Operations Update

The September quarter of 2019 saw the successful ramp up of mining operations at the South Dune ore body following the transition from the fully depleted Central Dune ore body at the end of June.

A total of 4.9Mt of ore was mined during the quarter as the focus remained on maximising mineral recoveries under a high tonnage, low grade environment. Mine ore grades improved throughout the quarter as mining proceeded further into the ore body.

Another good safety performance with no lost time injuries ("LTI") brings the consecutive LTI free months to 67. Base Titanium employees and contractors have now worked 17.7 million man-hours LTI free.

"Taking care of the environment is part of our DNA. That is why we strive to ensure that our rehabilitation of mined out areas meets world class standards."

Nick Okello, Environment Manager
Construction of the tailings storage facility outer sand wall is complete and vegetation of the outer wall and apex continued. All sand tails are now being deposited in the mined-out Central Dune area, as the first stage of rehabilitation in this section continued.

Good rains continued throughout the quarter resulting in the Mukurumudzi Dam remaining full.

Ongoing supply constraints in the ilmenite and rutile sectors have maintained upward pressure on prices. While zircon prices came under renewed pressure due to ongoing global economic uncertainties.

Bulk loading operations at the Likoni port facility ran smoothly, dispatching 72,000 tonnes of ilmenite, rutile and low-grade zircon during the quarter. Containerised shipments of rutile and zircon through the Port of Mombasa continued according to plan.

<table>
<thead>
<tr>
<th>Key Indicator</th>
<th>Unit</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Mined</td>
<td>tonnes</td>
<td>4,909,999</td>
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<tr>
<td>Ilmenite Produced</td>
<td>tonnes</td>
<td>73,808</td>
</tr>
<tr>
<td>Rutile Produced</td>
<td>tonnes</td>
<td>16,390</td>
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<tr>
<td>Zircon Produced</td>
<td>tonnes</td>
<td>6,980</td>
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<tr>
<td>Ilmenite Shipped</td>
<td>tonnes</td>
<td>60,109</td>
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<tr>
<td>Rutile Shipped</td>
<td>tonnes</td>
<td>14,018</td>
</tr>
<tr>
<td>Zircon Shipped</td>
<td>tonnes</td>
<td>6,713</td>
</tr>
</tbody>
</table>

Exploration

With a mine life of just 3 years remaining, focus for the past couple of years has been on implementing near site exploration programmes with the aim of discovering additional mineral deposits that can extend the life of the Kwale Mine.

A concept study for the mining of the North Dune resource commenced during the September quarter and, should the outcome be positive, a pre-feasibility study will be commissioned in 2020.

Further drilling in the North-East Sector of Prospecting License 2018/0119 is planned once community access is secured.

Drilling in the southern and central sections of the Vanga Prospecting License was completed during the quarter with limited mineralised intersections. Further drilling is planned in the northern section (Ramisi area) once community access is secured.
Operations
Photo Gallery

Principal Secretary State Department for Mining, Hon. John Omenga in Nguluku

Sand stacker in Central Dune

Butterfly farming initiative

Floating penstock catwalk

Pre-start safety meeting

Mineral storage at the port facility

State Department of Mining visit

Relief food distribution in Vumbu

Cotton trial plot
Reviving the Kwale Cotton Industry

Since 2014, Base Titanium has successfully worked alongside the Ministry of Industry, Trade and Cooperatives, State Department of Agriculture, Kwale County Government and the Fibre Crops Directorate in supporting the revival of Kwale County's cotton industry. Significant developments coming from this partnership have been the creation of the PAVI Cooperative and the construction of the PAVI business park, both of which are aimed at ensuring farmers receive the maximum return for their goods following a process of value addition.

This quarter, Base's drive to improve livelihoods and develop the economy of the region has seen 96 bales of Kwale cotton worth KES 3M being sold to Rivatex and 100 bales of lint exported to Bangladesh. In addition to creating economic opportunities for the community and region, PAVI underpins the Government's Big 4 Agenda in the areas of manufacturing and food security.

During a recent visit to the PAVI business park, Cabinet Secretary for Industry, Trade and Cooperatives Hon. Peter Munya commended Base Titanium’s PAVI business model which will be used by the Ministry "so that it can be spread to other cotton producing zones in the country."

With Base's support, PAVI now boasts 2,500 cotton farmers.
International Coastal Cleanup

In an effort to reduce the amount of plastic in our environment, Base Titanium, Kwale County Government, local residents, environmentalists and ocean conservators celebrated this year’s International Coastal Cleanup Day by cleaning up Kwale’s coastline.

Over 20,000kgs of ocean waste was collected along a targeted 90km stretch by over 1,500 volunteers. The ocean waste was dispatched to Kwale Plastic Plus where it will be documented and sorted prior to before being recycled.

With plastic continuing to pollute our coastline, affecting marine life and coral reefs, Base is supporting the establishment of a recycling plant in Kwale with the aim of maintaining clean beaches and protecting the local environment.

For over 30 years, communities have been encouraged to rally together with the common goal of collecting and documenting waste littering their coastlines. Global policymakers utilise the data collected to raise awareness of marine debris so as to change behaviours that cause ocean pollution. Base Titanium is proud to continue playing a part in “harnessing the power of the people to fight ocean trash”.

Technical Trades Apprenticeship Programme

In September, 24 apprentices were officially declared ready for employment following their graduation from Base Titanium’s Technical Trades Apprenticeship Programme.

The programme runs concurrently with theory studies offered by tertiary institutions with Base Titanium providing the practical training facility to complement classroom learning. Apprentices receive regular feedback and are expected to make quarterly presentations to management, produce written assignments and undergo practical competency testing.

This training provides the necessary combination of knowledge and skills to enable the apprentices to graduate as well rounded and qualified trades people.

Launched in 2014, the programme runs for two years and has benefited a total of 54 youth from Kwale County. The initial group of 20 apprentices are holders of diplomas in mechanical or electrical engineering from the Technical University of Mombasa.

The second intake of 10 apprentices undertook automotive studies with practical learning provided at Base’s heavy mobile equipment and light vehicle workshops. They are now holders of Grade 1 certificated in automotive engineering.

This third group hold certificates in electrical, mechanical or automotive engineering from the National Industrial Training Authority, Mombasa.

We believe that the experience and knowledge gained provide each student with a competitive advantage when seeking employment elsewhere in Kenya and beyond.
Mombasa International Show - Promoting Agriculture

Over the course of the first week of September, Base Titanium promoted its livelihood programmes and educated the general public on its operations at the Mombasa International Show.

The event illuminated Base’s commitment to empowering farmers and improving livelihoods.

Coast Hospice Charity Walk - Charity

This September, Base Titanium joined hundreds of volunteers at the Mbaraki Sports Club for the annual Coast Hospice Charity Walk.

The walk raises funds to support the provision of palliative care to patients with life limiting illnesses in the Coast Region. Services include home-based care, hospital visits and day-care services.

Jigger Eradication – Community Health

This September, Base Titanium and Kwale County conducted a jigger eradication campaign in Mswambweni Sub-County treating over 1,600 local residents in 16 villages.

10 schools in Dzombo ward received training in fumigation and hygiene awareness.