



RESOURCEBASE
LIMITED

ABN 57 113 385 425

Level 17, 500 Collins Street
MELBOURNE VIC 3000

Phone: (03) 9191 0135

Fax: (03) 8678 1747

Email: admin@resourcebase.com.au

Web Site: www.resourcebase.com.au

ASX Announcement

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Chairman's Address

I would like to take this opportunity to discuss the issue of the suspension of the company's shares by the ASX, and of the activities that the company is pursuing to enable a lifting of the suspension from trading in the near term.

The company has been very active in pursuing alternative supply sources of material that could be treated through the Broula King plant. The site has a 120,000 tpy gold processing plant, currently on care and maintenance, plus a suite of operating permits and available capacity in the tailings storage facility. This plant successfully treated 183,000 mt of gold ore, extracted from a co-located open pit, during the period 2012 to 2014. Since closure due to exhaustion of ore in the original pit, the plant has been maintained on a high level of care and maintenance in anticipation of reactivation when suitable feed-stock is secured. This plant is available to be reactivated and short notice, and with minimal expense.

It is considered that this capability for short term reactivation is a major asset. Many new mine developments face a protracted period of public consultation and a lengthy and expensive permitting process. This prolonged preparatory period prior to construction and eventual commencement of production is now a predominant factor in the economic feasibility of bringing new orebodies into production.

Over the past 2 years, the company has pursued a number of such opportunities, to bring materials on to the Broula King site for processing through a reactivated facility.

Two of these opportunities are well progressed, and we believe are close to fruition.

Adelong.

The first is in respect of material from the Adelong Gold mine. After a protracted period of discussions, the Company entered into a Memorandum of Understanding with the owner of the Adelong Gold mine, International Base Metals Ltd, on behalf of Macquarie Gold Ltd., for an initial phase to treat gold-bearing material from the Adelong mine site at the Broula King processing. There is a distance of approx... 200 km over excellent public roads between the Adelong mine site and the processing plant at Broula King.

This initial phase involves material that is already on-surface at the mine site, and the Broula King plant would require only minor refurbishment. Existing permits are essentially in place, with only minor issues to be revised, such as road transport on to site. In this context, the opportunity is to commence this initial phase in 1st half, 2019.

This initial phase would be undertaken on an essentially toll-treatment basis, with refined gold returned to IBML. It is designed to provide a good level of understanding on both sides as to the practical issues of such integration between the sites, with a view to evaluating the potential for further cooperation between the parties.

Magnetite.

The second opportunity involves the purchase of an idled magnetite mine located 12 km distant from the Broula King site. The intention is to truck the magnetite ore onto the Broula King site, further process into an upgraded concentrate form, and then sell that high grade concentrate into the coal washery industry in N.S.W.

The magnetite mine is an open pit, located on granted Mining Lease 1616 (licence term 31/3/2008 to 31/3/2029) and is owned by Abterra Australia Pty Ltd. Abterra operated the mine for a period, supplying ore into the Tallawang processing plant, for eventual supply into the coal washery industry. Abterra closed the mine in 2014 due to management issues, and the mine has been idle in the interim.

The Company has endeavoured to negotiate purchase of the mine over a number of years. However, it proved difficult to establish constructive discussions, due to corporate disturbances suffered by Abterra and its Singapore listed parent company, Abterra Limited. Eventually, in August, 2018, Abterra Australia Pty. Ltd. was placed into voluntary liquidation.

The company, through its 100% owned subsidiary, Broula King Joint Venture Pty Ltd, (BKJV) has submitted a tender, which included a cash deposit, to the Administrator, for the purchase of the Mining Lease, plus surrounding freehold land. The Administrator has informed the Company that BKJV is the preferred tenderer. The tender is conditional on several matters, and particularly the terms and conditions of the Ministerial Approval required for the transfer of title.

The company's objective is to reactivate the open pit mine (including dewatering) and truck the crushed ore from the mine site approx. 12 km to the BKJV processing plant. There, the ore would be further crushed and ground through existing facilities, before upgrading and sizing to meet end-user specifications in a new magnetic processing segment to be added to the plant.

Magnetite concentrate is used as a dense media in the wet "washing" of coal. Some 150,000 mt per year is consumed for this purpose within NSW, (with a similar tonnage also consumed in Queensland). A significant proportion of this growing NSW requirement was supplied from the Tallawang magnetite mine/processing plant until that plant was closed in March, 2016.

Subsequently, all of the NSW requirement has been supplied from offshore sources (e.g Tasmania, South Africa). It is understood that the NSW industry will be very supportive of supply from a local onshore source. Also, a local supply will enjoy favourable logistical economics when evaluated against supply from offshore.

This niche product is a strategic input into the coal washery industry, and receives a premium price. The material is normally sold into medium term (2-3 years duration) contracts with the various coal washing plants. These contracts reflect the prevailing prices for high grade iron sources (high grade haematite ore and pellets), which in turn are receiving an increasing premium above base line iron ore prices.

The company has conducted financial modelling of this opportunity to mine, process and sell this niche, industrial mineral product into the NSW coal washery market. Based on our understanding of the prior operation, and available historical data on the orebody, we have undertaken a preliminary open pit design and first pass pit optimisation based on a geological block model of the remaining magnetite ore resource. We believe that the pit will produce magnetite to enable at least 8 years of operation. Further geological investigation will be undertaken as mining proceeds.

In addition to the magnetite, the orebody contains an associated tonnage of high quality limestone, that needs to be mined as part of the overall mine stripping task. There is a possibility to market this limestone into the surrounding agricultural demand for lime addition. At this point, no value has been placed on this potential by-product. However, it should provide an avenue to defray overall mining costs.

Our financial modelling indicates that processing and selling of this magnetite concentrate will be a profitable, medium term business. It will provide cash flow to underpin the ability of the company to pursue other larger businesses, both in and around the existing leases, and further afield.

Exploration.

Another avenue of likely activity is a further programme of exploration, both on the Broula King mining leased itself (M.L 1617), and on the encompassing Exploration Lease (E.L 509) which extends over approx.. 140 km2, and encompasses both the Broula King M.L and the Abterra magnetite mine lease (M.L 1616).

Our last drilling programme was undertaken in early 2017, and reported via the ASX on 28 June, 2017. That drilling programme yielded results that warrant further follow-up.

Our geological consultant has produced Budgets and Work Programme both for the Mining Lease 1617, and for the Exploration Lease 8509. This programme highlights numerous historical occurrences of minerals (esp. gold & copper) as well as industrial and agricultural products, that should be pursued, subject to available funding.

We have included a motion to raise additional funding, up to \$1 million, to enable such exploration, and to fund the various business activities outlined above.

In addition, we have enjoyed the continued financial support of Asipac over the past year, and we would like to thank Asipac for their support and assistance. Asipac are supportive of the various business opportunities we are developing. In addition, they are excited by the exploration opportunities identified in the Proposed Work Programmes, and may assist to fund that in an appropriate manner.

The company considers that it does have a programme of activities that fulfil the “business activity” tests., and that the current suspension from trading by the ASX should be lifted.

We will continue in our discussions with the ASX, and are hopeful of a positive outcome in the near future.

We believe that the current circumstances in the mining industry are very favourable for us. The gold price, in Australian dollars, continues at historically high levels. Our Broula King site, with its suite of permits and well maintained plant enabling prompt reactivation, is an attractive asset in an environment of increasing difficulty to permit new green-field operations.

We acknowledge the concerns of shareholders concerning the poor price performance, and the recent suspension by the ASX.

However, we believe that we are in the verge of some positive developments, and that we should benefit from our major asset in the Broula King processing plant, and the more general buoyancy in the Australian mining industry.

Thank you.