

# FY23 half-year results

For the six-month period ended  
31 December 2022

27 February 2023

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This document has been prepared by Base Resources Limited (**Base Resources**). Its release has been authorised by the Base Resources Disclosure Committee. Information in this document should be read in conjunction with Base Resources' half-year report and other announcements made by Base Resources to ASX, particularly Base Resources' announcement on 27 September 2021 "DFS2 enhances scale and economics of the Toliara Project" (**DFS2 Announcement**) and Base Resources' announcement on 20 June 2022 "Decision to proceed with the Bumamani Project". Base Resources' ASX announcements are available at <https://baseresources.com.au/investors/announcements>.

## DFS2 Announcement

Slide 19 discloses the summary outcomes of DFS2. The DFS2 Announcement discloses the material assumptions and underlying methodologies adopted for deriving these outcomes, including the forecast financial information. 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 and forecast financial information disclosed in the DFS2 Announcement continue to apply and have not materially changed.

## Toliara Project exploration results

Slide 19 discloses drill results for the Toliara Project. Refer to Base Resources' announcement on 21 January 2020 "Toliara Project drill assays reveal significant high-grade mineralisation" available at <https://baseresources.com.au/investors/announcements> for further information. Base Resources confirms that it is not aware of any new information that materially affects the information included in that announcement.

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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, capital expenditure 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.

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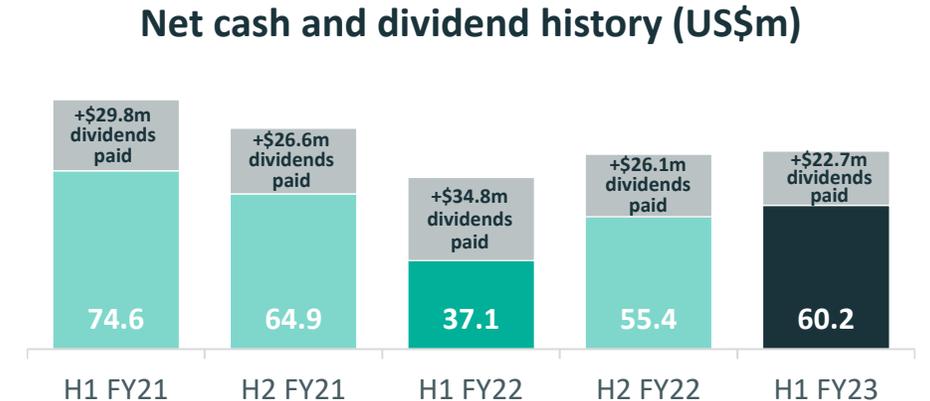
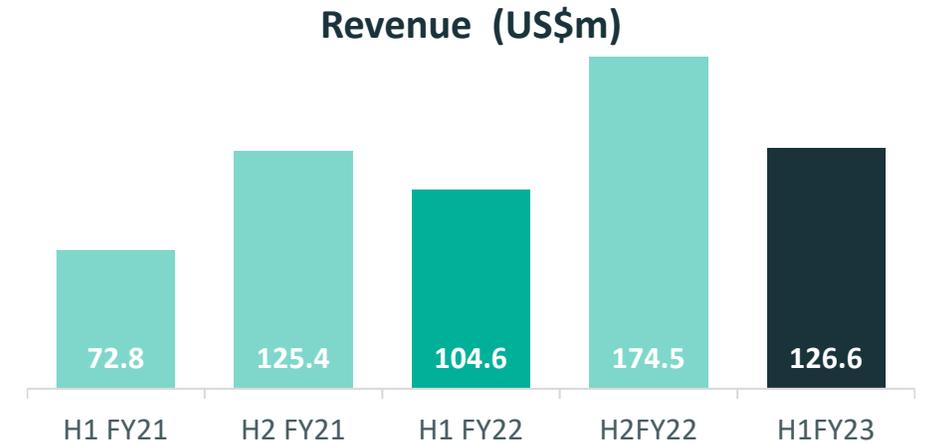
# Australian based, African focused, producer



# Price increases drive record first half result



- Record first half sales revenue of US\$126.6m, EBITDA of US\$80.7m and NPAT of US\$44.6m.
- Sustained demand for all products resulted in a 32% increase in the average price of product sold to US\$681 per tonne.
- Extension of Kwale Operations mine life with mining operations recently commencing on the Kwale North Dune as planned.
- Exploration drilling in northern Tanzania and Kwale East commenced.
- Toliara rare earths study progressing to the pre-feasibility study phase.
- Discussions on fiscal terms for the Toliara Project progressed significantly.
- Interim dividend determined of AUD 2.0 cents per share\* totalling AUD\$23.6m (approximately US\$16.0m).



\*Interim dividend is unfranked.

# Our purpose

To contribute to solving the problems of people and planet. We do so profitably, without profiting from causing problems.



# Our commitment to sustainability

Base Resources was recently recognised for our leading sustainability practices, winning the Transparency and Labour ESG Awards at the 2023 African Mining Indaba



## TRANSPARENCY

Recognising a company demonstrating leading practice in transparency and working to improve accountability mechanisms that achieve business integrity and good governance.

## LABOUR

Recognising a company that has gone above and beyond in its employment practices, such as respect of labour rights, promotes equal opportunities, and skills development of their workforce.



# Production increased on higher grade



Mining	H1 FY23	H1 FY22	Variance
Ore mined (million tonnes)	8.8	8.7	1%
Ore grade (HM%)	3.90%	3.54%	10%
Valuable heavy mineral (VHM%)	2.98%	2.71%	10%

- Mining operations delivered a steady ore volumes.
- Higher ore grade supported increased production of heavy mineral concentrate (HMC).
- HMC closing stocks increased to 15kt to support transition of some mining units to North Dune.

Production	H1 FY23	H1 FY22	Variance
Rutile (thousand tonnes)	38.4	36.2	6%
Ilmenite (thousand tonnes)	170.8	156.9	9%
Zircon (thousand tonnes)	14.0	12.5	12%
Low grade (low grade zircon and rutile)	9.2	2.0	360%

- Production of all products improved due to higher ore grades, with individual variances due to the mineral assemblage of feed.
- Full period of low grade rutile production, resulted in a significant increase in low grade products.
- On target to achieve FY23 full year production guidance.

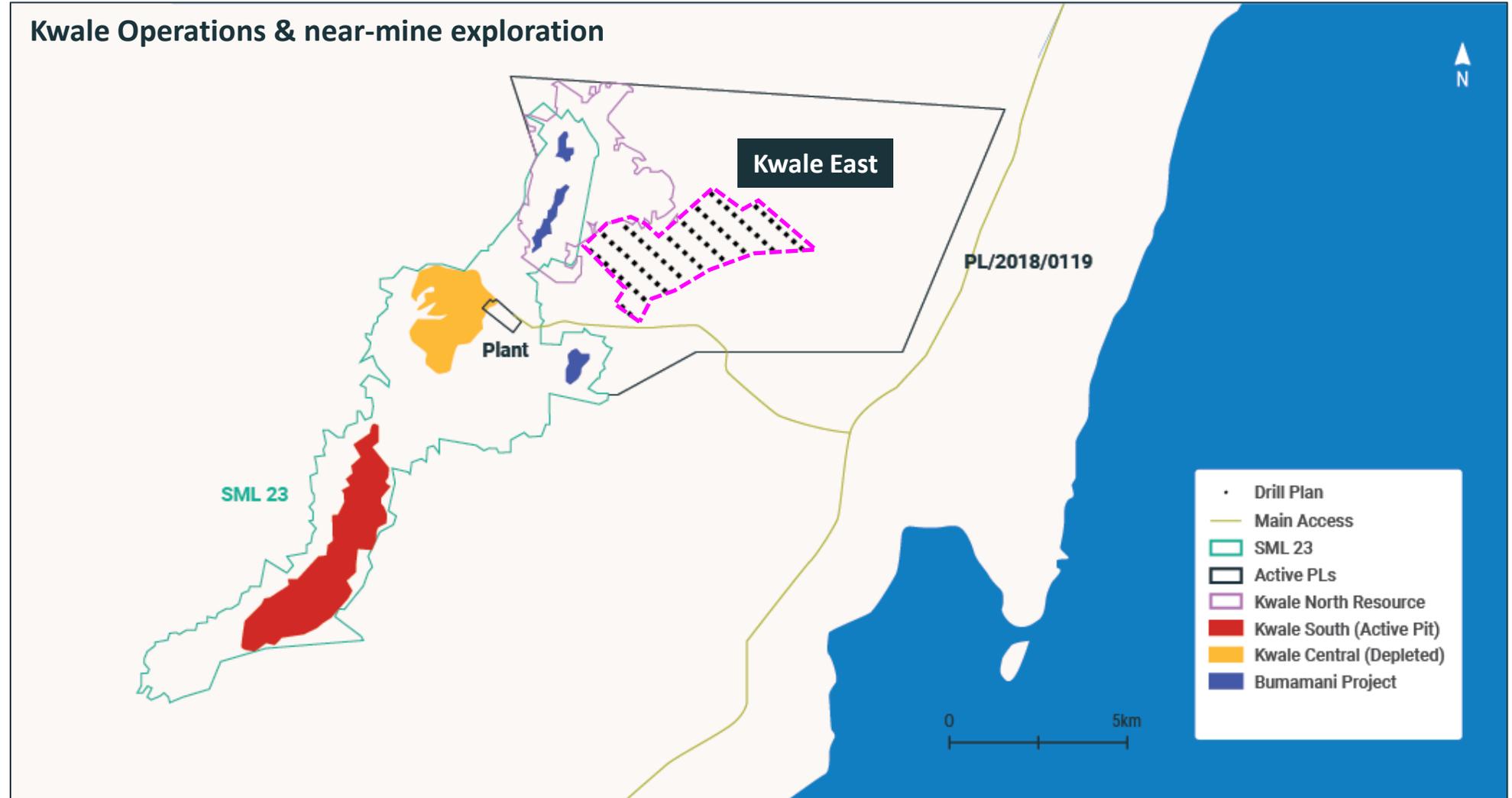
# Bumamani - extending Kwale Operations mine life to late 2024...

Mining operations commenced on North Dune in February



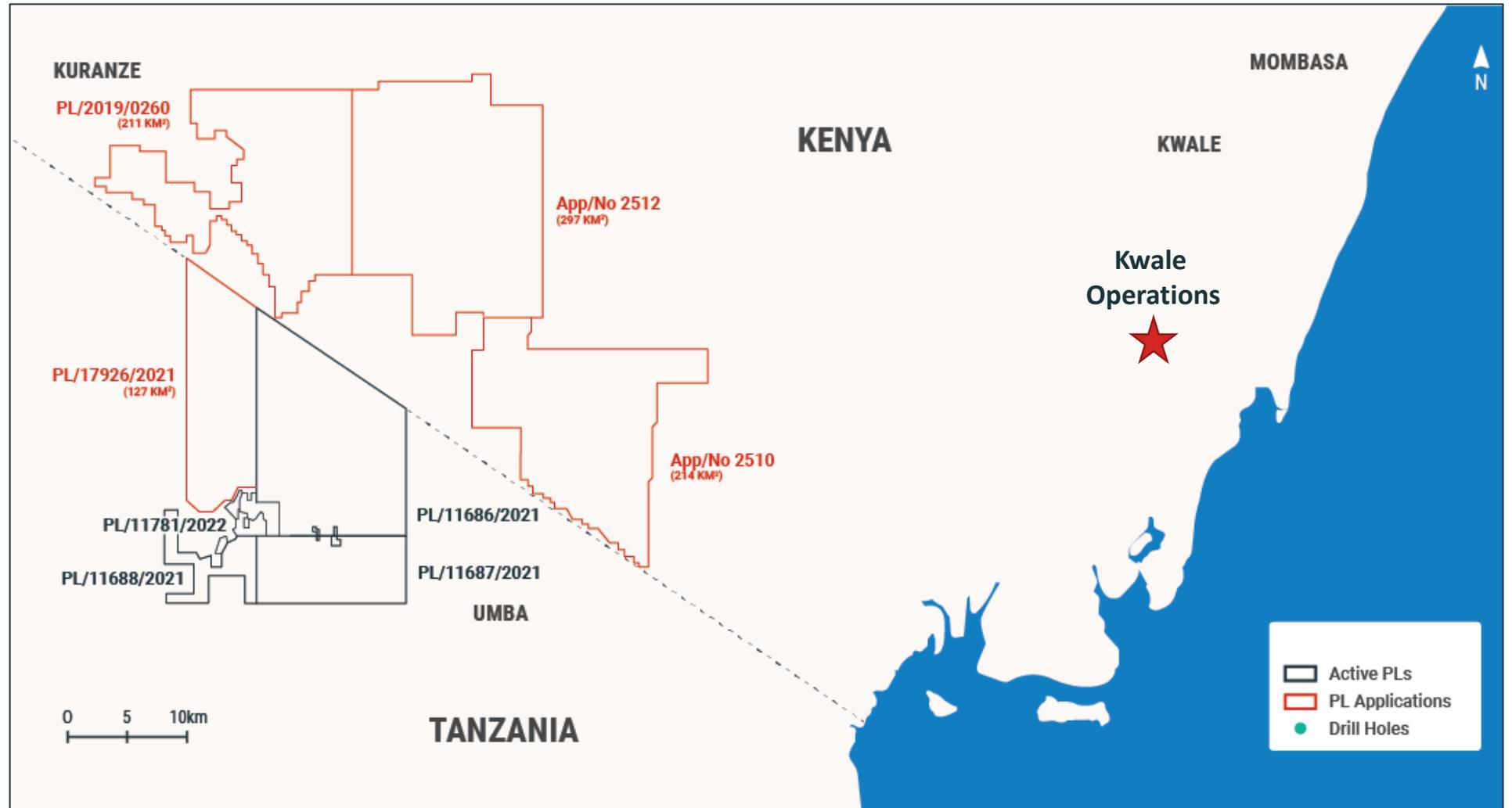
# ...with drilling in Kwale East progressing well

- 493 auger holes for 5,071m drilled to date.
- Third auger rig purchased and on-site to accelerate program.
- Kwale East program prioritised - best opportunity for near-term mine life extension.



# Regional opportunities in Kenya and Tanzania

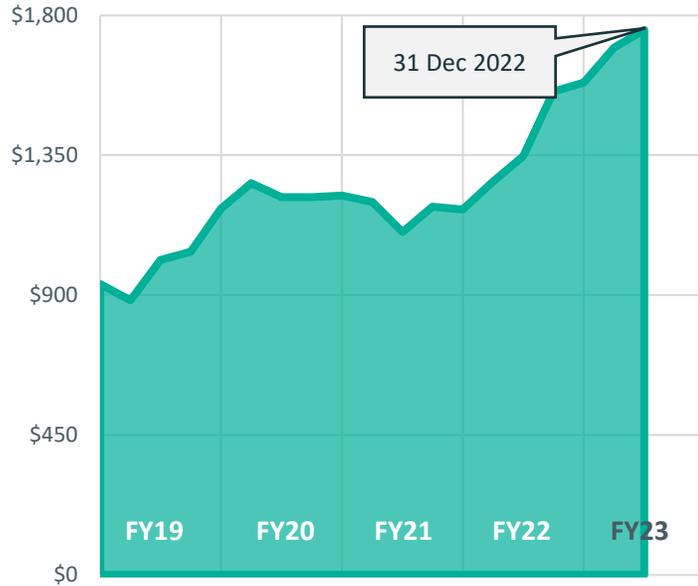
- Rutile and graphite the focus
- 149 holes drilled for 3,889m in Phase 1 Tanzanian RC drill program.
- 3,015 samples exported to Kwale Operations for assaying.
- Preliminary results expected to be released in the June 2023 quarter.



# Some price moderation after record highs



Historic rutile prices (US\$/t FOB)



- Prices agreed mid-2022 for December quarter contracted sales supported price gains in H1 FY23.
- Western pigment producers expected to ramp up production through H2 FY23.
- 36% increase in price compared to H1 FY22.

Historic ilmenite prices (US\$/t FOB)



- Some price moderation due to weak Chinese domestic pigment market.
- Lifting of COVID-19 restrictions in China expected to support recovery in domestic pigment market in H2 FY23.
- 12% increase in price compared to H1 FY22.

Historic zircon prices (US\$/t FOB)

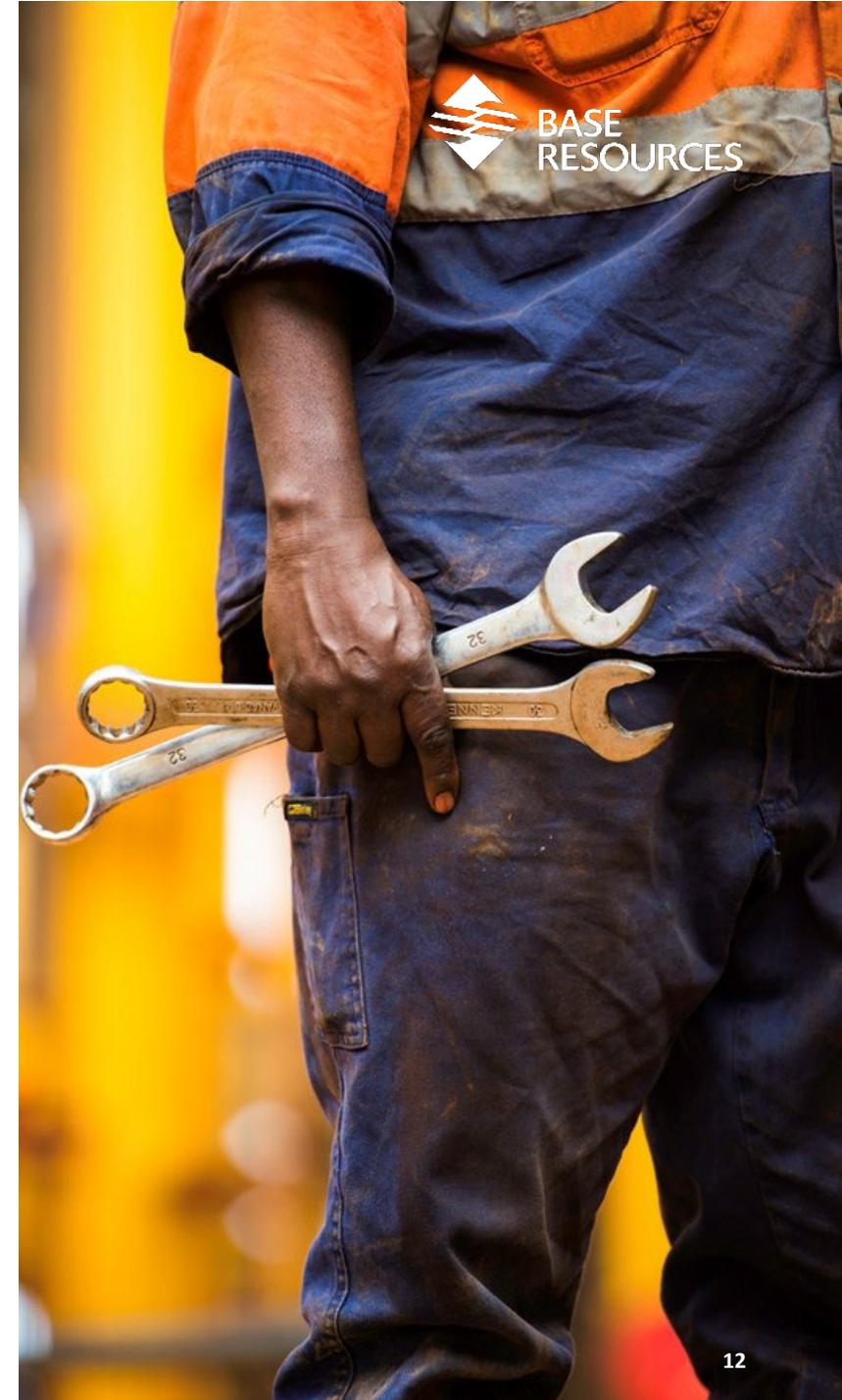


- Subdued European and Chinese markets saw some price erosion.
- Conditions improving on lifting of COVID-19 restrictions in China and broader focus on security of future supply.
- 29% increase in price compared to H1 FY22.

# Record first half revenue achieved

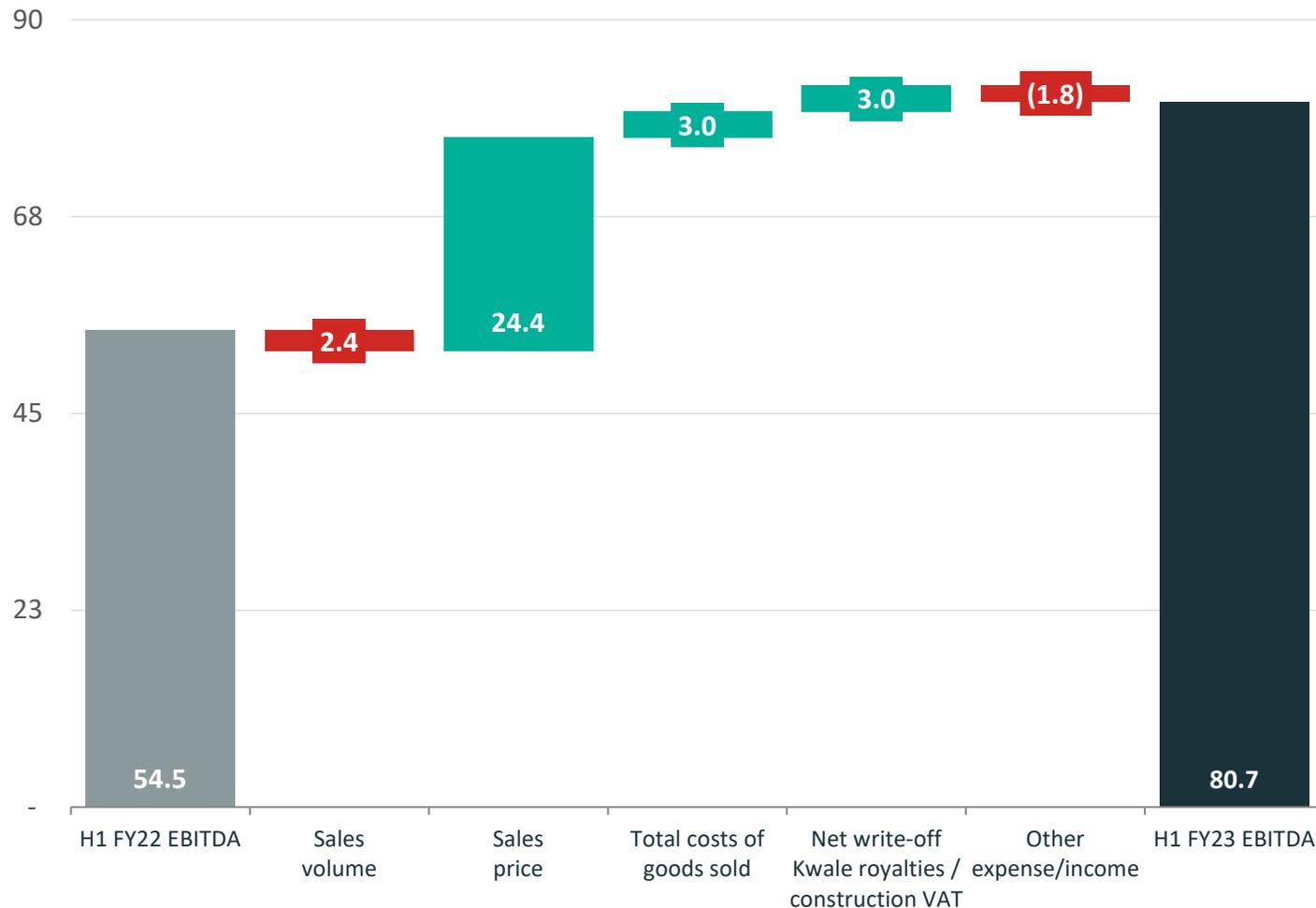
(US\$ millions)	H1 FY23	H1 FY22
Revenue	126.6	104.6
Operating costs	(37.9)	(35.9)
Inventory movements	11.3	6.8
Royalties	(7.3)	(7.7)
Selling & distribution	(1.0)	(1.2)
Corporate & external affairs	(6.9)	(5.8)
Community development	(2.8)	(2.2)
Net write-off	-	(3.0)
Other	(1.4)	(1.0)
<b>EBITDA</b>	<b>80.7</b>	<b>54.5</b>
Depreciation & amortisation	(15.2)	(22.7)
Financing costs	(0.7)	(2.8)
Income tax	(20.3)	(9.9)
<b>NPAT</b>	<b>44.6</b>	<b>19.2</b>

- Average realised sales price increased 32% to US\$681 per tonne compared to H1 FY22.
- Operating costs increased due to additional production volume and higher fuel and power costs.
- Unit operating costs per tonne produced steady at US\$169.
- Increase in corporate income tax due to higher Kwale Operations profits and Kenyan dividend withholding tax.
- Depreciation reduced due to the Bumamani Project extending Kwale Operations mine life.



# Price increases and steady costs support EBITDA growth

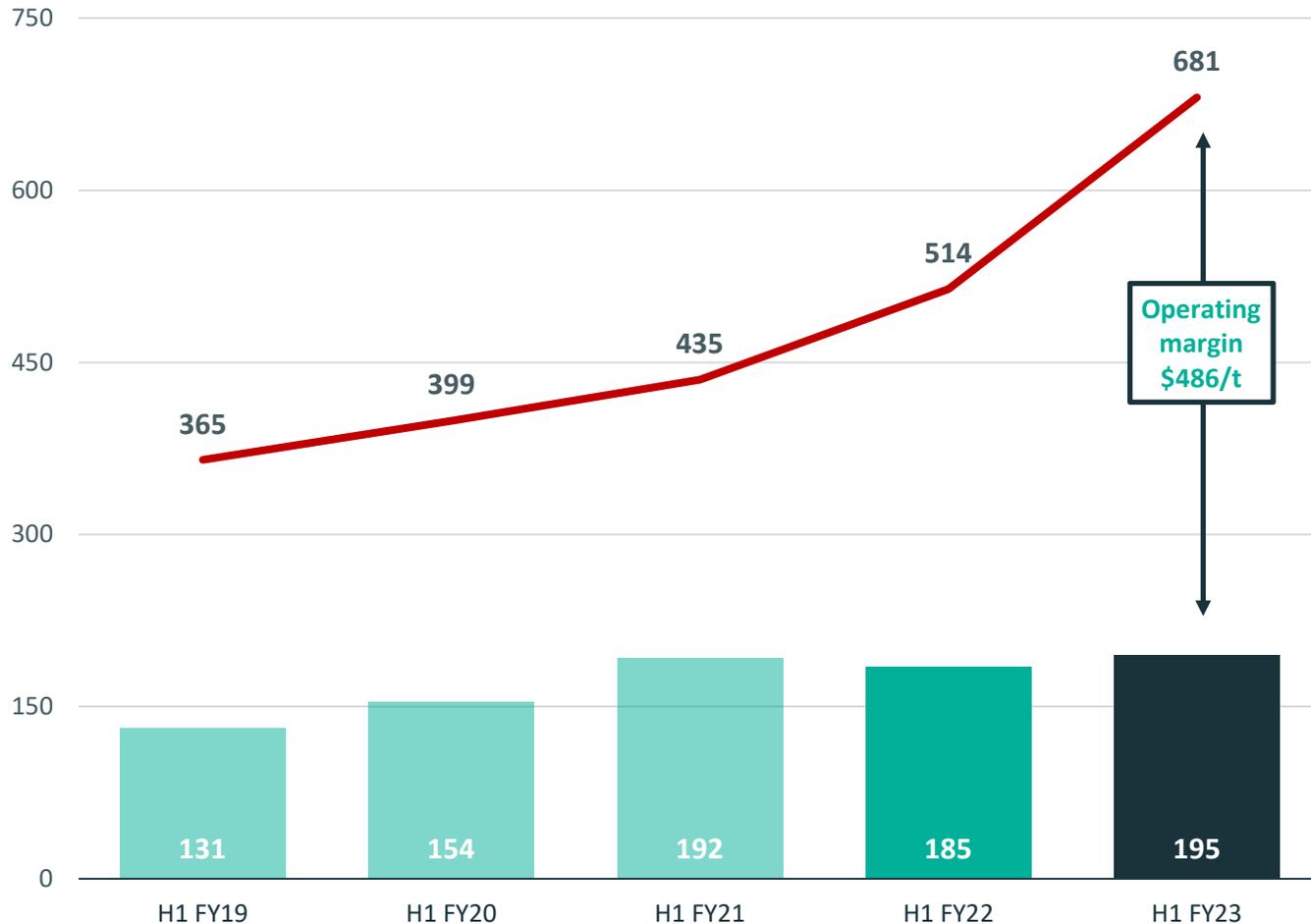
H1 FY23 EBITDA (US\$m)



- Steady production, but lower sales due to timing of bulk shipments.
- Price increases for all products.
- Total cost of goods sold lower as inventory of HMC and finished goods were higher.
- Prior corresponding period impacted by US\$3.0m net write off.

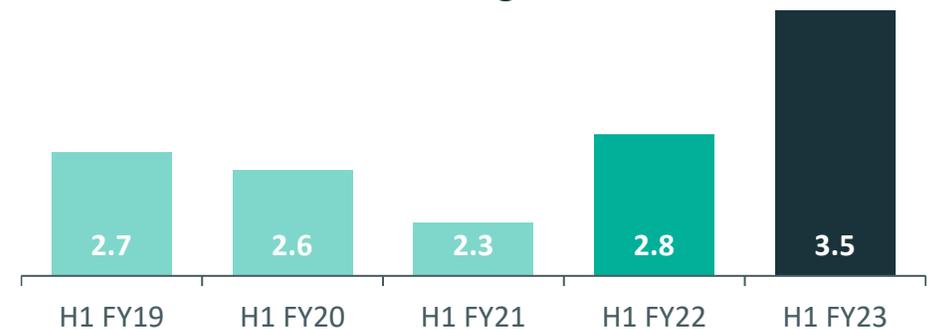
# Unit revenue growth expands operating margin

Unit revenue and cost of sales (US/t)



- Strong prices for all products resulted in a 32% increase (compared to H1 FY22) in average price of product sold to US\$681/t.
- Unit cost of goods sold higher at US\$195/t.
- 48% increase in operating margin to US\$486/t.
- Record revenue to cost of sales ratio of 3.5:1 equivalent to an operating margin of 71%.

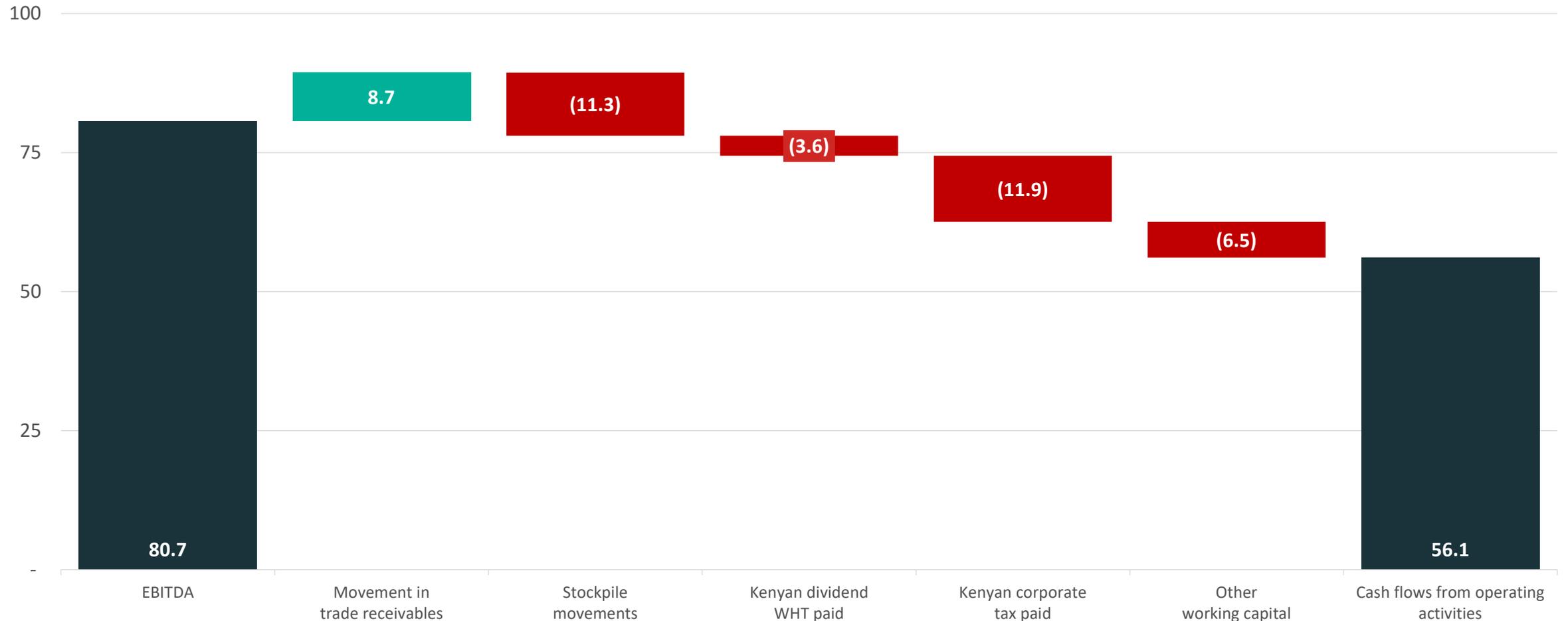
Revenue to cost of goods sold ratio



# Operating cash flows impacted by stockpile movements and Kenyan taxes



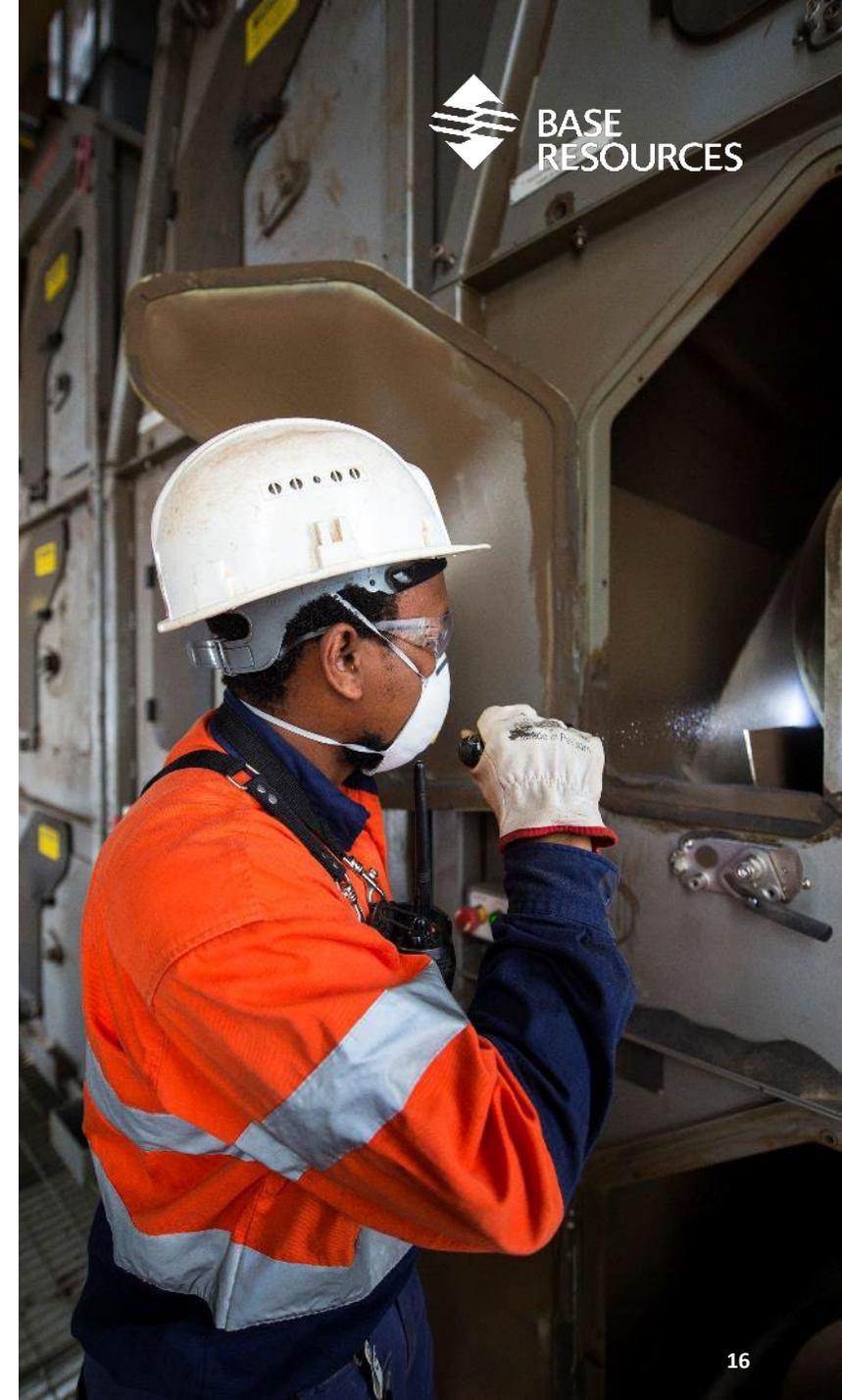
FY23 H1 Cashflow (US\$m)



# Cash position reflects dividends and capital expenditure

(US\$ millions)	31 Dec 2022	30 June 2022
Cash	60.2	55.4
Trade & other receivables (incl. VAT)	62.7	69.0
Inventory (stockpiles & consumables)	25.9	15.1
Property, plant and equipment	95.1	89.0
Capitalised exploration & evaluation	160.8	156.1
Other	7.9	9.1
<b>Total assets</b>	<b>412.6</b>	<b>393.7</b>
Trade and other payables	19.3	17.7
Provisions	22.5	24.0
Toliara deferred consideration	17.0	17.0
Other	0.9	1.1
<b>Total liabilities</b>	<b>59.7</b>	<b>60.0</b>
<b>Total equity</b>	<b>352.9</b>	<b>333.7</b>

- FY22 final dividend of US\$22.7m paid in reporting period.
- Capex of US\$27.5m, primarily for land acquisition and implementation of the Bumamani Project.
- Inventory increased due to timing of bulk shipments and HMC build-up ahead of planned mine shut for tie in of North Dune mining operations.



# Capital management provides continued 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.

- Interim dividend of AUD 2.0 cents per share (unfranked) determined and to be wholly paid from conduit foreign income.
  - Totalling AUD\$23.6m (~US\$16.0m)
- Upon payment of the FY23 interim dividend, dividends distributed to shareholders since October 2020 will total AUD 18.5 cents per share, equal to AUD\$217.9m (~US\$156.0m)
- 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.

## Timetable

- Ex-dividend date: 10 March 2023
- Record date: 13 March 2023
- Payment date: 30 March 2023

# Toliara – a world class development opportunity

Project video available at  
[www.baseresources.com.au](http://www.baseresources.com.au)

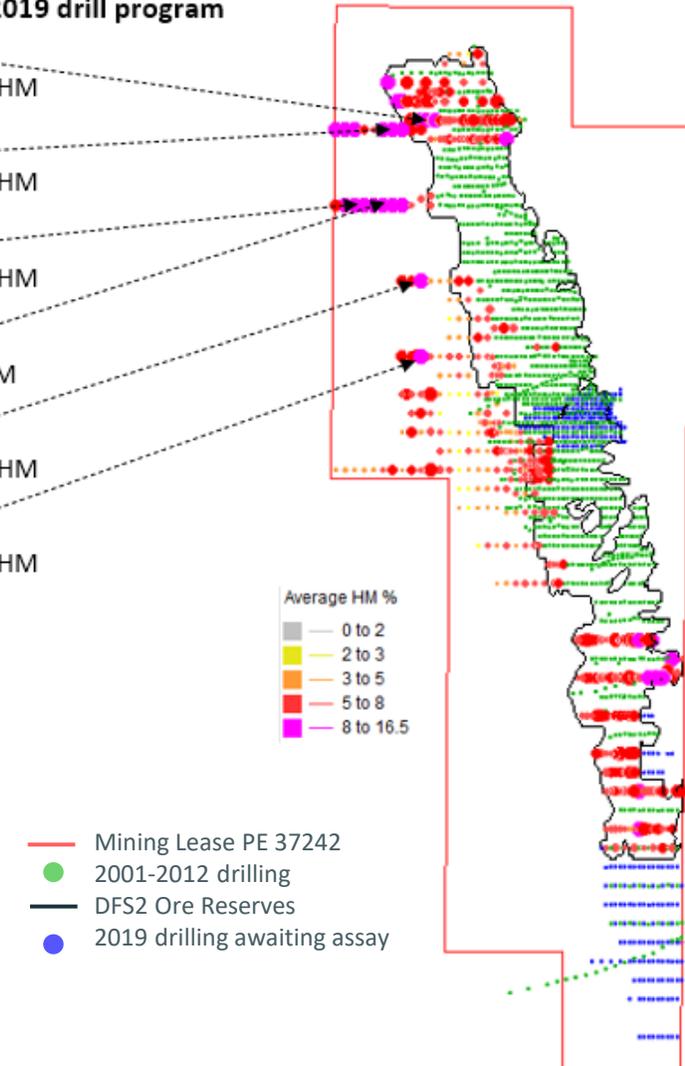
# Strong economics with upside potential



	Unit	DFS2	DFS
NPV <sub>10</sub> (discount rate of 10%), post tax, real	US\$ millions	1,008	652
IRR	%	23.8	21.4
Initial (Stage 1) capex	US\$ millions	520	442
Construction period (Stage 1)	Months	27	26
Stage 2 capex	US\$ millions	137	69
Construction period (Stage 2)	Months	21	12
Capital payback period (Stage 1 + 2)	Years	4.5	4.3
Life of mine	Years	38	33
LOM operating costs + royalty	US\$/t ore mined	3.78	4.31
LOM operating costs + royalty	(A) US\$/t produced	88	94
LOM revenue	(B) US\$/t produced	306	295
LOM cash margin	(B-A) US\$/t produced	218	201
LOM revenue : cost of sales ratio	(B/A) Ratio : 1	3.5	3.2
LOM free cash flow	US\$ millions	5,922	3,692

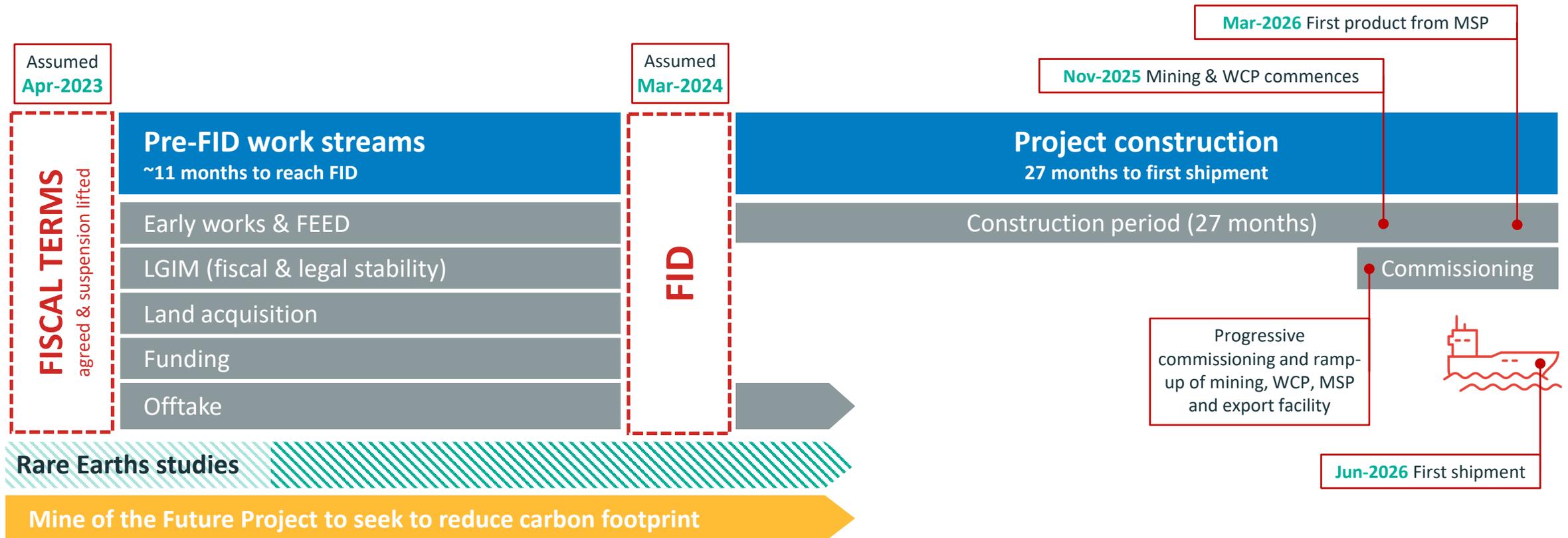
## Significant results from 2019 drill program

- 71.5m @ 12.2% HM  
- with LSU of 41.5m @ 17.6% HM
- 72m @ 11.6% HM  
- with LSU of 43.5m @ 16.5% HM
- 81m @ 15.7% HM  
- with LSU of 67.5m @ 18.3% HM
- 87m @ 13.9% HM  
- with LSU of 69m @ 16.4% HM
- 78m @ 9.1% HM  
- with LSU of 46.5m @ 13.8% HM
- 87m @ 9.1% HM  
- with LSU of 52.5m @ 13.8% HM



# Toliara Project indicative timeline

Discussions with the Government of Madagascar on the fiscal terms applicable to the project progressed significantly, with a clear pathway for agreement to be reached, and the suspension of on-ground-activities lifted, in the near term. Once finalised, there will be approximately 11 months' work to complete prior to FID, including the completion of land acquisition, funding, offtake agreements and major construction contracts.



# Building a unique 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.
- **Recognised track record of excellence** in all aspects of sustainability - safety, community development, environmental stewardship and ethics.
- An **experienced team** and capacity to execute well.
- A **robust financial position** from which to grow the business and continue to deliver returns to shareholders.
- Creating a company of **strategic relevance** in a sector likely to continue to evolve.





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