

ASX and Media Release  
28 February 2022

## Ongoing price increases and operational consistency drive strong financial performance

African mineral sands producer and developer, **Base Resources Limited** (ASX & AIM: BSE) (**Base Resources** or the **Company**) is pleased to present its results for the six-month period ended 31 December 2021 (**H1 FY22**), including announcement of an interim dividend of AUD 3.0 cents per share, unfranked.

Kwale Operations performed strongly, maintaining operational continuity throughout the period with effective controls to mitigate COVID-19 risks and impacts. Markets for all mineral sands products saw high levels of demand over the period, supporting continued price improvement for all products. Kwale Operations mine life was extended to late 2023 with additional initiatives to secure further mine life extensions progressed.

The Toliara Project in Madagascar continues to represent a significant and attractive growth opportunity for the Company, with discussions with the Government of Madagascar on the fiscal terms applicable to the project and the lifting of the on-the-ground suspension continuing.

### Financial highlights for H1 FY22

- Record first-half revenue of US\$104.6 million following increased production and an 18% increase in average realised unit sales price compared to the six-month period ended 31 December 2020 (**H1 FY21**).
- EBITDA of US\$54.2 million.
- Net profit after tax increased to US\$19.2 million, from a net loss of US\$6.4 million in H1 FY21, partially due to reduced depreciation following the extension of Kwale Operations' mine life.
- Free cashflow of US\$8.8 million (operating cashflows of US\$20.6 million less investing cashflows of US\$11.9 million) was impacted by the previously announced US\$18.8 million catch-up royalty payments to the Government of Kenya during the period.
- Net cash position of US\$37.1 million at 31 December 2021.

### Interim dividend of AUD 3.0 cents per share determined

The Company's capital management policy is that 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. With net cash of US\$37.1 million at the end of the period, continued strong financial performance and the timing of the Toliara Project final investment decision still uncertain, the Board has determined an interim dividend of AUD 3.0 cents per share (unfranked), totalling AUD\$35.3 million in aggregate (approximately US\$25.0 million) that will be paid wholly from conduit foreign income. The record date for the interim dividend is 14 March 2022 and the payment date is 31 March 2022 – refer to Base Resources' accompanying announcement "FY22 Interim Dividend – Key dates and information" for further information about the dividend.

Upon payment of the FY22 interim dividend, dividends distributed to shareholders since October 2020 will total AUD 13.5 cents per share, equal to AUD\$159.6 million in aggregate (approximately US\$116.2 million).

### Operational and development highlights for H1 FY22

- Production of 36,180 tonnes of rutile, 156,877 tonnes of ilmenite and 12,849 tonnes of zircon from Kwale Operations.
- Continued strengthening of demand for all products, with increases in achieved prices of 12% for rutile, 43% for ilmenite and 36% for zircon compared to H1 FY21.
- Kwale Operations mine life extended to late 2023 following finalisation of the Kwale South Dune mining lease extension.



- Bumamani pre-feasibility study (PFS) completed and concluded that higher grade subsets of the Bumamani and Kwale North Dune deposits can be economically mined, which would extend Kwale mine life to mid-2024<sup>1</sup>. Bumamani definitive feasibility study (DFS) progressed and nearing completion.
- Three Tanzanian prospecting licences granted and exploration underway, with 231 shallow auger holes completed.
- Toliara Project enhanced DFS (DFS2) completed, with increased mining and processing scale underpinned by a significant growth in estimated Ore Reserves, increasing the project's post-tax / pre-debt (real) NPV @ 10% discount rate to US\$1.0 billion<sup>2</sup>.

**Managing Director of Base Resources, Tim Carstens, said:**

“Operationally, we have delivered a strong first half with consistent mining at Kwale and improved ore grade lifting production. Ongoing strong demand for all of our products is resulting in significant price increases which have contributed to increases in group revenue, EBITDA and NPAT. This, and a disciplined approach to capital management, has enabled continuation of meaningful returns to shareholders with the determination of a fourth consecutive dividend.”

“Given the value creation lever it represents, the extension of mine life at Kwale Operations is an intense focus. With the finalisation of a mining lease extension, we have successfully secured mine life at Kwale until late 2023. Looking beyond this, the PFS on mining the Bumamani and higher-grade subsets of the North Dune deposits has now been completed, with the DFS well underway and on schedule for completion in the June quarter this year. The inclusion of an additional pit area in the DFS could further extend Kwale mine life to late 2024. We continue to pursue both near mine extension initiatives and regional exploration opportunities, with exploration commencing in northern Tanzania and prospective tenure in Kenya being progressed towards licensing. Our stakeholders – employees, communities, governments, customers and shareholders – are aligned in a desire to extend our successful presence in East Africa.”

“The Toliara Project in Madagascar continues to represent a significant growth opportunity for Base Resources. The release of an enhanced DFS incorporating an increased scale, supported by a substantial increase in Ore Reserves and improvement in the long-term supply-demand outlook for mineral sands, has further revealed the Toliara Project’s potential. We are fully committed to realising that value, with the next catalyst to achieving this being securing fiscal terms with the Government of Madagascar. Discussions with respect to the project’s fiscal terms are ongoing and we remain confident that acceptable terms will be able to be secured.”

“We are operating in a mineral sands sector that both enjoys a robust pricing environment in the short term and an attractive supply/demand outlook in the longer term. With a Kwale operation consistently delivering significant cashflow and a development ready Toliara Project with outstanding economics, Base Resources is well positioned to capitalise on this outlook and actively considering wider growth opportunities that can further enhance that position.”

**Investor and shareholder webcasts**

The webcasts will be hosted by Base Resources’ Managing Director, Tim Carstens, Chief Financial Officer, Kevin Balloch, and General Manager - Marketing, Stephen Hay, who will each also be available to answer questions following a presentation of the Company’s results.

Details for the webcasts are below. Participants will be able to ask questions via the messaging function on the webcast platform or via the teleconference line. Participants proposing to use the teleconference line will need to pre-register their details using the teleconference registration URL provided below. Upon registering, participants will receive an email with their unique PIN and dial-in details so that they can join the call on the day without needing to speak with an operator.

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<sup>1</sup> For further information, refer to Base Resources’ announcements on 3 September 2021 “Bumamani PFS supports extension of Kwale mine life” and “Further supporting information for Bumamani PFS”. Base Resources confirms that all the material assumptions underpinning the production information and forecast financial information in these announcements continue to apply and have not materially changed.

<sup>2</sup> For further information, refer to Base Resources’ announcement on 27 September 2021 “DFS2 enhances scale and economics of the Toliara Project”. Base Resources confirms that all the material assumptions underpinning the production information and forecast financial information in this announcement continue to apply and have not materially changed.

#### Asia Pacific conference call

**Date:** Monday, 28 February 2022

**Time:** 9.30am AWST / 12.30pm AEDT

**Webcast URL:** <https://edge.media-server.com/mmc/p/m3juawr5>

**Teleconference registration URL:** <https://s1.c-conf.com/diamondpass/10019887-dsm22.html>

#### Europe conference call

**Date:** Monday 28 February 2022

**Time:** 5.00pm AWST / 9.00am GMT

**Webcast URL:** <https://edge.media-server.com/mmc/p/5fp4rz36>

**Teleconference registration URL:** <https://s1.c-conf.com/diamondpass/10019890-asm222d.html>

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#### **Forward looking statements**

Certain statements in or in connection with this announcement contain or comprise forward looking statements. Such statements may include, but are not limited to, statements with regard to future production and grades, capital cost, capacity, sales projections and financial performance and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Base Resources’ control. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, Base Resources undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

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This release has been authorised by the Board of Base Resources.

#### **About Base Resources**

Base Resources is an Australian based, African focused, mineral sands producer and developer with a track record of project delivery and operational performance. The Company operates the established Kwale Operations in Kenya and is developing the Toliara Project in Madagascar. Base Resources is an ASX and AIM listed company. Further details about Base Resources are available at [www.baseresources.com.au](http://www.baseresources.com.au).