

ASX and Media Release
24 November 2023

Chair's Address to the Annual General Meeting Friday, 24 November 2023, 11.00am (AWST)

Good morning shareholders, Base Resources staff and guests. Welcome to the 2023 Annual General Meeting of Base Resources.

The 2023 financial year has been another operationally and financially successful one, in which the company has continued to deliver robust results at our Kwale Operations in Kenya, even as we made the transition to the more challenging and lower grade ore sources that will characterise the remainder of the operation. Tight control of costs and a supportive pricing environment contributed to an operating result that was only marginally behind the previous year's record. Notwithstanding the complexity and intensity of the year, I'm pleased to report that the Kwale team continued to maintain its focus on health, safety and wellbeing with no lost time injuries in the year. In the 36.4 million hours worked since commencing production at Kwale Operations, there have only been two lost time injuries.

The robust pricing environment more than offset lower production following the introduction of the North Dune orebody, with the group generating an underlying EBITDA of US\$158.6 million. Despite this, a net loss of US\$4.8 million was recorded, as profitability was impacted by a non-cash impairment of US\$88.9 million. This impairment followed a reassessment of the carrying value of Kwale Operations and reflects the increased operating costs of mining the North Dune, the softening outlook for mineral sands product prices over the remaining mine life and an improved understanding of the ultimate costs of closure.

Strong underlying cashflow enabled the company to end the year with US\$92.9 million net cash, with the Board determining a final dividend of AUD 4.0 cents per share, unfranked. Together with the AUD 2.0 cents per share paid in March, this brings the total distributions to shareholders determined in respect of the 2023 financial year to AUD 6.0 cents per share, unfranked, totalling US\$45.6 million.

Kwale Operations has been the foundation on which we have built Base Resources. However, after extensively exploring all avenues, we have been unsuccessful in identifying additional deposits of sufficient grade or scale to support further extension. Consequently, mining is expected to end in December 2024 and the company's focus at Kwale now necessarily turns to detailed closure planning and transition to post mining land use. Just as we have done over the past 10 years of mining at Kwale, we intend to close with the clear objective of cementing our reputation for excellence in the full life cycle of mining.

With Kwale Operations now coming to an end, the next phase of shareholder value creation will come from progression of the world-class Toliara Project to development and realising both its mineral sands and rare earth potential. This project continues to represent a transformational growth opportunity for the company.

Building on the updated Definitive Feasibility Study released in FY2022, which significantly increased both the scale and economic value of the mineral sands project, a concept study assessing the commercial potential of the Toliara Project's monazite content, a source of valuable rare earth elements, has been completed. This study confirmed substantial economic potential and further reinforced our belief that the Toliara Project is the best undeveloped mineral sands asset in the world. We look forward to sharing more about this opportunity (likely to be in the coming weeks) once we have completed a pre-feasibility study for the addition of a monazite concentrator.

After making sound progress in our discussions with the Government of Madagascar in relation to the fiscal terms applicable to the project and, with that, the expected lifting of the on-ground suspension, engagement slowed due to the Government's focus on an overhaul of the Malagasy Mining Code and preparations for the Presidential elections. The first round of the elections was held on 16 November and the new Mining Code has now come into effect, however engagement is expected to continue to be limited until the new Government has been formed and the full suite of Mining Code reform is completed. Tim will provide more colour on this in his presentation.



With the delay in advancing the Toliara Project, substantial effort is being applied to identification of attractive business development opportunities to provide broader funding options for Toliara Project development and to secure optionality in pursuit of our longer-term Vision 2031 objective of multiple concurrent operations. We are also accelerating our wider Kenyan exploration efforts with the recent lifting of the licensing moratorium.

Sustainability has always been central to our business model – it’s been embedded across every phase of our approach to developing mineral sands mines from exploration, through mining and then post mine land use. While we are proud of the impacts of our actions, the recognition of our peers, following the release of the company’s inaugural sustainability report in October 2022, through two sustainability awards at the 2023 Mining Indaba conference, is particularly pleasing and hopefully an indication that we are encouraging others on a similar path.

While we are cognisant of the challenges before us, we are confident that we have the team, approach, reputation and support to successfully navigate them. As part of our approach to both renewal and ensuring the right mix of skills for the coming years’ challenges, the Board was bolstered by the addition of Sheila Khama as a Non-Executive Director earlier this year. As well as a deep personal connection to Africa, Ms Khama brings a wealth of valuable experience and expertise in managing relations and working collaboratively with host governments and in the sustainable development of natural resources, all of which are critical to Base Resources’ future growth and success.

Non-Executive Director, Malcolm Macpherson, will also retire at the conclusion of today’s meeting. On behalf of the Board, I would like to thank Malcolm for his commitment and outstanding contribution to the Board during his tenure. Everyone at Base Resources has benefited considerably from Malcolm’s guidance, insights and deep mineral sands experience. Malcolm leaves us well-positioned to execute on the next phase of shareholder value creation that will come from progression of the world-class Toliara Project.

Finally, on behalf of shareholders, and on behalf of the Board, I’d like to extend my sincere thanks and appreciation to the management and all staff of the Base Resources Group, both for “living the Base Way” and for another highly commendable year of achievement.

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For further information contact:

Australian media queries

Citadel Magnus
Cameron Gilenko and Michael Weir
Tel: +61 (8) 6160 4900

UK Media Relations

Tavistock Communications
Jos Simson and Gareth Tredway
Tel: +44 (0) 207 920 3150

This release has been authorised by the Base Resources Disclosure Committee.

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.