

Delivering returns

FY20 Full Year Results

24 August 2020



**BASE
RESOURCES**



Disclaimer and Important Notices

This document has been prepared by Base Resources Limited (**Base Resources**). Its release has been authorised by Base Resources' Disclosure Committee. Information in this document should be read in conjunction with other announcements made by Base Resources to ASX, particularly Base Resources' announcement on 12 December 2019 "DFS reinforces Toliara Project's status as a world class mineral sands development" (**DFS Announcement**). Base Resources' ASX announcements are available at <https://baseresources.com.au/investors/announcements>.

DFS Announcement

The DFS Announcement discloses details about the material assumptions and underlying methodologies adopted for deriving the production information included in this document in respect of the Toliara Project. It also discloses key pre and post FID risks in respect of the Toliara Project. Base Resources confirms that all the material assumptions underpinning the production information disclosed in the DFS Announcement continue to apply and have not materially changed.

Forward-looking statements

Certain statements in or in connection with this document contain or comprise forward looking statements. Such statements include, but are not limited to, statements with regard to capital cost, capacity, future production and grades 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.

Not advice or an offer and other

Nothing in this document constitutes investment, legal or other advice. You must not act on the basis of any matter contained in this document but must make your own independent investigation and assessment of Base Resources and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances.

This document does not constitute an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any security in any jurisdiction. In particular, this document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "US Person" (as defined in the US Securities Act of 1933). This document may not be distributed or released in the United States or to, or for the account of, any US Person.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information contained in this document (or any associated presentation, information or matters). To the maximum extent permitted by law, Base Resources and its related bodies corporate and affiliates, and their respective directors, officers, employees, agents and advisers, disclaim any liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct or indirect loss or damage arising from any use or reliance on this document or its contents, including any error or omission from, or otherwise in connection with, it.



Overview

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.

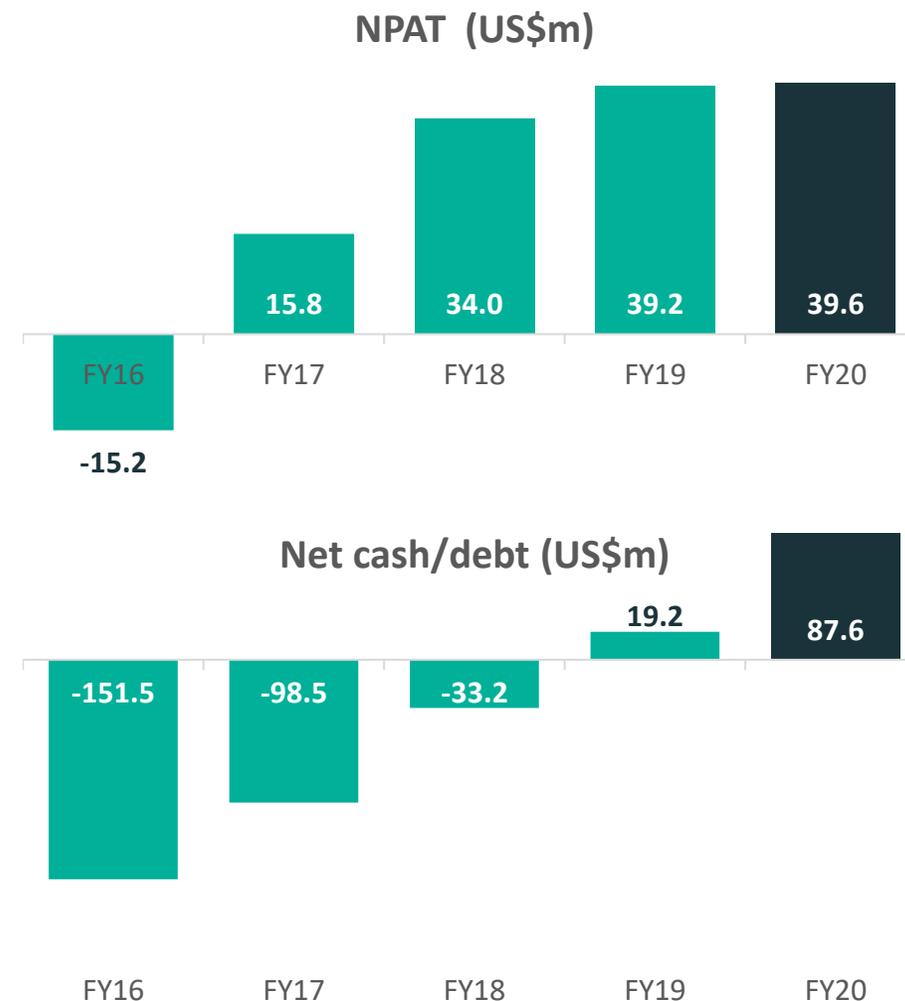
Building a unique mineral sands company

- “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.



FY20 strong financial performance supports maiden dividend

- Kwale Operations continued uninterrupted with changes to mitigate COVID-19 risk.
- Upper end of production guidance achieved.
- Firm demand for products supported strengthening ilmenite and rutile prices while zircon prices moderated.
- Toliara Project DFS released with engineering design, lender due diligence and discussions with government progressed.
- Lost time injury frequency rate of zero.
- Sales revenue of \$208.0m, EBITDA of \$108.7m and net profit of \$39.6m.
- Significant increase in net cash to \$87.6m.
- Maiden dividend of AUD 3.5 cents per share, unfranked, determined.
- \$3.4m invested in community and environmental programs with an additional \$1.2m for COVID-19 community support.



* All currency is presented in United States Dollars (US\$) unless otherwise stated

Operations successfully adapted for COVID-19

Workplace

- COVID-19 response has been effective in maintaining the health and wellbeing of employees whilst continuing to deliver operational performance – balancing business needs, employee and community safety and sentiment, government policy and product markets.

Community support programs

- \$1.2m invested in Kenya and Madagascar, including for:
 - Medical equipment and supplies
 - Food distribution
 - Construction of hygiene infrastructure
- 100 high flow ventilators donated to Kenyan Ministry of Health.
- Face mask production facility established in Toliara, utilising local women to produce ~5,000 re-usable masks per week for donation to the community.



Delivering “mutual benefit” – \$3.4 million investment in FY20



1,989 full secondary and tertiary scholarships currently active



3,000 small-holders participating in the Kwale Cotton Project



240,000 training hours delivered to employees, contractors and community



89 interns, apprentices, graduates and trainees



11,955 trees planted



194 volunteer health workers supported



BASE
RESOURCES

Review of operations

Kevin Balloch
Chief Financial Officer



Outstanding safety outcomes indicative of performance culture

20.9
Million

Hours worked with
zero Lost-Time
Injuries

76
Months

Since last Lost-Time
Injury

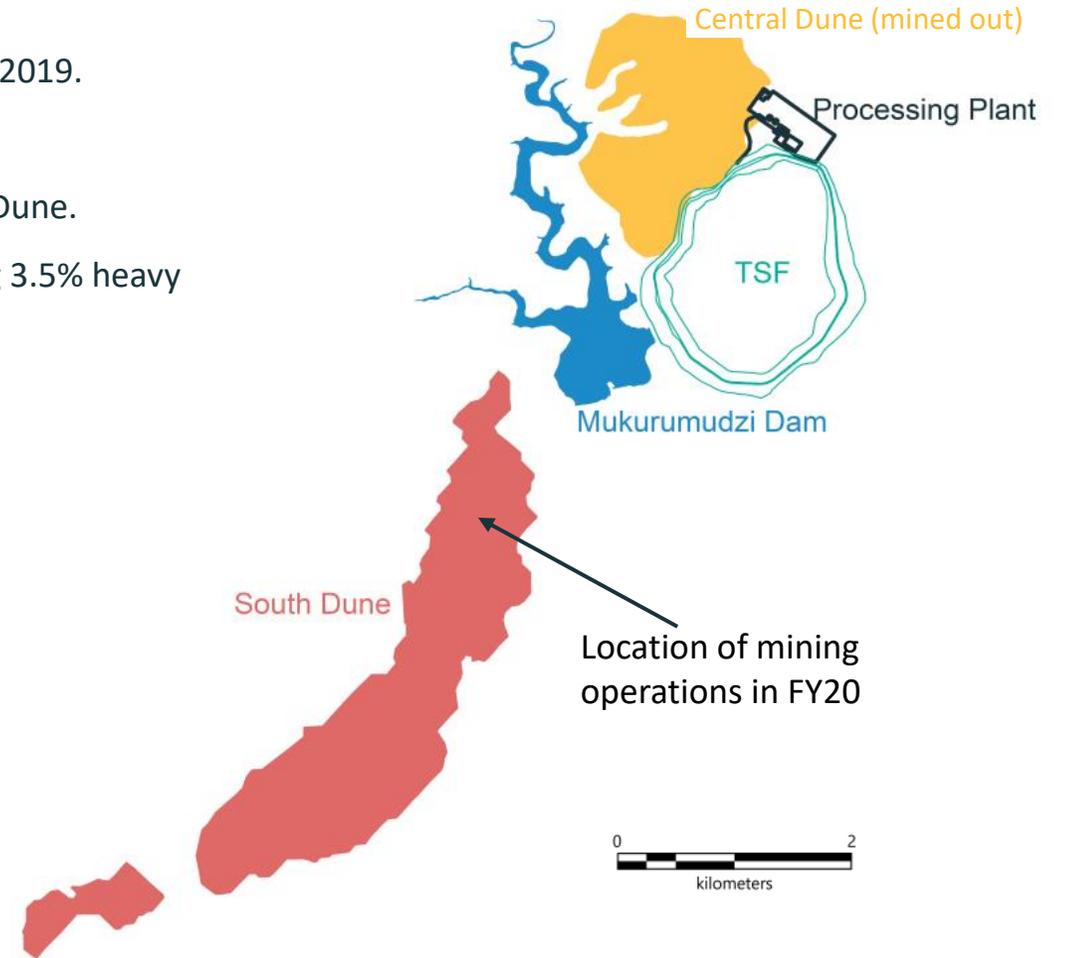
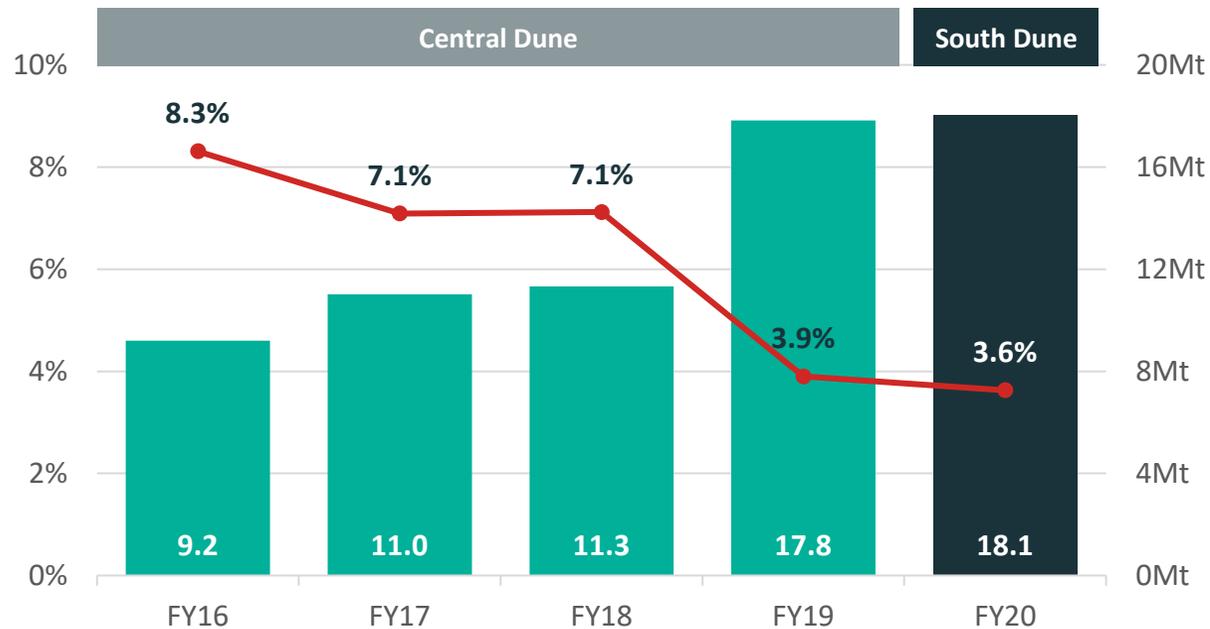
36
Months

With only 1 Medically
Treated Injury

Kwale Operation enters the next phase...

- High grade Central Dune deposit fully depleted in June 2019.
- Mining operations transitioned to the South Dune over a 2-week period in late June 2019.
- Successful ramp up of mining and processing operations following the transition.
- Achieved slight increase in volume in the first year of mining the lower grade South Dune.
- South Dune is a lower grade deposit, with the 2020 Ore Reserves estimate averaging 3.5% heavy mineral (HM).

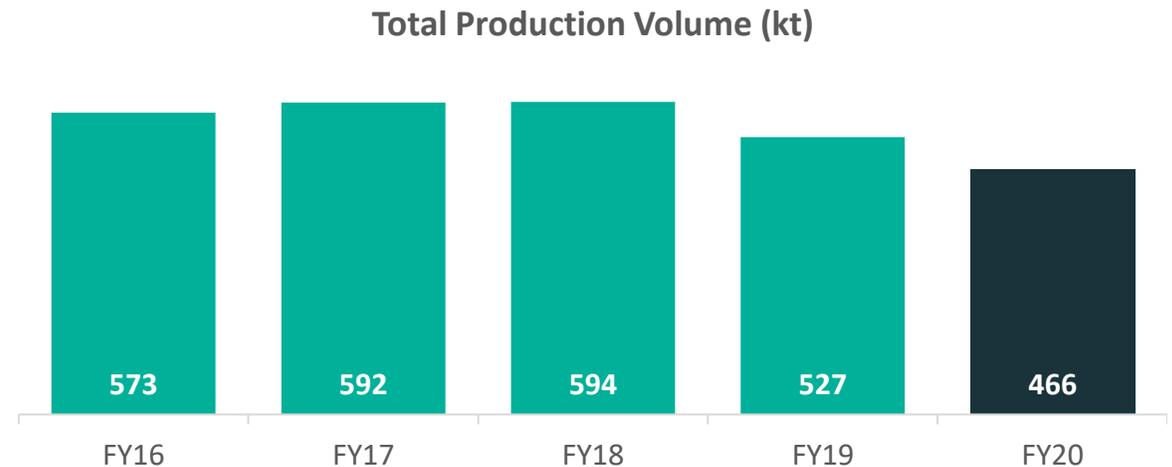
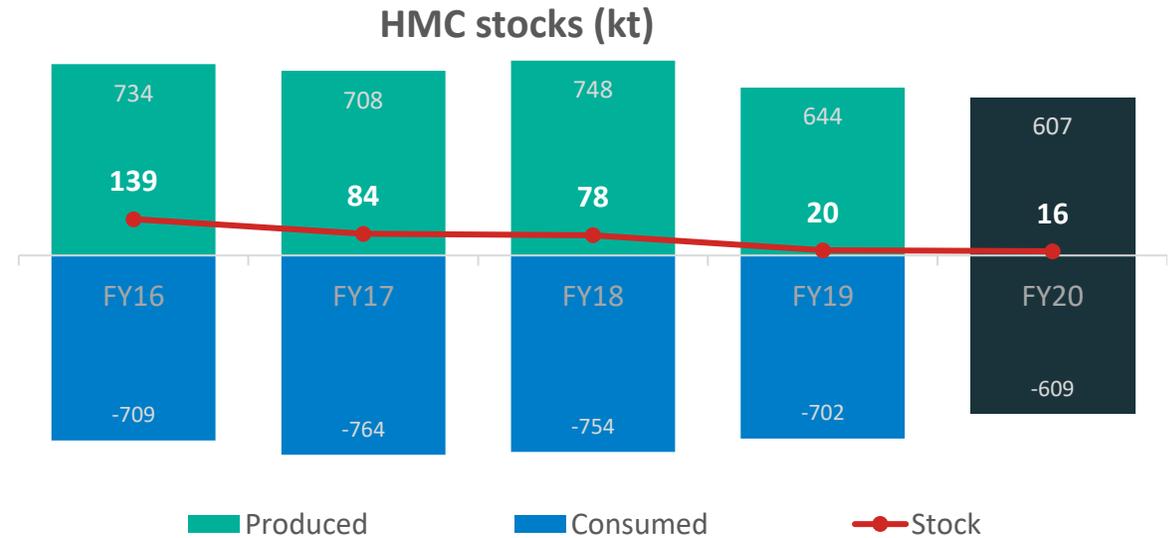
Mined volume (Mt) and grade (HM%)



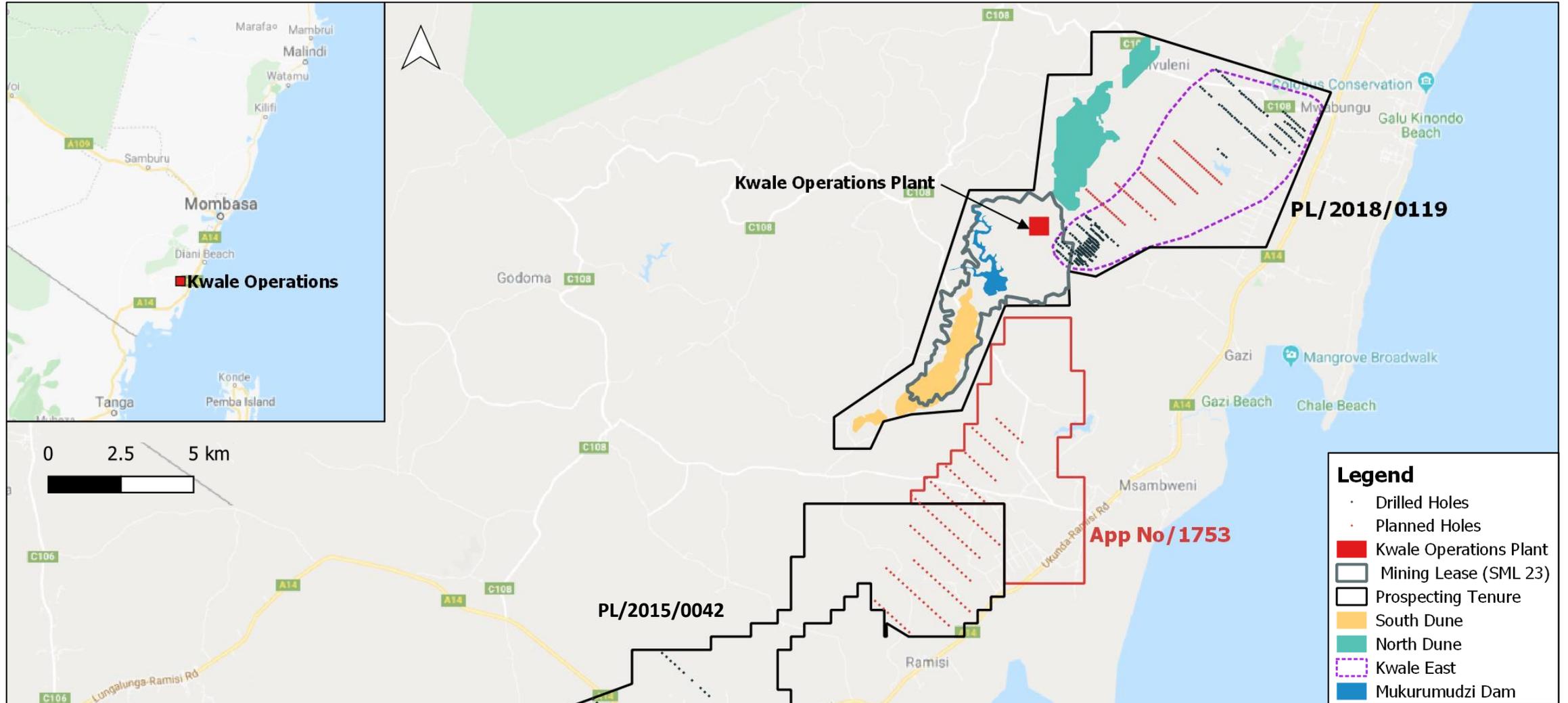
Production constrained by HMC availability

Mineral Separation Plant (MSP) (tonnes)	FY20	FY19	Variance
MSP feed (HMC)	608,563	702,082	(13%)
Ilmenite produced	355,093	402,698	(12%)
Rutile produced	78,920	92,393	(15%)
Zircon produced	31,657	31,941	(1%)

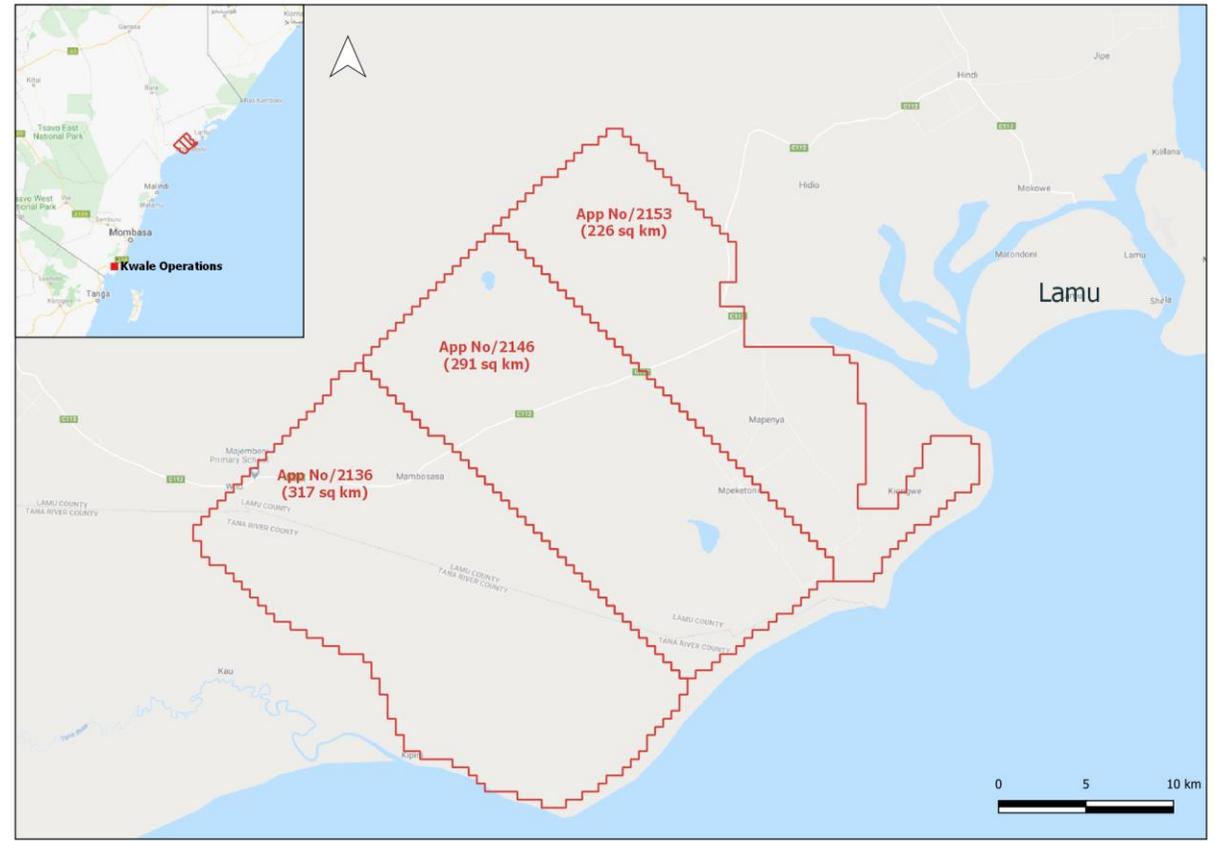
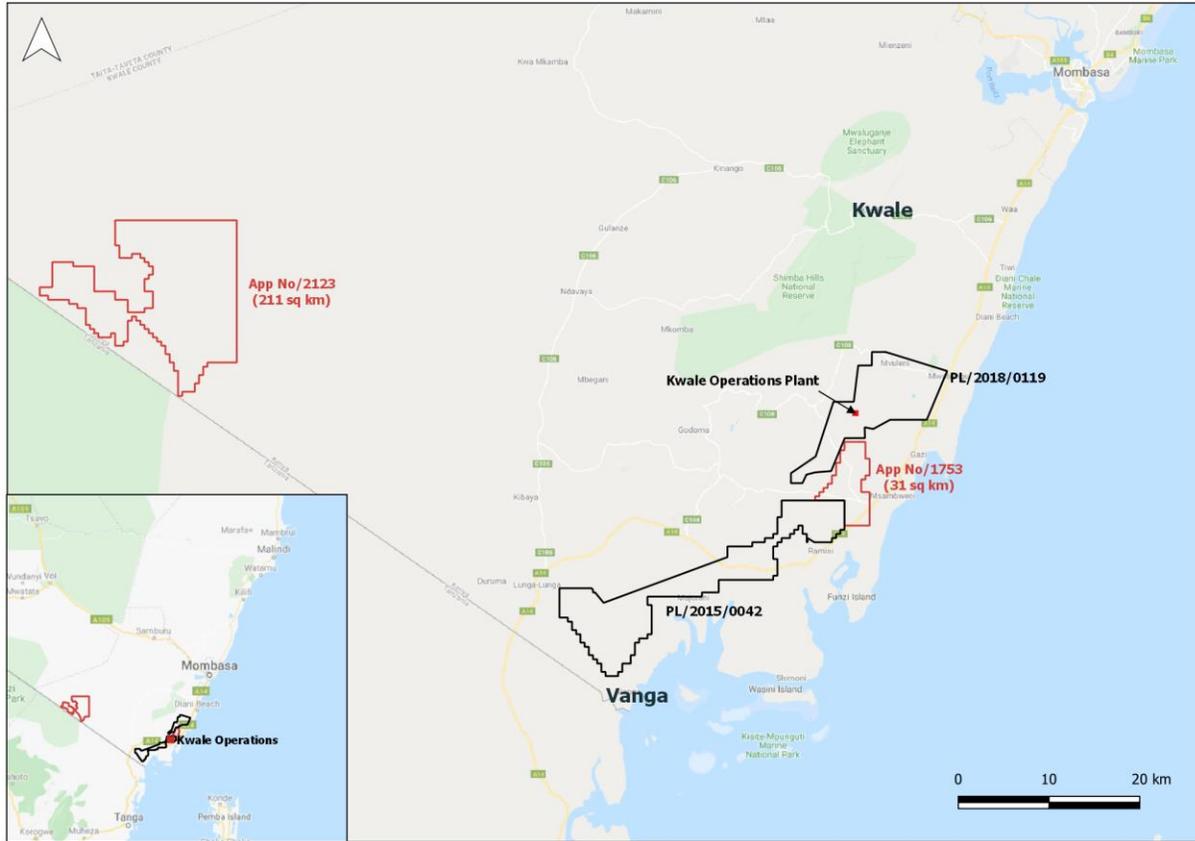
- Production of heavy mineral concentrate (HMC) decreased due to lower ore grades mined.
- MSP feed constrained by HMC production and limited HMC stocks to supplement production.
- Product volumes were a function of lower HMC availability and product recoveries in the MSP.
- Zircon recoveries increased 10% to 85% in FY20, a function of the mineral properties encountered in the South Dune orebody, which have improved separation efficiency.
- Ilmenite and rutile recoveries were marginally lower.



Multiple mine life extension opportunities being explored...



...as well as Kenyan opportunities further afield





**BASE
RESOURCES**

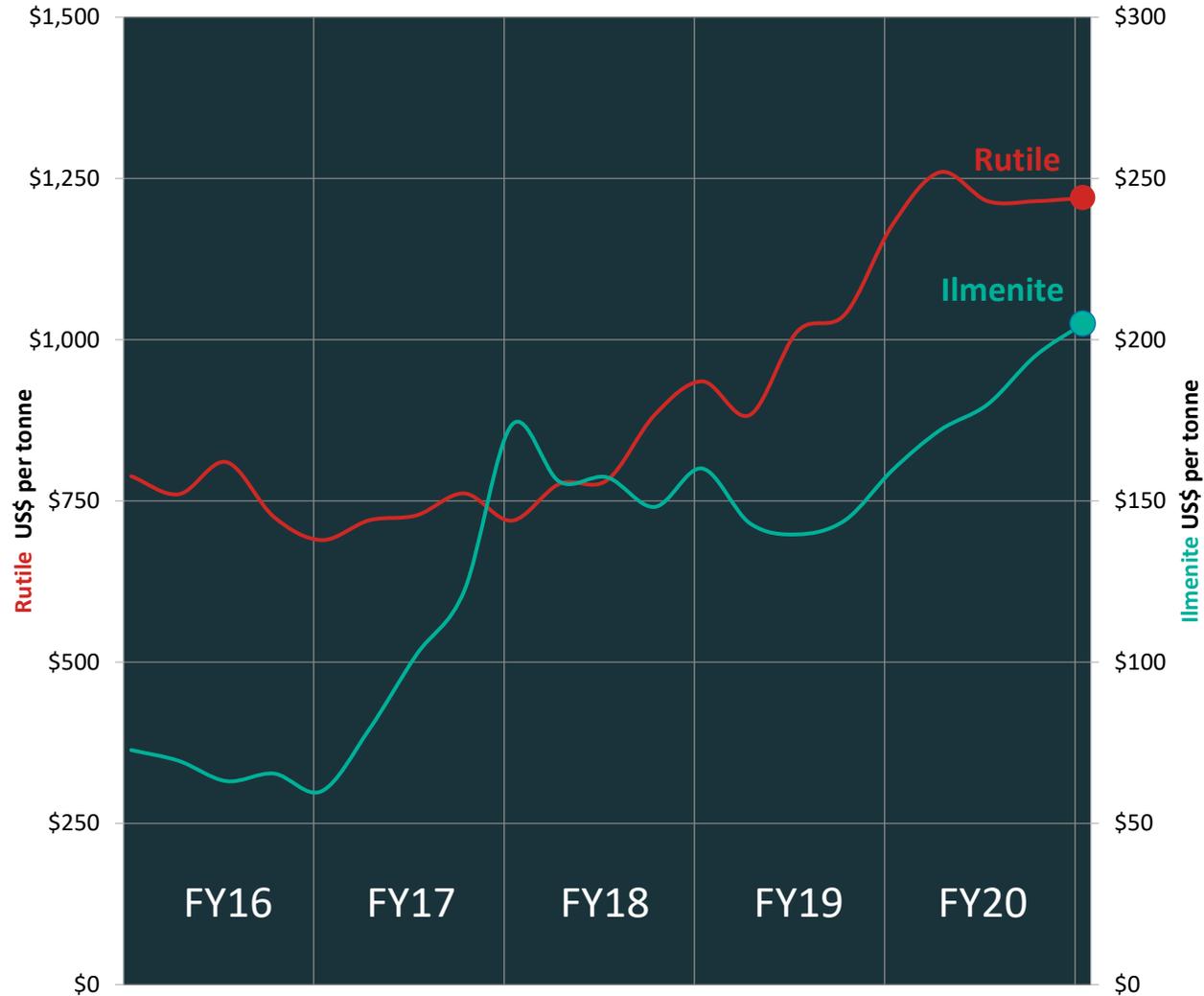
Market update

Stephen Hay

General Manger Marketing



Firm demand supported rutile and ilmenite price improvement



Source: Company data

Market dynamics

- Tight market supported rutile and ilmenite price gains in FY20.
- Global ilmenite and rutile production impacted by COVID-19 related shutdowns, constraining supply.

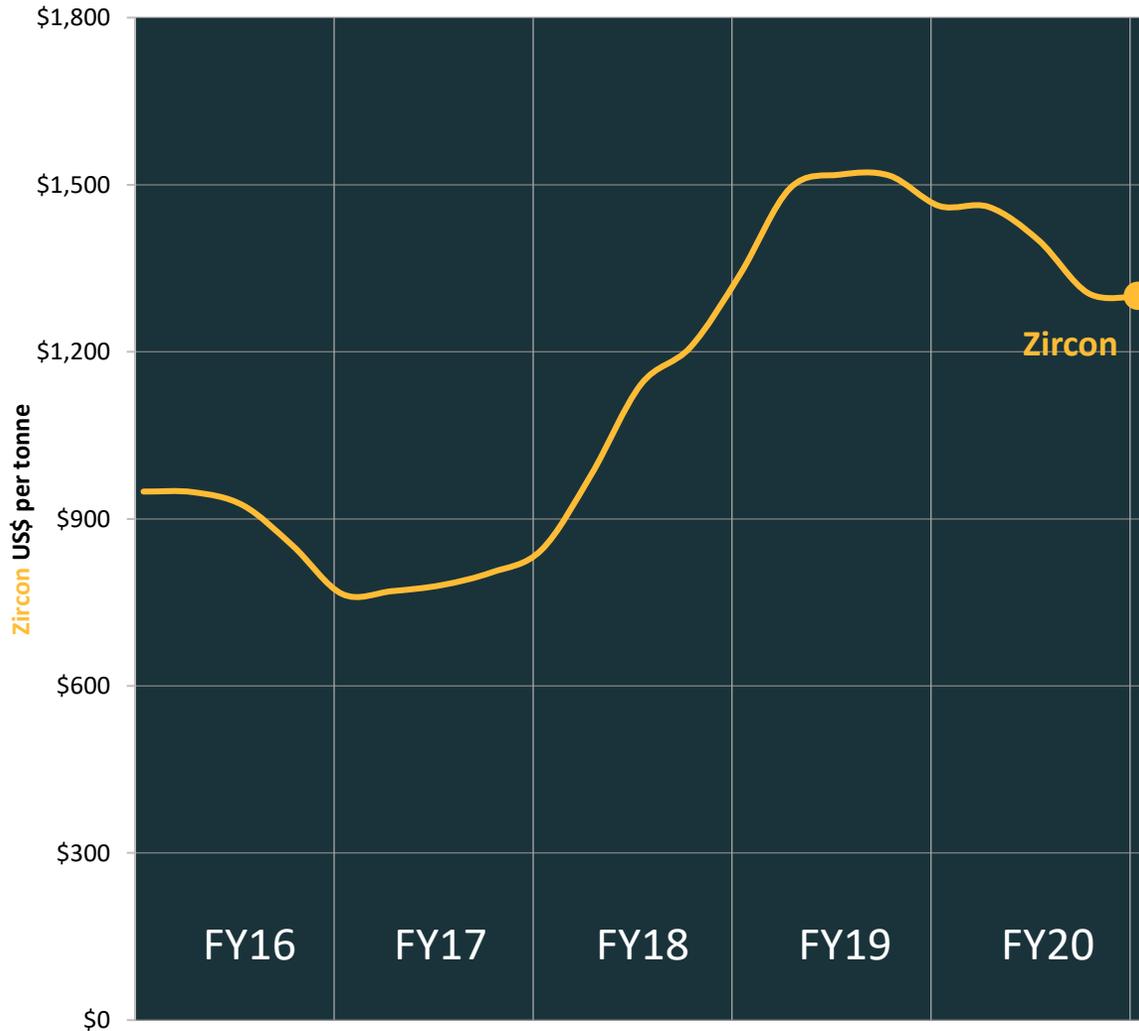
Outcomes

- Average rutile prices 18% higher than FY19.
- Average ilmenite prices 30% higher than FY19.

Outlook

- Early signs of pigment demand recovery.
- Chinese pigment production rates at high levels.
- Ilmenite supply constraints persist.
- Western pigment production moderating.

Zircon prices stabilising



Source: Company data

Market dynamics

- Demand in first half affected by uncertain global economic conditions and oversupply.
- Temporary COVID-19 related shutdowns of some producers and concerns about supply security helped to balance demand and stabilised zircon pricing.

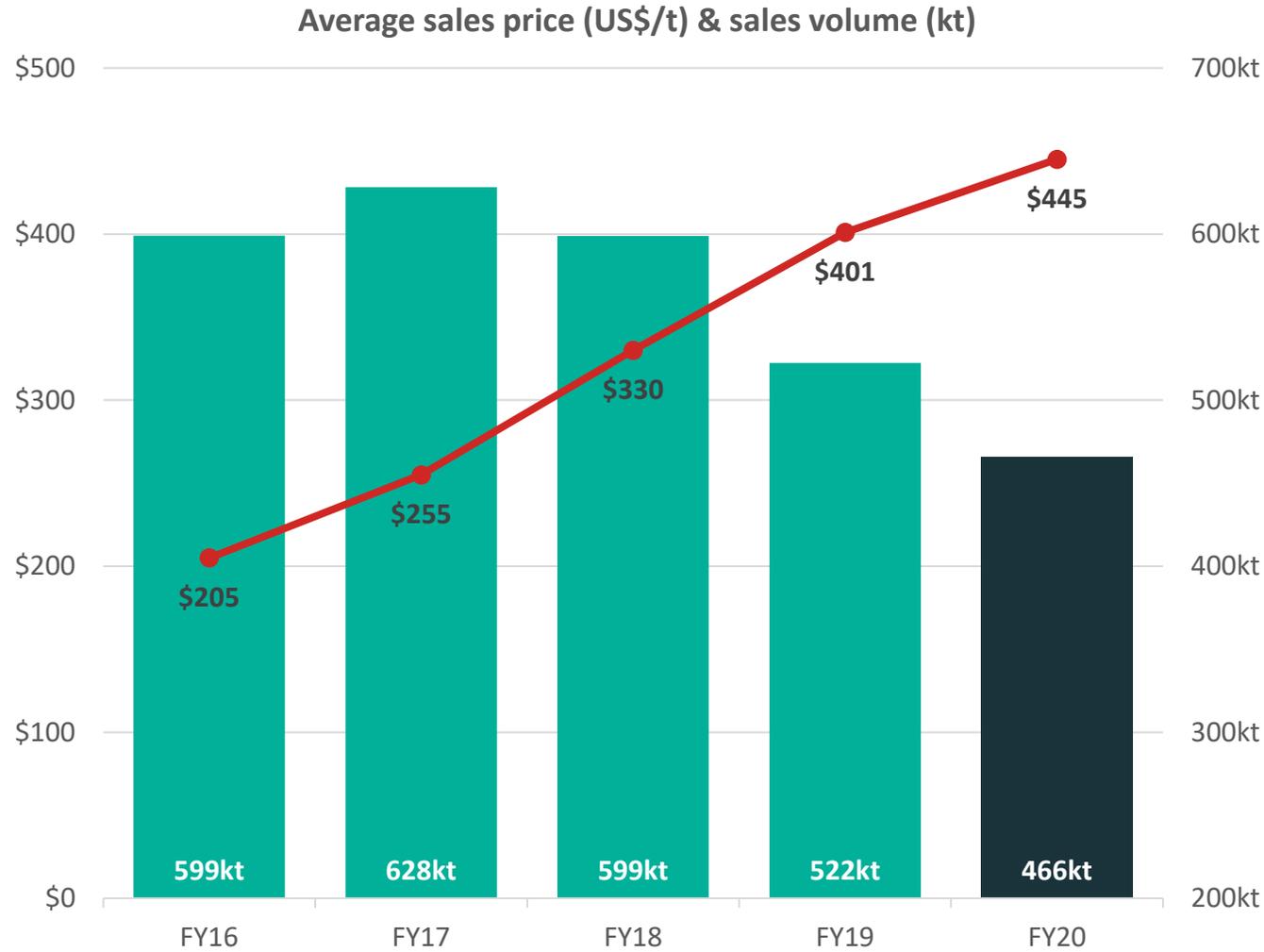
Outcomes

- Average zircon prices 9% lower than FY19.

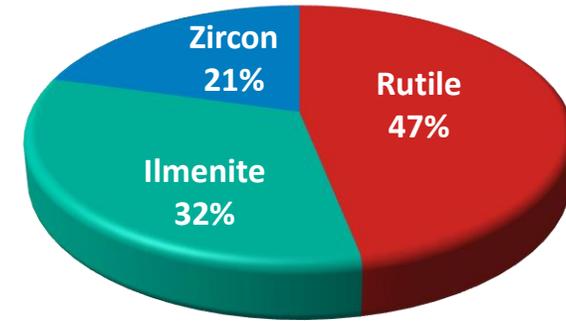
Outlook

- Zircon demand improving as COVID-19 restrictions are eased.
- Stability should be maintained for as long as major zircon producers manage supply to meet market conditions.

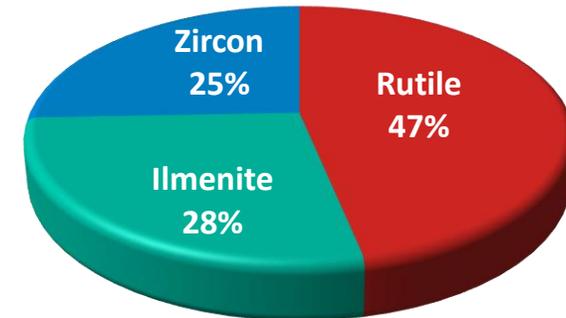
Price growth offsets lower volumes and drives FY20 earnings



FY20 sales revenue split



FY19 sales revenue split





Financial review

Kevin Balloch
Chief Financial Officer

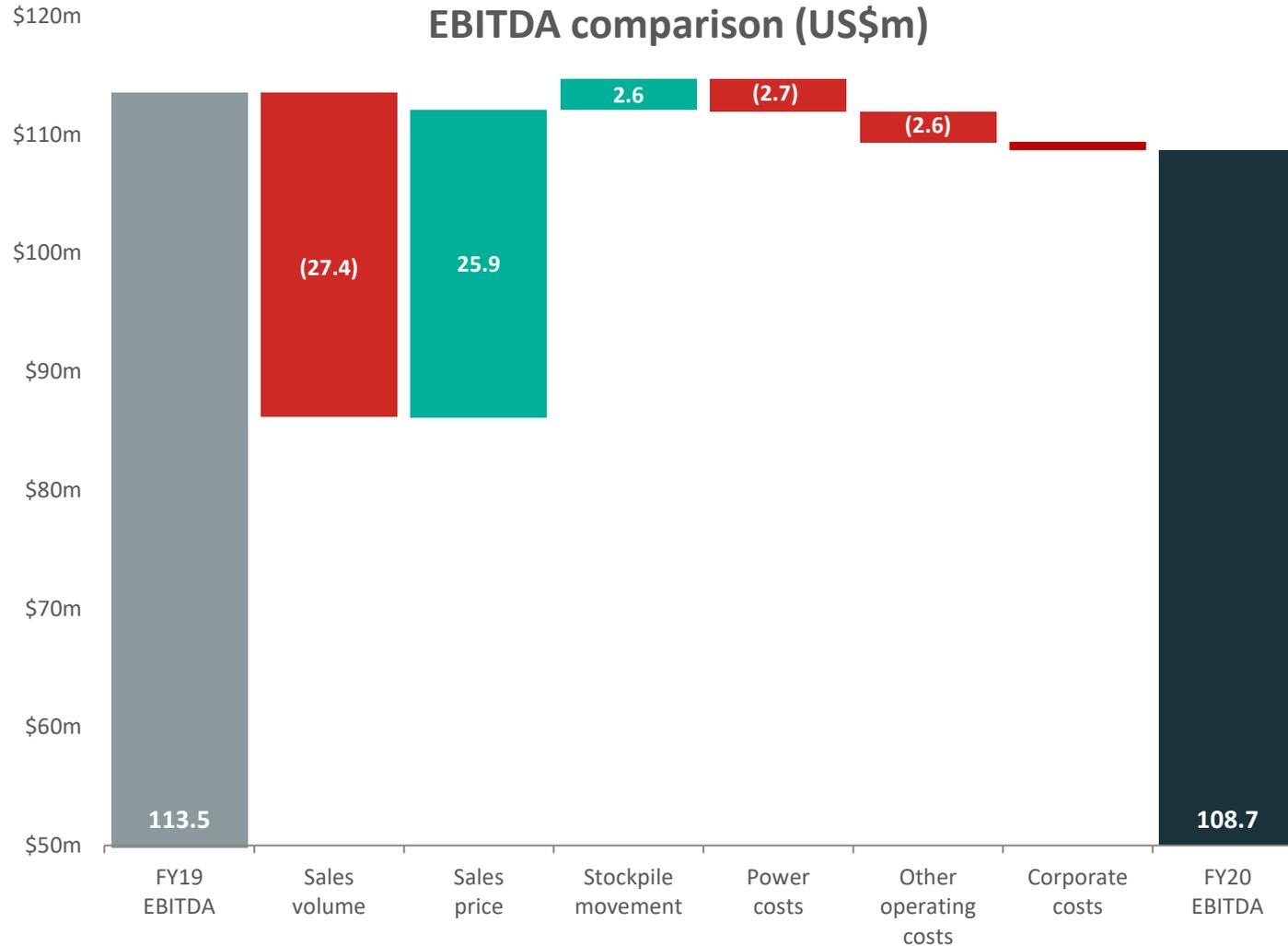


Consistent profits as price growth offsets lower production

(US\$ millions)	FY20	FY19
Revenue	208.0	209.5
Operating costs (net of inventory movements)	(68.1)	(65.3)
Royalties	(14.6)	(14.6)
Selling & distribution	(2.4)	(2.5)
Corporate & external affairs	(10.0)	(10.1)
Community development	(3.6)	(3.6)
COVID-19 response	(1.1)	-
Other	0.5	0.1
EBITDA	108.7	113.5
Depreciation & amortisation	(57.2)	(52.1)
Financing costs	(5.9)	(11.6)
Income tax	(6.0)	(10.7)
NPAT	39.6	39.2

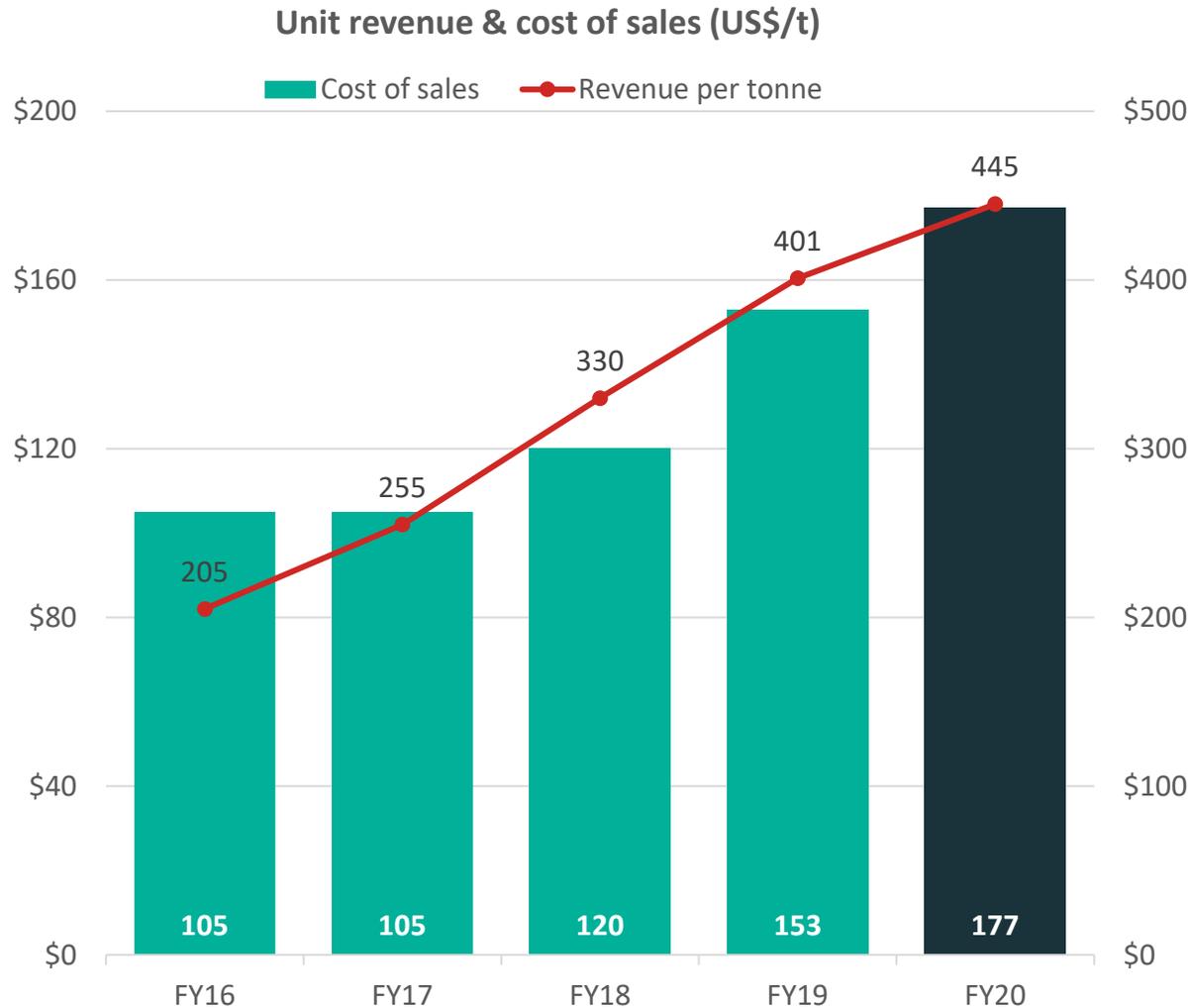
- Revenue 1% lower as strong ilmenite and rutile prices offset lower production.
- Operating costs higher due to increased mining costs, as distance from processing plant increases, and due to higher rehabilitation charges as South Dune is cleared ahead of mining.
- Depreciation and amortisation increased 10% due to a higher asset cost base following expenditure on the transition of mining to the South Dune.
- Lower average borrowings after Kwale Project Debt Facility retired in FY19 reduce financing costs.
- Kenyan corporate tax rate reduced from 30% to 25% for FY20 in response to COVID-19, impacting both current year profits and deferred tax positions. Kwale Operation benefits from a 50% reduction in corporate tax rate to the end of FY23.

Consistent profits as price growth offsets lower production

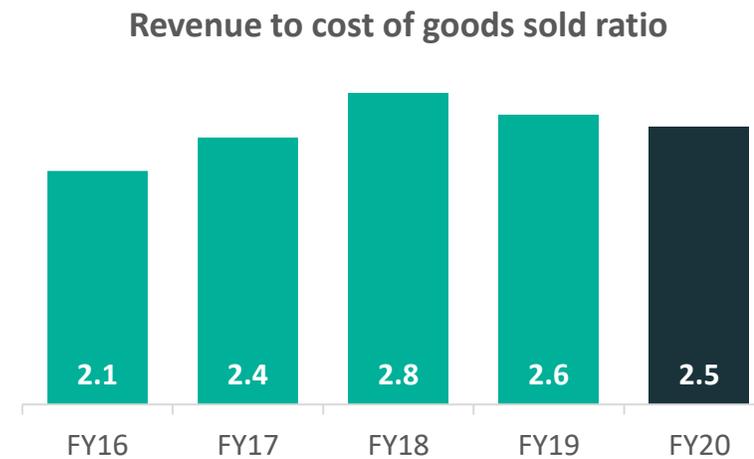


- Production lower due to ore grade.
- Sales volume down on lower production.
- Higher sales prices support revenue.
- A minor build up of finished product (relative to FY19) drives a positive stockpile movement.
- Increased power costs associated with pumping longer distances when mining the South Dune.
- Other operating costs higher largely due to non-cash charges to the rehabilitation and mine closure provision.

Rising unit revenue expands operating margin



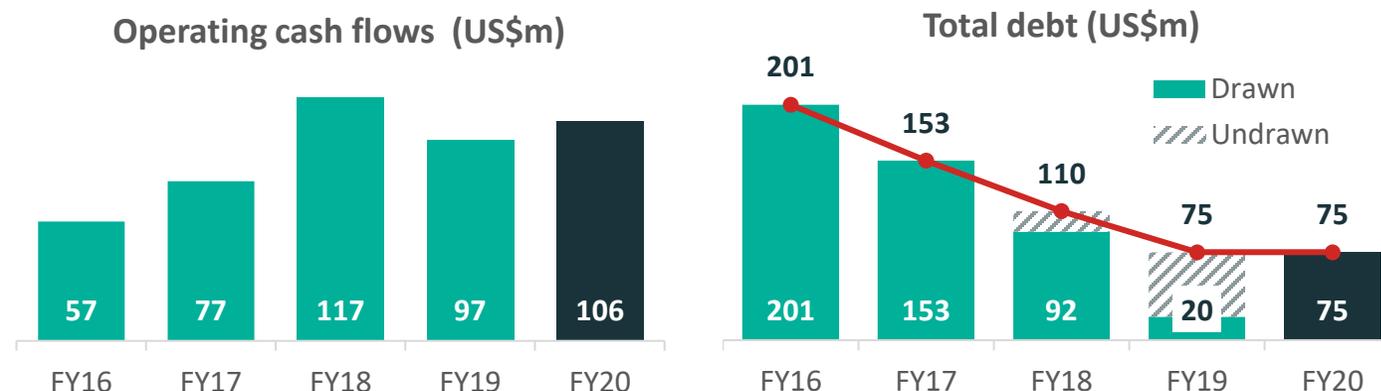
- Strong ilmenite and rutile prices result in a \$44 (11%) increase in average revenue per tonne sold.
- Increased operating costs and lower production/sales volumes drive up unit costs by \$24 per tonne (16%).
- Operating margin increases \$20 (8%) to \$268 per tonne.
- Revenue to cost of sales ratio 2.5:1.



Strong and consistent operating cashflows

(US\$ millions)	FY20	FY19
Receipts from customers	216.8	188.5
Payments in the course of operations	(83.8)	(91.1)
Income taxes paid	(27.5)	(0.7)
Net operating cashflows	105.5	96.6
Property, plant and equipment	(10.4)	(17.5)
Exploration and evaluation	(23.2)	(18.6)
Other	0.3	0.7
Net investing cashflows	(33.3)	(35.4)
Net borrowings	55.0	(72.5)
Release of debt service reserve acct.	-	29.6
Debt service costs	(2.5)	(8.1)
Net financing cashflows	52.5	(50.9)
Net increase in cash held	124.7	10.3

- Operating cashflows benefited from \$10.3m reduction to working capital (including receivables), offset by \$27.5m Kenyan corporate income tax paid.
- FY20 saw Kwale Operations transition from paying corporate income tax annually in arrears to quarterly in advance, resulting in payment of:
 - FY19 tax in arrears of \$14.5m
 - FY20 advanced tax instalments of \$13.0m
- Investing activities were focused on Toliara Project progression and advancing Kwale mining operations further into the South Dune.
- Financing cash inflow in FY20 as a result of drawing the remaining \$75.0m Revolving Credit Facility. FY19 financing cash outflows were the result of retiring the Kwale Project Debt Facility.



Increase in net cash cements a sound financial platform

(US\$ millions)	FY20	FY19
Cash	162.6	39.2
Trade & other receivables (incl. VAT)	46.6	62.4
Inventory (stockpiles & consumables)	19.5	19.6
Property, plant and equipment	158.7	205.6
Capitalised exploration & evaluation	139.6	115.9
Other	7.3	6.3
Total assets	534.3	449.0
Borrowings	75.0	20.0
Tax payable and deferred liabilities	9.6	31.0
Toliara deferred consideration	17.0	17.0
Other payables and provisions	70.0	60.4
Total liabilities	171.6	128.4
Total equity	362.7	320.6

- Free cash flow of \$72.2m and drawing down on the Revolving Credit Facility bolsters cash position.
- Trade receivables \$10.3m lower than FY19 due to timing of collections and VAT receivable \$5.4m lower as refunds resumed after lengthy hiatus.
- PP&E movement includes \$9.7m of asset additions primarily related to Kwale Operations' South Dune mining activities, less depreciation of \$57.3m.
 - The majority of Kwale Operations' assets are depreciated on a straight-line basis over the remaining mine life, as measured by existing estimated Ore Reserves which are estimated to be depleted in October 2022.
 - Arrangements to expand the Kwale Special Mining Lease are progressing, which, if successful, have the potential to increase estimated Ore Reserves and extend mine life, thereby spreading future depreciation charges over a longer period.
- Further investment in the progression of the Toliara Project, including completion of the DFS, contributed \$23.1m to the increase in capitalised exploration and evaluation asset.
- \$75m Revolving Credit Facility fully drawn in March 2020 to enhance liquidity and provide flexibility during the emergence of the COVID-19 pandemic. With greater clarity on risks and impacts it is intended to payback \$50m on maturity in September 2020.
- Following the transition of Kwale Operations from paying corporate income tax annually in arrears to quarterly in advance during FY20, tax payable reduced by \$14.0m.



**BASE
RESOURCES**

Dividend

**Tim Carstens
Managing Director**



Delivering returns

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.

- Maiden dividend of AUD 3.5 cents per share, unfranked, determined.
- Striking the right balance between:
 - Delivering cash returns to shareholders;
 - Retaining balance sheet strength in the face of COVID operational risks and economic uncertainty; and
 - Allowing for sensible progression of the Toliara Project as uncertainty on fiscal terms and FID timing resolves.

Timetable

- Ex-dividend date: 18 September 2020
- Record date: 21 September 2020
- Designated Currency election cut-off date: 21 September 2020
- Announcement of exchange rate and dividend amount in foreign Designated Currencies: 23 September 2020
- Payment date: 7 October 2020



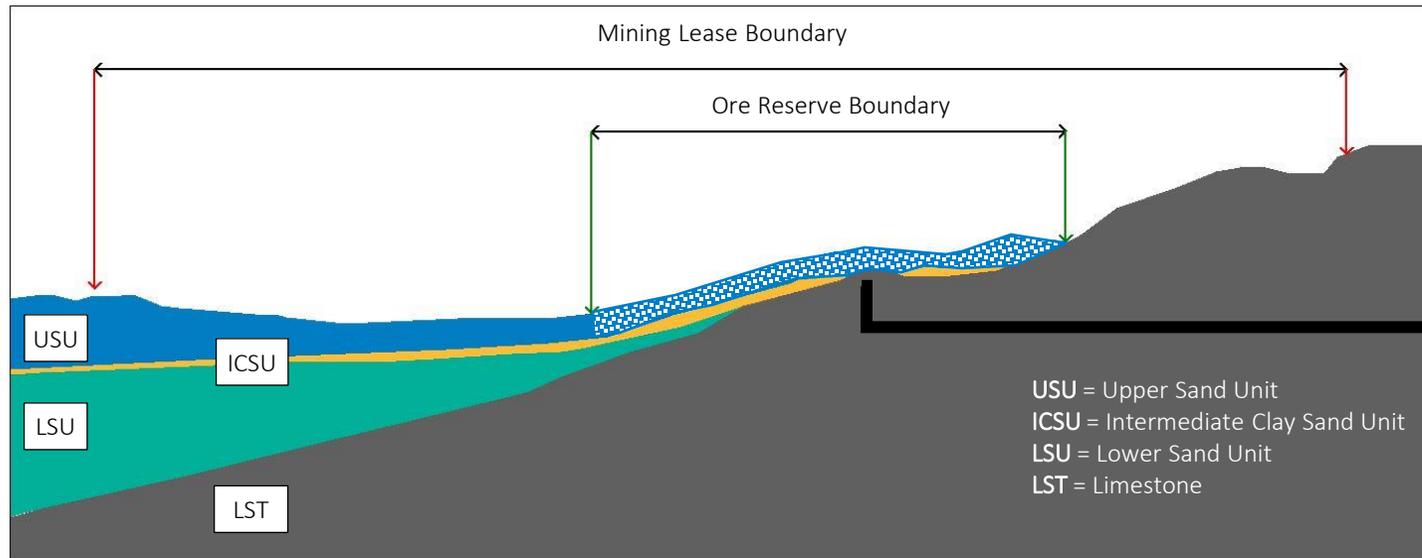
BASE
RESOURCES

Toliara Project

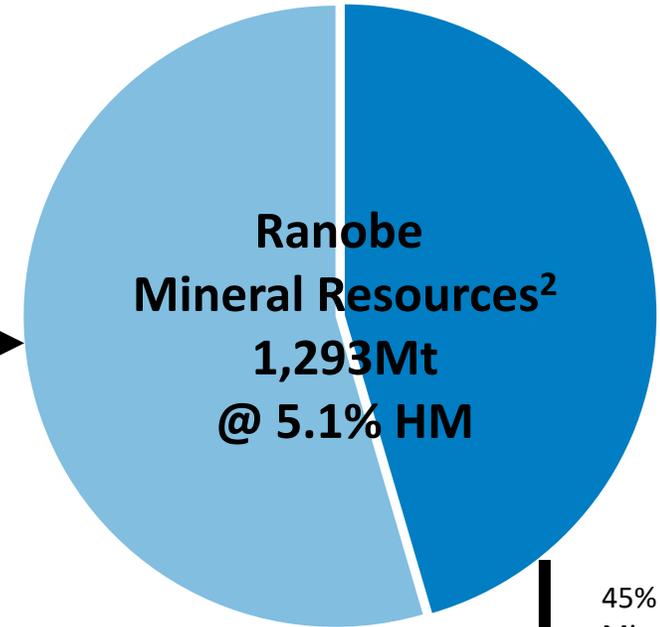
Tim Carstens
Managing Director



Toliara Project Ore Reserves afford long mine life...



Stylised cross section



45% of 2019 Mineral Resources

33 year mine life
Average annual production¹:
Ilmenite 780kt
Zircon 53kt
Rutile 7kt

Toliara Project DFS Ore Reserves² mined 586Mt @ 6.5% HM

1. The anticipated annual production information is derived from the Toliara Project Definitive Feasibility Study and excludes the first and last partial operating years. For further information about that study, refer to Base Resources' announcement on 12 December 2019 "DFS reinforces Toliara Project's status as a world-class mineral sands development" available at <https://baseresources.com.au/investors/announcements>.

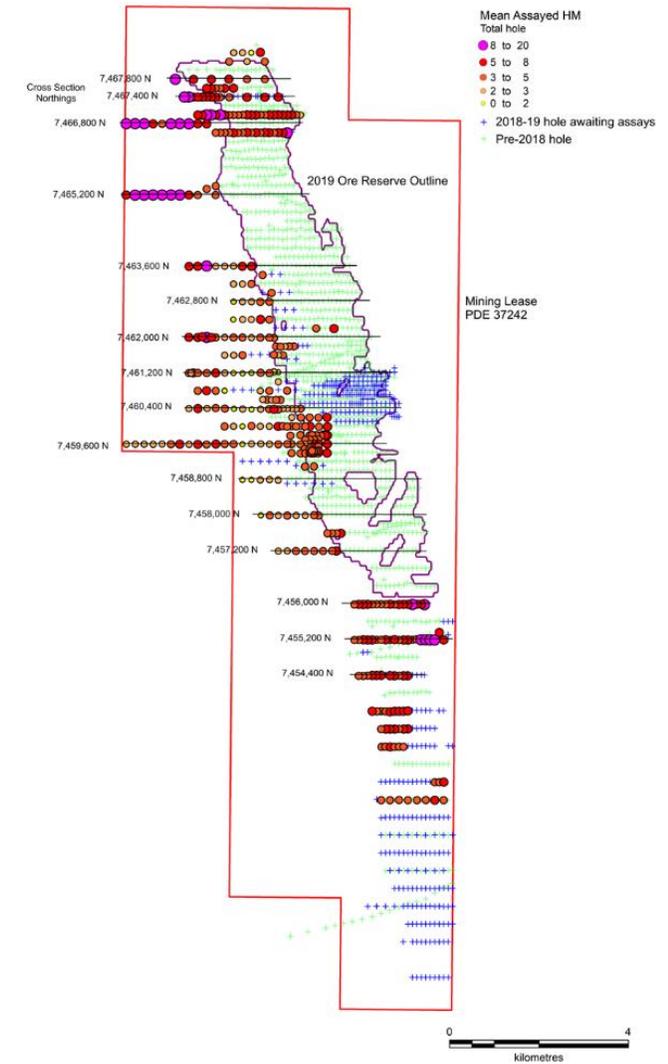
2. For further information about the Ranobe Mineral Resources and Ranobe Ore Reserves, refer to the Appendices to this document.

...with significant expansion potential

- 29,753m in 770 holes drilled in the 2018/19 program.
- Assay results received to date show material heavy mineral intercepts - particularly in the lower sand unit.
- Further drilling targeting high-grade lower sand unit zones to be planned once assaying of remaining samples is complete.

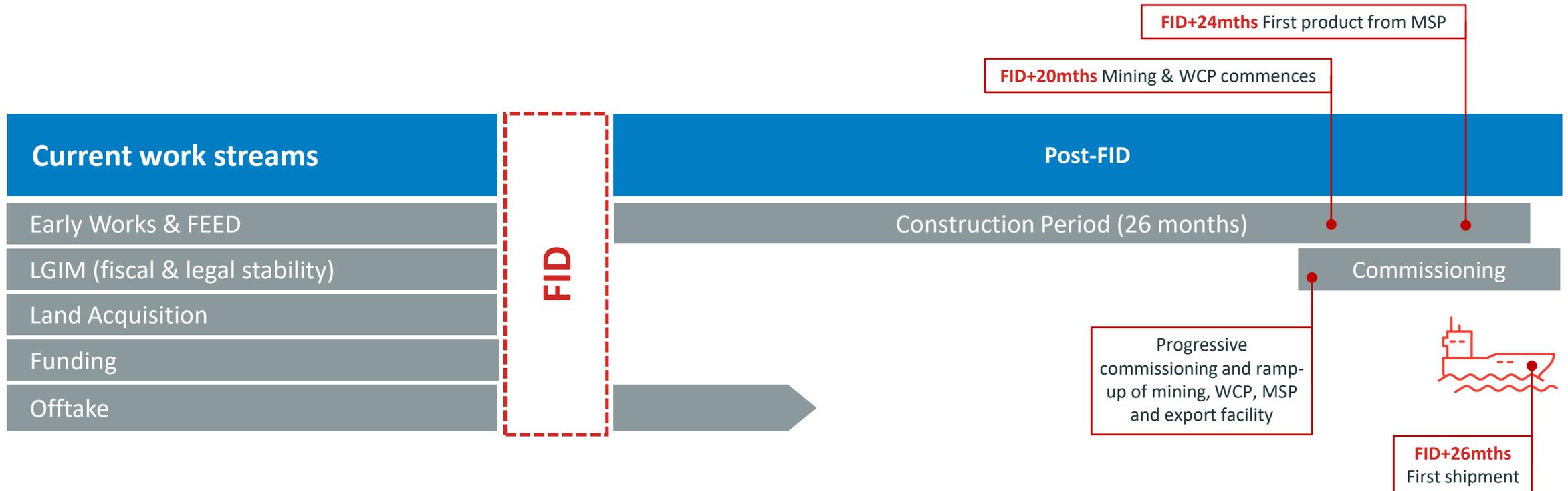
Notable drill results:

- Hole R2076 - 81m @ 15.7% HM, with LSU of 67.5m @ 18.3% HM
- Hole R2074 - 87m @ 13.9% HM, with LSU of 69m @ 16.4% HM
- Hole R2084 - 71.5m @ 12.2% HM, with LSU of 41.5m @ 17.6% HM
- Hole R1507A - 72m @ 11.6% HM, with LSU of 43.5m @ 16.5% HM
- Hole R2022 - 87m @ 9.1% HM, with LSU of 52.5m @ 13.8% HM



Toliara Project indicative timeline

Planned FID has been delayed from H2 2020. Once line of sight on lifting of suspension, resumption of international travel and financial market conditions is achieved, a revised FID will be announced – with FID unlikely to be before September 2021. The next critical milestone is agreeing fiscal terms with the Government of Madagascar. We maintain readiness to accelerate progress when conditions support.





Looking ahead

Tim Carstens
Managing Director



A focus on enhancing the recognised value of existing assets

Priorities for FY21

- Finalising mining tenure arrangements and update Kwale South Dune Ore Reserves estimate for initial mine life extension.
- Completing the Kwale North Dune PFS and pursuing additional Kwale mine life extension potential.
- Securing fiscal terms with the Government of Madagascar, paving the way for Toliara Project's progression towards FID.

Driving Kwale Operations production – FY21 guidance¹

- Rutile – 70,000 to 80,000 tonnes
- Ilmenite – 270,000 to 300,000 tonnes
- Zircon – 23,000 to 27,000 tonnes



Expected capital expenditure and settlements in FY21

Growth capital

Toliara Project progression

- Activity has been wound down ahead of securing fiscal terms with government with the following cost structure:
 - In-country operating costs \$9.4m, including external affairs, community development, environment, training, finance and administration.
 - Costs for initial front end engineering design being wrapped up \$3.4m.
- On, securing of 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 \$9.3m.
- On a clearer line of sight to FID, a decision to restart project activities would be made and announced.

Kwale mine life extension

- \$4.1m for the acquisition of land at the southern end of the Kwale South Dune after finalisation of mining tenure arrangements to extend the mining lease.
- \$2.0m for Kwale North Dune PFS and pursuing additional Kwale mine life extension potential.

Kwale Operations sustaining capital

- \$3.4m, including additional pumping, piping and electrical reticulation to allow mining activities to push further along the South Dune ore body.

Kwale Operations rehabilitation works

- \$5.0m for the development of mixing plant to enable the co-disposal of sand and slimes tailings to build a water retention layer as part of the land rehabilitation process.
- \$2.4m for general land rehabilitation works.

Kwale royalty increase settlement

- As noted in the Consolidated Financial Statements, 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. Royalty costs are provided for and expensed on the basis of a 5% royalty being payable to the GoK, whereas the royalty rate applicable under the terms of the Special Mining Lease, and currently being paid, is 2.5%. The additional 2.5% GoK royalty accrual totals \$26.6m at 30 June 2020. On the basis of discussions to date, it is proposed that:
 - Royalties accrued from 1 July 2018 (\$10.6m at 30 June 2020) will become payable when the tenure arrangements for the extension of the Kwale South Dune mining lease are complete.
 - \$16.0m of royalties accrued prior to 1 July 2018, become payable when the VAT incurred in the construction of Kwale Operations, valued at \$16.2m at 30 June 2020, is refunded.

Delivering returns

- **Team** with a track record of delivery.
- Consistent, **high cash flow Kwale Operations**, with extension potential.
- **Reputation for excellence** in safety, community and environment.
- A robust financial position from which to **grow the business** and **deliver returns** to shareholders.
- Market outlook supporting a clear **need for new supply**.
- A world class development in the **long-life Toliara Project**.





**BASE
RESOURCES**



A. Level 1, 50 Kings Park Road, West Perth WA 6005
PO Box 928, West Perth BC 6872, Australia

Ph. +618 9413 7400

F. +618 9322 8912

E. info@baseresources.com.au

baseresources.com.au

For further information contact:

James Fuller, Manager – Communications and Investor Relations

Ph. +618 9413 7426

M. +61 488 093 763

E. jfuller@baseresources.com.au

Appendices



Kwale Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage		
						ILM	RUT	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ as at 30 June 2020								
Measured	55	1.8	3.2	24	1	58	14	6
Indicated	157	2.7	1.7	37	2	47	12	5
Inferred	34	0.5	1.4	36	3	46	13	6
Total	246	4.9	2.0	34	2	51	13	5
Ore Reserves as at 30 June 2020								
Proved	35	1.2	3.5	26	0.8	58	14	6
Probable	5	0.2	2.9	27	7	51	12	5
Total	40	1.4	3.4	26	1.7	57	13	6

Notes:

- 1) Mineral Resources estimated at a 1% 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 Kwale Deposit Mineral Resources and Ore Reserves, for the Kwale South Dune Deposit, refer to Base Resources' announcement on 27 July 2020 "Updated Kwale South Dune Mineral Resources and Ore Reserves estimate" and, for the Kwale North Dune Deposit, refer to Base Resources' announcement on 1 May 2019 "Mineral Resource for Kwale North Dune Deposit", 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 27 July 2020 and the 1 May 2019 announcements and all material assumptions and technical parameters underpinning the estimates in the 27 July 2020 and the 1 May 2019 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 2020, refer to Base Resources' announcement on 13 August 2020 "2020 Mineral Resources and Ore Reserves Statement" available at <https://baseresources.com.au/investors/announcements/>.

Ranobe Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage			
						ILM	RUT*	LEUC**	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ at 30 June 2020									
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 2020									
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' announcement on 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" and the announcement 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.