



# Workforce Establishment and Development - A Kenyan Perspective

AAMIG Seminar

29 October 2015

Proud member of:



**BASE  
RESOURCES**

# A snapshot.

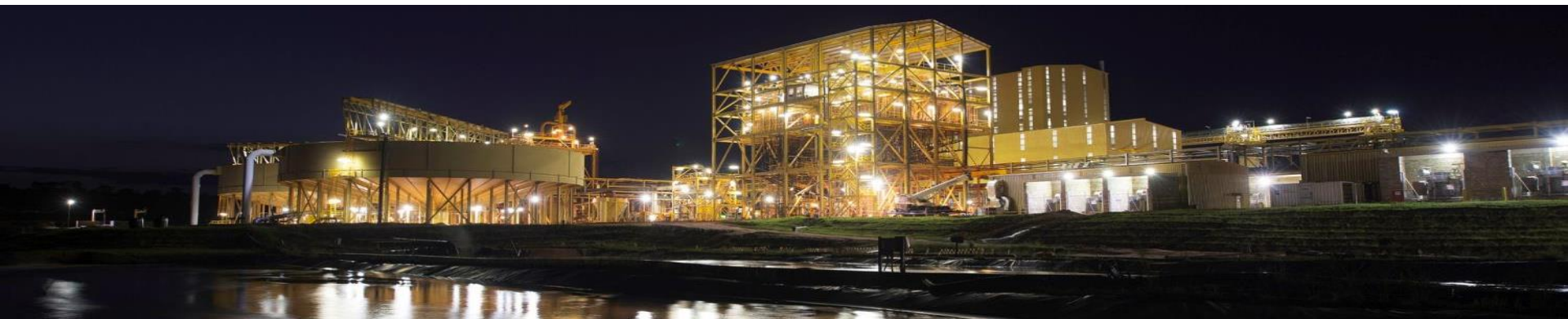
An new company, building a track record of performance with a business model designed for success in developing environments and a customer and investment world increasingly focused on social value.

- ▶ Base founded in 2008, with a plan to build meaningful resource company.... Initially with an iron ore strategy.
- ▶ Secured the Kwale Mineral Sands project in Kenya in early 2010....with two employees and a plan.
- ▶ Raised A\$220 million in equity and US\$215 in debt.
- ▶ Completed construction in October 2013.
- ▶ First shipment in February 2014.
- ▶ Achieved design operational performance – September quarter 2015.
- ▶ Now looking for our next development project.

## Substantial Shareholders

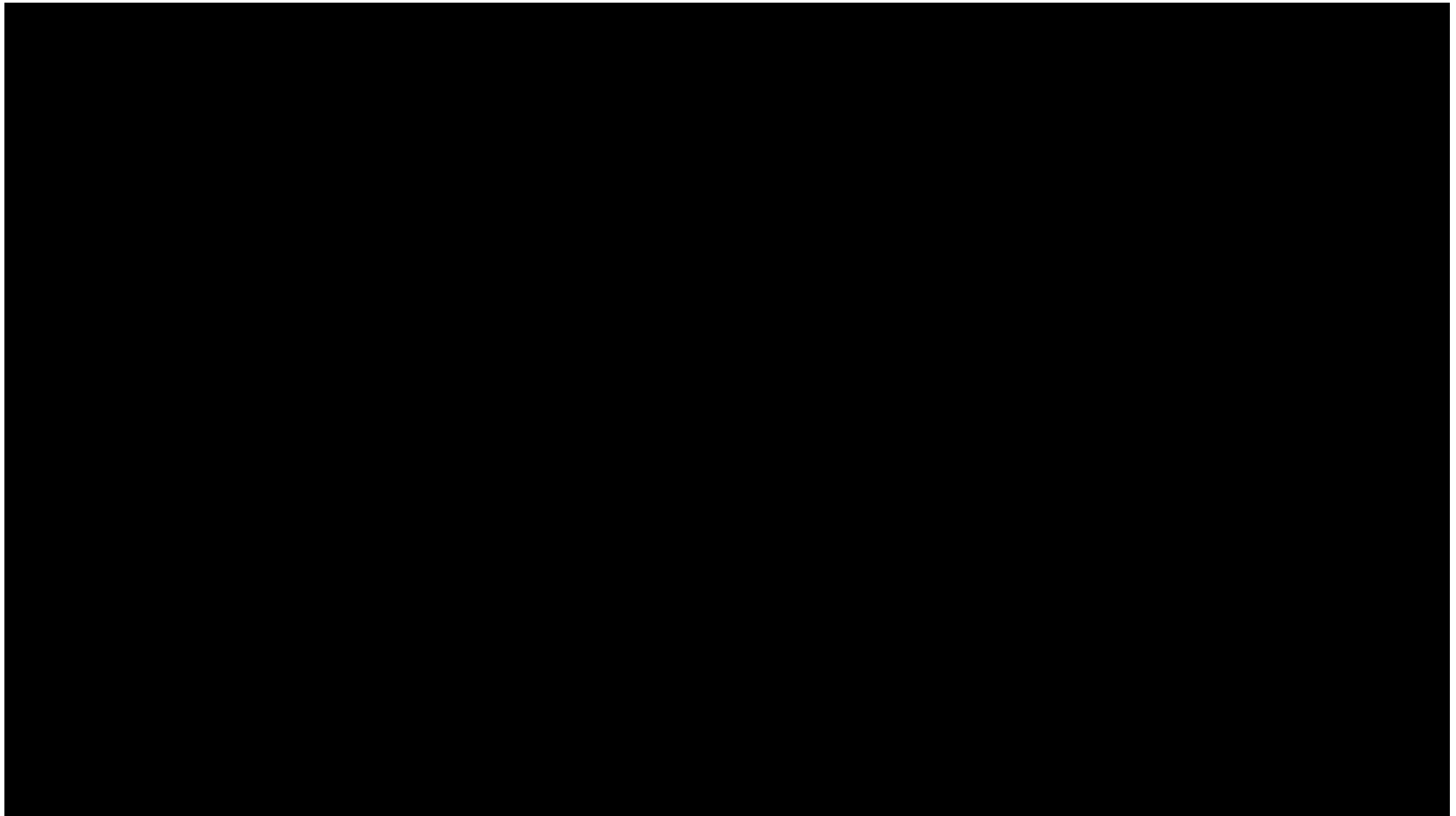
## Interest

Pacific Road Capital	20.5%
Taurus Funds Management	18.6%
Sustainable Capital	13.9%
Aterra Investments	7.7%
Genesis Asset Management	6.0%



# The right project

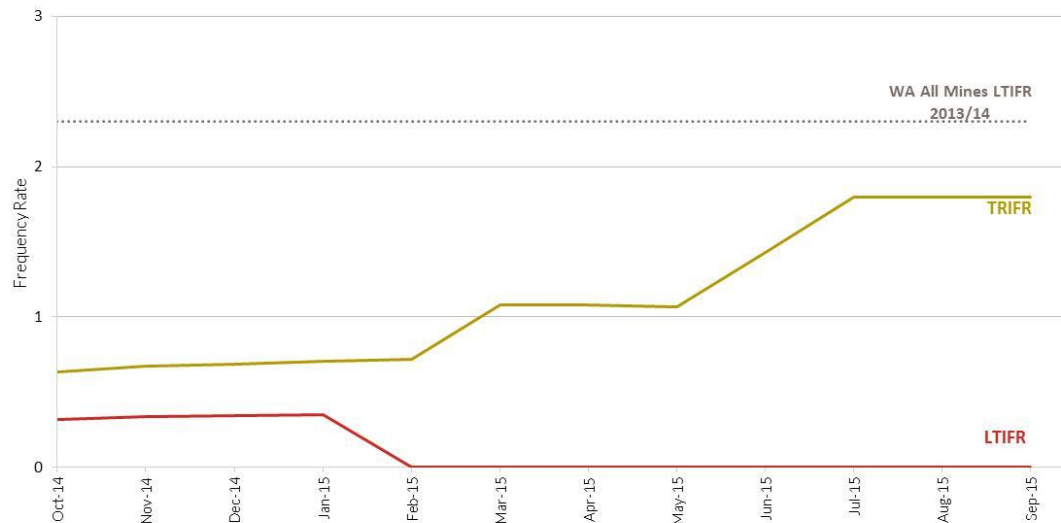
Kwale is large scale, technically straightforward with a high value mineral assemblage and supported by well developed physical and social infrastructure.



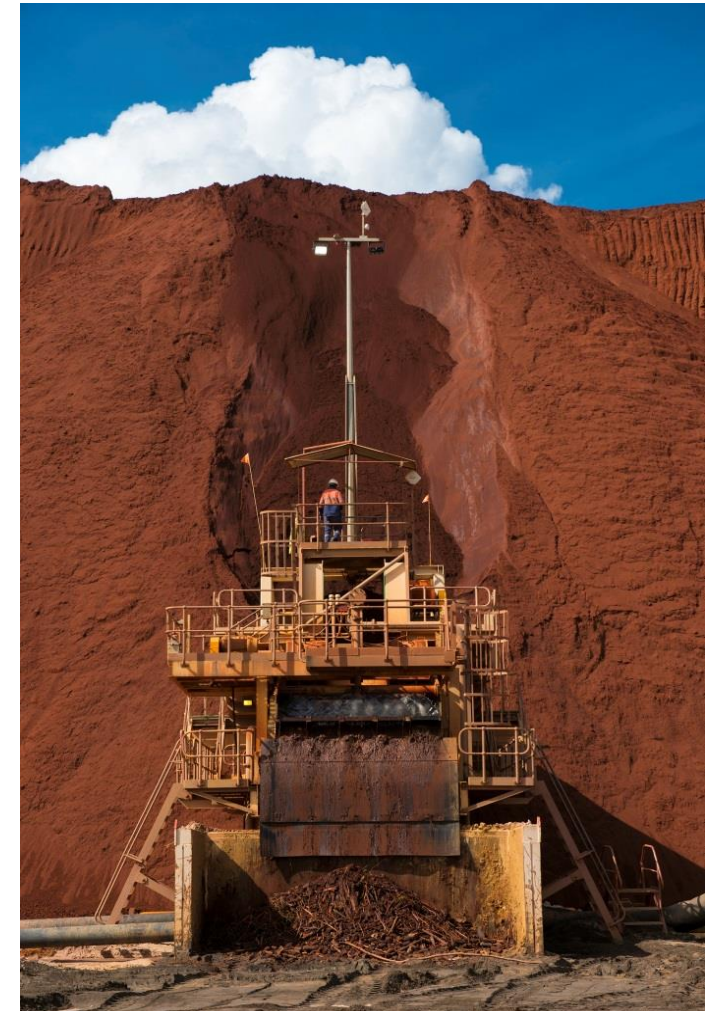
# Built, commissioned and operating safely.



Establishing our required safety culture has been one of the key challenges.....and our success a lead indicator for operational performance.

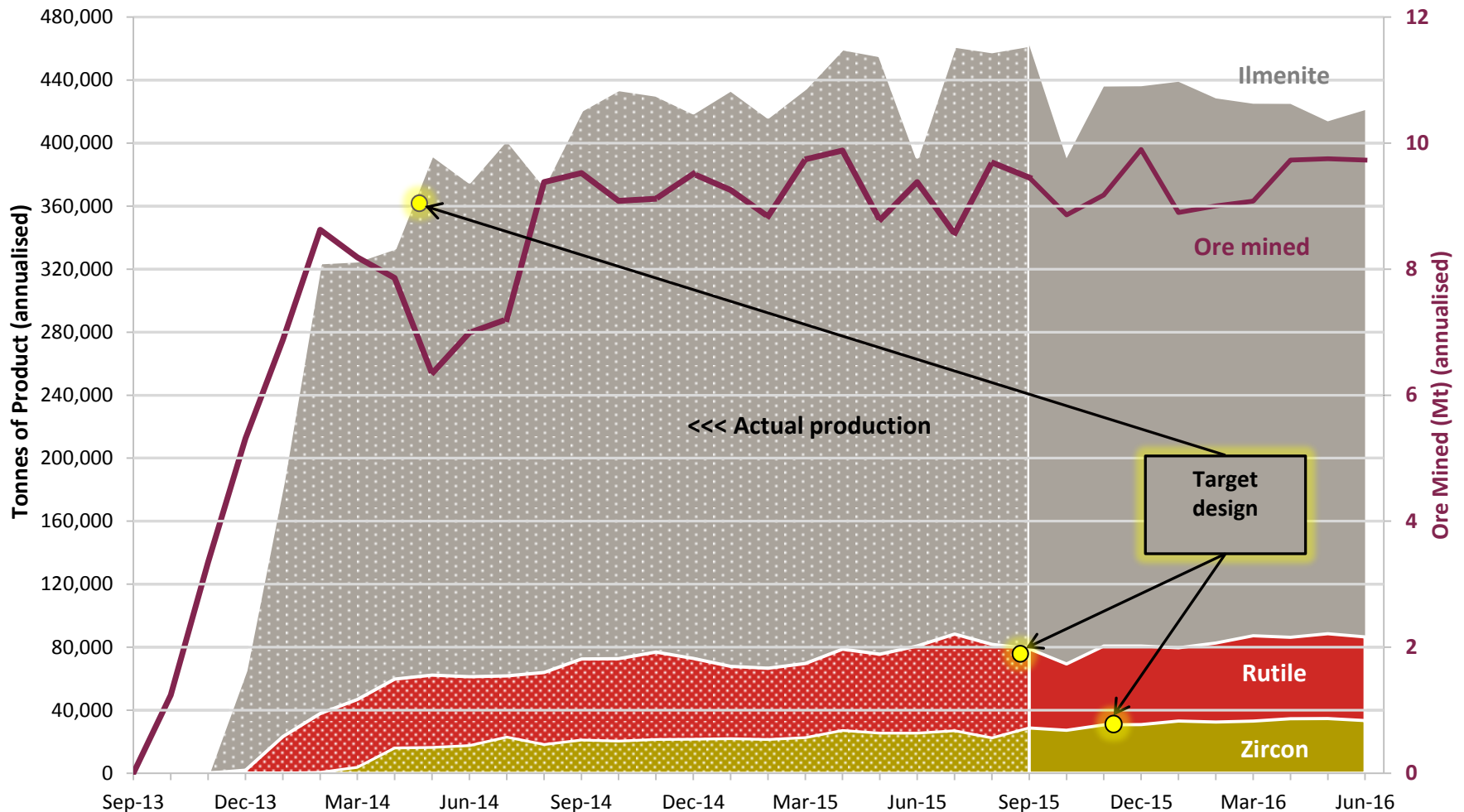


- ▶ 13.0 million man hours (mmh) worked.
- ▶ In construction:
  - ▶ 2 LTI's for entire project (6.5 mmh LTI free)
  - ▶ 2,400 people on site at peak with 1,200 people recruited from local community.
- ▶ In operations:
  - ▶ 1 LTI in February 2014 (4.5 mmh LTI free)
  - ▶ 30,000 hours of operational readiness training prior to start up.



# A rapid and smooth ramp up.

With ilmenite exceeding design output rates, rutile at design and zircon on track, the focus is now on both short and longer term throughput maximisation to optimise the operation.



# The Kenyan Context

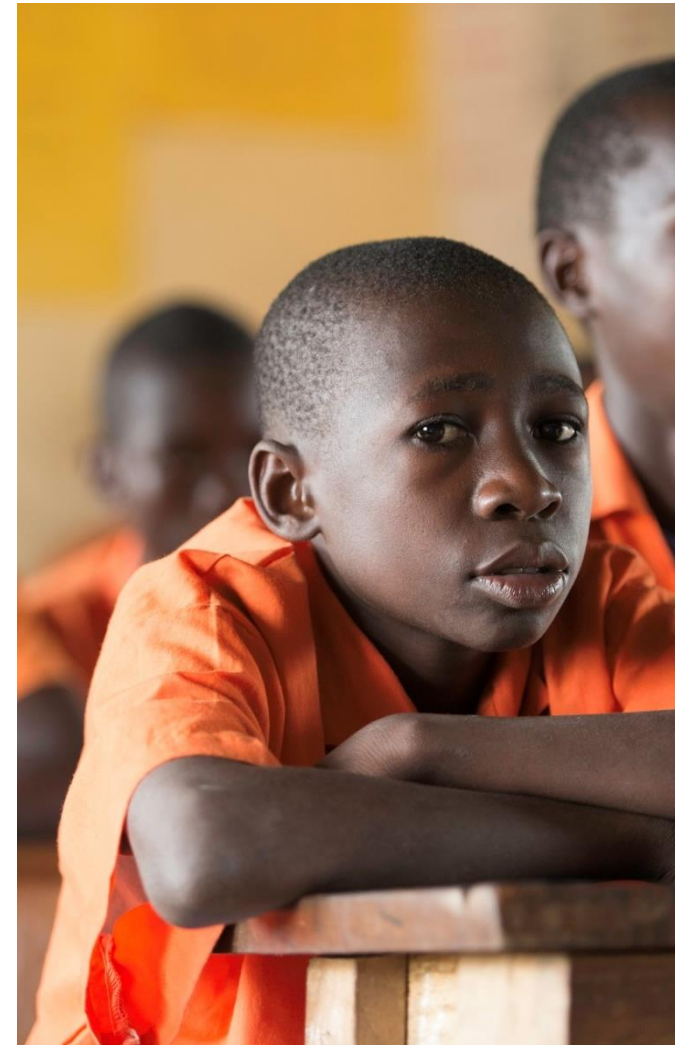
We see Kwale as a key to unlock the potential of the mineral sector in Kenya and a model for operations. There are several key shaping factors in the practical delivery of this objective.

## The positives:

- ▶ Relatively high education standards.
  - ▶ Sound technical disciplines.....but poor managerial development.
- ▶ No legislated local employment requirements.....but political, social and economic imperatives to maximise employment.
- ▶ A government with a focus on developing a mining industry.
- ▶ Reasonable physical and social infrastructure.

## The hurdles:

- ▶ No real history of modern mining....also a positive in attracting the best and brightest to what is seen as an exciting sector.
- ▶ High unemployment, particularly on the south coast, with commensurately high expectations as to what a mine will deliver.
- ▶ A government still very much finding its way.
- ▶ A new County government framework.
- ▶ Industrial scale corruption and deeply entrenched nepotism.



# The core challenges.

Our employment, training and development approach needed to address a number of factors, whilst delivering a workforce of the required operational and safety capability.

Influx management

Securing the required skills quickly and efficiently

Maximising the Kenyan and local workforce

Ensuring construction contractor integration

Managing community expectations

Ensuring transparency of process for a level field

Assembling an expat team with a training orientation

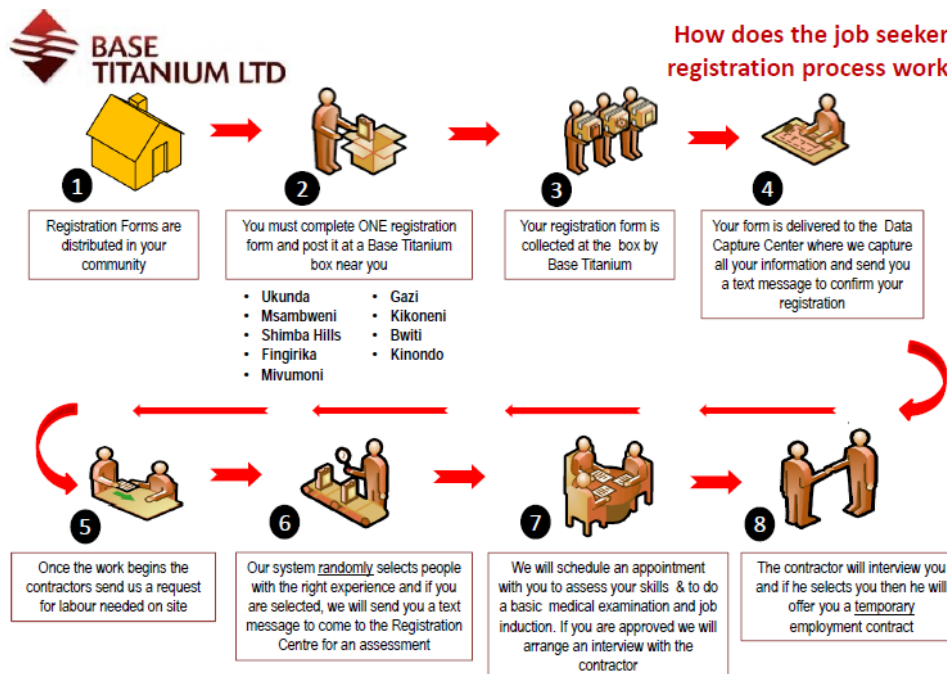
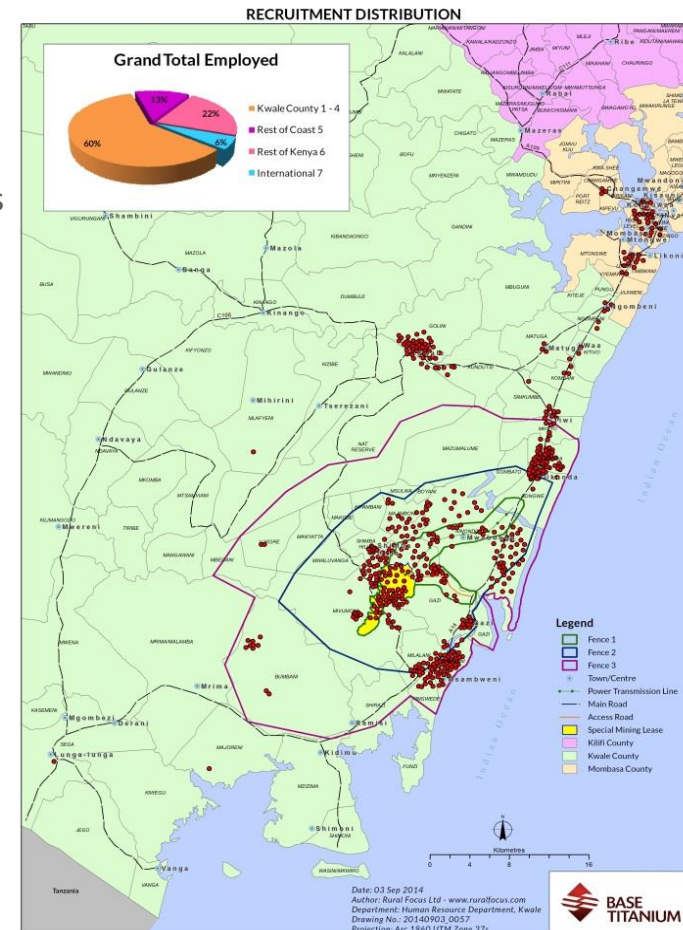
Increasing both quantity & quality of Kenyan jobs



# The Base labour recruitment system (LRS).

A structured system-driven approach that transparently allocates job opportunities by pre-agreed priority for the required skills. Use of the LRS mandatory for all contractors.

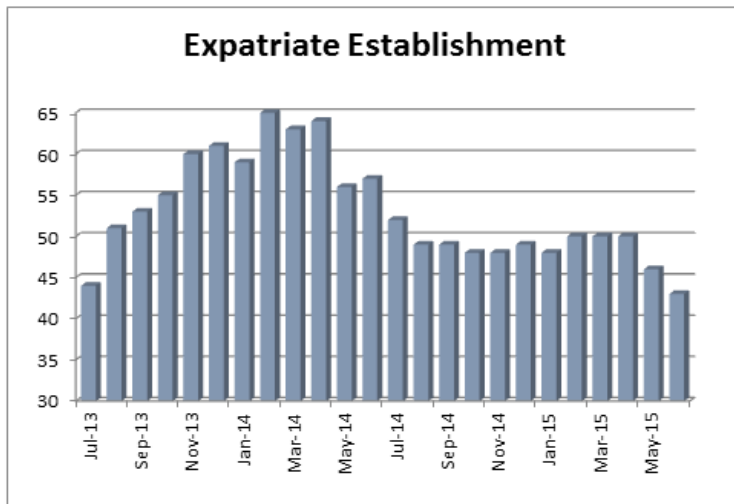
- ▶ Proprietary software system to manage employee database.
- ▶ Geo-domained “fences” determined in consultation with Liaison Committees.
- ▶ Registered residence determines fence....and therefore job priority.
- ▶ Significant public communication program.
- ▶ Formal application process – proof of residence, skills and health assessments
  - ▶ 17,000 applications for 2000 construction and 800 operational jobs.
- ▶ Random candidate pool generated for specific job skill set.
- ▶ Rigorous audit of performance with a grievance review system.



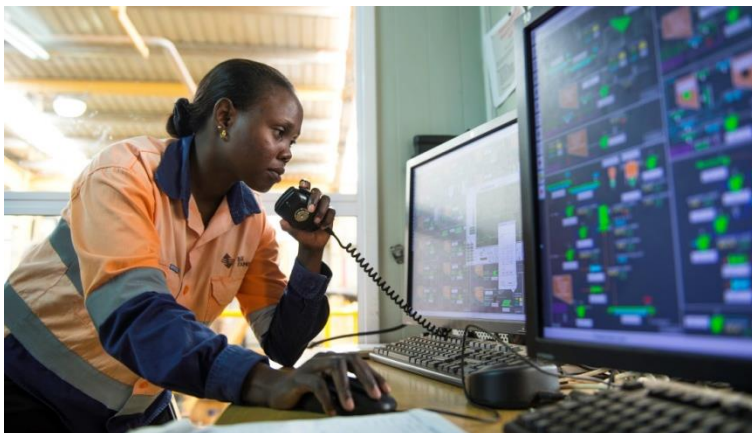


# The outcomes to date.

This very structured approach to labour recruitment has delivered a capable workforce, that is very Kenyan and sufficiently local, with transparency that is understood by both community and politicians.



- ▶ 3285 “one year” Kenyan jobs in construction – 1350 “local”.
- ▶ In operations, 800 people directly employed – 94% Kenyan, 62% “local”.
- ▶ No industrial unrest in either construction or operational phases.
- ▶ Expatriate numbers are now down to 42, with a longer term objective of getting to around 15.
- ▶ Similar structured approach to skills transfer and development:
  - ▶ On-the-job training with individual mentoring.
  - ▶ Long term succession plans for all roles.
  - ▶ Tailored programmes for graduates, interns, apprentices and high school students.
  - ▶ Partnering with Technical University of Mombasa.
- ▶ 86,000 hours of training (including 30,000 community hours)
- ▶ An industrial training model now being adopted by NITA.



# The key learnings.

While a significant challenge in implementation, the LRS and development programmes have become a central element of our community engagement model and the outcomes a “badge” for Base.

Community expectations start high.... and just go up.

Liaison Committees to guide and support are vital.

Politicians hate a system they cant game.

Its not about employing Kenyans but the “right” Kenyans.

Uncompromising application of the system is crucial.

Systems must be tailored to context and language (style).

More is possible than you expect but ignore comparatives.

It will be an ongoing challenge...but diminishing with time.





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