

FY21 Full Year Results

For the period ended 30 June 2021

30 August 2021



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Tim Carstens
Managing Director

Australian based, African focused, producer



Kwale Operations
Kenya
Operational asset producing
rutile, ilmenite and zircon.

Toliara Project
Madagascar
Mineral sands project progressing
towards development.

Base Resources
Perth
Company headquarters.

Building a unique mineral sands company

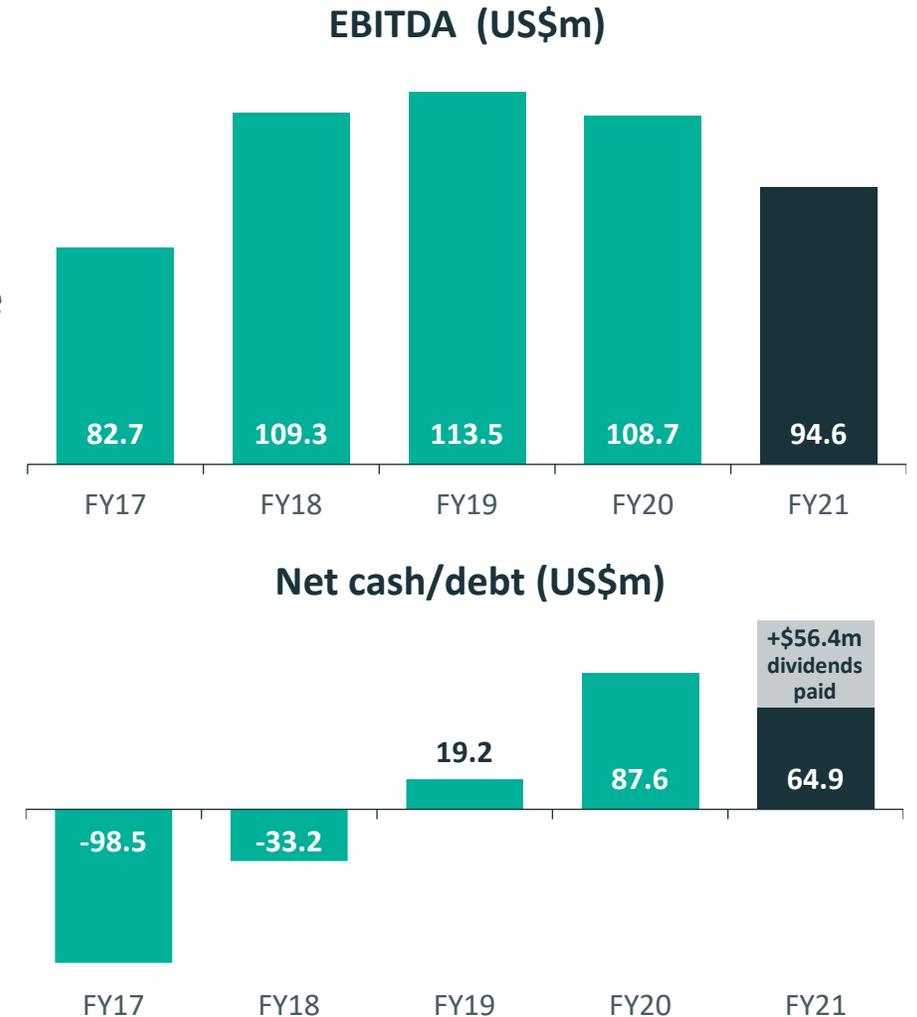
- “Mid cap” **pure mineral sands** company.
- Established **profitable** Kwale Operation in Kenya with extensional potential.
- A **world class mineral sands development project** in the Toliara Project in Madagascar.
- **Long combined mine life** once the Toliara Project is developed.
- **Track record of excellence** in safety, community engagement and environmental stewardship.
- An **experienced team** and capacity to execute well.
- A **robust financial position** from which to grow the business and deliver returns to shareholders.
- Creating a company of **strategic relevance** in a sector likely to continue to evolve.



Strong FY21 operational performance



- Kwale Operations continued uninterrupted, with controls to mitigate COVID-19 impacts and risk, and production guidance achieved.
- Continued strengthening of demand for all products with a 21% increase in ilmenite prices.
- Kwale Operations mine life extension opportunities progressed with Kwale South Dune Ore Reserves updated and Bumamani PFS nearing completion.
- Toliara Project discussions with government progressed while engineering and design, supplier selection, systems and funding options all advanced.
- Lost time injury frequency rate maintained at zero.
- Sales revenue of \$198.2m, EBITDA of \$94.6m and net cash of \$64.9m.
- Full-year dividend of AUD 4.0 cents per share* (approximately US\$34.2m) determined, taking total dividends in respect of FY21 to AUD 7.0 cents per share (approximately US\$60.8m).



*Full-year dividend is unfranked.

Pursuing excellence in the full lifecycle of mining

Governance

- Environmental, Social and Ethics (ESE) Board committee established.
- Modern Slavery Statement published and supplier code of conduct implemented.

People

- 99% of Kwale workforce are Kenyan, with 71% drawn from Kwale County.
- 133,725 hours of training delivered to employees, contractors and community.
- 24 Malagasy completed two-year apprentice programs in Kenya.

Community

- \$3.7m invested in infrastructure, scholarships, projects and health programs with an additional \$1.4m invested in COVID-19 support.
- \$53.4m (77%) of all Kwale Operations material, equipment and services expenditure sourced from Kenyan businesses.
- Kwale post mining land use study commenced.

Environment

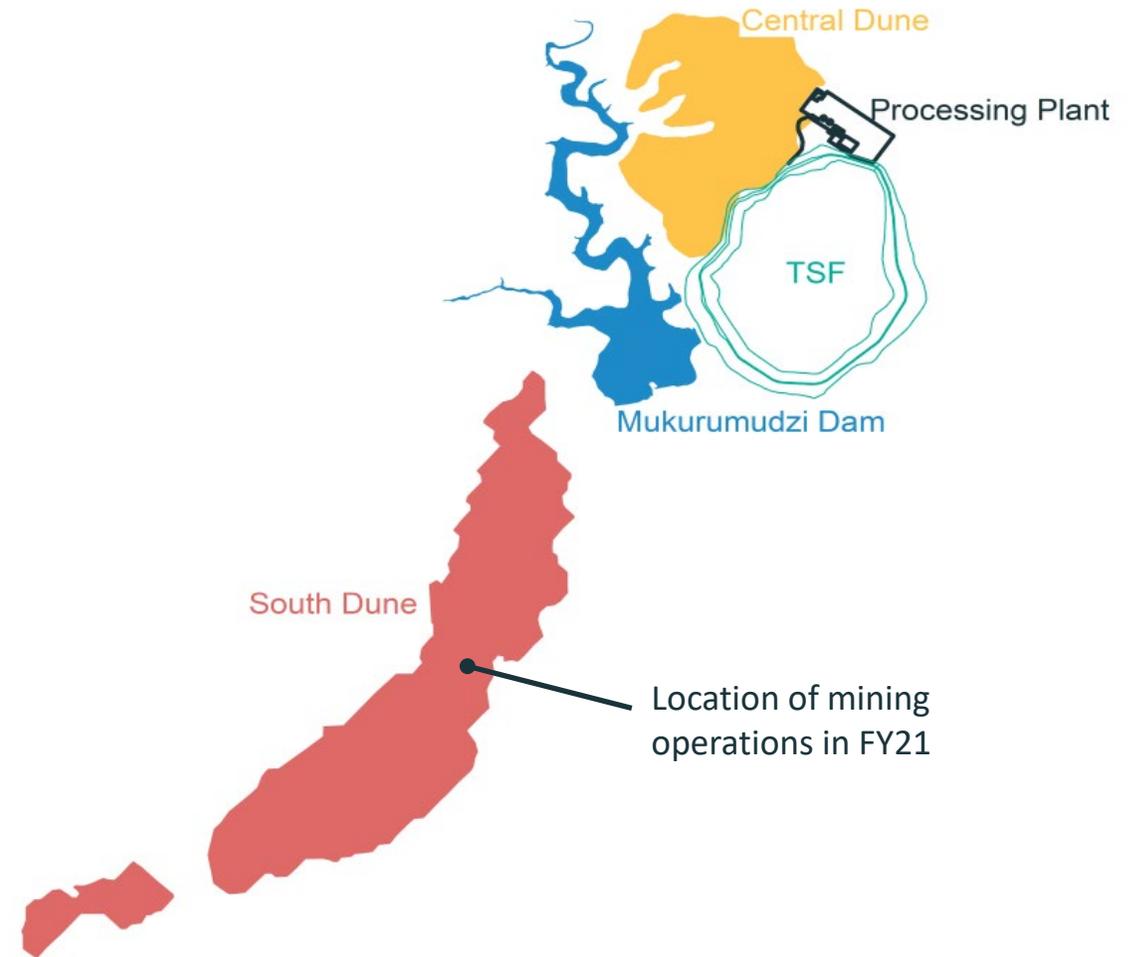
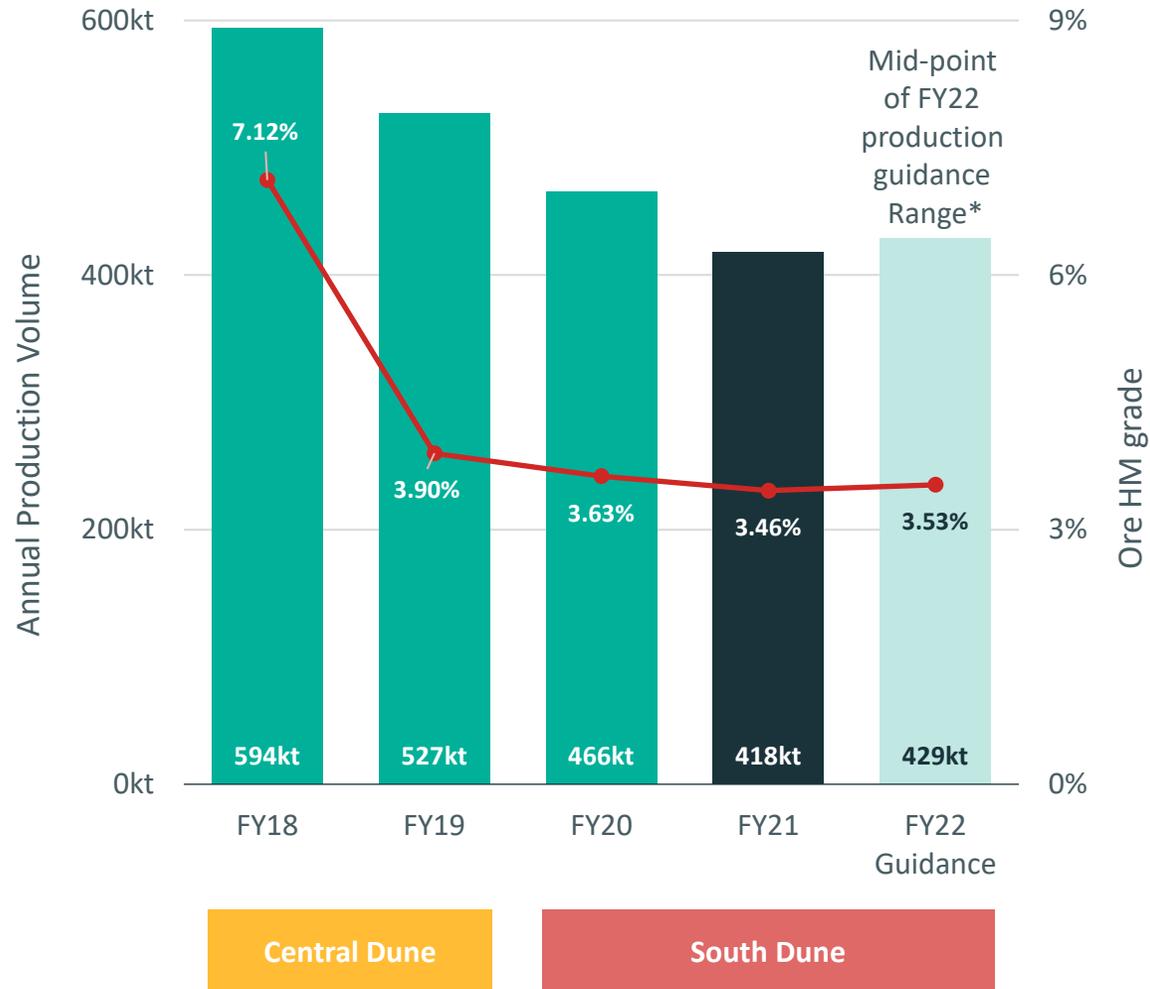
- 21,338 trees planted in FY21 with 104 hectares undergoing planting activity.



Review of operations

Kevin Balloch
Chief Financial Officer

Kwale Operations continue to plan



* For further information, including the guidance range and applicable assumptions, refer to Base Resources' announcement on 29 July 2021 "Quarterly Activities Report - June 2021" available at <https://baseresources.com.au/investors/announcements>.

Production constrained by ore grade



Mining and Concentrator	FY21	FY20	Variance
Ore mined (tonnes)	17,982,578	18,056,841	-
Ore grade (HM%)	3.46%	3.63%	(5%)
HMC produced (tonnes)	558,084	606,553	(8%)

- Mining volume steady at 18.0Mt with production limited by a lower average ore grade of 3.46% heavy mineral.
- Lower heavy mineral grade limits heavy mineral concentrate (HMC) production.
- HMC closing stocks were 20kt.

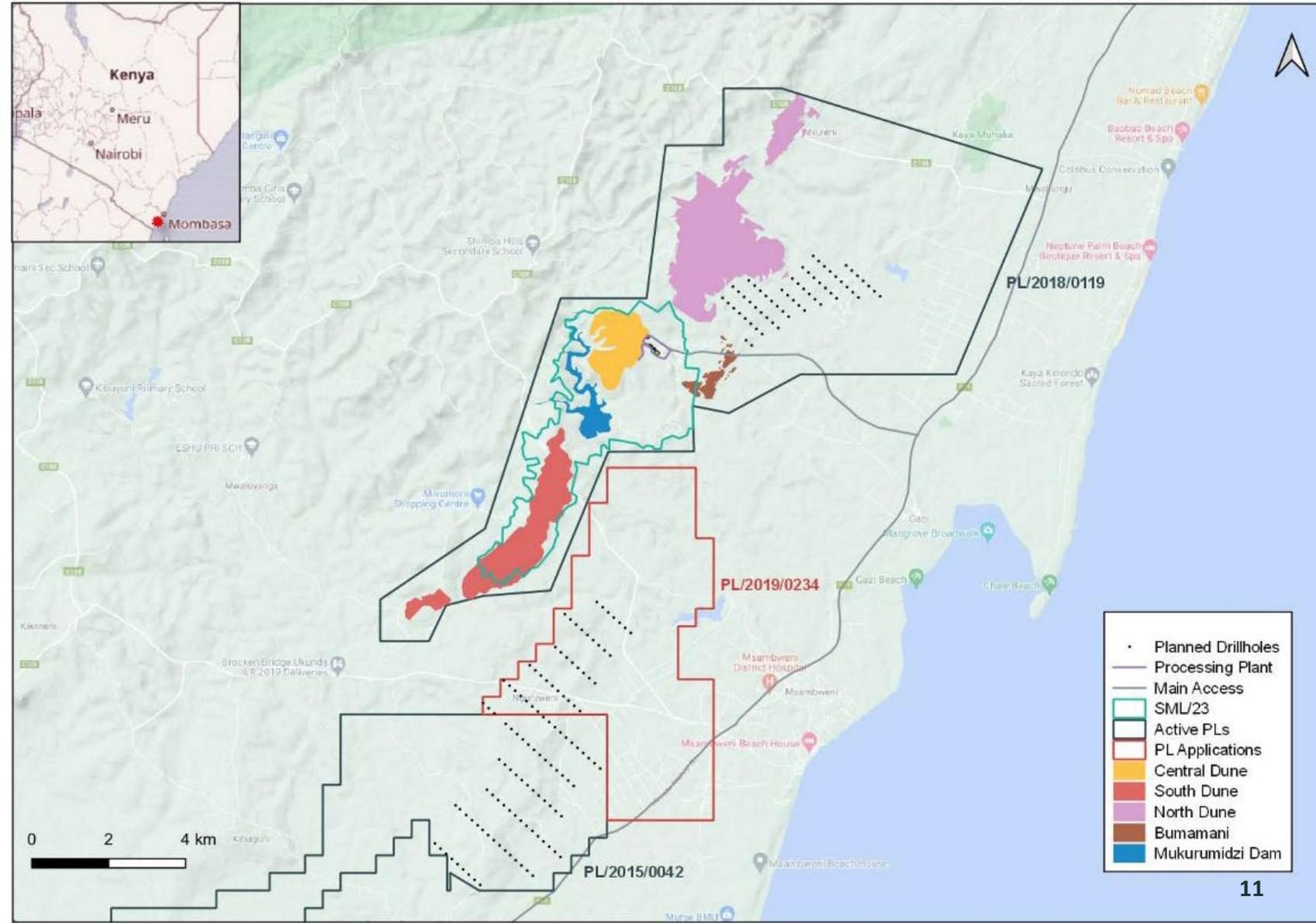
Mineral Separation Plant	FY21	FY20	Variance
MSP feed (HMC) (tonnes)	554,693	608,563	(9%)
Ilmenite produced (tonnes)	317,276	355,093	(11%)
Rutile produced (tonnes)	73,248	78,920	(7%)
Zircon produced (tonnes)	27,123	31,657	(14%)

- Mineral Separation Plant (MSP) feed constrained by HMC availability.
- Other than the lower feed tonnes, differences in final production due to the variable mineral assemblage of the HMC as recoveries for all products were steady.

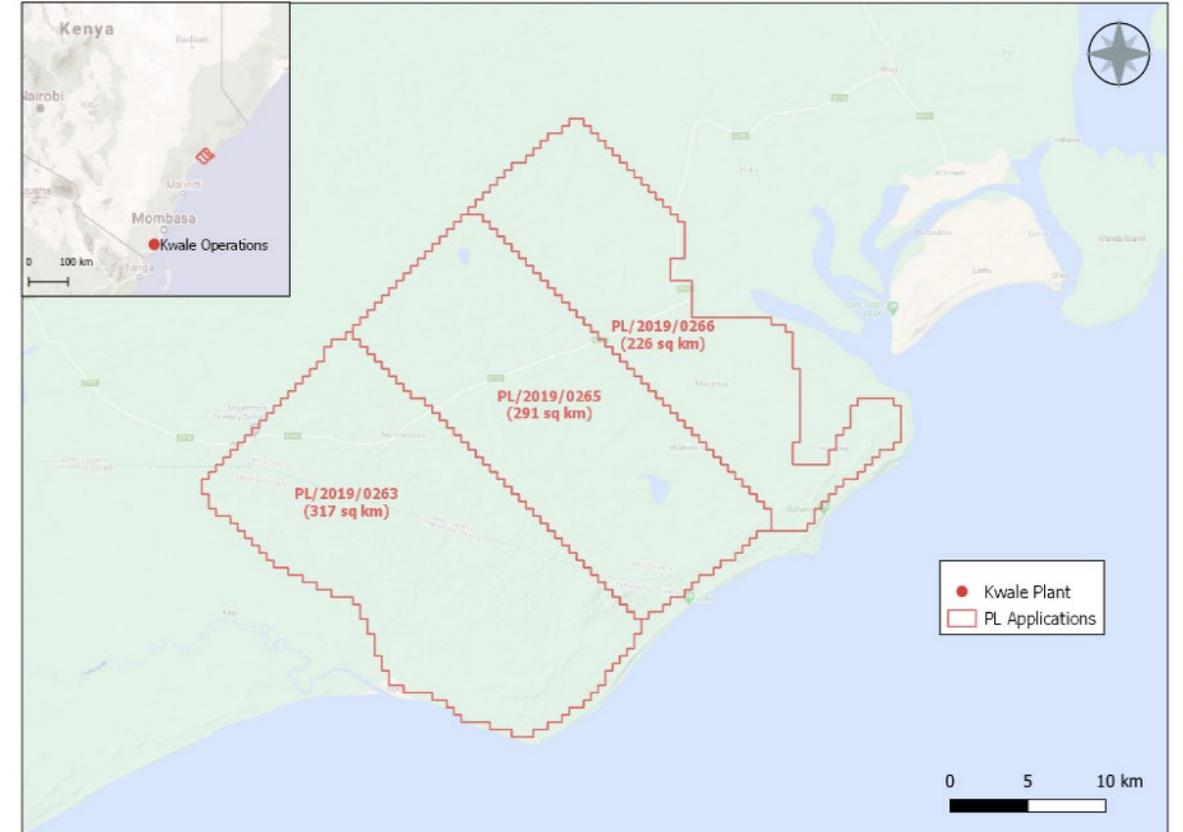
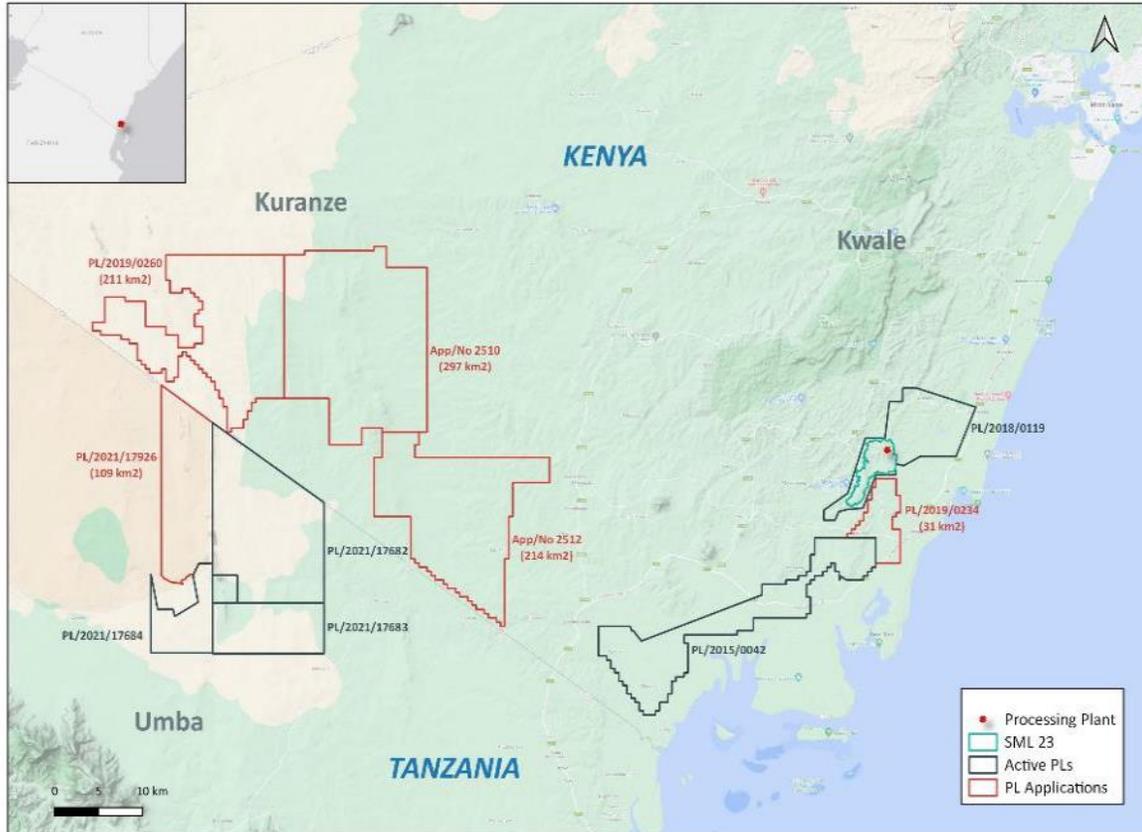
Multiple mine life extension opportunities being explored...

Mining tenure arrangements to extend the Kwale special mining lease to incorporate known additional Kwale South Dune Ore Reserves are expected to shortly be completed, extending mine life to December 2023.

The Bumamani pre-feasibility study results are due in early September, offering the potential to further extend Kwale mine life.



...as well as opportunities further afield



Three Tanzanian exploration licences granted, with the fourth expected shortly and planning of exploration activities now underway. Base Resources is engaging with the Government of Kenya and other stakeholders to have the November 2019 moratorium on the issuance of prospecting licenses lifted and issuance of mineral rights recommenced.

Outstanding safety outcomes indicative of performance culture



24.9

Million

Hours worked with zero Lost-Time Injuries

88

Months

Since last Lost-Time Injury

4.4

Million

Hours worked without a Medically Treated Injury



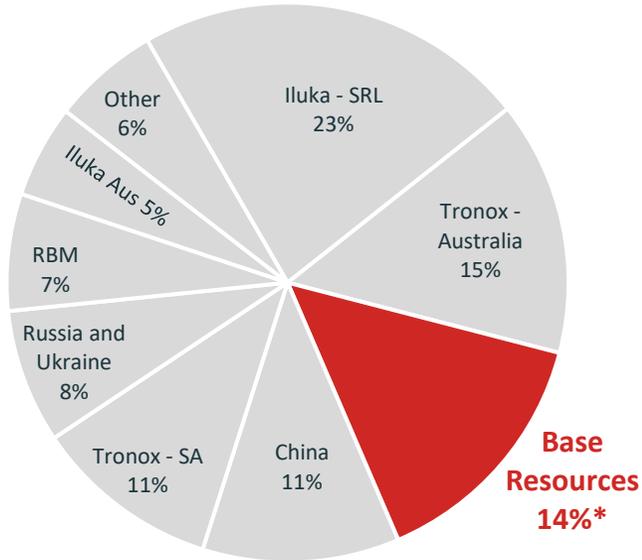
Market update

Stephen Hay
General Manager Marketing

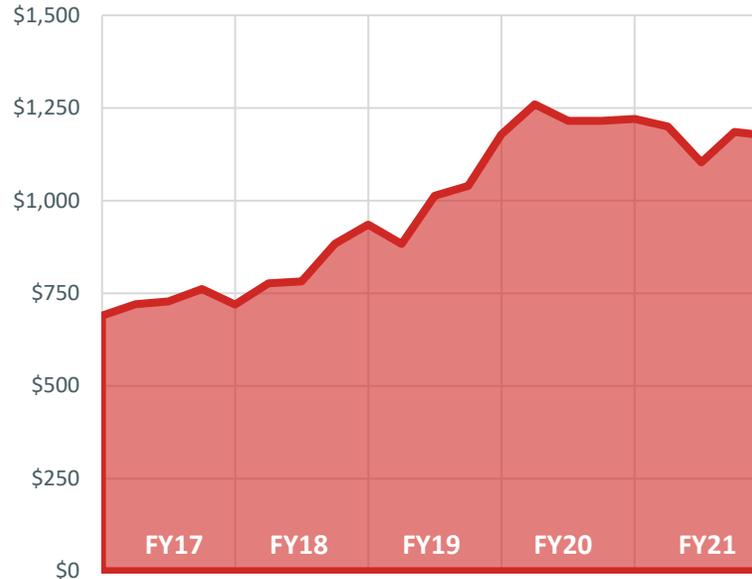
Supply issues provide rutile price momentum



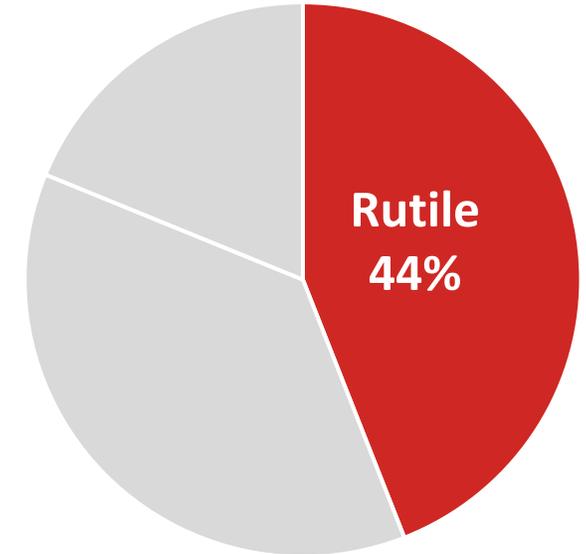
Global rutile supply*



Historical rutile prices (US\$/t FOB)



FY21 sales revenue split



Market dynamics

- All surplus inventories absorbed by early 2021 as pigment, welding and titanium demand rebounded.
- Production issues at major rutile and chloride slag producers limiting supply.

Price outcomes

- Prices weakened in first half of FY21 before beginning upward momentum at the end of the period.
- Average price for Base Resources' rutile in FY21 decreased by 4%, compared to FY20, to \$1,175/t.

Outlook

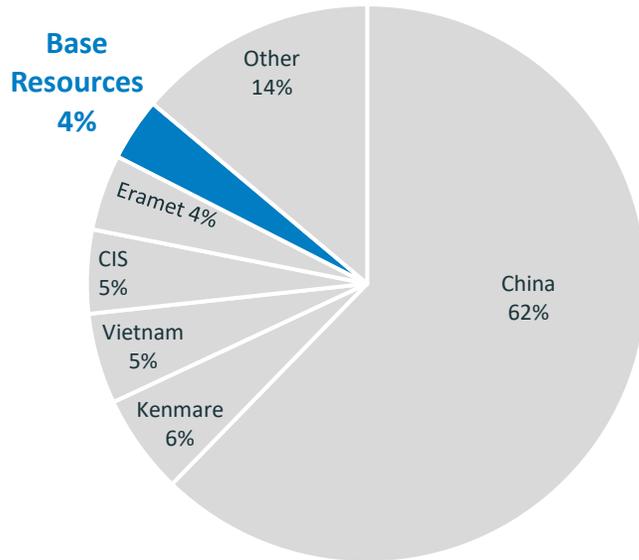
- Demand from existing customers expected to exceed production capacity in FY22.
- Prices continue to build momentum into FY22.

*Source: Company and industry data, in each case, for the twelve-month period to 31 December 2020.
Base Resources supplied 3% of total high grade feedstocks market for the twelve-month period to 31 December 2020 (inc rutile, synthetic rutile and other high-grade feedstocks)

Ilmenite prices continue to strengthen



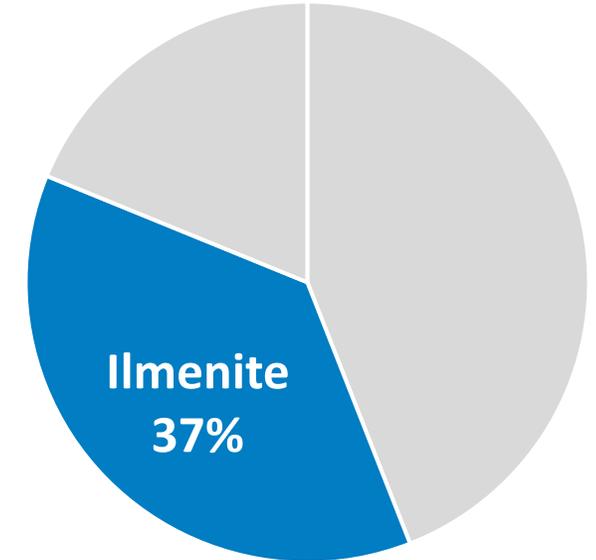
Global sulphate ilmenite supply*



Historical ilmenite prices (US\$/t FOB)



FY21 sales revenue split



Market dynamics

- Chinese pigment industry at full production through FY21.
- Global ilmenite supply increased towards end of FY21.

Price outcomes

- Upward price momentum has continued since mid-FY19.
- Average price for Base Resources' ilmenite in FY21 increased by 21%, compared to FY20, to \$230/t.

Outlook

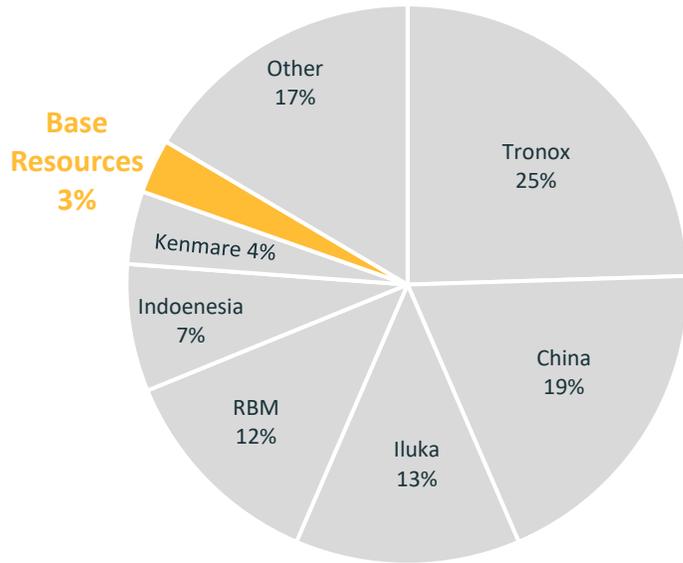
- Demand from existing customers expected to exceed production capacity in FY22.
- Further price gains in early FY22 but increased supply expected to slow momentum later in FY22.

* Source: Company and industry data, in each case for the twelve-month period ended 31 December 2020.

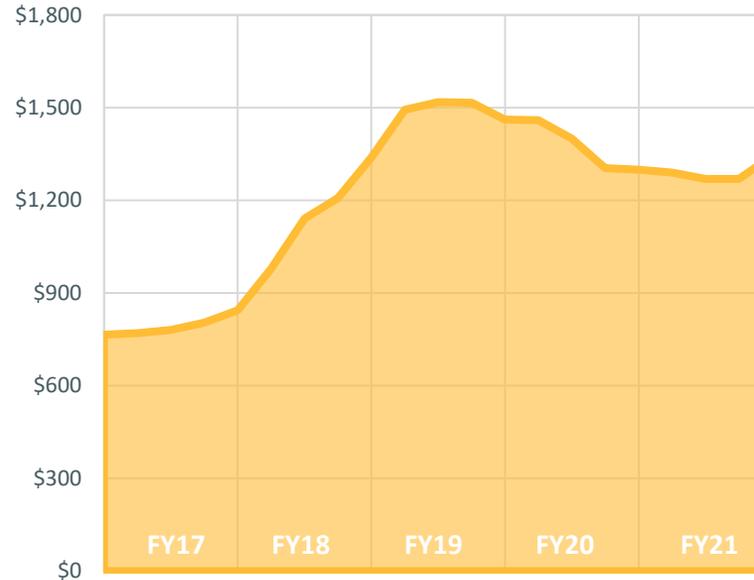
Zircon price growth expected to continue



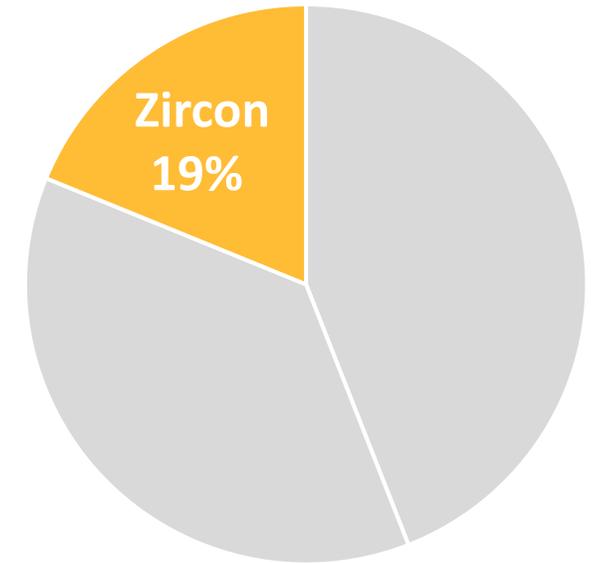
Global zircon supply*



Historical zircon prices (US\$/t FOB)



FY21 sales revenue split



Market dynamics

- Zircon market initially subdued by weak demand in China and European lockdowns.
- Growing deficit in market from mid-FY21 on the back of rebounding demand and low inventories through supply chain.

Outcomes

- Prices stabilised early in FY21 then picked up sharply towards the end of the period.
- Average price for Base Resources zircon in FY21 decreased 4%, compared to FY20, to \$1,296/t.

Outlook

- Demand from existing customers expected to exceed production capacity in FY22.
- Prices expected to continue strong momentum into FY22.

* Source: Company and industry data, in each case, for the twelve-month period ended 31 December 2020.



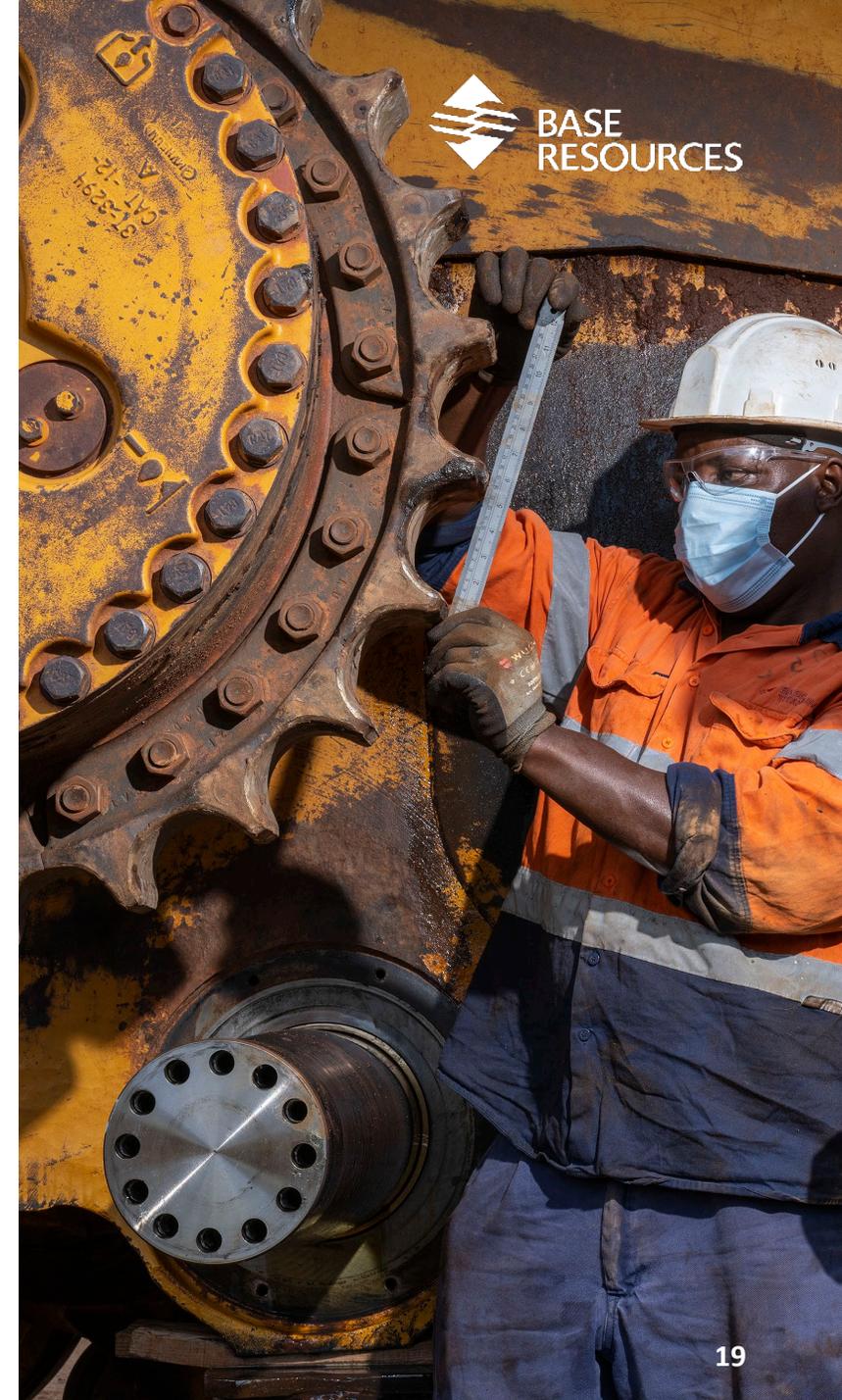
Financial review

Kevin Balloch
Chief Financial Officer

NPAT impacted by reduced sales volumes

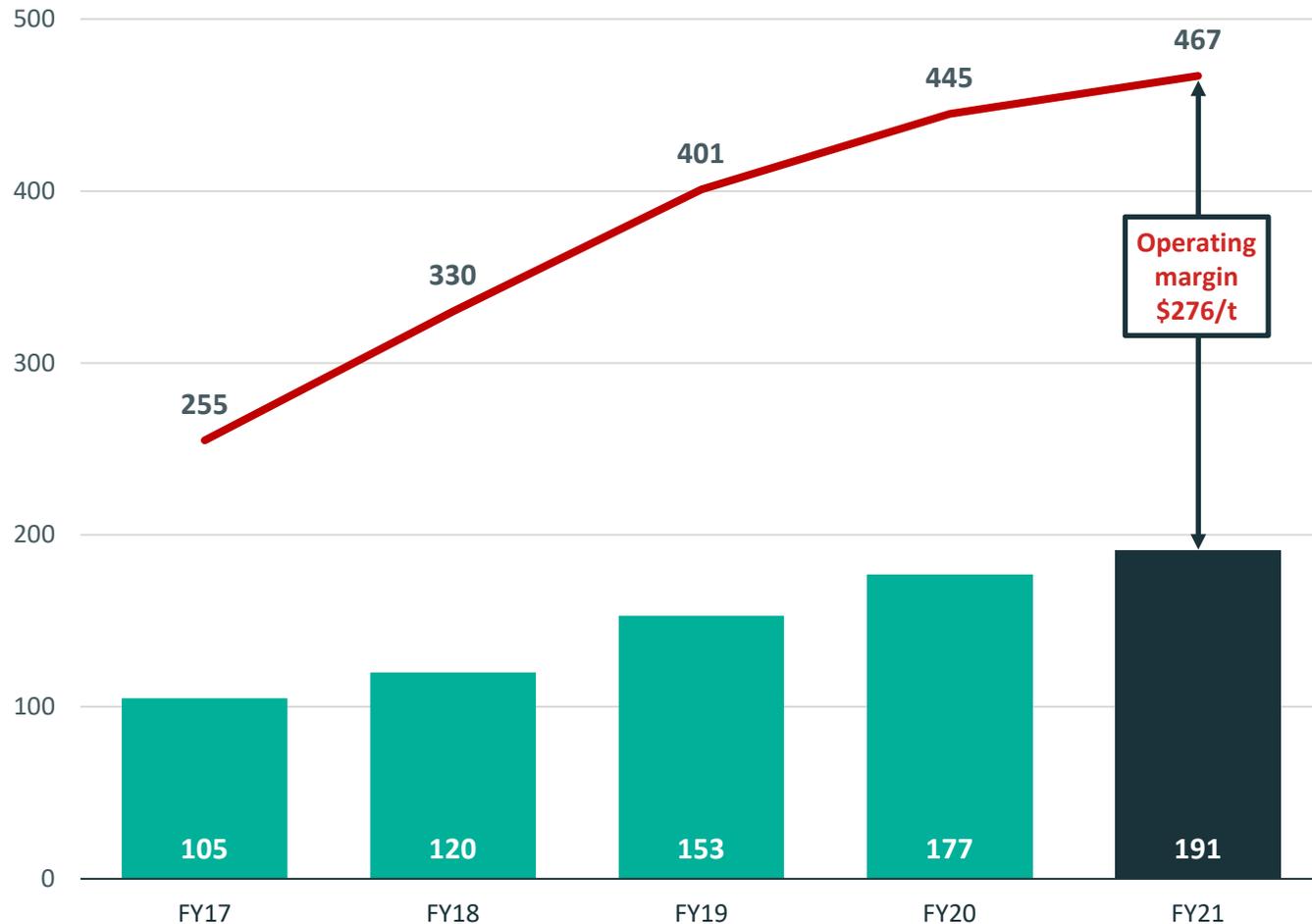
(US\$ millions)	FY21	FY20
Revenue	198.2	208.0
Operating costs (net of inventory movements)	(66.5)	(68.1)
Royalties	(13.8)	(14.6)
Selling & distribution	(3.7)	(2.4)
Corporate & external affairs	(11.5)	(10.0)
Community development	(4.6)	(3.6)
COVID-19 response	(1.2)	(1.1)
Other	(2.3)	0.3
EBITDA	94.6	108.7
Depreciation & amortisation	(59.4)	(57.2)
Financing costs	(5.9)	(5.9)
Corporate income tax	(9.3)	(6.0)
Dividend withholding tax	(9.0)	-
NPAT	11.0	39.6

- Revenue 5% lower, with reduced production partially offset by price increases.
- Average realised sales price increased 5% to \$467 per tonne.
- 5% decrease in operating costs on lower production volumes.
- NPAT impacted by an increase in the Kenyan corporate tax rate, following expiry of COVID-19 economic stimulus measures, and Kenyan dividend withholding tax (15%) incurred on repatriation of \$60.0m of surplus cash to Base Resources from its subsidiary, Base Titanium.



Unit revenue growth expands operating margin

Unit revenue and cost of sales (US/t)



- Strong ilmenite prices resulted in a 5% increase in average revenue per tonne sold.
- Increased operating costs and lower production/sales volumes drove up unit costs by \$14 per tonne (8%).
- Operating margin increased 3% to \$276 per tonne.
- Revenue to cost of sales ratio 2.5:1.

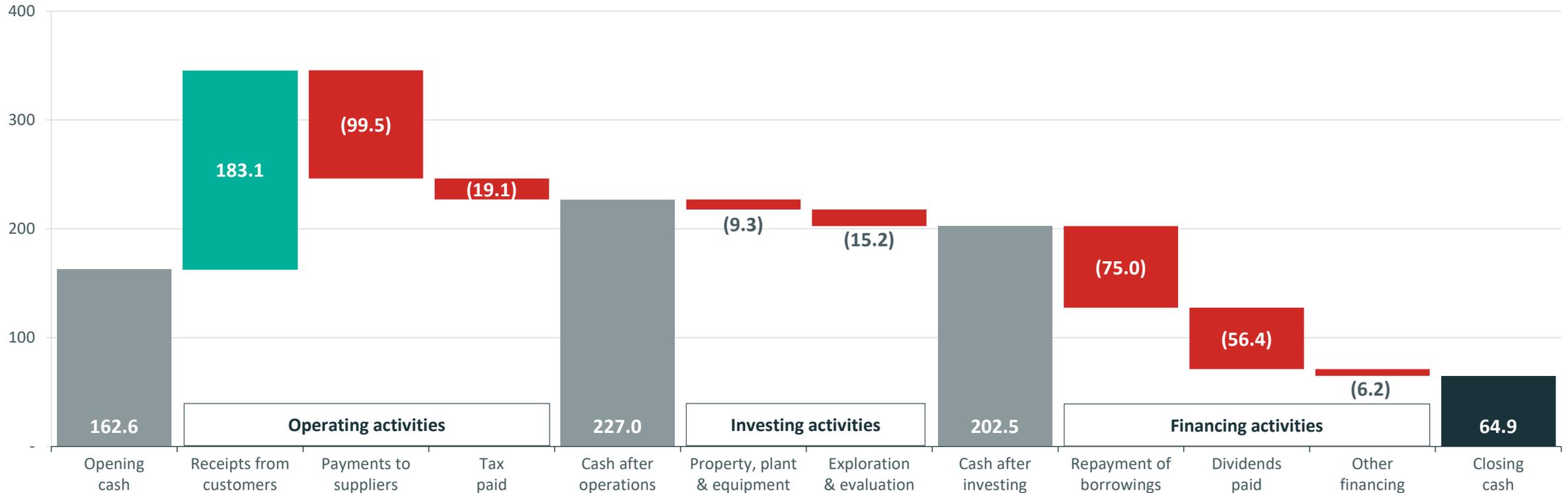
Revenue to cost of goods sold ratio



Strong cashflows support dividend payments



FY21 Cashflow (US\$m)



- Receipts from customers lower than sales revenue due to \$14.8m increase in debtors.
- Invested \$12.0m in Toliara Project progression and \$11.5m on Kwale Operations, primarily for a co-disposal mixing plant for enhanced land rehabilitation capability and feasibility studies.
- Outstanding \$75.0m balance of Revolving Credit Facility repaid and facility retired. Base Resources is now debt free.
- FY20 full-year and FY21 half-year dividends totalling AUD 6.5 cents per share or \$56.4m (in aggregate) paid in FY21.

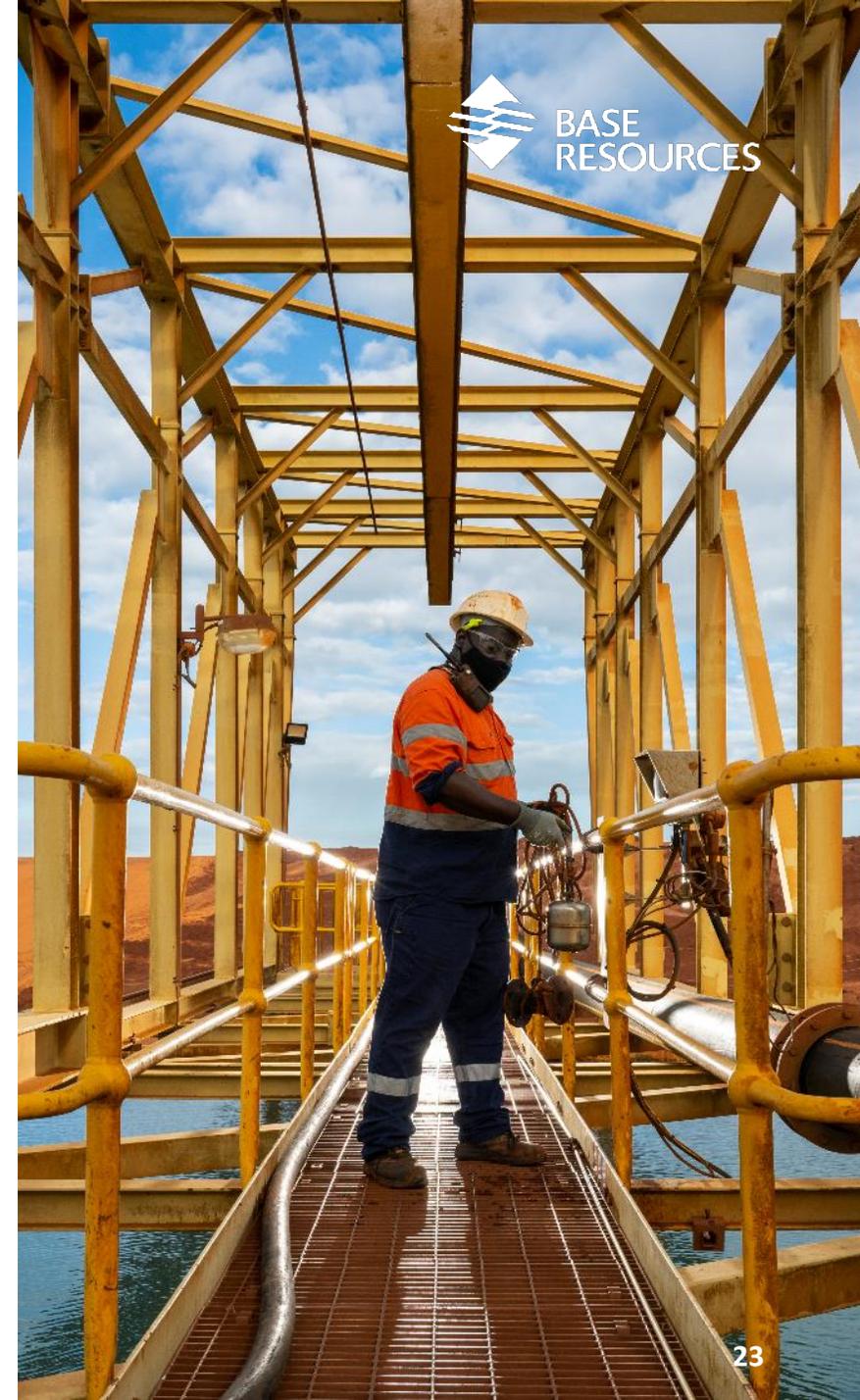
Operating cashflows impacted by working capital movements and taxes



Cash impacted by dividends and debt repayment

(US\$ millions)	FY21	FY20
Cash	64.9	162.6
Trade & other receivables (incl. VAT)	62.6	46.6
Inventory (stockpiles & consumables)	18.4	19.5
Property, plant and equipment	104.9	158.7
Capitalised exploration & evaluation	157.9	139.6
Other	8.2	7.3
Total assets	416.9	534.3
Borrowings	-	74.1
Tax payable and deferred liabilities	4.6	9.6
Toliara deferred consideration	17.0	17.0
Other payables and provisions	75.4	70.9
Total liabilities	97.0	171.6
Total equity	319.9	362.7

- Cash reduced following \$75.0m Revolving Credit Facility repayment and \$56.4m in dividend payments.
- Trade receivables increased by \$14.8m due to June shipments.
- Kwale South Dune Ore Reserves increased subsequent to year end, spreading future depreciation charges over a longer period.
- Further investment in the progression of the Toliara Project contributed \$12.0m of the \$18.3m increase to capitalised exploration and evaluation assets.



Capital management provides returns to shareholders



Our approach

Consistent with Base Resources' growth strategy, the Company seeks to provide returns to shareholders through both long-term growth in the Company's share price and appropriate cash distributions.

Cash not required to meet the Company's near-term growth and development requirements, or to maintain requisite balance sheet strength in light of prevailing circumstances, could be expected to be returned to shareholders.

- Full-year dividend of AUD 4.0 cents per share (unfranked) determined and to be wholly paid from conduit foreign income.
- Continues to strike the right balance between delivering cash returns to shareholders, retaining balance sheet strength and allowing for sensible progression of the Toliara Project.
- Total dividends in respect of FY21 of AUD 7.0 cents per share (unfranked).

Timetable

- Ex-dividend date: 10 September 2021
- Record date: 13 September 2021
- Payment date: 29 September 2021

Toliara Project

Tim Carstens
Managing Director

Refining the Toliara Project



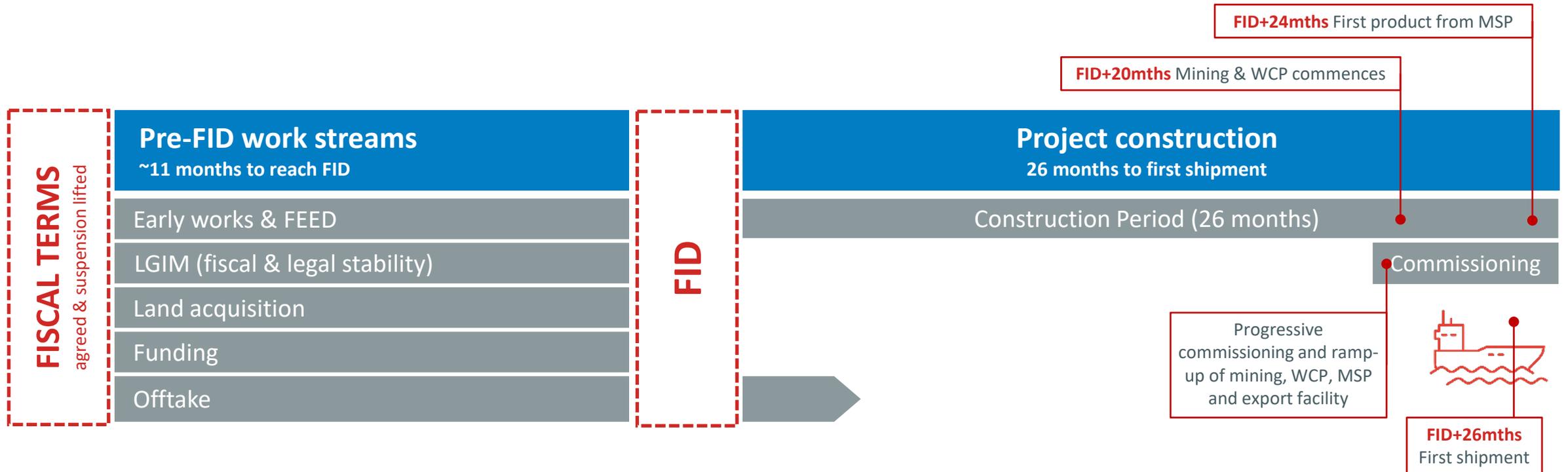
Ranobe Mineral Resources and Ore Reserves estimates to be updated to include available 2018/19 drilling results, with significant increases expected



Definitive Feasibility Study to be updated to reflect anticipated updated Ore Reserves, changed market conditions and enhanced project scale

Securing fiscal terms agreement is the catalyst

Planned FID has been delayed due to COVID travel restrictions and the government suspension of on-ground activities. Once fiscal terms are agreed and the suspension is lifted, there will be approximately 11 months' work to complete prior to FID, including finalising financing, completing the land acquisition process and concluding major construction contracts. The resumption of international travel will also be required to complete a significant portion of this work. We maintain readiness to accelerate progress when conditions support.



Looking ahead

Tim Carstens

Managing Director

Pursuing value creation in FY22

Priorities for FY22[^]

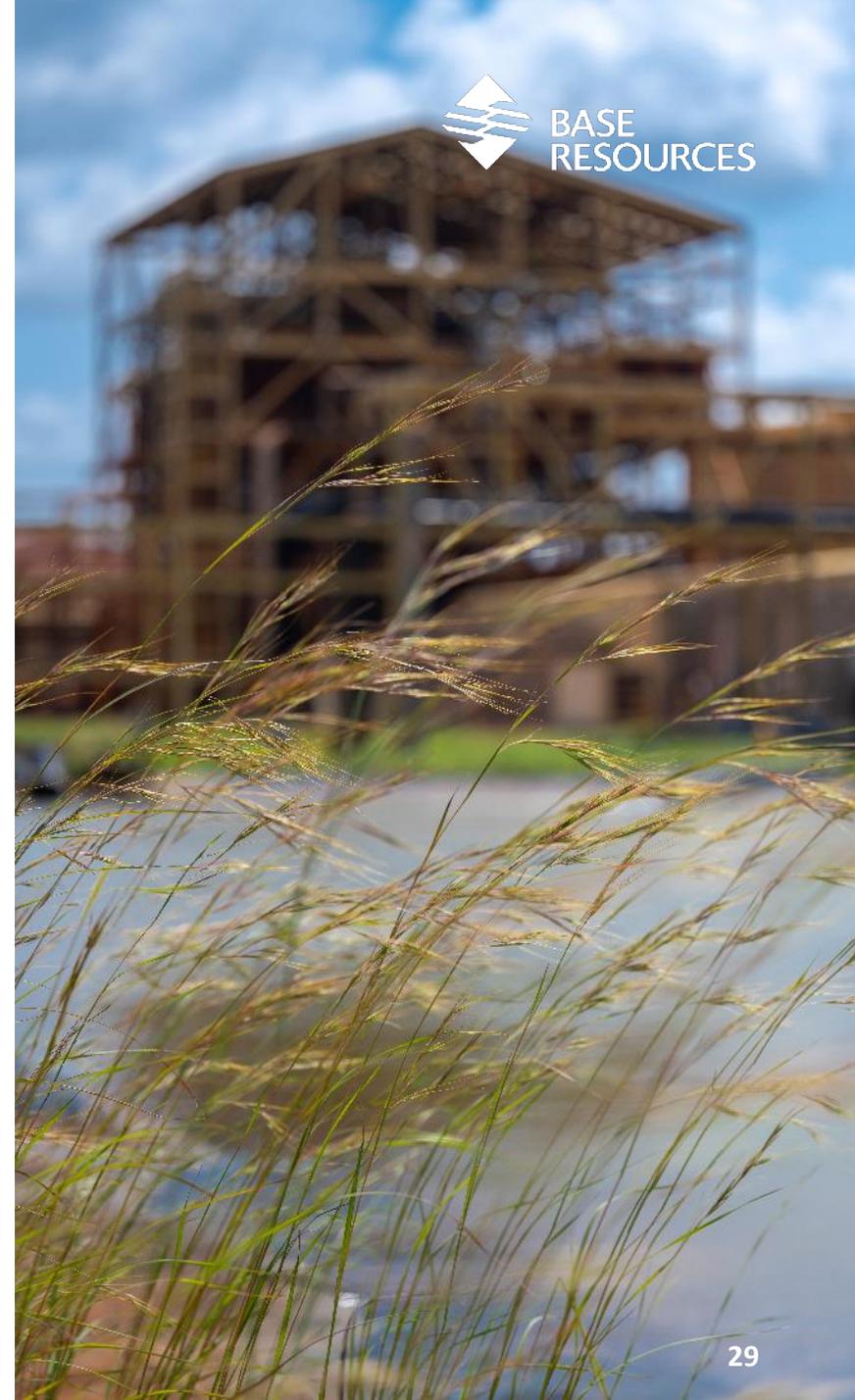
- Finalising mining tenure arrangements for Kwale South Dune extension.
- Completing the Bumamani pre-feasibility study and pursuing additional Kwale mine life extension opportunities – both in Kenya and Tanzania.
- Securing fiscal terms with the Government of Madagascar, paving the way for Toliara Project's progression towards FID.
- Updating the Toliara Project Definitive Feasibility Study and Ranobe Mineral Resources and Ore Reserves estimates.
- Considering wider mineral sands opportunities in a sector that continues to evolve.

Driving Kwale Operations production guidance for FY22^{*}

- Rutile – 73,000 to 83,000 tonnes
- Ilmenite – 310,000 to 340,000 tonnes
- Zircon – 24,000 to 28,000 tonnes

[^] For further information on the FY22 capital expenditure program refer to the Appendices.

^{*} For further information, including the applicable assumptions, refer to Base Resources' announcement on 29 July 2021 "Quarterly Activities Report - June 2021" available at <https://baseresources.com.au/investors/announcements>.





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BASE
TITANIUM



Appendices

Expected capital expenditure and settlements in FY22



Kwale mine life extension

- \$5.0m for the acquisition of land required to access the additional Kwale South Dune Ore Reserves outside the mining lease boundary and subject to finalisation of mining tenure arrangements.
- \$1.8m for exploration activities pursuing additional Kwale mine life and finalisation of the Bumamani pre-feasibility study.

Kwale Operations sustaining capital

\$4.0m, including additional pumping, piping and electrical infrastructure required to extend mining activities to further along the South Dune ore body.

Kwale Operations rehabilitation works

\$5.3m for general land rehabilitation works.

Kwale royalty increase settlement

- In line with the terms of Special Mining Lease No.23 (SML), the royalty rate of 2.5% of gross sales (FOB basis), applied for the first five years of commercial production at Kwale Operations, with the rate applying for subsequent periods subject to negotiation.
- As noted previously, the Company has been in ongoing discussions with the Government of Kenya (GoK) with respect to the royalty payable for the Kwale

Operations in the context of resolution of a number of outstanding issues, including the refund of VAT receivables related to the construction of Kwale Operations (valued at \$16.0m as at 30 June 2021) and the extension of the SML to incorporate Kwale South Ore Reserves presently outside that lease boundary.

- Royalty costs are provided for and expensed on the basis of a 5% royalty being payable to the GoK, with the additional 2.5% GoK royalty accrual totalling \$31.6m at 30 June 2021.
- On the basis of discussions to date, it is expected that these matters will shortly be settled.

Toliara Project

- Prior to the lifting of suspension, in-country operating costs are heavily focused on government and stakeholder engagement.
- Substantive project development activities will commence following the lifting of suspension, focusing on engineering progression and early works.
- On securing fiscal terms, the following costs could be expected to be triggered:
 - Deferred acquisition consideration payable on LGIM certification of \$7.0m.
 - Land acquisition and compensation of \$9.2m.

Kwale Ore Reserves and Mineral Resources



Category	Material	HM	HM	SL	OS	HM Assemblage		
						ILM	RUT	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources as at 30 June 2021								
Measured	160	3.1	2.0	33	1.3	49	13	5.6
Indicated	91	1.6	1.7	34	2.8	51	13	6.0
Inferred	3	0.0	1.2	36	3.3	48	15	6.7
Total	254	4.7	1.9	34	1.9	50	13	5.7
Ore Reserves as at 30 June 2021								
Proved	30	1.0	3.4	24	0.9	59	14	5.6
Probable	11	0.4	3.3	24	5.5	56	13	5.7
Total	40	1.3	3.3	24	2.1	58	14	5.7

Notes:

- 1) Mineral Resources estimated at a 1% HM cut-off grade.
- 2) Mineral Resources are reported inclusive of the Ore Reserves.
- 3) Table subject to rounding differences.

For further information on the Kwale Deposit Mineral Resources and Ore Reserves, for the Kwale South Dune Deposit, refer to Base Resources' announcement on 20 August 2021 "Updated Kwale South Dune Mineral Resources and Ore Reserves estimate" and, for the Kwale North Dune Deposit, refer to Base Resources' announcement on 19 February 2021 "Updated Kwale North Dune and maiden Bumamani Mineral Resource estimates", each of which is available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 20 August 2021 and the 19 February 2021 announcements and all material assumptions and technical parameters underpinning the estimates in the 20 August 2021 and the 19 February 2021 announcements continue to apply and have not materially changed. For further information on the depleted Kwale Deposit Mineral Resources and Ore Reserves as at 30 June 2021, refer to Base Resources' announcement on 20 August 2021 "2021 Mineral Resources and Ore Reserves Statement" available at <https://baseresources.com.au/investors/announcements/>.

Ranobe Ore Reserves and Mineral Resources



Category	Material	HM	HM	SL	OS	HM Assemblage			
						ILM	RUT*	LEUC**	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ at 30 June 2021									
Measured	419	28	6.6	4	0	75	2	-*	6
Indicated	375	18	4.9	8	1	72	2	-*	6
Inferred	499	20	3.9	7	1	70	2	-*	5
Total	1,293	66	5.1	6	0	72	2	-*	6
Ore Reserves at 30 June 2021									
Proved	347	24	7.0	3.8	0.1	75	1.0	1.0	5.9
Probable	239	14	5.8	4.2	0.2	73	1.3	0.8	5.7
Total	586	38	6.5	3.9	0.1	74	1.1	0.9	5.9

Notes:

* Rutile reported in the Mineral Resources table is rutile + leucoxene mineral species

** Recovered Leucoxene will be split between Rutile and Chloride Ilmenite products depending on product specification requirements.

- 1) Mineral Resources estimated at a 1.5% HM cut-off grade.
- 2) Table subject to rounding differences.
- 3) Mineral Resources are reported inclusive of the Ore Reserves.

For further information on the Ranobe Deposit Mineral Resources and Ore Reserves, refer to Base Resources' announcements on 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" and on 6 December 2019 "Maiden Ranobe Ore Reserves estimate", each of which is available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 23 January 2019 and 6 December 2019 announcements and all material assumptions and technical parameters underpinning the estimates in the 23 January 2019 and 6 December 2019 announcements continue to apply and have not materially changed.