facility (**RCF**) following a concurrent increase in the RCF to US\$75.0 million.

Following the early retirement of the Project Debt Facility, US\$2.8 million of capitalised borrowing costs were expensed during the period.

#### b. Revolving Credit Facility

In order to repay the outstanding balance of the Project Debt Facility, the RCF was increased by US\$45.0 million to US\$75.0 million in October 2018. The parent entity, Base Resources Limited, has been removed as a borrower, leaving Base Titanium Limited as the sole borrower. The RCF benefits from the security package established for the Project Debt Facility, except that the Base Resources parent guarantee has been removed, which allows maximum flexibility for the proposed development funding of the Toliara Project. The RCF carries interest rates of LIBOR plus 463 basis points, inclusive of political risk insurance. The remaining tenor of the loan is 3.0 years.

All transaction costs directly attributable to securing the RCF funding are capitalised and offset against drawn loan amounts. Capitalised borrowing costs are amortised over the life of the loan using the effective interest rate method.

Subsequent to period end, in January 2019, US\$18.2 million of the RCF debt was repaid from existing cash reserves. The outstanding balance of the facility following this repayment was US\$30.0 million.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 9: SHARE BASED PAYMENTS

#### Performance rights

In December 2018, the Company granted 23,052,832 performance rights to key management personnel and other senior staff under the Group's long-term incentive plan (LTIP). The LTIP operates on a series of annual cycles. Each cycle commences on 1 October and is followed by a three-year performance period, with a test date on the third anniversary of the commencement of the cycle. The performance rights granted in December 2018, for the cycle commencing on 1 October 2018, have performance conditions consistent with those issued under previous LTIP cycles and complete their 3-year performance period on 30 September 2021. The fair value of each performance right granted in December 2018 is AUD0.16.

The 45,748,431 performance rights granted under the LTIP cycle commencing 1 October 2015 completed their three-year performance period on 30 September 2018. Base Resources' absolute Total Shareholder Return (TSR) over the performance period was greater than 100%, which resulted in 100% of the Absolute TSR performance rights vesting. Base Resources' relative TSR over the performance period placed it in the 96<sup>th</sup> percentile which resulted in 100% of the Relative TSR performance rights vesting.

#### Treasury shares

To satisfy the vesting of the performance rights granted under the cycle commencing 1 October 2015 and completing their three-year performance period on 30 September 2018, LTIP participants received 45,748,431 Base Resources ordinary shares, through a combination of 39,048,026 newly issued fully paid ordinary shares and 6,700,405 ordinary shares previously acquired on market (**Treasury Shares**) by the Base Resources Long Term Incentive Trust.

#### Options

On 31 December 2018, 61,425,061 options with an exercise price of A\$0.40 per share lapsed unexercised following their expiry.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 10: ISSUED CAPITAL

	31 Dec 18 \$000s	30 Jun 18 US\$000s
Ordinary share capital:		
<b>Issued and fully paid</b>	<b>306,512</b>	<b>305,277</b>

Date	Number	US\$000s
1 July 2017	742,231,956	231,079
Partial vesting of 2014 performance rights under LTIP scheme	4,961,983	529
Institutional and retail entitlement offer and placement	380,381,075	76,313
Share issue costs	-	(2,644)
<b>30 June 2018</b>	<b>1,127,575,014</b>	<b>305,277</b>

1 July 2018	<b>1,127,575,014</b>	<b>305,277</b>
Performance rights vested under the Company's LTIP	39,048,026	1,235
<b>31 December 2018</b>	<b>1,166,623,040</b>	<b>306,512</b>

All issued shares are fully paid. The Group does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 11: SEGMENT REPORTING

#### Segment Principal activities

<b>Kwale Operation</b>	The Group's Kwale Operation is located in Kenya and generates revenue from the sale of rutile, ilmenite and zircon.
<b>Toliara Sands Project</b>	The Toliara Project in Madagascar was acquired in January 2018. The project is progressing through an accelerated feasibility study program that aims to advance toward a decision to proceed to construction in early 2020.
<b>Other</b>	Includes Group head office, all corporate expenditure not directly attributable to the Kwale Operation or Toliara Project and exploration activities not directly related to Kwale Operations or the Toliara Project.

Reportable segment	6 months to December 2018				6 months to December 2017		
	Kwale Operation	Toliara Project	Other	Total	Kwale Operation	Other	Total
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Sales revenue	102,166	-	-	<b>102,166</b>	90,292	-	<b>90,292</b>
Depreciation and amortisation	(26,025)	-	(62)	<b>(26,087)</b>	(23,481)	(21)	<b>(23,502)</b>
Financing costs	(7,131)	-	(1,690)	<b>(8,821)</b>	(7,733)	(1,417)	<b>(9,150)</b>
Reportable profit after tax	22,676	(197)	(5,062)	<b>17,417</b>	20,635	(3,835)	<b>16,800</b>
Capital Expenditure	(7,334)	(6,349)	(299)	<b>(13,982)</b>	(16,965)	(132)	<b>(17,097)</b>

Reportable segment	As at 31 December 2018				As at 30 June 2018			
	Kwale Operation	Toliara Project	Other	Total	Kwale Operation	Toliara Project	Other	Total
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Total assets	331,634	101,748	11,479	<b>444,861</b>	361,955	94,433	5,021	<b>461,409</b>
Total liabilities	128,655	17,121	1,118	<b>146,894</b>	150,086 <sup>(i)</sup>	17,157	12,944	<b>180,187<sup>(i)</sup></b>

(i) Restated, refer to Note 12.



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 12: CORRECTION OF ERROR

During the reporting period, the Company identified an understatement of net deferred tax liabilities in prior periods. This was due to the incorrect application of translation of foreign currency transactions to the deferred tax asset recognised for carry forward tax losses in Kenya. Past tax losses in Kenya, denominated in Kenyan Shillings (**KES**), were not re-translated to Base Titanium Limited's functional currency of United States Dollars (**USD**) at each reporting date, as required under the Australia Accounting Standards for monetary items. The impact of the correction resulted in an increase in net deferred tax liabilities (reduction in the deferred tax asset for carry forward tax losses in Kenya) of US\$5.863 million at 1 July 2017, and consequently 1 July 2018, due to the depreciation of the KES against the USD in prior periods. There was no material impact on the statement of profit or loss and other comprehensive income or the statement of cash flows for the Group for the year ended 30 June 2018 or the six months ended 31 December 2017.

The following table summarises the adjustments made to the statement of financial position:

	Deferred tax liability	Total noncurrent liabilities	Total liabilities	Net assets	Accumulated losses	Total equity
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
<b>At 1 July 2017</b>						
Balances at 1 July 2017, previously reported	5,846	117,635	200,325	180,471	(36,341)	180,471
Reduction in deferred tax asset on tax losses in Kenya	5,863	5,863	5,863	(5,863)	(5,863)	(5,863)
Restated balances at 1 July 2017	11,709	123,498	206,188	174,608	(42,204)	174,608
<b>At 1 July 2018</b>						
Balances at 30 June 2018, previously reported	15,106	83,721	174,324	287,085	(1,808)	287,085
Reduction in deferred tax asset on tax losses in Kenya	5,863	5,863	5,863	(5,863)	(5,863)	(5,863)
Restated balances at 30 June 2018	20,969	89,584	180,187	281,222	(7,671)	281,222

### NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

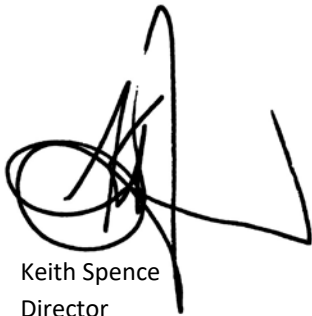
Subsequent to period end, in January 2019, US\$18.2 million of the RCF debt was repaid from existing cash reserves. The outstanding balance of the facility following this repayment was US\$30.0 million.

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 12 to 25, are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six month period ended on that date; and
  - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'Keith Spence', written over a circular stamp or seal.

Keith Spence  
Director

Dated this 23<sup>rd</sup> day of February 2019



# Independent Auditor's Review Report

To the shareholders of Base Resources Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Base Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Base Resources is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated condensed statement of financial position as at 31 December 2018
- Consolidated condensed statement of profit or loss and other comprehensive income, Consolidated condensed statement of changes in equity and Consolidated condensed statement of cash flows for the half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Base Resources Limited and the entities it controlled at the half year's end or from time to time during the half year.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Base Resources Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a stylized flourish at the end.

R Gambitta  
*Partner*

Perth

23 February 2019

# CORPORATE DIRECTORY

## DIRECTORS

Mr Keith Spence, Non-Executive Chairman  
Mr Tim Carstens, Managing Director  
Mr Colin Bwye, Executive Director  
Mr Samuel Willis, Non-Executive Director  
Mr Malcolm Macpherson, Non-Executive Director  
Mr Mike Stirzaker, Non-Executive Director  
Ms Diane Radley, Non-Executive Director

## COMPANY SECRETARY

Mr Chadwick Poletti

## PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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## SHARE REGISTRY

ASX:  
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Level 11, 172 St Georges Terrace  
Perth WA 6000  
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(within Australia): 1300 850 505  
(outside Australia): +61 (3) 9415 4000  
Website: [www.computershare.com.au](http://www.computershare.com.au)

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