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ANNUAL REPORT 2022



**BASE
RESOURCES**

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Forward Looking Statements

Certain statements made in or in connection with this Annual Report contain or comprise forward-looking statements, including statements regarding capital cost, capacity, future production, grades, sales projections, financial performance, estimated mineral resources and ore reserves, trends in commodity prices, demand for commodities (in particular mineral sands), plans, strategies and objectives of management, operating costs, anticipated production life, provisions and contingent liabilities, and tax and regulatory developments. Such statements may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage".

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond Base Resources' control.

No representation, warranty, assurance or guarantee can be given that such forward-looking statements will in fact be achieved or prove to be correct. Results or outcomes could differ materially from those expressed or implied

by the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives and strategies, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management.

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 negligence or negligent misstatement) for any direct or indirect loss or damage arising from any use or reliance on this Annual Report or its contents, including any error or omission or otherwise in connection with it.

Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, Base Resources does not undertake to publicly update, review or release any revisions to these forward-looking statements to reflect new information or future events or circumstances.

Introducing Base Resources

Base Resources (ASX and AIM: BSE) is an Australian based, African focused mineral sands producer and developer with a demonstrated track record of project delivery and strong operational performance.

The Company's Kwale Operations in Kenya is a consistent and efficient high margin operation. With mine life extension and wider Kenyan exploration options being progressed, there is opportunity for further value creation.

The Toliara Project in Madagascar is considered one of the best undeveloped mineral sands opportunities in the world. Although currently delayed while fiscal terms are settled with Government, project funding and delivery preparations are well advanced, ensuring rapid resumption once agreement is reached and on-the-ground activities resume.

Benefiting from consistent Kwale Operations production and an ongoing buoyant price environment, the Company continues to deliver strong financial results, enabling Base Resources to build a robust financial platform from which to grow the business and deliver returns to shareholders through both long-term share price appreciation and appropriate cash distributions.

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Our Approach

Base Resources exists to enrich our people, our communities in which we operate and our shareholders through the creative development of mineral resources.

Our approach and business practices are founded on a set of core principles that together form the “Base Way” which permeates every aspect of our business.

The Base Way is based on our belief in:

- The potential of our people
- The power of the team
- The value of resources
- Absolute integrity

From project development through to operating mines, we have adopted world-class, inclusive business practices that seek to minimise any negative impacts and maximise positive outcomes of our operations.

This includes a commitment to safety and operational performance, the recruitment and training of local people, a preference to work with local suppliers, extensive and effective community programs and a commitment to operating in a sustainable and environmentally responsible manner.

With this approach, Base Resources is recognised as a leader in the African resources industry with an enviable track record of excellence in safety, community engagement and environmental stewardship.

Building on this, our audacious goal is to be the pre-eminent African-focused mining company with a portfolio of exceptional operations and opportunities, fully valued by our stakeholders, by 2031. This means:

- We will be the first thought of company when considering truly successful resource development in Africa.
- We will be leveraging the expertise developed and honed in Africa and successfully applying it elsewhere.
- Our opportunities will emerge from clever exploration, acquisition and collaboration. They will represent an optioned pathway to sustained performance.
- Governments and communities will invite us in and employees will seek us out.
- Shareholders will fully value our sustained, predictable and growing earnings.

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FY22 Highlights & Achievements

REVENUE

279.1

US\$ MILLION

EBITDA

158.7

US\$ MILLION

NET PROFIT AFTER TAX (NPAT)

80.7

US\$ MILLION

TOTAL FY22
DIVIDENDS

6.0

CENTS PER SHARE (AUD)

INVESTMENT IN COMMUNITY
& ENVIRONMENT PROGRAMS

5.1

US\$ MILLION

REVENUE TO COST
OF SALES RATIO

3.2

Chair's Letter

Dear Shareholders,

The 2022 financial year has seen the continuation of the buoyant mineral sands markets that have characterised the last few years. Indeed, the sector is enjoying a sustained boom, with current supply unable to meet global demand – a dynamic that is expected to persist in the medium term.

Benefiting from the positive pricing environment, Kwale Operations achieved record financial results, including EBITDA of US\$168.8 million and a revenue to cost of sales ratio (operating margin) for the June 2022 quarter of 3.5:1. A great result, perhaps the best in the mineral sands sector, and a taste of what's to come from the Toliara Project which is forecast to achieve this level of performance across its entire 38 year initial mine life.¹

Notwithstanding the current global economic uncertainties, demand for our products remains robust and, in the longer-term, a forecast structural supply shortfall is expected to require multiple Toliara size projects to be developed by the end of the decade. Both short and long-term markets present attractive opportunities for Base Resources as an established and experienced mineral sands producer and developer.

Kwale Operations continues to be metronomic in its reliability, achieving product guidance and meeting customer shipping schedules consistently despite COVID-induced challenges and some unplanned stoppages. Costs were once again managed tightly, despite inflationary headwinds, contributing to the record financial outcomes. The team maintained its focus on safety, health and wellbeing. Disappointingly, the first lost time injury since 2014 was recorded in the year, a reminder that health and safety is an ever-present risk requiring constant management.

With consistent operational performance and a robust pricing environment, the Group generated record EBITDA of US\$158.7 million and net profit after tax of US\$80.7 million.

Strong underlying cashflow enabled the Company to end the year with US\$55.4 million net cash, after paying out an aggregate of US\$60.9 million in dividends over the course of the financial year.

On the back of this strong financial performance, and with fiscal terms agreement for the Toliara Project not yet reached, the Board has determined a final dividend of AUD 3.0 cents per share, unfranked, which will be payable on 22 September 2022. Together with the AUD 3.0 cents paid in March, this brings the total distributions to shareholders determined in respect of the reporting period to AUD 6.0 cents per share, unfranked.

The Company remains intensely focused on extending Kwale Operations mine life to maximise value for all stakeholders. The addition of a further two years taking production to the end of 2024 through the Kwale South Dune extension and the Bumamani Project were significant steps and ones that provide the Company with some time to pursue further extensions. With exploration tenure in place, the near-mine Kwale East sector represents the most immediate extensional opportunity and renewed efforts to engage communities to secure land access are a priority and making good progress.

Slightly further afield, and a longer dated opportunity, exploration on the prospective geological feature that extends from the Kuranze region of Kenya across the border into Tanzania has been limited to the Tanzanian zone thus far. Following analysis of soil samples and rock chips, we have committed to a more extensive drill program in Tanzania in the coming year. In Kenya, the government-imposed industry-wide moratorium on

¹ Refer to Base Resources' announcement on 27 September 2021 "DFS2 enhances scale and economics of the Toliara Project". Refer to this announcement for the material assumptions and underlying methodologies for deriving this forecast financial information. This announcement 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 in this announcement continue to apply and have not materially changed.



issuance of mineral rights, in place since 2019, continues to impede the Company's ability to undertake any exploration in the Kuranze region in the areas the subject of its long-outstanding prospecting licence applications. While the pace of progress on this opportunity remains frustratingly slow, the Company is hopeful that the issuance of prospecting licences will resume once the Kenyan general elections have concluded.

The Toliara Project in Madagascar continues to represent a significant and attractive growth opportunity for the Company. Following a major update and increase to the Ranobe Ore Reserves estimate, the Toliara Project definitive feasibility study was updated, significantly increasing both the scale and economic value of the Project. This has only served to reinforce the Company's view that it is the best undeveloped mineral sands asset in the world. We have now turned our attention to assessing the commercial potential of the monazite identified in the Ranobe Mineral Resources estimate, a source of valuable rare earth products, with a concept study underway and due for completion towards the end of 2022.

We are making good, albeit slow, progress in our discussions with the Government of Madagascar in relation to the fiscal terms applicable to the project and the lifting of the on-ground suspension. Strategic engagement with key stakeholders has facilitated a further groundswell of support for the Toliara Project, regionally and nationally. Momentum is building and we are optimistic that we are closing in on a positive resolution.

While acknowledging that the pace of engagement with host governments has been frustrating for some shareholders, we are clear that our patient approach is the right one to secure outcomes that will support the realisation of optimum shareholder value from our growth opportunities.

With the delay in advancing the Toliara Project while fiscal terms are secured, there is a potential gap in the Company's production profile, with Kwale Operations mine life currently envisaged to end before Toliara commences. Exploration success in the Kwale East sector has the clear potential to bridge this gap. However, to provide further optionality in addressing this issue and in pursuit of our longer-term Vision 2031 objective of multiple concurrent operations, substantial effort is being applied to the identification of attractive business development opportunities.

At Base Resources, sustainability has always been a key component of our business model – embedded across every phase of our approach to developing mineral sands mines from exploration, through mining and then post mine land use. Kwale Operations is our success story so far and a demonstration of what is possible with a truly integrated approach. To date, we have refrained from publishing a standalone sustainability report, preferring to concentrate on actions and outcomes, but the time is right to communicate our achievements, reflect on our learnings from Kwale and talk to our ambitions for the Toliara Project with the release of the Company's inaugural sustainability report in the coming months.

The 2022 financial year has also seen substantial change in the composition of our Board. I would like to thank Keith Spence, who retired as our Chair after seven years of service, for his significant contribution. Executive Director Operations and Development, Colin Bwye, also retired after providing valuable leadership while on the Board and as a key member of our senior management team, and I thank him for his tireless efforts and substantial achievements since 2010. I would also like to thank Janine Herzig who resigned as a Non-Executive Director during the year. We expect to reshape our Board further in the coming year as part of our approach to both renewal and ensuring the right mix of skills for the coming years' challenges.

I thank our entire staff complement for their efforts and achievements during another year where they successfully navigated the uncertainty and restrictions brought about by COVID-19.

Finally, thank you also to you, our shareholders, for your ongoing belief in the Company. We appreciate your support as we continue to build a truly unique mineral sands company.

Michael Storzaker
Chair

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Year at a Glance

PRODUCTION
(TONNES)

ILMENITE

325,148

RUTILE

74,349

ZIRCON

25,557

FULL YEAR
RESULTS
FINANCIAL
SUMMARY

US\$MILLIONS

2022

2021

Revenue

279.1

198.2

EBITDA

158.7

94.6

Net Depreciation

(40.7)

(59.4)

EBIT

118.0

35.2

Net Finance Expense

(4.1)

(7.9)

Income Tax Expense

(19.6)

(9.3)

Kenyan Dividend Withholding Tax

(13.5)

(9.0)

NPAT

80.7

11.0

Earnings per Share (US cents)

6.92

0.93

Ratio of Revenue/Cost of Sales

3.2

2.5

KWALE OPERATIONS

Kenya
Operational asset producing rutile, ilmenite and zircon

TANZANIA

Exploration program

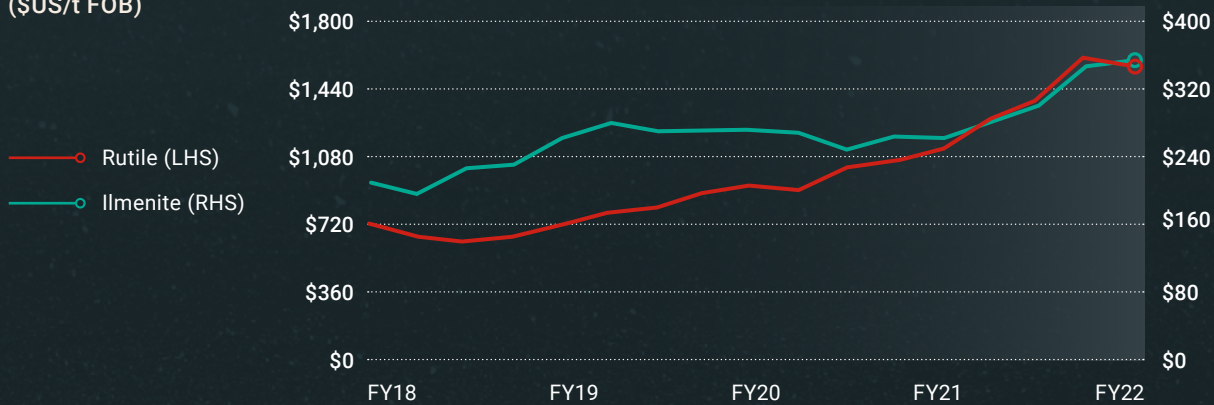
TOLIARA PROJECT

Madagascar
Mineral sands project progressing towards development

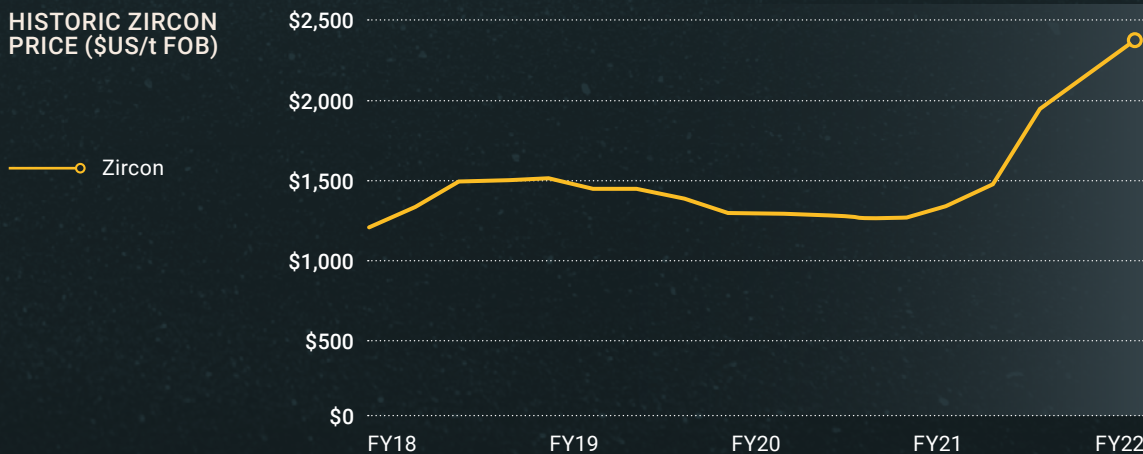
BASE RESOURCES

Perth
Company headquarters

HISTORIC ILMENITE / RUTILE PRICES (\$US/t FOB)



HISTORIC ZIRCON PRICE (\$US/t FOB)



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OPERATING & FINANCIAL REVIEW

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Operations

Base Resources operates the 100% owned Kwale Operations in Kenya, which commenced production in late 2013. Kwale Operations is located 50 kilometres south of Mombasa, the principal port facility for East Africa.

Kwale Operations is designed to process ore to recover three main products: rutile, ilmenite and zircon. Base Resources employs a hydraulic mining method which has proven cost effective and well suited to the Kwale deposit and involves blasting the mining face directly with high pressure jets of water to create an ore slurry. The ore slurry is then pumped to the wet concentrator plant where slimes are removed before a number of gravity separation steps reject most of the non-valuable, lighter gangue minerals to produce a heavy mineral concentrate. The heavy mineral concentrate is then processed in the mineral separation plant which cleans and separates the rutile, ilmenite and zircon minerals into finished products for sale. The Company also produces low grade zircon and rutile products.



Mining

Mining volume in the reporting period (FY22) was lower than the prior period (FY21), at approximately 16.5 million tonnes, primarily due to two separate outages caused by the failure of a tailings storage facility penstock and a flash flooding event. The average heavy mineral grade of ore mined increased to 3.73%, from 3.46% in FY21.

HMC production in FY22 of 565,461 tonnes was similar to the prior period (558,084 tonnes) as lower mining volumes were offset by the higher grade of ore mined. As HMC is the primary constraint on production, all available HMC was fed to the MSP and HMC stocks closed the year at 9,713 tonnes (prior period: 19,841 tonnes).

Processing

With a higher volume of HMC fed into the mineral separation plant during the year and recoveries in line with the prior period, production of ilmenite and rutile was higher. Zircon production of 25,557 tonnes was lower than the prior year (27,123 tonnes) due to lower contained zircon in the HMC mineral assemblage and a marginally lower mineral recovery of 84% (prior period: 85%).

In response to strong customer demand during the year, a new low grade rutile product was marketed from material that would otherwise have reported to tailings. Together with the low-grade zircon that has been produced for some time, the low-grade rutile is maximising the recovery and sale of the valuable minerals in the orebody.

Sales

The Company maintains a balance of multi-year and quarterly offtake agreements with long term customers as well as a small proportion of ongoing spot sales.

These multi-year and quarterly agreements, in place with some of the world's largest consumers of titanium dioxide feedstocks and zircon products, provide certainty for Kwale Operations by securing minimum offtake quantities for the applicable period. Sales prices in these agreements are typically either negotiated or set on a shipment-by-shipment basis or for periods of up to six months, and are derived from prevailing market prices.

The strength of the mineral sands market in the year for all products ensured that sales continued to closely match production, with minimal inventories maintained.

Mining and Wet Concentrator Plant	2022	2021
Ore mined (tonnes)	16,485,132	17,982,578
Heavy mineral (HM) content of ore mined (%)	3.73	3.46
Valuable heavy mineral (VHM) content of ore mined (%)	2.86	2.65
WCP heavy mineral concentrate production (tonnes)	565,461	558,084

Mineral Separation Plant	2022	2021
MSP feed (tonnes of heavy mineral concentrate)	575,589	554,693
MSP recovery %		
Ilmenite	101	101
Rutile	101	101
Zircon	84	85
Production (tonnes)		
Ilmenite	325,148	317,276
Rutile	74,349	73,248
Zircon	25,569	27,123
Zircon low grade	2,555	1,878
Rutile low grade	10,725	-

Product Sales	2022	2021
Sales (tonnes)		
Ilmenite	335,203	320,438
Rutile	75,315	74,339
Zircon	25,783	28,037
Zircon low grade	2,497	2,971
Rutile low grade	9,049	-

Business Development

Business development remained a core focus, with the Toliara Project and opportunities to extend Kwale Operations' mine life both progressed.

Toliara Project

The Toliara Project is founded on the Ranobe deposit, located approximately 45 kilometres north of the regional town of Toliara in southwest Madagascar. The Company acquired the Toliara Project in 2018 and is currently progressing the project towards development.

In November 2019, the Government of Madagascar required the Company to suspend on-the-ground activity on the Toliara Project while discussions on fiscal terms applying to the project were progressed. Local activity remains suspended as Base Resources continues to engage with the Government in relation to the country's Large Mining Investment Law regime, fiscal terms applicable to the Toliara Project and lifting of the on-the-ground suspension of activity.

In September 2021, the Company completed an enhanced Definitive Feasibility Study for the Toliara Project, based on the updated and increased Ranobe Ore Reserves estimate and incorporating an overall increase to the scale of the project.

The DFS delivered substantially improved outcomes, including:

- a post-tax real NPV of US\$1 billion @ 10% discount rate
- average revenue to cost of sales ratio of 3.5
- life of mine free cash flow of \$5.9 billion over the initial 38-year mine life.¹

Timing for a final investment decision to proceed with construction of the Toliara Project remains subject to lifting of the suspension of on-the-ground activities and agreeing acceptable fiscal terms with the Government of Madagascar.

Once these two key milestones are achieved, there will be approximately 11 months' work to complete prior to reaching FID, including finalisation of funding, completion of land acquisitions, conclusion of major construction contracts and entering offtake agreements with customers. The Company maintains readiness to accelerate progress when conditions support.

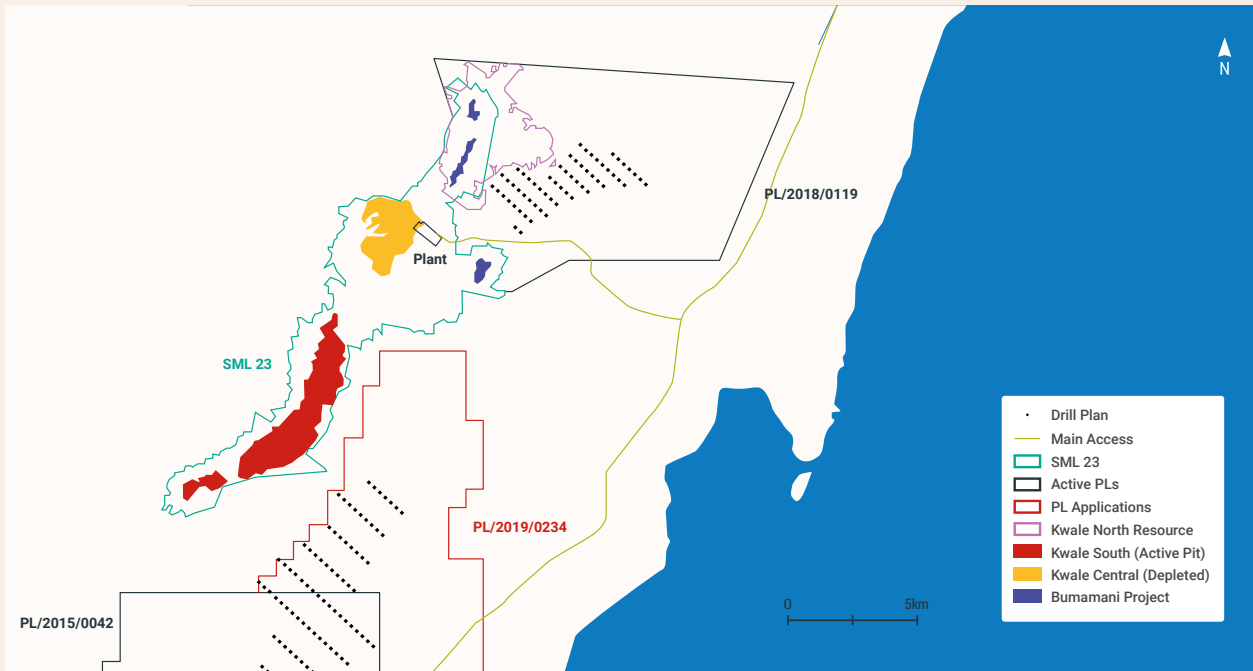


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Kwale Operations extensional initiatives

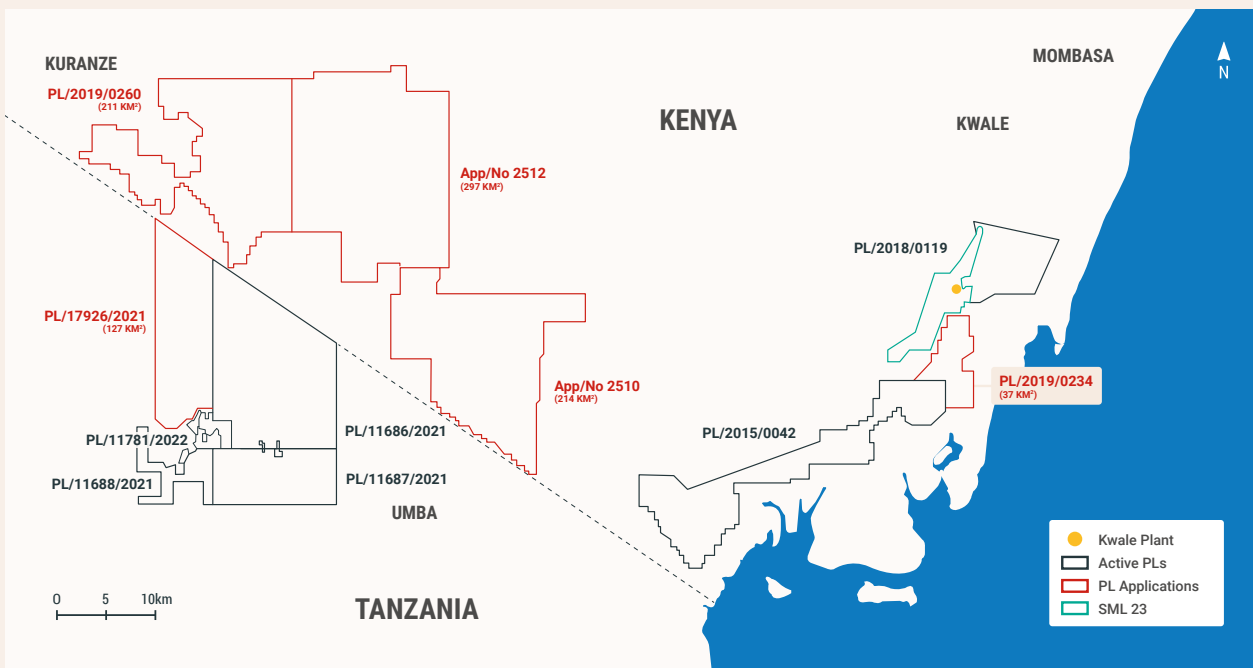
Significant progress was made to extend Kwale Operations mine life in FY22. Initially, mine life was extended to December 2023 following a variation to the Company's Special Mining Lease 23 to incorporate additional estimated South Dune Ore Reserves. Mine life was then further extended with the decision to proceed with the Bumamani Project, which will see the Company mine higher grade subsets of the estimated Kwale North Dune and Bumamani Mineral Resources until December 2024, subject to the completion of necessary land acquisitions.

The drilling program in the Kwale North-East Sector remained on hold, though efforts to re-engage the community to secure access were renewed. Additional prospecting licences applied for in the Kuranze region of Kwale county, as well as over an area south of Lamu, remained in the granting process. The Company continues to work with the Government, and other mining sector stakeholders, to see the moratorium lifted and recommencement of the issuance of mineral rights.



Tanzania

The Company has four prospecting licences in Tanzania covering over 263 km², with a fifth application still pending. On-ground exploration in Tanzania progressed with shallow auger drilling, test pits and rock chip sampling to assess geochemical anomalies and identify air core drilling targets. Following analysis of samples, a 3,000m air-core drill program is planned to commence in early FY23.



Sustainability

From project development through to operating mines, Base Resources adopts and enhances world-class, inclusive business practices seeking to minimise any negative impacts and maximise positive outcomes of its operations for its employees, its host communities and, more broadly, its host nations.

At Base Resources, sustainability has always been a key component of our business model – embedded across every stage of our approach to developing mineral sands mines, from exploration through to mining and then post mining land use. Kwale Operations is our success story so far.


We design and operate mines with the full life cycle of mining in mind and have an absolute commitment to operating in line with global best practice with context-specific social and environmental practices. At Base Resources, we believe that environmental and social risks and impacts are interconnected, and we manage them as such.

As an African-focused mineral sands company, we take great pride in working with members of our host communities through our preferential system of employment and procurement – ensuring that those nearest to, or most affected by, our mining activities have the greatest opportunity to benefit from our activities. We consult with local communities and our host nations at every step of the way, and work in partnership with other stakeholders to deliver on the outcomes

we are aiming to achieve. Our operations are designed responsibly to avoid human health and ecosystem impacts wherever possible, and we employ regenerative practices in an effort to leave our environments better than we found them.

The Board has ultimate responsibility for overseeing our approach to sustainability and is responsible for defining our environmental, social and ethics vision and ensuring that our overall strategy and systems are aligned with that vision. The Board established an Environment, Social and Ethics Committee in 2021 and, during the year, met on four occasions. Significant progress was made to further improve the Company's measurement, and communication of its sustainability strategy and performance, with an inaugural Sustainability Report due for release in the coming months.


Sustainability matters are specifically embedded in role descriptions throughout the organisation, ensuring both the requisite focus and effective integration into our "business as usual" practices.



Exploring for minerals




Designing projects



Developing the operation



Extracting the minerals



Transitioning to a life beyond mining

Designing to minimise harm and maximise benefit

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Our People

Health and safety

Base Resources believes that a healthy and safe workforce is an essential contributor to business success and is committed to the health, safety, and wellbeing of employees, contractors, and visitors. The Company strives for zero harm and effective management of risks through a culture which does not accept unsafe behaviours, where employees hold each other to account, and where continual improvement and honest communication of safety issues is entrenched in the workplace.

The Company suffered its first lost time injury since 2014 in FY22, resulting in a lost time injury frequency rate of 0.24 per million hours. With three medical treatment injuries recorded during the reporting period, Base Resources' total recordable injury frequency rate is 0.97 per million hours worked.

Local employment and workforce development

Base Resources prioritises the recruitment of local people via a system that is specifically designed to maximise employment opportunities and project benefits for local communities.

Through a 'fencing system', established in consultation with governments and local communities, Base Resources gives preference to those residing in the immediate environs of a mine with progressively lower priority given to those living further away.

Base Resources' employee fencing system has proved highly effective at Kwale Operations. Of the 1,281 employees and contractors, 99% are Kenyan, with 72% drawn from Kwale County. The same approach is being implemented in Madagascar for the Toliara Project.

Base Resources has structured training and skills transfer programs covering on-the-job training for permanent employees, as well as tailored programs for graduates, interns, apprentices and high school students. Implemented in both Kenya and Madagascar, the programs focus not only on employees, but also on building skills capacity in the broader community.

Reflecting the Company's continued commitment to skills transfer, Base Resources invested US\$450,000 in training and development across its operations during the year, resulting in delivery of over 79,351 hours of training to employees and members of the community.

CASE STUDY

Recognition of Prior Learning

Base Resources has partnered with the Government of Kenya through the Ministry of Labour, the Kenyan National Industrial Training Authority, the Kenya National Qualification Authority and the International Labour Organisation to pilot and launch the first Recognition of Prior Learning program in Kenya.

RPL identifies, assesses and certifies a candidate's knowledge, skills, competencies and experience gained through work skills and industry exposure, putting emphasis on applicants learning and not on the way competencies were acquired. The program provides a pathway to gaining a formal qualification that ultimately improves employability and skills mobility for all beneficiaries. Over 30 Base Resources employees had secured accreditation through the RPL at the end of the reporting period, receiving qualifications in gas welding, masonry and scaffolding.



Employee engagement

Base Resources places significant emphasis on establishing and developing a highly engaged, motivated and satisfied workforce, with the sustained operational performance achieved, across production, safety and cost management, reflective of the Company's success in developing human capital.

Additional key indicators of employee satisfaction and motivation, as well as sources of competitive cost advantage, are staff turnover and industrial action. The Group voluntary staff turnover rate for the reporting period was 2.9%. Base Resources has not recorded any industrial action since being founded.

Diversity

Base Resources values and encourages a diverse workforce and provides a work environment in which everyone is treated fairly, and with respect and can realise their full potential. The objectives set for achieving gender diversity for FY21 were retained for the reporting period. These objectives included achieving an increase in the overall percentage of women

employed by the Group, maintaining female representation in the intakes for graduate and apprentice programs at or above one third, increasing the number of women in management roles (Manager level and above) and senior management roles (General Manager level and above) and, excluding short term employees, maintaining female turnover that is less than Group turnover.¹

Base Resources achieved its objective to increase the overall percentage of women in the workforce, to maintain female representation in the intake for graduate and apprentice programs at or above one third in FY22 and to increase women in management roles. However, there was a decrease in Board diversity as a consequence of an unplanned resignation, voluntary female turnover was higher than that for the Group, albeit with a reduced margin, and no appointment opportunities were available during the year at senior management level. Further details about the Company's diversity objectives and performance are set out on page 76.

¹ Turnover covers all scenarios which may result in an employment relationship being ended, with the exception of termination for cause.

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Community

Base Resources engages with its local communities in a structured and inclusive manner. Across its operations, the Company has established various committees to act as an interface between the Company, local communities and governments. This is an important tool for managing expectations and addressing grievances or concerns, and establishes a mechanism for achieving more participatory and inclusive outcomes.

Through close collaboration with committees and communities across Kenya and Madagascar, programs have been developed based around four key pillars:

- Livelihood Improvement
- Community Health
- Education
- Community Infrastructure

During the reporting period, the Company worked with the three Community Development Agreement Committees, each representing a community affected by Kwale Operations, to oversee the delivery of a combined US\$2.5 million of development projects, including water infrastructure, educational buildings and sanitary facilities. In addition, the Company progressed its own community programs including awarding over 670 scholarships to secondary and tertiary students, construction of community infrastructure such as water towers and class rooms and the provision of hygiene stations to manage the spread of COVID-19.

More Information on Base Resources' community programs is available at baseresources.com.au.

Key pillars



Environment

The Company is committed to undertaking its activities in a way that prevents, mitigates or offsets any detrimental impacts on the environment. The Company's Environment Policy drives the Company's commitment to minimising pollution and overall impacts, contributing to protecting and conserving biodiversity and ensuring environmentally responsible behaviour.

The Company operates a comprehensive environmental management system that was effective in ensuring no significant environmental incidents during the year.

Rehabilitation of the Kwale Operations tailings storage facility external walls continued throughout FY22 with approximately 37.6 hectares (81%) classified as rehabilitated, following an audit by the National Environment Management Authority. Rehabilitation of the mined out Central Dune progressed with 32 hectares rehabilitated in the year. As mining operations advanced through the South Dune, the mined-out area is being progressively rehabilitated with 124 hectares undergoing planting in FY22, taking the total South Dune area that has either been planted or provisionally rehabilitated to 228 hectares (71% of the disturbed area) by the end of the reporting period.

Seeds and topsoil erosion control materials for this rehabilitation work are sourced from local women's groups, thereby providing additional incomes for villages surrounding the mine site.

Across the Company's operations, work continued on several programs to improve local biodiversity, and promote conservation and sustainability, including the rare and endangered flora propagation research program.

Under this program, Base Resources focuses on species of conservation significance, particularly local and threatened indigenous plant species, for propagation in its nurseries.

The Kwale Operations nursery has 303 indigenous species represented, and over 190,540 plants have been grown to date, of which 148,101 have been planted.

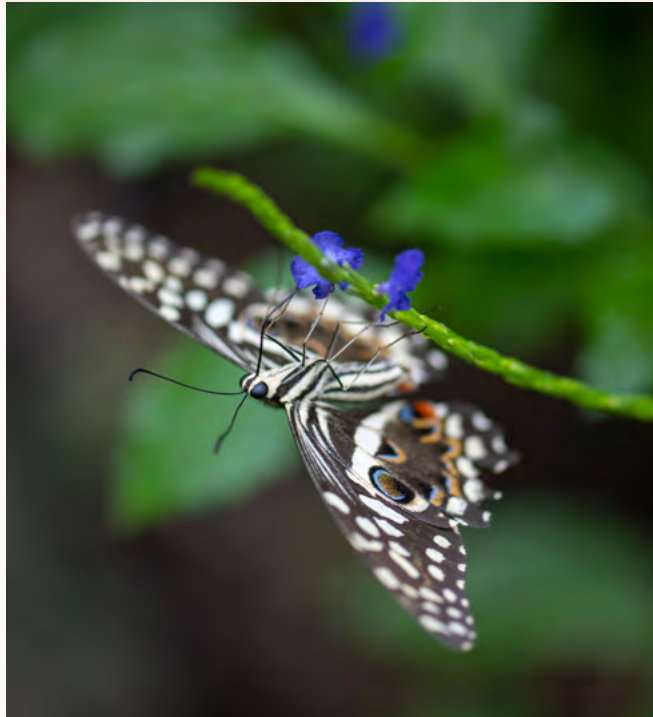
The nursery represents one of the largest of its kind in Africa, with 90 of the species represented appearing on the IUCN Red List of Threatened Species, as either critically endangered, endangered or vulnerable. The nursery, together with the arboretum established alongside it, also function as a training and educational facility for local community projects, schools and other visitors.

For more information on other environmental programs such as biodiversity corridors, wetland restoration and recycling programs visit [baseresources.com.au](https://www.baseresources.com.au).

CASE STUDY Biodiversity

A number of monitoring studies were completed by the National Museums of Kenya in the reporting period to assess the effectiveness of post mining land rehabilitation at Kwale Operations. The studies assessed changes that occurred in flora and fauna within the mine site over time and included specific studies on vegetation, birds, frogs, butterflies and macro invertebrates.

The studies determined a high species richness in land rehabilitated by Base Resources with increases in diversity and abundance over time including 113 species of birds and 297 plant species. The studies established that Base Resources conservation efforts have enhanced habitats for bird and other biodiversity.



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Markets

Robust demand for all Base Resources' products from all sectors and regions continued throughout FY22.

Mineral sands end products are widely used in everyday life and historical demand has been tightly tied to growth in global GDP.

Structural undersupply has translated into strong customer demand and solid price gains for all products over the reporting period. Market conditions remained robust at the end of FY22, but emerging economic uncertainty, stemming from Chinese COVID-19 management policies and global inflationary pressures, could see demand and product prices moderate.

Ilmenite and rutile

Ilmenite and rutile are different grades of titanium dioxide (TiO_2) minerals and are used predominantly to produce pigments for paint, paper, plastics, textiles and inks. TiO_2 pigment is prized for its opacity, brightness and whiteness and its ability to absorb and reflect ultraviolet radiation. It is also non-toxic and inert to most chemical reagents.

High grade TiO_2 minerals (which include rutile) can also be used to produce titanium metal, which is corrosion resistant and has the highest strength to weight ratio of any metal. Titanium metal is used across the aerospace and defence industries as well as in medical devices, sporting equipment and jewellery. High grade TiO_2 minerals are also used in the flux in welding consumables such as welding rods and flux-cored wire which is extensively used in ship building.

Chinese pigment producers, the largest consumers of sulphate ilmenite, experienced strong demand during the reporting period which resulted in a series of significant pigment price increases. Pigment sales growth came from both the export and Chinese domestic markets during most of the year, though uncertainty over the economy saw the domestic market for pigment in China soften towards the end of FY22. Pigment markets outside of China have been in significant deficit throughout the reporting period and have presented a good opportunity for Chinese pigment exporters to increase their export sales. Base Resources' customers in China continued to demand more ilmenite than Base Resources could supply which fuelled ongoing solid price gains for ilmenite.

Supply constraints on ilmenite persisted through FY22 – compounded by the Ukraine conflict which has significantly impacted the production and supply of ilmenite from Ukraine (a major global producer). Increasing ilmenite output from some African concentrate producers and domestic Chinese producers has not been sufficient to meet demand growth. However, this increasing supply, combined with the potential for weakness in the Chinese domestic market and uncertainty over the global economy, may slow pricing momentum in the coming financial year.





The average price for Base Resources' ilmenite in FY22 was 41% higher than the prior period.

The pigment industry outside of China, which is more dependent on high grade TiO_2 feedstock (including rutile) and dominated by western producers, experienced very strong demand and solid price growth throughout the reporting period. Pigment producers have sought to maximise their production rates to take advantage of the market conditions but have been constrained by the lack of available TiO_2 feedstock and some other raw materials. Rutile, the highest-grade feedstock, has been particularly sought after as it typically provides pigment producers with the highest pigment yield. Constrained supply of rutile and other high-grade feedstock has resulted in a growing deficit in the market and prices have continued on an upward trajectory.

Exacerbating the shortage of rutile has been the increased demand from the titanium metal and high-end welding sectors. Titanium metal is experiencing a significant supply shortfall as demand from aerospace increases on the back of strong aircraft order books and supply is heavily constrained by sanctions on Russia (traditionally the main supplier to the aerospace sector). Titanium metal producers outside of Russia are working to maximise their production rates and, like western pigment producers, are seeking the highest grade TiO_2 feedstock available.

Flux-cored wire producers in the welding sector, which rely on rutile as a key input, are experiencing solid demand from a rebounding ship-building industry and seeking increased quantities of feedstock. The interruption to rutile supply from Ukraine, which has traditionally been a major supplier to this market sector, is exacerbating the overall shortage of rutile in the market.

Demand for rutile from Base Resources' existing customers continues to exceed production capacity.

The average price for Base Resources' rutile in FY22 was 26% higher than the prior period. Ongoing strength in all end use sectors is likely to see strong prices being maintained for rutile through the start of FY23.

Zircon

Zircon has a range of end-uses, including in the production of ceramic tiles, which accounts for more than 50% of global zircon consumption. Milled zircon enables ceramic tile manufacturers to achieve brilliant opacity, whiteness and brightness in their products. Zircon's unique properties include heat and wear resistance, stability, opacity, hardness and strength, making it sought after for other applications such as refractories, foundries and specialty chemicals. Demand for zircon is closely linked to growth in global construction and increasing urbanisation in the developing world. Generally there is a close link between zircon demand growth and global GDP growth.

The zircon market experienced ongoing demand throughout the reporting period with demand from Base Resources' existing customers continuing to exceed production capacity.

During the early part of the financial year Chinese zircon demand was robust before easing due to mounting concerns around housing demand, power cuts, environmental controls and COVID-19 policy. However, these concerns subsided following Chinese New Year with demand rebounding, providing the basis for further strong price gains.

Zircon demand in Europe, the next biggest zircon market after China, maintained upward momentum throughout the reporting period with zircon millers unable to secure sufficient supply to meet their production targets.

Softer economic conditions in China stemming from renewed COVID-19 lockdowns has seen some building of zircon stocks in the downstream supply chain at the end of the reporting period. However, supply chain inventories remain low in other major markets. Support for high zircon prices has continued into the start of FY23 though the pricing outlook for the remainder of FY23 will depend on broader developments in the Chinese and global economies.

The average price for Base Resources' zircon in FY22 was 57% higher than the prior period.

Corporate

Base Resources achieved record revenue of US\$279.1 million and profit after tax of US\$80.7 million for the reporting period, a significant increase compared with the prior period, driven by higher product prices.

	2022				2021			
	Kwale Operations US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s	Kwale Operations US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s
Sales revenue	279,117	-	-	279,117	198,235	-	-	198,235
Cost of goods sold excluding depreciation & amortisation								
Operating costs	(70,113)	-	-	(70,113)	(64,963)	-	-	(64,963)
Inventory movement	(3,434)	-	-	(3,434)	(1,576)	-	-	(1,576)
Royalties expense	(18,019)	-	-	(18,019)	(13,823)	-	-	(13,823)
Total cost of goods sold⁽ⁱ⁾	(91,566)			(91,566)	(80,362)	-	-	(80,362)
Corporate & external affairs	(3,787)	(101)	(7,976)	(11,864)	(3,759)	(69)	(7,683)	(11,512)
Community development	(6,178)	-	-	(6,178)	(4,618)	-	-	(4,618)
Selling & distribution costs	(2,954)	-	-	(2,954)	(1,712)	-	-	(1,712)
Net write-off of Kenyan VAT receivable and royalty payable	(3,012)	-	-	(3,012)	-	-	-	-
Business development	-	-	(1,753)	(1,753)	-	-	(526)	(526)
Other income (expense)	(2,821)	(170)	(140)	(3,131)	(2,927)	-	(11)	(2,938)
EBITDA⁽ⁱ⁾	168,799	(271)	(9,869)	158,659	104,857	(69)	(8,220)	96,568
Depreciation & amortisation	(40,090)	(184)	(398)	(40,672)	(58,948)	(203)	(287)	(59,438)
EBIT⁽ⁱ⁾	128,709	(455)	(10,267)	117,987	45,909	(272)	(8,507)	37,130
Net financing expenses	(4,064)	(52)	(22)	(4,138)	(7,794)	-	(78)	(7,872)
Income tax expenses:								
Corporate income tax	(19,608)	-	-	(19,608)	(9,277)	-	-	(9,277)
Dividend withholding tax	-	-	(13,500)	(13,500)	-	-	(9,000)	(9,000)
NPAT	105,037	(507)	(23,789)	80,741	28,838	(272)	(17,585)	10,981

(i) Base Resources' financial results are reported under International Financial Reporting Standards (IFRS). These Financial Statements include certain non-IFRS measures including EBITDA and EBIT. These measures are presented to enable understanding of the underlying performance of the Group and have not been audited.

Sales revenue increased 40% to US\$279.1 million for FY22 (prior period: US\$198.2 million), due to higher sales volumes and a 33% increase in the average price of product sold to US\$621 per tonne (prior period: US\$467 per tonne), with higher prices achieved across all products.

Total operating costs of US\$70.1 million represented an increase of 8% compared to the prior period (US\$65.0 million), due to higher unit fuel costs and a 4% increase in production volume, with operating costs per tonne produced steady at US\$155 per tonne (prior period: US\$156 per tonne).

Cost of goods sold (operating costs, adjusted for stockpile movements and royalties) was US\$196 per tonne of product sold, 4% higher than the prior period (US\$188 per tonne) due to higher royalties as a consequence of the increased sales revenue.

With an operating margin of US\$425 per tonne sold (prior period: US\$279 per tonne) and an achieved revenue to cost of sales ratio of 3.2 (prior period: 2.5), Base Resources remains well positioned amongst mineral sands producers.

FY22 was the first full year during which the Community Development Agreements in Kenya were in place. These each stipulate that a fixed percentage of Base Titanium's annual sales revenue be allocated to community development projects. This, along with long-standing expenditure commitments, such as the scholarship programs, resulted in a US\$1.6 million increase in community development expenditure compared to the prior period.

Higher product prices and disciplined cost control delivered record Kwale Operations EBITDA for FY22 of US\$168.8 million (prior period: US\$104.9 million) and Group EBITDA of US\$158.7 million (prior period: US\$94.6 million).

The majority of Kwale Operations assets are depreciated on a straight-line basis over the remaining mine life. Shortly after the start of the 2022 financial year, the Kwale South Dune Ore Reserves estimate increased, allowing depreciation and amortisation charges to be prospectively spread over a longer remaining mine life. Accordingly, depreciation and amortisation in the reporting period decreased 32% to US\$40.7 million (prior period: US\$59.4 million). The release of the maiden Kwale North Dune and Bumamani Ore Reserves estimates, in June 2022, further extended mine life by 13 months to December 2024, but this will only impact depreciation charges in future years, as such changes are applied prospectively.

Due to increased EBITDA and reduced depreciation and amortisation, Kwale Operations recorded net profits after tax of US\$105.0 million (prior period: US\$28.8 million).

During the reporting period, the Group's Kenyan subsidiary and owner and operator of Kwale Operations, Base Titanium, distributed US\$90.0 million of surplus cash, via dividend, to the Group's ultimate parent entity, Base Resources.

The dividend distribution by Base Titanium incurred Kenyan dividend withholding tax at a rate of 15%, totalling US\$13.5 million, which has been recorded as an income tax expense, thus contributing to Group Net Profit After Tax of US\$80.7 million (prior period: US\$11.0 million). Basic earnings per share for the Group was USD 6.92 cents per share (prior period: USD 0.93 cents per share).

Cash flow from operations was US\$78.3 million for FY22 (prior period: US\$64.5 million), with higher sales revenue contributing to US\$80.4 million increase in receipts from customers. Offsetting the increase in sales receipts were the following:

- US\$5.2 million in increased operating costs;
- a US\$23.0 million increase in royalty payments (including as a result of an agreed increase to the royalty rate payable to the Government of Kenya and the previously provided for catch-up payments of US\$18.8 million being made as a result of the royalty rate increase having retrospective effect);
- a US\$6.1 million net build-up of Kenyan VAT;
- increased Base Titanium corporate tax payments of US\$23.8 million (prior period: US\$13.7 million); and
- US\$18.0 million of Kenyan dividend withholding tax (prior period: US\$4.5 million) on the distribution of surplus cash to Base Resources.

Operating cashflows were used to fund capital expenditure at Kwale Operations, Toliara Project progression and dividend payments.

Total capital expenditure for the Group was US\$19.0 million in the reporting period (prior period: US\$24.5 million), and comprised US\$12.2 million at Kwale Operations (prior period: US\$11.5 million), primarily for extending mining further south, land acquisitions for the South Dune extension and completion of the Bumamani Project definitive feasibility study, and US\$6.3 million for the progression of the Toliara Project (prior period: US\$12.0 million).

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.

Applying this approach, the Board determined a final dividend of AUD 3.0 cents per share, unfranked, with a record date of 5 September 2022 and payment date of 22 September 2022. This follows the AUD 3.0 cent per share, unfranked half-year dividend paid to shareholders in March 2022, and brings total dividends in respect of the reporting period to AUD 6.0 cents per share, unfranked.

Mineral Resources and Ore Reserves Statement

The 2022 Mineral Resources and Ore Reserves estimates for Base Resources Limited are summarised in the table below, together with the 2021 Mineral Resources and Ore Reserves estimates for comparison.

	2022 as at 30 June 2022									2021 as at 30 June 2021								
	Material	HM	HM	SL	OS	HM Assemblage				Material	HM	HM	SL	OS	HM Assemblage			
						ILM	RUT	LEUC	ZIR						ILM	RUT	LEUC	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources (Measured + Indicated + Inferred, inclusive of Ore Reserves)																		
Kwale [#]	205	3.5	1.7	35	2.0	47	13	-	5.8	254	4.7	1.9	34	1.9	50	13	-	5.7
Ranobe ⁺	2,580	111	4.3	7.7	0.4	71	1.0	1.0	5.9	1,293	66	5.1	6	0	72	2*	-	6
Ore Reserves (Proved + Probable)																		
Kwale	40	1.1	2.7	28	2.3	55	14	-	6.0	40	1.3	3.3	24	2.1	58	14	-	5.7
Ranobe	904	55	6.1	3.8	0.1	73	1.0	1.0	5.9	586	38	6.5	3.9	0.1	74	1.1	0.9*	5.9

Table subject to rounding differences.

* Rutile reported is rutile + leucoxene mineral species.

^ Recovered leucoxene will be split between rutile and chloride ilmenite products depending on product specification requirements.

Kwale incorporates the Kwale South Dune, Kwale North Dune and Bumamani deposits.

+ Ranobe Mineral Resources as at 30 June 2022 also specify the monazite and garnet within the mineral assemblage as a percentage of HM, refer to the standalone table for the Ranobe Mineral Resources below.



Mineral Resources and Ore Reserves estimates in this statement are reported in accordance with the JORC Code.

For further information about the estimates in this statement, including information that is material to understanding the estimates in relation to the applicable criteria in Table 1 of the JORC Code, refer to the following announcements:¹

Deposit(s)		Announcement Title	Estimate Date	Release Date
Kwale South Dune	Mineral Resources & Ore Reserves	Updated Kwale South Dune Mineral Resources and Ore Reserves estimates	30 June 2021	20 August 2021
Kwale North Dune and Bumamani	Mineral Resources	Updated Kwale North Dune and maiden Bumamani Mineral Resources estimates	19 February 2021	19 February 2021
Kwale North Dune and Bumamani	Ore Reserves	Maiden Kwale North Dune and Bumamani Ore Reserves estimates	20 June 2022	20 June 2022
Ranobe (Toliara)	Mineral Resources & Ore Reserves	Updated Ranobe Mineral Resources and Ore Reserves estimates	27 September 2021	27 September 2021
2021 Comparatives	Mineral Resources & Ore Reserves	2021 Mineral Resources and Ore Reserves Statement	30 June 2021	20 August 2021

¹ ASX announcements are available at <https://baseresources.com.au/investors/announcements/>

Kwale Deposits

The Company's wholly owned subsidiary, Base Titanium, holds Prospecting Licence 2018/0119 and Special Mining Lease 23 which contain the Kwale South Dune, the Kwale North Dune and Bumamani deposits.

Mineral Resources

The 2022 Kwale Mineral Resources, as at 30 June 2022, are estimated to be 205 million tonnes at an average heavy mineral grade of 1.7% for 3.5Mt of contained HM, at a 1% HM cut-off grade.

The 2022 Kwale Mineral Resources estimate represents a decrease of approximately 49Mt (or 19%) in material tonnes containing 1.2Mt of HM compared to the 2021 Kwale Mineral Resources estimate. This was due to Kwale South Dune mining depletion and removal of low-grade Kwale North Dune material

that was no longer within the boundary of PL119 following its automatic reduction in size upon renewal in accordance with Kenya's Mining Act of 2016.

The Kwale South Dune Mineral Resources are estimated to be 28Mt at an average HM grade of 2.9% for 0.8Mt of contained HM, a decrease of 26Mt containing 0.9Mt of HM compared to the 2021 Kwale South Dune Mineral Resources estimate.

The 2022 Kwale North Dune Mineral Resources are estimated to be 171Mt an average HM grade of 1.5% for 2.6Mt of contained HM, a decrease of 23Mt containing 0.3Mt of HM compared to the 2021 Kwale North Dune Mineral Resources estimate.

The 2022 Bumamani Mineral Resources are estimated to be 5.9Mt at an average HM grade of 1.9% for 0.115Mt of contained HM. The Bumamani Mineral Resources at 30 June 2022 are unchanged from the 2021 estimate.

2022 Kwale Mineral Resources estimate compared with the 2021 estimate at a 1% HM cut-off grade.

Category	2022 as at 30 June 2022									2021 as at 30 June 2021						
	Material (Mt)	HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage			Material (Mt)	HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage		
						ILM	RUT	ZIR						ILM	RUT	ZIR
						(%)	(%)	(%)						(%)	(%)	(%)
Kwale South Dune Mineral Resources (Inclusive of Ore Reserves)																
Measured	17	0.49	3.0	24	1.3	59	14	5.8	38	1.2	3.3	24	1.0	59	14	5.6
Indicated	11	0.31	2.9	25	6.1	56	13	5.9	16	0.5	3.0	25	5.9	54	13	5.7
Total	28	0.81	2.9	24	3.2	58	14	5.8	54	1.7	3.2	24	2.4	57	14	5.6
Kwale North Dune Mineral Resources (Inclusive of Ore Reserves)																
Measured	106	1.6	1.5	37	1.5	40	13	5.4	119	1.8	1.5	37	1	42	13	6
Indicated	63	0.9	1.4	37	2.1	49	14	6.1	73	1.0	1.4	37	2	50	14	6
Inferred	2	0.03	1.2	37	2.9	49	15	6.5	2	0.0	1.2	37	3	50	15	7
Total	171	2.6	1.5	37	1.8	44	13	5.7	194	2.9	1.5	37	2	45	13	6
Bumamani Mineral Resources (Inclusive of Ore Reserves)																
Measured	3.0	0.066	2.2	19	2.2	48	15	7.5	3.0	0.066	2.2	19	2.2	48	15	7.5
Indicated	2.6	0.045	1.7	23	5.2	47	16	7.7	2.6	0.045	1.7	23	5.2	47	16	7.7
Inferred	0.3	0.004	1.4	27	6.1	41	14	7.8	0.3	0.004	1.4	27	6.1	41	14	7.8
Total	5.9	0.115	1.9	21	3.8	47	15	7.6	5.9	0.115	1.9	21	3.8	47	15	7.6
Total Kwale Mineral Resources (Inclusive of Ore Reserves)																
Measured	125	2.2	1.7	35	1.5	45	13	5.6	160	3.1	2.0	33	1.3	49	13	5.6
Indicated	77	1.3	1.6	35	2.8	51	14	6.1	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	3	0.0	1.2	36	3.3	48	15	6.7
Total	205	3.5	1.7	35	2.0	47	13	5.8	254	4.7	1.9	34	1.9	50	13	5.7

Table subject to rounding differences.

Ore Reserves

Included within the Kwale Mineral Resources are the Kwale Ore Reserves, estimated to be 40Mt at an average HM grade of 2.7% for 1.1Mt of contained HM as at 30 June 2022.

Compared to the 2021 Kwale Ore Reserves estimate, there was no net change in total ore tonnes. There was, however, a decrease of 19% in contained HM tonnes.

This was the net result of:

- mining depletion, decreasing Kwale South Dune Ore Reserves by 18Mt containing 0.6Mt of HM, inclusive of unmined material caused by an elevated basement floor in some areas compared to that predicted in the underlying model;
- the maiden Kwale North Dune Ore Reserves estimate adding 13.9Mt of ore and 0.29Mt of contained HM; and
- the maiden Bumamani Ore Reserves estimate adding 3.9Mt of ore and 0.091Mt of contained HM.

The 2022 Kwale South Dune Ore Reserves estimate compared with the 2021 estimate.

Category	2022 as at 30 June 2022									2021 as at 30 June 2021						
	Material	HM	HM	SL	OS	HM Assemblage			Material	HM	HM	SL	OS	HM Assemblage		
	(Mt)	(Mt)	(%)	(%)	(%)	ILM	RUT	ZIR	(Mt)	(Mt)	(%)	(%)	(%)	ILM	RUT	ZIR
Kwale South Dune Ore Reserves																
Proved	15	0.46	3.1	25	1.2	59	14	5.7	30	1.0	3.4	24	0.9	59	14	5.6
Probable	7	0.25	3.3	24	5.8	57	13	5.9	11	0.4	3.3	24	5.5	56	13	5.7
Total	22	0.71	3.2	24	2.8	58	14	5.8	40	1.3	3.3	24	2.1	58	14	5.7
Kwale North Dune Ore Reserves																
Proved	8.3	0.17	2.1	37	0.9	50	13	6.1								
Probable	5.6	0.12	2.1	37	1.8	53	13	5.9					N/A			
Total	13.9	0.29	2.1	37	1.2	51	13	6.0								
Bumamani Ore Reserves																
Proved	2.6	0.062	2.3	19	2.2	48	16	7.5								
Probable	1.3	0.029	2.2	19	5.3	48	16	7.6					N/A			
Total	3.9	0.091	2.3	19	3.2	48	16	7.5								
Total Kwale Ore Reserves																
Proved	26	0.69	2.7	28	1.2	56	14	6.0	30	1.0	3.4	24	0.9	59	14	5.6
Probable	14	0.40	2.7	29	4.2	55	13	6.0	11	0.4	3.3	24	5.5	56	13	5.7
Total	40	1.1	2.7	28	2.3	55	14	6.0	40	1.3	3.3	24	2.1	58	14	5.7

Table subject to rounding differences.

Ranobe Deposit

The Company's 100% owned Toliara Project is based on the Ranobe deposit. The Ranobe deposit sits within *Permis D'Exploitation* 37242, which is a mining lease under Malagasy law. The Company is currently progressing the project towards development.

Mineral Resources

The 2022 Ranobe Mineral Resources are estimated to be 2,580Mt at an average HM grade of 4.3% for 111Mt of contained HM, based on a 1.5% HM cut-off grade.

The Ranobe Mineral Resources were updated on 27 September 2021 to incorporate the results of previous drilling programs. The 2022 Ranobe Mineral Resources estimate represents an increase of 99% in material tonnes and 68% in contained HM tonnes when compared with the 2021 Ranobe Mineral Resources estimate.

The 2022 Ranobe Mineral Resources estimate, compared with the 2021 estimate, at a 1.5% HM cut-off grade.

Category	Tonnes (Mt)	HM (Mt)	Mineral Assemblage as % of HM								
			HM (%)	SL (%)	OS (%)	ILM (%)	RUT (%)	LEUC (%)	ZIR (%)	MON (%)	GARN (%)
2022 Ranobe Mineral Resources (as at 30 June 2022, inclusive of Ore Reserves)											
Measured	597	36	6.1	4.3	0.2	74	1.0	1.0	5.9	1.9	2.2
Indicated	793	35	4.4	7.1	0.5	71	1.0	1.0	5.9	2.0	3.6
Inferred	1,190	39	3.3	9.7	0.6	69	1.0	1.0	5.8	2.0	4.3
Total	2,580	111	4.3	7.7	0.4	71	1.0	1.0	5.9	2.0	3.4
2021 Ranobe Mineral Resources* (as at 30 June 2021, inclusive of Ore Reserves)											
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	-	-

Table subject to rounding differences.

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

Ore Reserves

Included within the Ranobe Mineral Resources are the Ranobe Ore Reserves, estimated to be 904Mt at an average HM grade of 6.1% for 55Mt of contained HM as at 30 June 2022. No monazite or garnet is incorporated in the Ranobe Ore Reserves estimate because the existing mining tenure, *Permis D'Exploitation* 37242, does not currently provide the right to exploit these minerals.

The Ranobe Ore Reserves estimate was also updated on 27 September 2021 following the update to the Ranobe Mineral Resources estimate mentioned above. The 2022 Ranobe Ore Reserves estimate represents an increase of 54% in material tonnes and 45% in contained HM tonnes when compared with the 2021 Ranobe Ore Reserves estimate. No mining of Ranobe Ore Reserves occurred during the period.

The 2022 Ranobe Ore Reserves estimate compared with the 2021 estimate.

Category	Tonnes (Mt)	HM (Mt)	Mineral Assemblage as % of HM							
			HM (%)	SL (%)	OS (%)	ILM (%)	RUT (%)	LEUC (%)	ZIR (%)	
2022 Ranobe Ore Reserves (as at 30 June 2022)										
Proved	433	30	6.9	3.8	0.1	75	1.0	1.0	6.0	
Probable	472	25	5.3	3.9	0.2	72	1.0	1.0	5.8	
Total	904	55	6.1	3.8	0.1	73	1.0	1.0	5.9	
2021 Ranobe Ore Reserves* (as 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	

Table subject to rounding differences.

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

Mineral Resources and Ore Reserves Governance

A summary of the governance, internal controls and estimation process applicable to Base Resources' Mineral Resources and Ore Reserves estimates is as follows:

Mineral Resources

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control.
- Geological interpretation – review of known and interpreted structure, lithology and weathering controls.
- Estimation methodology – relevant to mineralisation style and proposed mining methodology.
- Comparison of estimation results with previous mineral resources models, and with results using alternate modelling methodologies.
- Visual validation of block model against raw composite data.
- Use of external Competent Persons to assist in preparation of Mineral Resources estimate updates.

Competent Persons' Statements

The information in this statement that relates to Mineral Resources and Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons named in the table below. Each Competent Person:

- is a Member or Fellow of The Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists;
- has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code and as a qualified person for the purposes of the AIM Rules for Companies; and
- consents to the inclusion in this statement of matters based on their information in the form and context in which the relevant information appears.

Ore Reserves

- Review of potential mining methodology to suit deposit and mineralisation characteristics.
- Review of potential Modifying Factors, including cost assumptions and commodity prices to be utilised in mining evaluation.
- Ore Reserves estimate updates initiated following material changes in the relevant Modifying Factor assumptions.
- Optimisation using appropriate software packages for open pit evaluation.
- Design based on optimisation results.
- Use of external Competent Persons to assist in preparation of Ore Reserves estimates.

Mr. Scott Carruthers has also approved this statement as a whole. Mr. Scott Carruthers also consents to the inclusion of this statement in the Annual Report in the form and context in which it appears.

Mr. Scott Carruthers is employed by Base Resources, holds equity securities in Base Resources, and is entitled to participate in Base Resources' long-term incentive plan and receive equity securities under that plan.

Details about that plan are included in this Annual Report. Mr. Ian Reudavey is also employed by Base Resources. He does not presently hold equity securities in Base Resources and is not entitled to participate in Base Resources' long-term incentive plan.

Name	Estimate(s)	Employer
Scott Carruthers	Kwale Mineral Resources and Ore Reserves (overall), Kwale South Dune Mineral Resources, Bumamani Mineral Resources, Kwale South Dune Ore Reserves, Kwale North Dune Ore Reserves, Bumamani Ore Reserves and Ranobe Ore Reserves	Base Resources, full-time employee
Greg Jones	Kwale North Dune Mineral Resources and Ranobe Mineral Resources	IHC Robbins, consultant geologist to Base Resources
Per Scrimshaw	Kwale North Dune Ore Reserves and Bumamani Ore Reserves	Entech, a mining consultancy engaged by Base Resources
Chris Sykes	Ranobe Ore Reserves	IHC Robbins, consultant mining engineer to Base Resources
Ian Reudavey	Ranobe Mineral Resources	Base Resources, full-time employee

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DIRECTORS' REPORT

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Directors and Other Details

Your directors present their report, together with the financial statements of the Group, being the Company, Base Resources Limited, and its controlled entities, for the financial year ended 30 June 2022 compared with the financial year ended 30 June 2021.

Directors

The names of the directors in office at any time during or since the end of the year are:

<i>Mr Michael Stirzaker</i>	<i>Ms Janine Herzig (retired 5 May 2022)</i>
<i>Mr Keith Spence (retired 26 November 2021)</i>	<i>Mr Malcolm Macpherson</i>
<i>Mr Tim Carstens</i>	<i>Ms Diane Radley</i>
<i>Mr Colin Bwye (retired 31 March 2022)</i>	<i>Mr Scot Sobey (appointed 26 November 2021)</i>

Other than as noted above, all Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

Mr Chadwick Poletti held the position of company secretary during the financial year.

Principal activities and significant changes in nature of activities

The principal activity of the Group is the operation of the Kwale Mineral Sands Operation in Kenya and development of the Toliara Project in Madagascar.

Operating results

The Group recorded a profit after tax of US\$80,741,000 for the reporting period (2021: US\$10,981,000).

Dividends paid or recommended

During the reporting period, Base Resources paid a final dividend of AUD 4.0 cents per share, unfranked, in September 2021, and paid an interim dividend of AUD 3.0 cents per share, unfranked, in March 2022. The total value of dividends paid during the reporting period amounted to US\$60.9m.

Since the end of the reporting period the Board determined a final dividend of AUD 3.0 cents per share, unfranked, with a record date of 5 September 2022 and payment date of 22 September 2022. The financial impact of the dividend amounting to an estimated US\$24.4 million has not been recognised in the Consolidated Financial Statements for the year-ended 30 June 2022.

Significant changes in state of affairs

There were no other significant changes in the state of affairs of the Group during the reporting period.

After balance date events

There have been no other significant events since the reporting date.

Future developments, prospects and business strategies

Base Resources' strategy is to continue to pursue mine life extension at Kwale Operations through the assessment and development of existing near mine deposits and exploration, and progress the Toliara Project towards development including a study to assess the commercial potential of the monazite identified in Ranobe Mineral Resources estimate.

Director biographies

Mr Michael Stirzaker

Non-Executive Chair

Qualifications:

BCom, CA

Appointed:

19 November 2014 (previously acted as an alternate since November 2011 and appointed Non-Executive Chair on 26 November 2021)

Experience:

Mr Stirzaker has over 30 years' commercial experience, mainly in mining finance and mining investment. He began his career in Sydney as a Chartered Accountant with KPMG, before moving into investment banking with the HSBC Group and then Kleinwort Benson Limited in London. From 1993 to 2007 he was part of the natural resource advisory and investment firm, RFC Group Limited, where he became Joint Managing Director. He has also been a shareholder and Director of Tennant Metals Pty. Limited, a privately owned physical metal trader and investor, and was the Finance Director of Finders Resources Limited, an ASX listed company producing copper in Indonesia. From 2010 until 2019, Mr Stirzaker was a partner with private equity mining fund manager, Pacific Road Capital Management. The Pacific Road Resources Fund II is a major shareholder of Base Resources.

Special responsibilities:

Chair of the Board, Chair of the Remuneration & Nomination Committee; Chair of the Environment, Social & Ethics Committee; member of the Audit Committee, member of the Environment, Social & Ethics Committee

Other current listed company directorships:

Prodigy Gold NL (retired December 2021); Southern Palladium Limited (since 2022); Akora Resources Limited (Chair, since 2022)

Past listed company directorships held over the last three years:

Nil

Mr Keith Spence

Non-Executive Chair (retired 26 November 2021)

Qualifications:

BSc (Geophysics) (Hons), FAIM

Appointed:

20 February 2015 (appointed as Non-Executive Chair on 19 May 2015)

Experience:

Mr Spence has over 40 years' experience in managing and governing oil and gas operations in Australia, Papua New Guinea, the Netherlands and Africa.

A geologist and geophysicist by training, Mr Spence commenced his career as an exploration geologist with Woodside in 1977. He subsequently joined Shell (Development) Australia, where he worked for 18 years. In 1994 he was seconded to Woodside to lead the North West Shelf Exploration team. In 1998, he left Shell to join Woodside. He retired from Woodside in 2008 after a 14-year tenure in top executive positions in the company including Chief Operating Officer and Acting Chief Executive Officer.

Upon his retirement Mr Spence took up several board positions, including at Clough Limited, where he served as Chair from 2010 to 2013, Geodynamics Limited where he served as a non-executive Director from 2008 to 2016 (including as Chair from 2010 to 2016), Oil Search Limited, where he served as a non-executive Director from 2012 to 2017 and Murray and Roberts Holdings Ltd where he served as a non-executive Director from 2015 to 2020.

Mr Spence retired as Non-Executive Chair on 26 November 2021, following the Company's 2021 Annual General Meeting.

Special responsibilities:

Chair of the Board; Chair of the Remuneration & Nomination Committee; Chair of the Environment, Social & Ethics Committee; member of the Risk Committee; member of the Audit Committee

Other current listed company directorships:

IGO Limited (since 2014); Santos Limited (Chair, since 2018)

Past listed company directorships held over the last three years:

Murray and Roberts Holdings Ltd (resigned March 2020)

Mr Tim Carstens Managing Director

Qualifications: BCom

Appointed: 5 May 2008

Experience: Mr Carstens is an experienced mining executive, with a career spanning more than 20 years in senior resources-sector roles, both in Australia and overseas, with Perilya Limited, North Limited, Robe River Iron Associates, Iron Ore Company of Canada and St Barbara Mines Limited. A chartered accountant by profession, he has strong experience in all aspects of business strategy development and implementation, acquisitions and divestments, debt and equity financing, organisational development and operational performance. He has been Managing Director of Base Resources since the Company's inception in May 2008.

Mr Carstens is a Non-Executive Director of the Australia-Africa Minerals and Energy Group (AAMEG), the peak body representing Australian companies engaged in the development of Africa's resource industry. He was Chair of AAMEG from 2016 to 2021.

Special responsibilities: Managing Director; member of the Risk Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships: Nil

Past listed company directorships held over the last three years: Nil

Mr Colin Bwye Executive Director – Operations & Development (retired 31 March 2022)

Qualifications: BEng (Hons)

Appointed: 12 July 2010

Experience: Mr Bwye has over 30 years' experience in the mineral sands sector, having commenced his professional career with RGC Mineral Sands (since consolidated into Iluka Resources) as a plant metallurgist in 1988. He undertook a number of technical, production and mining roles within RGC and then, after a period of time consulting to the industry, joined Doral Mineral Industries, a subsidiary of Iwatani Corporation of Japan. Here he was a leader in the development and operation of the Dardanup mineral sands mine in Western Australia before taking on the role of managing director and becoming accountable for the fused materials (zirconia and alumina) processing facilities as well as the mineral sands operation. In 2010 Mr Bwye joined Base Resources as Executive Director – Operations & Development. Mr Bwye has an extensive knowledge of all aspects of the mineral sands industry, including downstream processing and marketing of mineral sands products. Mr Bwye retired as Executive Director – Operations & Development on 31 March 2022.

Special responsibilities: Executive Director; member of the Risk Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships: Nil

Past listed company directorships held over the last three years: Nil

Ms Janine Herzig

Non-Executive Director (retired 5 May 2022)

Qualifications:

BEng (Hons), FAusIMM, CP (Met)

Appointed:

12 October 2020

Experience:

Ms Herzig has 30 years' experience in the resources sector, encompassing executive management, consulting, technical and production roles, across all commodities including industrial minerals. A metallurgical engineer by training, Ms Herzig spent 10 years with RGC and Iluka Resources in multiple locations, involved in dredging, dry mining operations, wet concentrators, dry mills, synthetic rutile and tailings management. After commissioning a number of projects and brownfields operations, she advanced to Principal Metallurgist for Iluka Resources' greenfields Murray Basin projects.

Ms Herzig was General Manager of the Minerals and Industrial division at Bureau Veritas from 2005 to 2009, leading the company through a major expansion and M&A phase.

She then established a consulting business, undertaking due diligence work, desktop reviews, independent audits and acting as an expert witness in the field of mineral sands processing and tailings management.

Ms Herzig is a Fellow and Chartered Professional (Metallurgy) of the AusIMM. She was on the Board of the AusIMM from 2013 to 2022, serving as President and Chair in 2019 and 2020 and Immediate Past President in 2021. She is the current Chair of the AusIMM's International Advisory Forum and ESG Steering Committee as well as being the Co-Chair of the Global Mineral Professionals Alliance (GMPA) and its Global Action on Tailings (GAT) initiative.

She is currently Executive President and Director of the Coalition for Eco-Efficient Comminution (CEEC International) and is on the Advisory Board of the ARC Training Centre for Integrated Orebodies.

Ms Herzig retired as a Non-Executive Director on 5 May 2022.

Special responsibilities:

Member of the Remuneration & Nomination Committee; member of the Risk Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships:

Nil

Past listed company directorships held over the last three years:

Nil

Mr Malcolm Macpherson

Non-Executive Director

Qualifications:

BSc, FAusIMM, FTSE

Appointed:

25 July 2013

Experience:

Mr Macpherson is an accomplished business leader, with decades of experience in the global mining industry at executive management and board level. Mr Macpherson spent 25 years from 1974 at Iluka Resources, the world's largest mineral sands company, rising from mine manager to Managing Director and Chief Executive Officer. He has previously held the position of Chair with Azumah Resources Limited and Western Power Corporation and been a director of Portman Mining Limited and Minara Resources Limited. Mr Macpherson has also been the Senior Vice President of the Minerals Council of Australia, President of the Western Australian Chamber of Minerals & Energy, and a member of the Senate at Murdoch University.

Special responsibilities:

Chair of the Risk Committee; member of the Remuneration & Nomination Committee; member of the Audit Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships:

Nil

Past listed company directorships held over the last three years:

Nil

Ms Diane Radley Non-Executive Director

Qualifications: BComm BCompt (Hons), CA(SA), MBA, AMP (Harvard)

Appointed: 1 February 2018

Experience: Ms Radley has over 25 years' experience in senior leadership roles across multiple industries, most recently in financial services and investments. She served as CFO at Allied Electronics Corporation (JSE), Group Finance Director at Old Mutual South Africa, and CEO of Old Mutual Investment Group. Prior to this, she advised on a variety of transactions, listings and due diligences for large corporate acquirers and private equity funds in her role as Partner-in-charge of Transaction Services at PricewaterhouseCoopers in South Africa.

Special responsibilities: Chair of the Audit Committee; member of the Risk Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships: Murray & Roberts Holdings Ltd (since 2017); Transaction Capital Ltd (since 2018); Redefine Properties Ltd (since 2020); Network International Holdings Plc (since 2021).

Past listed company directorships held over the last three years: Nil

Mr Scot Sobey Non-Executive Director

Qualifications: BSc (Mechanical Engineering), GAICD

Appointed: 26 November 2021

Experience: Mr Sobey has over 15 years' experience in the resources sector, encompassing executive management, consulting, project development and production roles as well as relevant commercial experience in mining finance and investment across a suite of commodities and industrial minerals.

A mechanical engineer by training, Mr Sobey commenced his professional career in 2001 in management consulting where he developed extensive expertise over a 5-year period in large scale turnaround and transformation projects spanning the financial services, courier and freight, telecommunications, and mining industries. His career progression into the mining industry arose from a consulting engagement in 2006, in which he was instrumental in managing the listing of a dual product gold and uranium junior (First Uranium Corporation) onto the Toronto Stock Exchange.

Mr Sobey spent six years with First Uranium during which time he played a pivotal role in transforming First Uranium from an early-stage development company into a meaningful mid-tier producer, initially as VP Business Development, then as COO and finally as Executive Vice President. From 2012, Mr Sobey went on to lead direct investments for a family private equity office focused on resources projects in Southern Africa.

In 2019, Mr Sobey joined Pacific Road as an Investment Director where he is responsible for the screening of, evaluation of and subsequent investment in, resource related investment opportunities. The Pacific Road Resources Fund II is a major shareholder of Base Resources, with Mr Sobey appointed as its nominee on the Board.

Special responsibilities: Member of the Remuneration & Nomination Committee; member of the Risk Committee; member of the Environment, Social & Ethics Committee

Other current listed company directorships: Nil

Past listed company directorships held over the last three years: Nil

Mr Chadwick Poletti

Chief Legal Officer and Company Secretary

Qualifications:

LLB (Hons), BCom

Appointed:

19 May 2015

Experience:

Mr Poletti is a practising lawyer with over 15 years' experience, principally focused on the resources sector. Mr Poletti has broad experience in advising companies and directors in relation to directors' duties, the Corporations Act, the ASX Listing Rules, the AIM Rules for Companies and corporate governance.

Prior to joining Base Resources, Mr Poletti was at international law firm, Ashurst, where he specialised in both domestic and cross-border regulated and unregulated mergers and acquisitions, including takeovers and schemes of arrangement, capital raisings and corporate advisory and governance.



Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as shown in the table below:

	Board Meetings		Audit Committee		Remuneration & Nomination Committee		Risk Committee		ESE Committee	
	Meetings held while a director	Meetings attended	Meetings held while a committee member	Meetings attended	Meetings held while a committee member	Meetings attended	Meetings held while a committee member	Meetings attended	Meetings held while a committee member	Meetings attended
Michael Stirzaker	12	12	5	5	4	4	-	-	4	4
Keith Spence ⁽ⁱ⁾	6	6	3	3	3	3	2	2	2	2
Tim Carstens	12	11	-	-	-	-	4	3	4	3
Colin Bwye ⁽ⁱⁱ⁾	10	9	-	-	-	-	3	2	3	2
Janine Herzig ⁽ⁱⁱⁱ⁾	11	11	-	-	4	4	3	3	3	3
Malcolm Macpherson	12	12	5	5	4	4	4	4	4	4
Diane Radley	12	12	5	5	-	-	4	4	4	4
Scot Sobey ^(iv)	6	6	-	-	-	-	-	-	-	-

(i) Retired 26 November 2021

(ii) Retired 31 March 2022

(iii) Retired 5 May 2022

(iv) Appointed 26 November 2021

Indemnifying Officers

During or since the end of the financial year, Base Resources has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums to insure its Directors and officers against certain liabilities incurred while acting in that capacity. The contracts of insurance prohibit disclosure of details of the policies or the premiums paid.

The Company's Constitution provides that, subject to and so far as permitted by applicable law, the Company must indemnify every officer of the Company and its wholly owned subsidiaries against a liability incurred as such an officer to a person (other than the Company or a related body corporate) including a liability incurred as a result of appointment or nomination by the Company or subsidiary as a trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith.

Consistent with the rules of the Company's Constitution, the Company has also given indemnities under the terms of deeds of indemnity in favour of current and former directors of the Company and its subsidiaries. In broad terms, each deed includes an indemnity that provides that the relevant Director or officer is to the maximum extent permitted by law, indemnified out of the property of the Company, against any liability (other than a liability for costs and expenses) the Director or officer incurs to another person (other than the Company or a related body corporate of the Company) as a Director or officer of the Company or a related body corporate, unless the liability arises out of conduct involving a lack of good faith by the Director or officer.

No indemnity has been granted to an auditor of the Group in their capacity as auditors of the Group.

Shares issued since the end of the financial year

No shares in Base Resources have been issued since year end and no amounts are unpaid on any of the issued shares.

Proceedings on behalf of Group

No person has applied for leave of a Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are also satisfied that the services provided and disclosed below did not compromise the external auditor's independence because the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to the Group external auditors for non-audit services provided during the year ended 30 June 2022:

	2022 US\$	2021 US\$
<i>KPMG Australia</i>		
Other services	8,313	8,047
<i>Overseas KPMG firms</i>		
Assistance with Kenyan Revenue Authority audits for prior periods for which KPMG was the incumbent tax advisor	8,437	33,898
Kenyan VAT compliance and advisory services	-	10,068

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 59 of the Annual Report.

Rounding

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Instrument, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

This Remuneration Report sets out the remuneration arrangements for Base Resources for year ended 30 June 2022. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Details of key management personnel

This Remuneration Report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, and comprise the Directors (whether executive or otherwise) of the Company and other executive management, as detailed in the table below.

The executive management considered to be KMP are those General Managers who are responsible for planning and controlling major activities at a Group level. The Executive Directors during the year (being the Managing Director and the former Executive Director - Operations & Development) and other executive management listed in the table below are collectively defined as the Senior Executives for the purposes of this report.

Name	Position
Senior Executives	
T Carstens	Managing Director
C Bwye	Executive Director - Operations & Development (retired 31 March 2022)
K Balloch	Chief Financial Officer
A Greyling	General Manager - Growth
S Hay	General Manager - Marketing
C Poletti	General Counsel and Company Secretary
M Rose	General Manager - Support Services (appointed 1 December 2021)
Non-Executive Directors	
M Stirzaker	Chair (appointed Chair 26 November 2021)
K Spence	Chair (retired 26 November 2021)
J Herzig	Director (retired 5 May 2022)
M Macpherson	Director
D Radley	Director
S Sobey	Director (appointed 26 November 2021)

Role of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for oversight of the remuneration system and policies. It is also responsible for evaluating the performance of the Executive Directors from time to time and monitoring performance of the executive management team. The Board, upon recommendation of the Remuneration & Nomination Committee, determines the remuneration of the Executive Directors from time to time. The Remuneration & Nomination Committee reviews and approves the remuneration of the executive management team (other than the Executive Directors from time to time).

The objective of the Remuneration & Nomination Committee is to ensure that the Company's remuneration system and policies attract and retain executives and directors who will create sustained value for shareholders.

Services from remuneration data providers

The Remuneration & Nomination Committee engaged BDO Reward and The Reward Practice to provide market data relating to the remuneration package of the Managing Director to assist the Committee and the Board in assessing the positioning and competitiveness of the Managing Director's current remuneration package. For these engagements, BDO Reward and The Reward Practice were engaged by the Remuneration & Nomination Committee Chair and reported to the Committee and the Board.

Separately, the Managing Director engaged BDO Reward and The Reward Practice to provide market data relating to the remuneration packages of management (excluding the Managing Director) to assist the Managing Director in assessing the positioning and competitiveness of management's current remuneration packages. In formulating his recommendations to the Committee, the Managing Director also considered broad based market data available from AON, Godfrey Remuneration Group and, for expatriate employees, Globe 24-7. The market data was considered by the Remuneration & Nomination Committee, together with the recommendations from the Managing Director, in determining the remuneration packages of the executive management team (excluding the Managing Director).

The above approaches were adopted to ensure a sufficiently broad range of available data was considered to facilitate a fulsome understanding of the relevant market. The information provided was utilised by the Committee and the Board, respectively, as inputs into their decision making only. The Committee and the Board considered the information, along with other factors, in making their respective ultimate remuneration decisions.

The Reward Practice has also been engaged to undertake a remuneration framework review for the Company, which is ongoing as at the end of the year.

The Board is satisfied that the interactions between the data providers and the executive management team were minimal, principally involving provision of relevant Group information for consideration. Further, each data provider has processes and procedures in place to minimise potential opportunities for undue influence from the executive management team. The Board is therefore satisfied that the market data provided was free from undue influence from the executive management team.

Total fees paid to BDO and The Reward Practice for services during the year ended 30 June 2022 were A\$48,400.

Remuneration policy

Base Resources is committed to the close alignment of remuneration to shareholder return, particularly for the Senior Executives. To this end, the Group's remuneration system is designed to attract, motivate and retain employees by identifying and rewarding high performers and recognising their contribution to the continued growth and success of the Group.

Key objectives of the Group's remuneration policy are to ensure that remuneration practices:

- Facilitate achievement of the Group's objectives.
- Provide strong linkage between executive incentive rewards and creation of value for shareholders.
- Are simple to understand and implement, openly communicated and are equitable across the Group.
- Attract, retain and motivate employees of the required capabilities.
- Comply with applicable legal requirements and appropriate standards of governance.

Key principles of Senior Executive remuneration

Remuneration comprises fixed remuneration, and variable (or at-risk) remuneration, which is determined by reference to individual and Group performance. For Senior Executives, the Group targets total fixed remuneration at the 50th market percentile and total remuneration package, assuming at-target variable remuneration, at the 75th market percentile. As a consequence, the Group's Senior Executives have a higher proportion of remuneration at-risk than industry averages.

Questions and answers about Senior Executive remuneration:

Remuneration mix

What is the balance between fixed and at-risk remuneration?

The mix of fixed and at-risk remuneration varies depending on the organisational level of an executive, and also depends on the performance of the Group and that individual executive. More senior positions have a greater proportion of their remuneration at-risk.

For all executives, it is possible that, for a particular year, no at-risk remuneration will be earned and that fixed remuneration will represent 100 per cent of their total remuneration.

If target at-risk remuneration was earned for FY22, the proportion of total remuneration represented by fixed and at-risk remuneration would be:

- Executive Directors (includes the Managing Director): 47% fixed and 53% at-risk.
- Other Senior Executives: 62% fixed and 38% at-risk.

Fixed remuneration

What is included in fixed remuneration?

TFR includes base salary, inclusive of superannuation. Allowances and other benefits may be provided and are as agreed, including additional superannuation, provided that, in the case of extra superannuation, no extra cost is incurred by the Group.

When and how is fixed remuneration reviewed?

TFR is reviewed annually. Any adjustments to the TFR for the Managing Director and any other Executive Director must be approved by the Board after recommendation by the Remuneration & Nomination Committee. The Managing Director and any other Executive Director from time to time determine the TFR of other Senior Executives within specified guidelines approved by the Board, subject to final approval by the Remuneration & Nomination Committee. The Group seeks to position TFR at the 50th market percentile of salaries for comparable companies within the mining industry with which the Group competes for talent and equity investment, utilising information provided by independent remuneration consultants and data providers.

Short Term Incentive Plan

What is the STIP?

The STIP is the plan governing the cash component of at-risk remuneration, payable annually based on a mix of Group and individual performance criteria.

Why does the Board consider the STIP is appropriate?

At-risk remuneration strengthens the link between pay and performance. The purpose of the plan is to reward executives for annual performance relative to the expectations of their role accountabilities, required behaviours and KPI's as well as for delivery of annual business plans and priorities. A reward structure that provides at-risk remuneration is also a necessary part of a competitive remuneration package in the Australian and global marketplace for executives.

Does the STIP take into account different levels of performance compared to objectives?

The quantum of any STIP award is linked to the extent of achievement of applicable performance criteria.

Performance levels for each performance criteria are set at the following three levels:

- **Threshold** - a performance level that is below optimal but nevertheless acceptable. It is the minimum level of performance for which a small STIP award would be payable. The STIP is designed such that there is an 80% probability the executive will reach or exceed this level of achievement.
- **Target** - a performance level that represents a challenging but achievable level of performance. The STIP is designed such that there is a 50% to 60% probability the executive will reach or exceed this level of achievement.
- **Stretch** - a performance level that is clearly at the upper limit of what may be achievable. The STIP is designed such that there is a 10% to 20% probability the executive will reach or exceed this level of achievement.

The probabilities of achievement are set at these levels such that, over time and assuming performance to role awards approximately equal to the target level would be payable. Achievement of the target performance level would support the 75th market percentile TRP policy objective for executives.

What are the performance criteria?

Performance criteria are assigned for both individual and Group performance. Performance criteria may change from year to year.

In relation to the Executive Directors and other Senior Executives, for the reporting period, 70% of their STIP award opportunity was subject to individual performance criteria and 30% to corporate performance criteria (in comparison to the prior year, which had weightings of 50% to both individual and corporate performance criteria).

An increased proportion of their STIP award opportunity was subject to individual performance to ensure a high level of focus on specific key issues that were critical to achieving the Group's objectives.

Corporate performance criteria are set at the commencement of each financial year and are usually derived from the annual operating plan and may vary from time to time to include other aspects of performance for which there is shared accountability and which the Group wishes to emphasise.

The sole corporate performance criteria for the 2022 financial year were set by reference to budgeted Group EBITDA, assuming a fixed AUD:USD exchange rate and inclusion of only 25% of variances in actual sales prices against budgeted prices, reflecting a limited measure of management control over product pricing outcomes.

Where budgeted Group EBITDA is used as the basis for corporate performance criteria, the Remuneration & Nomination Committee will set the Threshold, Target and Stretch performance ranges for actual Group EBITDA on the basis of an assessment of the degree of challenge represented by the particular year's budget. Consequently, these ranges may change from year to year.

This approach is designed to ensure the appropriate degree of challenge in both budgets committed to and the Group's EBITDA performance criteria.

The corporate performance criteria for actual Group EBITDA for the 2022 financial year were set at the following levels:

- Threshold – 5% below budgeted Group EBITDA.
- Target – 5% above budgeted Group EBITDA.
- Stretch – 15% above budgeted Group EBITDA.

Are there any overriding financial performance or other conditions?

For each year, one or more gates may be determined by the Board. A gate may be a minimum level of earnings for the Group or a safety performance threshold that must be achieved for any awards to be payable under the STIP.

Irrespective of whether a gate is achieved, the Board retains absolute discretion to increase or decrease awards. It is intended that the exercise of this discretion is used sparingly to take account of significant events and/or factors that were not anticipated when the year commenced and the performance criteria were set.

The following gates were in place for the 2022 financial year:

- No workplace fatalities.
- No major reputational or environmental events.

What is the value of the STIP award opportunity?

The Executive Directors had a target STIP opportunity of 50% of TFR, with a minimum opportunity (if only threshold level is met) of 20% of TFR and a maximum opportunity (if the stretch targets are achieved) of 80% of TFR.

Other Senior Executives had a target STIP opportunity of 30% of TFR, with a minimum opportunity (if only threshold level is met) of 15% of TFR and a maximum opportunity (if the stretch targets are achieved) of 60% of TFR.

These percentages were set based on externally provided market data to achieve the remuneration policy intent of TRP at the 75th market percentile.

How is the STIP assessed?

Individual performance criteria - are assessed using a performance rating scale. In making the assessment in respect of a particular area of accountability, consideration is given to the extent to which the behaviours and performance indicators identified in the role description have been modelled and observed. This assessment is undertaken by the participant's manager and then signed-off by the manager-once-removed. In the case of the Managing Director and any other Executive Director from time to time, the assessment is undertaken by the Remuneration & Nomination Committee and approved by the Board. Specific outcomes during the 2022 financial year relevant to STIP awards included:

- Securing mining tenure for the Kwale South Dune extension and Bumamani Project area.
- Extension of Kwale Operations mine life through delivery of the high quality Bumamani Project definitive feasibility study and commencement of project implementation.
- Advancement of the land acquisition and resettlement programmes for the Kwale South Dune extension and Bumamani Project area.
- The continued consistent safety, operational and cost performance of Kwale Operations.
- Progression of the Kwale Operations post-mining land use project.
- Effective navigation of a highly challenging pre-election environment in Kenya.
- Progression of negotiations with the Government of Madagascar on fiscal terms applicable to the Toliara Project.
- Advancement of funding opportunities for the Toliara Project.
- Identification and evaluation of business development opportunities meeting pre-defined strategic criteria.
- Commencement of exploration activities in northern Tanzania.

Corporate performance criteria – the Board determines the extent to which each corporate performance criteria has been achieved.

What happens to a participant's STIP award opportunity if they cease employment?

Unless the Board determines otherwise, where a participant ceases to be employed by a Group member (and is not immediately employed by another Group member) for any reason other than a "Disqualifying Event", their award opportunity for the applicable financial year will be reduced to reflect the portion of the financial year not completed at the end of their employment. For the purposes of determining their actual STIP award, assessment of the extent of their achievement of individual performance criteria will be based on performance up to the cessation of their employment, while the extent of achievement of the corporate performance criteria will be assessed by the Board in the ordinary course at the conclusion of the financial year.

A "Disqualifying Event" is where a participant ceases to be employed:

- within the first twelve months of their employment commencing (irrespective of the reason);
- within the first three months of the applicable financial year (irrespective of the reason);
- as a result of being terminated for cause; or
- for any other reason or circumstance as determined from time to time by the Board.

Long Term Incentive Plan

What is the LTIP?

The LTIP is the plan that governs the equity component of at-risk remuneration, with the amount of remuneration ultimately received by a participant in respect of an award determined by reference to Base Resources' total shareholder return performance over a 3 year period.

The LTIP aims to reward participants for Base Resources' TSR performance, both relative to its peer group and in absolute terms.

How often are LTIP awards made?

The LTIP operates on the basis of a series of cycles. Each cycle commences on 1 October and is followed by a 3 year performance period, with testing occurring as at the final day of the performance period.

Why does the Board consider a LTIP is appropriate?

The Board believes that a well designed LTIP can:

- Attract executives with the required capability.
- Retain key talent.
- Maintain a stable leadership team.
- Explicitly align and link the interests of the Group's management team and shareholders.

What types of equity may be granted under the LTIP?

Performance rights are granted under the LTIP. Performance rights are a right to be allocated one share in Base Resources, subject to satisfying any specified gates and performance criteria (refer below).

A participant is not entitled to participate in or receive any dividends or other shareholder benefits until the performance right has vested and been exercised and a share has been allocated to the participant.

What is the value of the LTIP award opportunity?

Executive Directors are awarded performance rights worth 120% of their TFR. Other Senior Executives are awarded performance rights worth 60% of their TFR. The LTIP performance criteria are designed to target 50% vesting of awarded performance rights over time.

These award opportunities and target vesting outcome are set based on externally provided market to achieve the remuneration policy intent of positioning TRP at the 75th market percentile.

What are the LTIP gates?

The Board has discretion to determine that one or more gates must be satisfied in order for performance rights to be capable of vesting. If any gates are not satisfied, then the Board must determine the downward adjustment to the number of performance rights that remain capable of vesting, which, for the avoidance of doubt, may be a downward adjustment to nil.

For the performance rights for the cycle that commenced on 1 October 2021, the Board determined that the following gates apply:

- A positive TSR being achieved over the performance period.
- During the final year of the performance period, there are no workplace fatalities, being the death of a person resulting from activities that the Company (or its contractors) are responsible for and that are under the Company's control or direction. For clarity, this excludes public road use in the ordinary course.
- During the final year of the performance period, there are no "major" reputational or environmental events, with major being defined in the Company's risk matrix.

The performance rights for the cycles that commenced on 1 October 2019 and 1 October 2020 are not subject to any gates.

What are the LTIP performance criteria?

The Group uses two LTIP performance criteria to determine the proportion of performance rights which vest, as follows:

- Half of the performance rights are subject to relative TSR criteria (referred to as relative TSR performance rights).
- Half of the performance rights are subject to absolute TSR criteria (referred to as absolute TSR performance rights).

The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is explicitly linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders. The blend of absolute and relative performance rights is considered to mitigate the weaknesses of each of those measures in isolation.

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Relative TSR performance rights

The proportion of relative TSR performance rights which vest will be determined on the basis of Base Resources' TSR relative to the TSR of the comparator group over the applicable three-year performance period, as set out below:

Cycle that commenced 1 October 2021	Percentage of relative TSR performance rights that vest	Cycle that commenced 1 October 2019 and 2020	Percentage of relative TSR performance rights that vest
Less than 50 th percentile	Nil	Less than 45 th percentile	Nil
50 th percentile	50%	Between 45 th percentile to less than 50 th percentile	25%
Between 50 th and 75 th percentile	Pro rata between 50% and 100%	50 th percentile	50%
75 th percentile and above	100%	Between 50 th and 75 th percentile	Pro rata between 50% and 100%
		75 th percentile and above	100%

Notwithstanding the above, the performance rights for the cycle that commenced on 1 October 2021 are subject to a gate that a positive TSR is achieved over the performance period. Further, in the case of the performance rights for the cycles commencing 1 October 2019 and 2020, the Board has the absolute discretion to determine that no relative TSR performance rights vest if Base Resources' TSR is negative (despite its relative placing within the TSR comparator group).

LTIP performance criteria are designed to target 50% vesting over time to achieve the Company's policy intent for remuneration market positioning, whilst providing incentive for out performance. For the cycle that commenced on 1 October 2021, the performance criteria for relative TSR performance rights were altered such that there will be nil vesting for relative TSR performance below the 50th percentile of the peer group. The vesting outcomes for relative TSR performance at or above the 50th percentile of the peer group were the same as the prior cycles that commenced on 1 October 2019 and 1 October 2020 (respectively). A threshold level of TSR performance (50th percentile for the cycle that commenced 1 October 2021), being a result that is below target would result in nil vesting and therefore result in a 50% loss of the equity component at-risk remuneration relative to target position, which is considered appropriate in the context of the LTIP as a whole.

Absolute TSR performance rights

The proportion of absolute TSR performance rights which vest will be determined on the basis of Base Resources' TSR on the following scale:

Base Resources 3-year TSR	Percentage of absolute TSR performance rights that vest
Less than 40.5%	Nil
Between 40.5% and 56%	Pro rata between 25% and 50%
56%	50%
Between 56% and 73%	Pro rata between 50% and 100%
73% or greater	100%

The number of performance rights granted for the cycle that commenced on 1 October 2021 was determined by reference to the 20-day trading volume weighted average price of A\$0.2847 per share (A\$0.2800 for the cycle that commenced on 1 October 2020 and A\$0.2587 for the cycle that commenced on 1 October 2019). To achieve 100% vesting of the absolute performance rights for the cycle that commenced on 1 October 2021, a 20 trading-day VWAP of A\$0.4925 or greater would be required (A\$0.4844 for the cycle that commenced on 1 October 2020 and A\$0.4476 for the cycle that commenced on 1 October 2019) at the conclusion of the 3-year performance period, adjusted for any dividends paid during the performance period.

What is the comparator group?

In the case of the cycles that commenced on 1 October 2019 and 1 October 2020, the TSR comparator group comprised the 26th to 75th ranked ASX listed resource companies by market capitalisation, at the time of the offer. For the cycle that commenced on 1 October 2021, the TSR comparator group comprised the ASX listed resource companies ranked either in the 25 positions immediately above, or below, Base Resources by market capitalisation at the time of the offer. The comparator group for each of the 2021, 2020 and 2019 performance rights cycles is as specified below:

Companies	LTIP Cycle			Companies	LTIP Cycle		
	Commenced 1 October 2021	2020	2019		Commenced 1 October 2021	2020	2019
Adriatic Metals Plc			✓	Legend Mining Limited	✓	✓	
Aeris Resources Limited	✓			Liontown Resources Limited		✓	✓
Alkane Resources Limited	✓	✓	✓	Lotus Resources Limited	✓		
Allkem Limited		✓	✓	Magnetic Resources NL	✓	✓	
Alpha HPA Limited	✓			Magnis Energy Technologies Limited	✓		
Altura Mining Limited		✓	✓	Medusa Mining Limited			✓
American Pacific Borates Limited		✓		Metals X Limited	✓		✓
Andromeda Metals Limited	✓	✓		Metro Mining Limited			✓
Arafura Resources Limited	✓			Mincor Resources NL		✓	✓
Archer Materials Limited	✓			MOD Resources Limited			✓
Argosy Minerals Limited	✓			Mount Gibson Iron Limited		✓	✓
Atrum Coal Limited			✓	Musgrave Minerals Limited		✓	
Aurelia Metals Limited	✓	✓	✓	Neometals Limited	✓		
Australian Strategic Materials Limited		✓		New Century Resources Limited			✓
Auteco Minerals Limited		✓		Newfield Resources Limited	✓		
Bardoc Gold Limited			✓	Northern Minerals Limited			✓
Bathurst Resources Limited			✓	OM Holdings Limited		✓	✓
BBX Minerals Limited		✓		Ora Banda Mining Limited		✓	
BCI Minerals Limited	✓			Orecorp Limited	✓		
Bellevue Gold Limited		✓	✓	Panoramic Resources Limited	✓	✓	✓
Calidus Resources Limited	✓			Pantoro Limited	✓	✓	✓
Capricorn Metals Limited		✓	✓	Perseus Mining Limited			✓
Cardinal Resources Limited		✓	✓	Piedmont Lithium Limited		✓	
Catalyst Metals Limited		✓	✓	Pilbara Minerals Limited		✓	✓
Centaurus Metals	✓			Poseidon Nickel Limited	✓		✓
Chalice Gold Mines Limited		✓		Predictive Discovery Limited	✓		
Challenger Exploration	✓			Queensland Pacific Metals Limited	✓		
CI Resources Limited			✓	Ramelius Resources Limited			✓
Coronado Gold Resources Inc	✓	✓		Rand Mining Limited			✓
Dacian Gold Limited		✓	✓	Red 5 Limited	✓	✓	✓
Develop Gold Limited	✓			Red Hill Iron Limited	✓		
DGO Gold Limited	✓	✓		Resolute Mining Limited	✓	✓	
Echo Resources Limited			✓	Rumble Resources Limited	✓		
Ecograf Limited	✓			Sandfire Resources NL		✓	✓
Element 25 Limited	✓			Silver Lake Resources Limited			✓
Emerald Resources NL	✓	✓		Silver Mines Limited	✓	✓	
Flinders Mines Limited		✓	✓	Sovereign Metals Limited	✓		
FYI Resources	✓			Strandline Resources Limited	✓		
Galan Lithium Limited	✓			Syrah Resources Limited	✓		✓
Genesis Minerals Limited	✓			Talga Resources Limited	✓	✓	
Gold Road Resources Limited		✓		Tigers Realm Coal Limited	✓		
Grange Resources Limited		✓	✓	Tietto Minerals Limited		✓	
Greenland Minerals Limited		✓	✓	Tribune Resources Limited	✓	✓	✓
Hastings Technology Metals Limited	✓		✓	Tungsten Mining NL			✓
Image Resources			✓	Vital Metals Limited	✓		
ioneer Limited		✓	✓	West African Resources Limited		✓	✓
Jervois Mining Limited		✓	✓	Western Areas Limited		✓	✓
Jupiter Mines Limited	✓	✓	✓	Westgold Resources Limited		✓	✓
KGL Resources Limited	✓			Zimplats Holdings Limited		✓	
Kingsgate Consolidated Limited	✓	✓					

Was a grant made in the reporting period?

Performance rights were granted to eligible participants in the LTIP for the cycle that commenced on 1 October 2021. The number of performance rights granted to each executive was calculated by reference to the VWAP over the twenty trading days up to the start of the cycle, being A\$0.2847 per share, and their LTIP award opportunity.

What happens to performance rights granted under the LTIP when a participant ceases employment?

Where a participant ceases to be employed by a Group member (and is not immediately employed by another Group member) for any reason other than a qualifying reason, all that participant's unvested performance rights are automatically forfeited.

Where a participant ceases to be employed by a Group member because of a qualifying reason, then the Board must determine, in its absolute discretion, the number of that participant's unvested performance rights (if any) that will remain on foot and become capable of vesting in accordance with LTIP rules.

The Board will generally exercise its discretion in the following manner:

- a pro rata number of performance rights granted in the cycle beginning on the 1 October immediately prior to the participant ceasing employment will be automatically forfeited; and
- all other performance rights will continue to be held by the participant and will be tested for vesting as at the test date for the relevant performance right.

Qualifying reasons include but are not limited to death, total and permanent disablement, retirement or redundancy.

What happens in the event of a change of control?

Subject to the Board determining otherwise, if a change of control event occurs then a test date arises as at the date that the change of control event occurs with the Board to test satisfaction of any gates and the extent to which the performance criteria have been satisfied:

- on the basis of the offer price of the relevant transaction; and
- in the case of absolute TSR performance rights, by reducing the percentage TSR performance hurdle pro rata by the unexpired portion of the performance period as at the date the change in control event occurs.

Do shares allocated upon vesting and valid exercise of performance rights dilute existing shareholders' equity?

Shares allocated to the participants in the LTIP upon vesting and valid exercise of performance rights may be satisfied by Base Resources issuing shares to the LTIP trustee or by funding the LTIP trustee to purchase shares on market. In the event Base Resources issues shares to the LTIP trustee to satisfy the vesting and exercise of performance rights then shareholders' pre-existing equity will be diluted.

Does the Group have a policy in relation to hedging at-risk remuneration?

Yes, the LTIP prohibits participants in the LTIP from entering an arrangement if the arrangement would have the effect of limiting their exposure to risk relating to performance rights that have not vested.

Did any performance rights vest in the reporting period?

22,545,430 performance rights granted for the cycle commencing 1 October 2018 remained subject to testing at the conclusion of their 3-year performance period on 30 September 2021. 13,609,949 (or 60%) of these rights vested, with the outcomes being as follows:

• **Relative TSR performance rights**

Base Resources TSR over the performance period placed it in the 67th percentile, resulting in 83% of the relative performance rights vesting.

• **Absolute TSR performance rights**

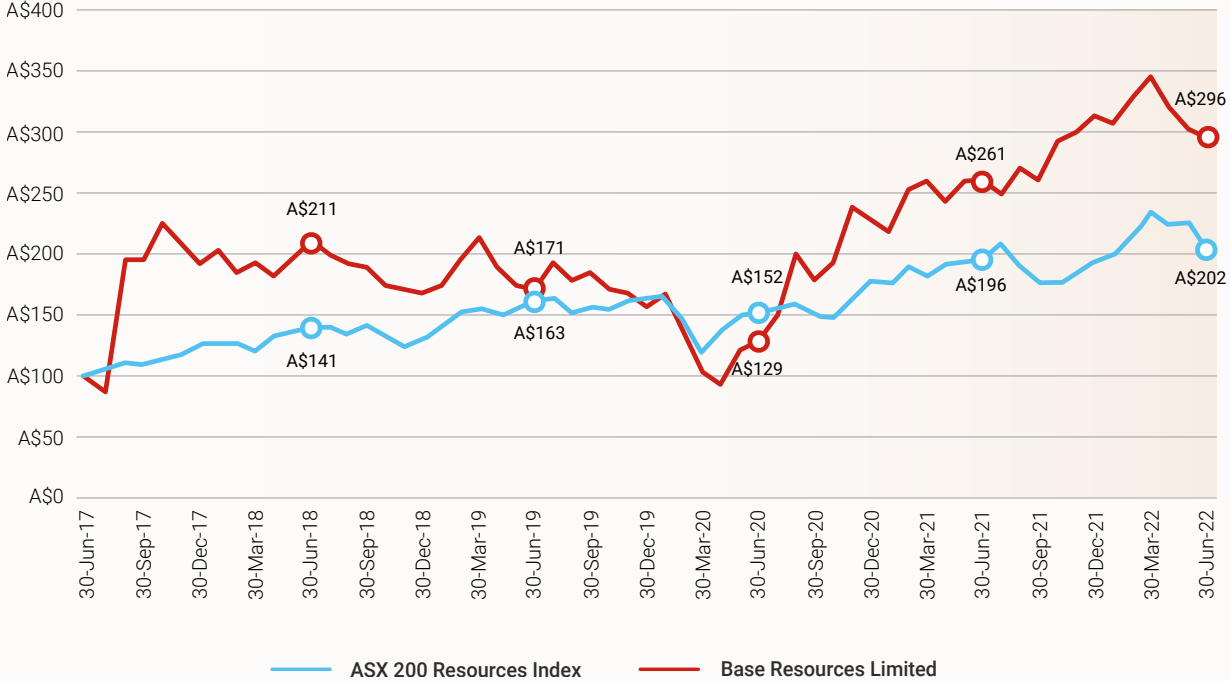
Base Resources TSR over the performance period, by reference to a final VWAP of A\$0.31 and dividends paid of A\$0.065 per share, equated to a TSR of 48%, resulting in 37% of the absolute performance rights vesting.

Shares allocated to the participants in the LTIP upon the vesting and valid exercise of the above performance rights were satisfied through the allocation of existing shares acquired on-market by the LTIP trustee.

Group performance and its link to shareholder return

The following graph compares the change in the cumulative TSR of Base Resources’ shares during the period from 1 July 2017 to 30 June 2022, against the cumulative total return of the ASX 200 Resources Index over the same period, in each case assuming A\$100 was invested.

Cumulative Total Shareholder Returns
1 July 2017 through 30 June 2022



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Senior executive remuneration outcomes for the reporting period

Total Fixed Remuneration

The Company seeks to ensure that executive remuneration is market competitive, easy to understand and can be clearly communicated to executives and shareholders. A comprehensive market benchmarking of senior executives was completed during the year. By reference to this benchmarking, and being mindful of the need to retain our key employees in a competitive market as the Company grows, the remuneration committee approved the following increases to TFR effective from 1 July 2021 for:

- Kevin Balloch from A\$419,210 to A\$436,000 representing an inflationary adjustment.
- Andre Greyling from A\$410,000 to A\$460,000 recognising the increased scope of the role compared with benchmark.
- Stephen Hay from A\$440,645 to A\$458,000 representing an inflationary adjustment.
- Chadwick Poletti from A\$385,000 to A\$420,000 recognising the increased scope of the role compared with benchmark.

Tim Carstens and Colin Bwye's TFR remained at A\$628,000 in the reporting period.

Short Term Incentives

A review of the performance of each Senior Executive was undertaken against their 2022 individual performance measures as explained above. The reporting period corporate performance was determined by reference to the group financial performance relative to budget. The Group financial performance achieved relative to budget was between target and stretch performance levels, and incentives are payable in relation to this component commensurate with the performance level achieved. STIP entitlements earned in the reporting period are paid in the 2023 financial year.

The following table outlines the STI that was earned in comparison with the target STI for the 2022 financial year:

Name	Target STI		STI Awarded	
	Individual performance %	Corporate performance %	Individual performance %	Corporate performance %
T Carstens	35	15	43	17
C Bwye	35	15	40	17
K Balloch	21	9	28	11
A Greyling	21	9	34	11
S Hay	21	9	29	11
C Poletti	21	9	33	11
M Rose	21	9	29	11

LTIP Performance Rights

The LTIP operates on the basis of a series of 3-year performance cycles commencing on 1 October each year. Accordingly, LTIP performance rights issued in the reporting period are subject to a 3-year performance period ending on 30 September 2024. Performance rights issued under the plan in the 2018 financial year, totalling 22,545,430, completed their 3-year performance period on 30 September 2021, with 13,609,949 performance rights vesting.

The table below outlines the vesting outcomes of performance rights for the last three LTIP cycles completed:

Grant date	Testing date	Relative Performance Rights			Absolute Performance Rights	
		No. performance rights tested	No. vested	%	No. vested	%
1 October 2016	30 September 2019	11,514,341	5,757,170	100	5,757,171	100
1 October 2017	30 September 2020	15,016,546	6,373,301	85	-	0
1 October 2018	30 September 2021	22,545,430	9,393,929	83	4,216,020	37

Take home pay for the reporting period

The remuneration detailed in this table represents the Senior Executives' "take home pay" and is aligned to the current reporting period, and therefore is particularly useful in understanding actual remuneration received during the year. The table excludes adjustments made for accounting purposes and included in Statutory Remuneration (refer to page 54), specifically the probability and value of an employee obtaining long service leave and the fair value of performance rights under three outstanding LTIP cycles expensed during the reporting period. The remuneration packages for all Senior Executives are shown in the following table in their employment currency.

Senior Executive	Currency	Salary	Leave entitlements paid	STIP award ⁽ⁱⁱ⁾	Superannuation	Vesting of performance rights ⁽ⁱⁱⁱ⁾	Take home pay (before tax) ⁽ⁱ⁾
2022							
Executive Directors							
T Carstens	AUD	600,500	-	364,887	27,500	526,207	1,519,094
C Bwye ^(iv)	AUD	450,375	194,205	256,869	20,625	526,207	1,448,281
Other Senior Executives							
K Balloch	AUD	408,500	-	178,764	27,500	184,626	799,390
A Greyling	AUD	432,500	-	212,216	27,500	174,647	846,863
S Hay	AUD	430,500	-	192,598	27,500	194,066	844,664
C Poletti	AUD	392,500	-	191,735	27,500	161,038	772,773
M Rose ^(v)	AUD	217,292	-	90,593	16,042	-	323,927
2021							
Executive Directors							
T Carstens	AUD	603,000	-	357,665	25,000	224,205	1,209,870
C Bwye	AUD	603,000	-	378,860	25,000	224,205	1,231,065
Other Senior Executives							
K Balloch	AUD	394,210	-	183,219	25,000	86,995	689,424
A Greyling	AUD	385,000	-	211,236	25,000	77,084	698,320
S Hay	AUD	415,645	-	197,545	25,000	91,477	729,667
C Poletti	AUD	360,000	-	188,128	25,000	71,578	644,706

(i) Base Resources' financial results are reported under International Financial Reporting Standards (IFRS). The above table includes certain non-IFRS measures including vested performance rights and take home pay. These measures are presented to enable understanding of the underlying remuneration of Senior Executive.

(ii) Current year STIP awards are accrued in the financial year to which the performance relates.

(iii) The value of performance rights vesting on 30 September 2021 has been calculated by reference to the price on the testing date of A\$0.3106. The value of performance rights vesting on 30 September 2020 has been calculated by reference to the price on the testing date of A\$0.2500.

(iv) C Bwye ceased employment with effect from 31 March 2022.

(v) M Rose appointed as a KMP with effect from 1 December 2021. His remuneration package relates to the proportion of the financial year he was deemed a KMP.

Statutory remuneration disclosures for the reporting period

The statutory remuneration disclosures for the year ended 30 June 2022 are detailed below and are prepared in accordance with Australian Accounting Standards, are stated in US dollars and differ from the take home pay summary on page 53.

These differences arise due to the accounting treatment of long service leave and share-based payments.

Senior Executive	Short term employment benefits		Post-employment benefits	Other long term	Share based payments	Total	Performance related
	Salary	STIP award ⁽ⁱ⁾	Superannuation	Long service leave ⁽ⁱⁱ⁾	Performance Rights ⁽ⁱⁱⁱ⁾		
2022	US\$	US\$	US\$	US\$	US\$	US\$	%
Executive Directors							
T Carstens ^(iv)	435,602	264,689	19,949	7,662	289,153	1,017,055	54.5
C Bwye ^{(iv), (v)}	467,578	186,333	14,961	8,013	27,313	704,198	30.3
Other Senior Executive							
K Balloch ^(iv)	296,326	129,675	19,949	5,349	100,674	551,973	41.7
A Greyling ^(iv)	313,735	153,941	19,949	10,589	100,535	598,749	42.5
S Hay ^(iv)	312,285	139,711	19,949	5,623	105,801	583,369	42.1
C Poletti ^(iv)	284,719	139,085	19,949	9,175	93,405	546,333	42.6
M Rose ^{(iv), (vi)}	157,623	65,716	11,637	121	57,135	292,232	40.9
Total	2,267,868	1,079,150	126,343	46,532	774,016	4,293,909	
2021							
Executive Directors							
T Carstens ^(iv)	450,923	267,462	18,695	8,261	303,571	1,048,912	54.4
C Bwye ^{(iv), (v)}	450,923	283,311	18,695	181	303,571	1,056,681	55.5
Other Senior Executive							
K Balloch ^(iv)	294,790	137,011	18,695	5,514	104,783	560,793	43.1
A Greyling ^(iv)	287,903	157,963	18,695	10,916	100,203	575,680	44.8
S Hay ^(iv)	310,819	147,724	18,695	5,796	110,145	593,179	43.5
C Poletti ^(iv)	269,208	140,682	18,695	9,458	93,358	531,401	44.0
Total	2,064,566	1,134,153	112,170	40,126	1,015,631	4,366,666	

(i) Current year STIP awards are accrued in the financial year to which the performance relates.

(ii) Long service leave entitlement represents the movement in the provision.

(iii) The fair value of performance rights is calculated at the date of grant using a Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The value disclosed is the portion of the fair value of the performance rights recognised in the reporting period. The amount included as remuneration is not necessarily the benefit (if any) that individual Senior Executive may ultimately receive.

(iv) Total remuneration package denominated in Australian dollars (A\$) and converted to US dollars (US\$) for reporting purposes using the average exchange rate for the 2022 financial year of 0.7254 (2021: 0.7478).

(v) C Bwye ceased employment with effect from 31 March 2022.

(vi) M Rose appointed as a KMP with effect from 1 December 2021. His remuneration package relates to the proportion of the financial year he was deemed a KMP.

Reconciliation of take home pay to statutory remuneration

A reconciliation of the Managing Director's take home pay to statutory remuneration is detailed below as an example:

	2022 A\$	2021 A\$
Take home pay for the Managing Director (A\$)	1,519,094	1,209,870
Take home pay converted to US\$ using average exchange rates	1,101,951	904,741
<i>Treatment of Long Service Leave:</i>		
Add: Movement in the accounting provision for long service leave entitlements	7,662	8,261
<i>Treatment of performance rights:</i>		
Add: accounting fair value (non-cash) of performance rights recognised in the period	289,153	303,571
Less: value of performance rights vested at date of vesting (US\$)	(381,711)	(167,661)
Statutory pay for the Managing Director (US\$)	1,017,055	1,048,912

Non-executive director remuneration

Shareholders approve the maximum aggregate remuneration for non-executive Directors. Fees paid to non-executive Directors are recommended by the Remuneration & Nomination Committee and the Board is responsible for approving any recommendations, if appropriate. As approved at the Annual General Meeting on 28 November 2011, the aggregate limit of fees payable per annum is A\$750,000 in total.

The Group's policy is that non-executive Director remuneration is structured to exclude equity-based remuneration and reviewed annually. All Directors have the insurance premiums for their director's and officer's insurance paid for by the Group.

Non-executive Directors receive fixed fee remuneration consisting of a cash fee and statutory superannuation contributions made by the Group and additional fees for committee roles as set out below:

	2022 A\$	2021 A\$
Base fees		
Chair	148,500	148,500
Other non-executive directors	85,000	82,467
Remuneration & Nomination Committee		
Chair	-	-
Committee member	5,250	5,250
Audit Committee		
Chair	14,000	14,000
Committee member	7,000	7,000
Environment, Social & Ethics Committee		
Chair	7,900	-
Committee member	3,900	-
Risk Committee		
Chair	7,900	7,900
Committee member	3,900	3,900

Non-executive Director remuneration for the year ended 30 June 2022 and prior year remuneration:

	Base fees US\$	Audit Committee US\$	Remuneration & Nomination Committee US\$	Risk Committee US\$	ESE Committee US\$	Total ⁽ⁱ⁾ US\$
2022						
M Stirzaker	88,967	-	1,587	-	1,179	91,733
K Spence ⁽ⁱⁱ⁾	43,688	-	-	-	-	43,688
J Herzig ⁽ⁱⁱⁱ⁾	52,211	-	3,225	2,396	2,396	60,228
M Macpherson	61,659	5,078	3,808	5,731	2,829	79,105
D Radley	61,659	10,156	-	2,829	2,829	77,473
S Sobey ^(iv)	36,824	-	-	-	-	36,824
Total	345,008	15,234	8,620	10,956	9,233	389,051
2021						
M Stirzaker	61,669	-	3,926	-	-	65,595
K Spence	111,048	-	-	-	-	111,048
J Herzig	43,755	-	2,786	2,069	-	48,610
M Macpherson	61,669	5,234	3,926	5,908	-	76,737
D Radley	61,669	9,161	-	2,916	-	73,746
S Willis ^(v)	25,076	2,129	1,596	1,186	-	29,987
Total	364,886	16,524	12,234	12,079	-	405,723

(i) Total remuneration packages denominated in Australian dollars (A\$) and converted to US dollars (US\$) for reporting purposes using the average exchange rate for the 2022 financial year of 0.7254 (2021: 0.7478).

(ii) Retired 26 November 2021.

(iii) Retired 5 May 2022.

(iv) Appointed 26 November 2021.

(v) Retired 20 November 2020.

Equity instruments

Performance Rights

The table below outlines movements in performance rights during the reporting period and the balance held by each Senior Executive at 30 June 2021.

Name	Grant date ⁽ⁱ⁾	Number of performance rights ⁽ⁱⁱ⁾	Fair value of each performance right	Vesting date ⁽ⁱⁱⁱ⁾	Number vested during year	Number granted during year	Number lapsed during year	Number exercised during the year	Balance that remain subject to performance testing at end of year
T Carstens	1 Oct 2018	2,806,452	A\$0.1610	30 Sep 2021	1,694,164	-	1,112,288	1,694,164	-
	1 Oct 2019	2,913,027	A\$0.1280	30 Sep 2022	-	-	-	-	2,913,027
	1 Oct 2020	2,691,429	A\$0.1385	30 Sep 2023	-	-	-	-	2,691,429
	1 Oct 2021	-	A\$0.1855	30 Sep 2024	-	2,647,399	-	-	2,647,399
		8,410,908				2,647,399	1,112,288	1,694,164	8,251,855
C Bwye	1 Oct 2018	2,806,452	A\$0.1610	30 Sep 2021	1,694,164	-	1,112,288	1,694,164	-
	1 Oct 2019	2,913,027	A\$0.1280	30 Sep 2022	-	-	2,913,027	-	-
	1 Oct 2020	2,691,429	A\$0.1385	30 Sep 2023	-	-	2,691,429	-	-
		8,410,908				-	6,716,744	1,694,164	-
K Balloch	1 Oct 2018	984,677	A\$0.1610	30 Sep 2021	594,418	-	390,259	594,418	-
	1 Oct 2019	972,269	A\$0.1280	30 Sep 2022	-	-	-	-	972,269
	1 Oct 2020	898,307	A\$0.1385	30 Sep 2023	-	-	-	-	898,307
	1 Oct 2021	-	A\$0.1855	30 Sep 2024	-	918,981	-	-	918,981
		2,855,253			594,418	918,981	390,259	594,418	2,789,557
A Greyling	1 Oct 2018	931,452	A\$0.1610	30 Sep 2021	562,288	-	369,164	562,288	-
	1 Oct 2019	950,908	A\$0.1280	30 Sep 2022	-	-	-	-	950,908
	1 Oct 2020	878,571	A\$0.1385	30 Sep 2023	-	-	-	-	878,571
	1 Oct 2021	-	A\$0.1855	30 Sep 2024	-	969,567	-	-	969,567
		2,760,931			562,288	969,567	369,164	562,288	2,799,046
S Hay	1 Oct 2018	1,035,027	A\$0.1610	30 Sep 2021	624,812	-	410,215	624,812	-
	1 Oct 2019	1,021,983	A\$0.1280	30 Sep 2022	-	-	-	-	1,021,983
	1 Oct 2020	944,239	A\$0.1385	30 Sep 2023	-	-	-	-	944,239
	1 Oct 2021	-	A\$0.1855	30 Sep 2024	-	965,351	-	-	965,351
		3,001,249			624,812	965,351	410,215	624,812	2,931,573
C Poletti	1 Oct 2018	858,871	A\$0.1610	30 Sep 2021	518,473	-	340,398	518,473	-
	1 Oct 2019	892,926	A\$0.1280	30 Sep 2022	-	-	-	-	892,926
	1 Oct 2020	825,000	A\$0.1385	30 Sep 2023	-	-	-	-	825,000
	1 Oct 2021	-	A\$0.1855	30 Sep 2024	-	885,257	-	-	885,257
		2,576,797			518,473	885,257	340,398	518,473	2,603,183
M Rose ⁽ⁱⁱⁱ⁾	1 Oct 2019	1,043,680	A\$0.1280	30 Sep 2022	-	-	-	-	1,043,680
	1 Oct 2020	964,286	A\$0.1385	30 Sep 2023	-	-	-	-	964,286
	1 Oct 2021	878,327	A\$0.1855	30 Sep 2024	-	-	-	-	878,327
		2,886,293			-	-	-	-	2,886,293
Total		30,902,339			5,688,319	6,386,555	9,339,068	5,688,319	22,261,507

(i) The amount expensed per the statutory remuneration table reflects the period since commencement of services when the Group and the Senior Executive had a shared understanding of the award.

(ii) Performance rights are tested as at the vesting date against the performance criteria and only those performance rights that satisfy the performance criteria vest.

(iii) Details provided are for the period after Mr Rose became a member of KMP on 1 December 2021.

Director and other Senior Executive shareholdings

The number of ordinary shares in Base Resources held by each Director and other Senior Executives of the Group during the reporting period was as follows:

	Shares held - 1 July 2021 ⁽ⁱ⁾	Vested performance rights held - 1 July 2021	Performance rights vested during the year	Vested performance rights exercised during the year	Purchased	Sold	Shares held - 30 June 2022
2022							
M Stirzaker	-	-	-	-	-	-	-
K Spence ⁽ⁱⁱ⁾	666,667	-	-	-	-	-	666,667
T Carstens	8,442,833	-	1,694,164	1,694,164	-	-	10,136,997
C Bwyne ⁽ⁱⁱ⁾	7,199,238	-	1,694,164	1,694,164	-	1,694,164	7,199,238
J Herzig ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
M Macpherson	-	-	-	-	-	-	-
D Radley	500,000	-	-	-	-	-	500,000
S Sobey ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
K Balloch	3,039,313	-	594,418	594,418	-	-	3,633,731
A Greyling	4,193,966	-	562,288	562,288	-	1,562,288	3,193,966
S Hay	1,697,999	-	624,812	624,812	-	300,000	2,022,811
C Poletti	1,448,859	-	518,473	518,473	-	-	1,967,332
M Rose ⁽ⁱⁱ⁾	61,994	-	-	-	-	-	61,994
	27,250,869		5,688,319	5,688,319	-	3,556,452	29,382,736

(i) Details provided are for the period that Mr Spence, Mr Bwyne and Ms Herzig were Directors, being 1 July 2021 to 26 November 2021, 1 July 2021 to 31 March 2022 and 1 July 2021 to 5 May 2022, respectively. Accordingly, their shareholdings at the end of the reporting period are reported as at 26 November 2021, 31 March 2022 and 5 May 2022, respectively, not 30 June 2022.

(ii) Details provided are for the period following Mr Sobey's appointment as a Director on 26 November 2021 and Mr Rose's categorisation as a member of KMP on 1 December 2021. Accordingly, Mr Sobey's and Mr Rose's shareholding at the start of the reporting period is as at 26 November 2021 and 1 December 2021 (respectively) not 1 July 2021.

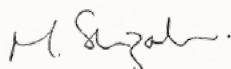


Senior Executive employment arrangements

The employment arrangements of the Senior Executives are formalised in standard employment agreements. Details of the termination provisions contained in the agreements are provided below.

Name	Term of contract	Notice period by either party	Termination benefit
T Carstens	Permanent – ongoing until terminated by either party	3 months' notice by the employee or Company for termination without cause 1 months' notice for termination by Company if unable to perform duties by reason of illness or incapacity No notice required for termination by Company for cause	12 months' fixed remuneration in the case of termination by the Company without cause
K Balloch A Greyling S Hay C Poletti	Permanent – ongoing until terminated by either party	3 months' notice by the employee 6 months' notice for termination by Company without cause (3 months for A Greyling) 1 months' notice for termination by Company for serious breach of employment agreement, incompetence, gross misconduct or refusing to comply with lawful direction given by the Company No notice required for termination by Company if convicted of any major criminal offence Company may elect to make payment in lieu of notice	6 months' fixed remuneration in the case of termination by the Company without cause (3 months' remuneration for A Greyling)
M Rose	Permanent – ongoing until terminated by either party	3 months' notice by the employee 3 months' notice by Company without cause No notice required for termination by Company for gross misconduct, wilful or persist breach, knowingly not complying with law, injuring the Company's interests, being charged with a criminal offence or causing serious risk to health or safety	3 months' fixed remuneration in the case of termination by the Company without cause

This Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Michael Stirzaker,
Chair

Dated: 20 August 2022

Lead Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Base Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Base Resources Limited for the financial year ended 30 June 2022 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Graham Hogg
Partner
Perth
20 August 2022

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CORPORATE GOVERNANCE STATEMENT

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Corporate Governance Statement

The Company is committed to implementing high standards of corporate governance that create and deliver value for shareholders and uphold its absolute commitment to acting in a legal, honest and ethical manner and with integrity.

To give effect to this commitment, the Board has established a corporate governance framework comprising a range of governance policies, charters and system documents. This framework is regularly reviewed and enhanced in light of changes to the Company's business and activities, developments in corporate governance and changes in law, international standards and best practice guidance.

The purpose of this statement is to report on the key aspects of the Company's corporate governance framework. In addition, as the Company is an ASX listed entity and subject to the ASX Listing Rules, this statement also reports on the extent to which the Company followed the corporate governance recommendations set out in the fourth edition of the ASX Recommendations for the reporting period.

The Board considers that, throughout the reporting period, the Company followed all the ASX Recommendations, with the exception of ASX Recommendations 2.1, 7.1 and 8.1. Notwithstanding that there were brief periods during which membership of the Board's Remuneration & Nomination Committee and Risk Committee did not align with the recommended membership composition, as explained below, the Board nevertheless considers there was substantive adherence to ASX Recommendations 2.1, 7.1 and 8.1 throughout the reporting period.

This statement is current as at 19 August 2022 and has been approved by the Board. This statement should be read in conjunction with the balance of the Annual Report. Where appropriate, the statement highlights relevant events that have occurred since 30 June 2022 with respect to the governance practices of the Company.

The Base Way

The Company's corporate governance framework is underpinned by the core set of principles that together form the "Base Way" and drive the Company's approach and businesses practices. These principles are based on the Company's belief in:

- the potential of our people.
- the power of the team.
- the value of resources.
- absolute integrity.

The Base Way is available from the Corporate Governance section of the Company's website.

Board of Directors

Role of the Board

The Board Charter sets out the Board's role, powers and duties, and establishes the functions and responsibilities reserved for the Board and those which are delegated to the Managing Director and the broader senior management team. The Board expressly reserves responsibility for specified matters, including:

- overseeing the business and affairs of the Company, including its control and accountability systems;
- setting the strategic direction and objectives of the Company;
- reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- ensuring a high standard of corporate governance practices and regulatory compliance; and
- promoting ethical and responsible decision making.

The Board delegates responsibility for the day-to-day operations, management and administration of the Company to the Managing Director in accordance with the strategy and objectives approved by the Board. The Managing Director's responsibilities include:

- effective leadership of the Company;
- preparing and implementing development and operational plans, policies and procedures to achieve the strategic, operational and financial objectives of the Company as determined by the Board;
- managing the day-to-day affairs of the Company;

- identifying and managing business risks; and
- managing the Company's financial and other reporting mechanisms.

These delegations are further documented in and supported by the Company's Delegation of Authority Standard which the Board reviews and approves at least annually that sets out cascading authority limits for transactions for:

- the Senior Leadership Group, comprising the Managing Director and the General Managers (with SLG authorisation requiring approval of the Managing Director, plus at least three General Managers);
- the Managing Director; and
- other positions within the Group.

Prior to the retirement of Executive Director – Operations & Development, Colin Bwye, on 31 March 2022, the Board delegated responsibility for day-to-day management of the Company jointly to the Managing Director and the Executive Director – Operations & Development, who together formed EXCO. Following Mr Bwye's retirement, the Board decided to move away from the EXCO management structure and delegate sole responsibility to the Managing Director. At the same time, the Board also approved establishment of the SLG to operate in place of EXCO for the purposes of the Company's Delegation of Authority Standard. As was the case for EXCO, the SLG has the highest authority limit for transactions under that Standard, with transactions in excess of that limit requiring Board approval.

The Chair, Mr Stirzaker, is responsible for leadership and effective performance of the Board and for promoting constructive and respectful relations between Directors, and between Directors and management.

The Company Secretary, Mr Poletti, is appointed by the Board and is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary's role includes providing advice to the Board on corporate governance matters, with all Directors having access to the advice and services provided by the Company Secretary.

Composition of the Board

The Board Charter provides that a majority of the Board should be comprised of non-executive Directors and, where practical, a majority of independent Directors.

As at 30 June 2022, the Board consisted of four non-executive Directors and one executive Director - being the Managing Director. The Board's composition changed during the reporting period, with:

- Mr Spence retiring as Chair and a non-executive Director with effect from 26 November 2021;
- Mr Sobey being appointed as a non-executive Director with effect from 26 November 2021;
- Mr Bwye retiring as an executive Director with effect from 31 March 2022; and
- Ms Herzig retiring as a non-executive Director on 5 May 2022.

The Board assesses each Director's independence in accordance with paragraph 11 of the Board Charter, which aligns with the commentary to Recommendation 2.3, including Box 2.3, of the ASX Recommendations.

As set out in paragraph 11 of the Board Charter, unless the Board determines that the interest, position or relationship in question is not material and will not interfere with the Director's ability to be independent and act in the best interests of the Company as a whole, a Director will be deemed not to be independent where the Director:

- is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or any of its subsidiaries, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that their independence from management and substantial holders may have been compromised.

The Board assesses the materiality of an interest, position and relationship on a case-by-case basis, taking into account the relevant Director's specific circumstances.

The Board confirms that a majority of the Board is independent and was independent at all times during the reporting period, with the Board's assessment of the independence of each Director in accordance with paragraph 11 of the Board Charter set out below. The Chair was at all times an independent non-executive Director and was not the same person as the Managing Director.

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Name	Non-Executive Director	Executive Director	Independent	Status during reporting period
Michael Stirzaker (Chair) ⁽ⁱ⁾	✓	-	✓	Director for the whole reporting period
Keith Spence (Former Chair) ⁽ⁱ⁾	✓	-	✓	Director until 26 November 2021
Tim Carstens (Managing Director)	-	✓	-	Director for the whole reporting period
Colin Bwye (Executive Director – Operations and Development)	-	✓	-	Director until 31 March 2022
Malcolm Macpherson	✓	-	✓	Director for the whole reporting period
Diane Radley	✓	-	✓	Director for the whole reporting period
Janine Herzig	✓	-	✓	Director until 5 May 2022
Scot Sobey	✓	-	-	Appointed as a Director on 26 November 2021

(i) Mr Stirzaker became Chair upon Mr Spence's retirement on 26 November 2021. The Board determined that Mr Stirzaker was considered independent prior to his appointment.

Mr Sobey is not considered independent given his role as an Investment Director at Pacific Road, a major shareholder of the Company, and having been nominated for appointment by Pacific Road.

As part of the Board's periodic independence assessment in October the Board determined that Mr Stirzaker was independent. The Board made this determination having regard to his consistent and demonstrated prior contributions and behaviours, the fact that he resigned from his prior position at Pacific Road in August 2019 and given Mr Stirzaker was no longer Pacific Road's nominee on the Board.

Under the Board Charter, Directors must immediately declare to the Board any change in their interests, positions or relationships that could potentially bear upon their independence.

Skills and experience

The Board is confident that, collectively, the Directors have the range of skills, knowledge, experience and competencies necessary to effectively discharge the Board's responsibilities and direct and oversee the Company. That said, through the Remuneration & Nomination Committee, the Board regularly monitors the skills, knowledge, experience and competencies of the Board, particularly as the Company's business and the issues facing it evolve, to identify opportunities for training and development and to identify gaps that may be addressed as part of Board succession.

A set of core competencies and criteria for assessing the extent of a Director's proficiency in respect of those core competencies have been established to assist the Remuneration & Nomination Committee assess the skills and experience of each Director and to ensure that the combined capabilities of Directors provide suitable coverage across each competency.

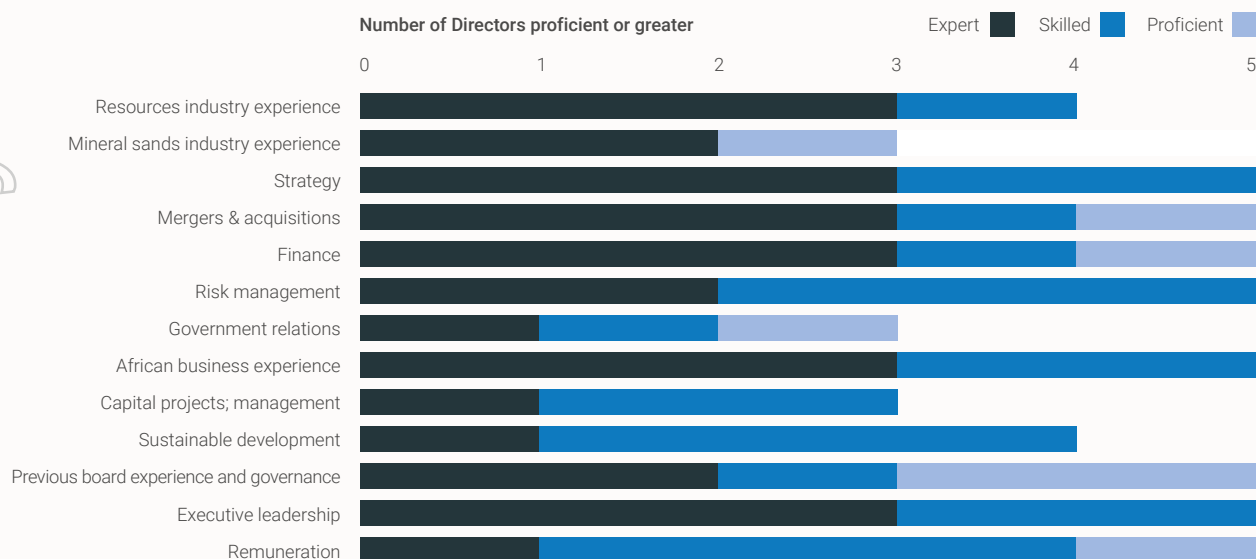


These core competencies are set out in the table below. The table also indicates the Directors on which the Board principally relies in relation to each competency. However, it is recognised that the skills and experience that each Director contributes to their role is far broader and diverse than is indicated below.

Area	Core Competency	Key Directors
Resources industry experience	Experience in the resources industry, including broad knowledge of exploration, operations, project development, markets, shipping and competitors.	T Carstens, M Macpherson, M Stirzaker, S Sobey
Mineral sands industry experience	Specific experience in the mineral sands industry, including an in-depth knowledge of exploration, operations, project development, markets, shipping, competitors and relevant technology.	T Carstens, M Macpherson
Strategy	Identifying and critically assessing strategic opportunities and threats to an organisation and developing and implementing successful strategies in context to the organisation's policies and business objectives.	T Carstens, M Macpherson, D Radley, M Stirzaker,
Mergers & acquisitions	Experience managing, directing or advising on mergers, acquisitions, divestments and portfolio optimisations.	M Macpherson, D Radley, M Stirzaker, S Sobey
Finance	Senior executive or other relevant experience in financial accounting and reporting, internal financial and risk controls, corporate finance and restructuring corporate transactions and project financing.	T Carstens, D Radley, M Stirzaker
Risk management	Experience working with and applying broad risk management frameworks in various country, regulatory or business environments, identifying key risks to an organisation, monitoring risks and compliance, and knowledge of legal and regulatory requirements.	T Carstens, M Macpherson, D Radley, S Sobey
Government relations	Senior management or equivalent experience working in diverse international political, cultural, regulatory and business environments.	T Carstens, D Radley, S Sobey
African business experience	Experience in the successful development and operation of reputable businesses in Africa.	T Carstens, M Macpherson, D Radley, M Stirzaker, S Sobey
Capital projects; management	Experience with projects involving contractual negotiations, project management, significant capital outlays and long investment horizons.	M Macpherson, T Carstens, S Sobey
Sustainable development	Senior management or equivalent experience in workplace health and safety, environmental and social responsibility, community relations and organisational governance.	T Carstens, D Radley
Previous board experience and governance	Serving on boards of varying size and composition, in varying industries and for a range of organisations. Implementing high standards of governance in a major organisation that is subject to rigorous governance standards and identifying key issues for an organisation and developing appropriate policy parameters within which the organisation should operate.	M Macpherson, D Radley, M Stirzaker
Executive leadership	Experience in evaluating the performance of senior management, overseeing strategic human capital planning, industrial relations, organisational change management and sustainable success in business at a senior level.	T Carstens, M Macpherson, D Radley, M Stirzaker
Remuneration	Remuneration and/or nomination committee membership or management experience in relation to succession planning, remuneration, talent management (including incentive programs and superannuation) and the legislative and contractual framework governing remuneration.	T Carstens, M Macpherson, D Radley, M Stirzaker

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The diagram below further illustrates the Board's depth of coverage across its core competencies by showing the extent of the proficiency of the Directors in respect of those competencies.



The composition of the Board is diverse, with the Board collectively bringing an in-depth knowledge of doing business in both Africa and Australia. Director ages range from 46-78 years. Average time served on the Board is 7.3 years, with the average tenure for non-executive Directors being 5.5 years.

Further details of the skills, experience, expertise and period of service of each Director are set out on pages 34 to 39 of the Annual Report.

Director appointment, induction, training and continuing education

All newly appointed non-executive Directors execute a letter of appointment containing the key terms and conditions of their appointment, including their duties, rights and responsibilities, anticipated time commitments and the Board's expectations with respect to committee work. Executive directors and all senior management enter employment agreements which govern their terms of employment.

New appointees to the Board receive a tailored induction having regard to their existing skills, knowledge and experience. The induction process typically includes a comprehensive overview of the Company's governance policies and procedures, in-depth discussions with the Managing Director and the senior management team and site visits to the Company's key operating asset in Kwale, Kenya and development project in Toliara, Madagascar. The induction materials provided to new appointees include information on the Company's governance and culture, including the "Base Way". This induction process was followed for Mr Sobey during the reporting period, except that unfortunately Mr Sobey has so far not been able to undertake a site visit to the Toliara Project, primarily as a result of a prevailing COVID-19-related travel restrictions.

Directors are expected to maintain the skills necessary to effectively discharge their duties. The Company provides the Board with regular information on industry-related matters, proposed or potential changes to applicable regulatory requirements, and other new developments that have the potential to affect the Company and its business. Regular "deep dives" on relevant topics are also provided to the Board. Topics on which "deep dives" were carried out during the reporting period included innovation in mining, global risk outlook, political landscape in the lead up to the Kenya general elections, tailings management and cyber security, including the Company's progress toward implementation of a refreshed cyber security governance, risk and compliance framework.

The Company also organises relevant professional development opportunities for Directors when a need is identified, for example, from a Board performance review or through the Remuneration & Nomination Committee's Board education oversight role.

An annual site visit is also arranged for Directors to the Company's Kwale Operations in Kenya to further enhance their knowledge and understanding of this operating project. The site visit to Kwale Operations for the reporting period occurred in April 2022. During the site visit, specific insight sessions were held, with direct involvement from site-based management and covering a broad range of matters. With the exception of Mr Sobey, all Directors visited the Toliara Project in Madagascar in 2018, following the Company's acquisition of that project.

Board succession

The Board manages succession planning with the assistance of the Remuneration & Nomination Committee. The Remuneration & Nomination Committee reviews and makes recommendations to the Board about the appropriate size and composition of the Board.

If a vacancy exists or if it is appropriate for other Board changes to be implemented, the Remuneration & Nomination Committee identifies and recommends candidates to the Board. Before recommending any candidate, the Remuneration & Nomination Committee considers the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills, experience, expertise and diversity across the Board and assesses how each candidate would contribute to the strategic direction of the Company. The Board may engage an independent recruitment firm to undertake the search for suitable candidates and leverages the networks of existing Directors as a means of identifying high calibre candidates. The Company conducts appropriate checks as to character, experience, education, criminal records and bankruptcy before nominating any candidate for appointment as a Director or for election by shareholders. The Company provides shareholders all material information in its possession relevant to whether a candidate should be elected in the explanatory memorandum accompanying the relevant notice of meeting.

Board performance evaluation

The Board reviews, critically evaluates and discusses the performance of the Board, Board Committees and individual Directors once a year. The Remuneration & Nomination Committee sets the method and scope of the annual performance evaluation, which typically includes self-assessments designed to effectively review the performance of the Board and each of its Committees against the requirements of their specific charters and the individual performance of each Director. The Board Charter specifies further requirements applicable to the annual reviews and evaluations of the Board, its Committees and individual Directors.

One or more aspects of the performance evaluations may involve engagement of an independent third-party Board advisor. The Remuneration & Nomination Committee did not consider it necessary to engage an independent advisor to facilitate any aspects of the performance evaluation and review of the Board, individual Directors or its Committee for the reporting period. However, given the last such review occurred for the financial year ended 30 June 2019, the Remuneration and Nomination Committee decided that an externally facilitated review will be undertaken for the financial year ending 30 June 2023.

The performance evaluation of the Board, its Committees and individual Directors undertaken for the reporting period was conducted initially by each Director completing a series of questionnaires assessing each of the Board, the Chair, individual Directors and each Committee and its respective Chair, combined with one-on-one review discussions between the Chair and each Director. The combined outcomes of this process were analysed and discussed at subsequent Board and Committee meetings, as applicable. The evaluation demonstrated that the Board, the Directors and each Committee and each respective Chair are functioning well and performing their respective roles effectively. With several changes to the Board during the reporting period, Board succession was identified as a key focus area over the coming period. The review process also identified areas for growth, refinement and continual improvement that the Board will address in the coming year.

Director retirement and re-election

With the exception of the Managing Director, Directors must retire at the third AGM after their last election or re election. At least one Director must stand for election or re-election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM automatically retires at the next AGM and is eligible for election. Board support for a Director's election or re-election is not automatic and is subject to satisfactory Director performance.

The Remuneration & Nomination Committee considers and recommends candidates for election or re-election to the Board. The Company provides shareholders with all material information in its possession relevant to whether or not any Director standing should be elected or re-elected (as the case may be) in the explanatory memorandum accompanying the relevant notice of meeting.

Senior management performance evaluation

Managers are required to conduct regular (typically quarterly) performance enhancement conversations with members of their team, with annual judgement-based assessments of performance against the accountabilities, behaviours and indicators established in the relevant individual's role description. This process applies equally to senior managers but is also coupled with an annual assessment of the relevant individual's achievement of the accountabilities described in their annual Short Term Incentive Plan statement, also drawn from the relevant individual's role description. In the case of the Managing Director, the assessment is undertaken by the Remuneration & Nomination Committee, led by the Committee Chair, and approved by the Board. In the case of General Managers, the assessment is undertaken by the Managing Director and then considered and approved by the Remuneration & Nomination Committee. The annual reviews have been completed for the year ended 30 June 2022.

Refer further to pages 42 to 58 of the Annual Report.

Committees of the Board

The Company's Constitution provides that the Board may delegate its powers as it considers appropriate. The Board has established the following four Committees:

- the Audit Committee;
- the Remuneration & Nomination Committee;
- the Risk Committee; and
- the Environment, Social and Ethics (or ESE) Committee.

All Committees were in place throughout the reporting period. The Committees generally operate in a review or advisory capacity, except in circumstances where the Board's powers are specifically delegated to a Committee. Each Committee has a charter detailing its role, duties and membership requirements. These charters are reviewed regularly, and at least annually, and are updated as required. Each of the charters for the Audit Committee, Remuneration & Nomination Committee, Risk Committee and ESE Committee were last reviewed and updated in April 2022 in parallel with approval of the changes to the Board Charter referred to above to remove the EXCO management structure (previously comprising the Managing Director and the Executive Director – Operations & Development), following the retirement of Executive Director – Operations & Development, Colin Bwyne.

Details of the skills, experience, and expertise of each member of the respective Committees of the Board is set out on pages 35 and 39 of the Annual Report. Details of the Committee meetings held during the year and attendances of members at those meetings is set out on page 40 of the Annual Report.

Audit Committee

The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, tax filings, compliance with associated legal and regulatory requirements and external audit function.

All members of the Audit Committee are required to be non-executive Directors, with a majority being required to be independent. Members must also be financially literate and have an understanding of the industry in which the Company operates. The Chair of the Audit Committee must not be the Chair of the Board and must be independent

Committee membership during the reporting period.

Director	Status during reporting period
Diane Radley (Chair)	Member for the whole reporting period
Malcolm Macpherson	Member for the whole reporting period
Keith Spence	Retired on 26 November 2021
Michael Stirzaker	Appointed on 26 November 2021

At all times during the reporting period, all members were independent non executive Directors.

Remuneration & Nomination Committee

The role of the Remuneration & Nomination Committee with respect to remuneration matters is to assist the Board to fulfil its oversight responsibilities in relation to the overall remuneration strategy of the Company. The Committee considers the specific application of that remuneration strategy to the Managing Director and senior management and reviews and approves equity based plans and other incentive schemes. This aspect of the Committee's role assists the Board to ensure that the executive remuneration policy demonstrates a clear relationship between executive performance and remuneration.

The role of the Committee with respect to nomination matters is to support the Board to fulfil its responsibilities by maintaining a Board with an appropriate mix of skills and experience. The Committee develops the method and scope of performance evaluations of the Board, its Committees and individual Directors, ensures the Company's Diversity Policy is implemented in respect of the Board and manages the process for identifying and selecting new Directors for appointment by the Board and subsequent consideration by shareholders.

All members of the Remuneration & Nomination Committee are required to be non-executive Directors, with a majority required to be independent. The Chair of the Remuneration & Nomination Committee must be independent.

Committee membership during the reporting period

Director	Status during reporting period
Michael Stirzaker (Chair) ⁽ⁱ⁾	Member for the whole reporting period
Keith Spence (Former Chair) ⁽ⁱ⁾	Retired on 26 November 2021
Malcolm Macpherson	Member for the whole reporting period
Janine Herzig	Retired on 5 May 2022
Scot Sobey	Appointed on 17 June 2022

(i) Mr Stirzaker replaced Mr Spence as Chair of the Remuneration & Nomination Committee upon Mr Spence's retirement as a Director on 26 November 2021

At all times during the reporting period, all members were non-executive Directors, the majority of whom were independent. For a brief period following Ms Herzig's retirement until Mr Sobey's appointment, the Remuneration & Nomination Committee only had two members, which is not consistent with ASX Recommendation 2.1. During this period, no meetings were held and no resolutions were passed without a meeting by way of circular. Other than for this brief period, the Company followed ASX Recommendation 2.1 in full for the whole reporting period.

Risk Committee

The role of the Risk Committee is to assist the Board to identify and manage business and operational risks faced by the Company to a standard that considers the reasonable expectations of the Company's shareholders, employees, customers, suppliers, creditors and the broader community in which the Company operates.

The Committee typically conducts a full review and update of the Company's material business risk register and risk management framework at each Committee meeting and at least annually.

The Risk Committee must comprise a majority of independent non-executive Directors and the Chair of the Risk Committee must be independent.

Committee membership during the reporting period

Director	Status during reporting period
Malcolm Macpherson (Chair)	Member for the whole reporting period
Diane Radley	Member for the whole reporting period
Tim Carstens	Member for the whole reporting period
Keith Spence	Retired on 26 November 2021
Colin Bwye	Retired on 31 March 2022
Janine Herzig	Retired on 5 May 2022
Scot Sobey	Appointed on 17 June 2022

For a brief period of time following Mr Sobey's appointment, the Risk Committee did not comprise of a majority of independent directors. While this is not consistent with ASX Recommendation 7.1, no meetings were held and no resolutions were passed without a meeting by way of circular during this period. Other than for this brief period, the Company followed ASX Recommendation 7.1 in full for the whole reporting period. Mr Stirzaker was appointed to the Risk Committee after the reporting period, ensuring that a majority of the members of the Risk Committee are presently independent.

ESE Committee

The role of the ESE Committee is to assist the Board meet its oversight responsibility in respect of environment, social and ethics matters. It specifically seeks to create strategic advantage by looking beyond ESE reporting and focusing on risk and outcomes, as well as alignment of ESE matters with corporate strategy.

All members of the ESE Committee must have experience working in the industry and broader business in which the Company operates, as well as having specific expertise in the business aspects relevant to the ESE Committee's purpose. The ESE Committee Charter, among other things, provides that the ESE Committee must comprise at least four members, the Managing Director must be a standing member of the ESE Committee and the Chair must be independent.

Committee membership during the reporting period

Director	Status during reporting period
Michael Stirzaker (Chair) ⁽ⁱ⁾	Member for the whole reporting period
Keith Spence (Former Chair) ⁽ⁱ⁾	Retired on 26 November 2021
Malcolm Macpherson	Member for the whole reporting period
Diane Radley	Member for the whole reporting period
Colin Bwye	Retired on 31 March 2022
Janine Herzig	Retired on 5 May 2022
Scot Sobey	Appointed on 17 June 2022

(i) Mr Stirzaker replaced Mr Spence as Chair of the ESE Committee upon Mr Spence's retirement as a Director on 26 November 2021.

Shareholder communication

General

The Board recognises the importance of regular and proactive interaction with the market to ensure investors and key stakeholders remain informed about the Company's activities. This is reflected in the Company's Continuous Disclosure and Market Communications Standard, which sets out the Company's commitment to:

- communicate effectively with shareholders via ASX and AIM, information provided to shareholders (e.g. notices of meetings and explanatory material and periodic disclosure, such as annual, half yearly and quarterly reporting of operational, development and corporate activities) and the general meetings of the Company;
- give investors ready access to accurate, balanced and understandable information about the Company and corporate proposals; and
- make it easy for shareholders to participate in general meetings of the Company.

The Board further recognises the rights of shareholders and encourages the effective exercise of those rights by:

- ensuring notices of meeting and other meeting materials are drafted in concise, clear language and are distributed in accordance with the provisions of the Corporations Act;
- encouraging shareholders to use their attendance at meetings to ask questions on relevant matters, with time specifically set aside at each meeting for shareholder questions;
- encouraging shareholders to vote on proposed resolutions by either attending the meeting or by way of lodgement of proxies, if shareholders are unable to attend the meeting;
- establishing a general practice to include a presentation to shareholders on the Company's recent activities at each annual general meeting; and
- ensuring that the lead engagement partner is present at the annual general meeting to answer any questions regarding the conduct of the audit and preparation and content of the auditor's report.

The Company also ensures that all resolutions to be considered at shareholder meetings are voted on and decided by way of poll, and shareholders are able to appoint proxies electronically through the Company's share registry.

To ensure any prevailing COVID-19 restrictions would not impact the ability of shareholders and guests to attend and participate in the meeting, the Company's 2021 Annual General Meeting was held as a hybrid meeting, with shareholders and guests having the ability to attend in-person or online. Online attendees were able to view a live webcast of the meeting, ask questions (both orally and via a text-based Q&A function) and, in the case of shareholders, cast votes on the poll in real time. It is expected that the Company's 2022 Annual General Meeting will again be held as a hybrid meeting to the extent prevailing health measures permit in-person meetings.

Company information

The Company's website (www.baseresources.com.au) provides information about the Company generally for the benefit of its shareholders, market participants and other key stakeholders. The Company promptly updates the website with material released to ASX after confirmation of release by ASX. Information available on the website is regularly reviewed and updated to ensure that information is current, or appropriately dated and archived. The following website sections contain information of particular relevance for investors:

- Corporate Governance (accessible from the 'Who we are' dropdown menu): containing the Company's Constitution, the "Base Way", relevant governance policies and standards, Board and Board Committee Charters, codes of conduct for the Company's personnel and its suppliers and the Company's previously published corporate governance statements and modern slavery statements.
- Board and Leadership (accessible from the 'Who we are' dropdown menu): containing the names and brief biographical information for each of the Directors and senior managers.
- Reports (accessible from the 'Investors' dropdown menu): containing copies of annual, half yearly and quarterly reports.
- Market Announcements (accessible from the 'Investors' dropdown menu): containing ASX announcements (including notices of meeting and explanatory material and investor presentations).
- Security holder Information (accessible from the 'Investors' dropdown menu): containing contact details for the Company's share and depositary interest holder registries and details about shareholders' options for receiving certain documents, such as notices of meeting and Annual Reports.

Shareholders can also access further information about Kwale Operations from the website of the Company's wholly owned operating subsidiary, Base Titanium (www.basetitanium.com), and about the Toliara Project from the project's website (www.basetoliara.mg).

Investor relations

The Company has an investor relations program designed to facilitate effective two-way communication with shareholders, which includes the following:

- The Company regularly attends broker-sponsored and industry conferences.
- The Company hosts investor webcasts following the release of its half year and full year results, and also on an ad hoc basis following major corporate actions. The webcasts are hosted by the Managing Director and the Chief Financial Officer, accompanied by other members of senior management as required.
- The Company provides opportunities for shareholders to receive communications from the Company and its share registry electronically.

The Company also provides telephone and email contact details for the Company and its share and depositary interest holder registries on its website.

Continuous disclosure and market communications

The Company is committed to ensuring that:

- shareholders and the market are provided with full and timely information about the Company and its activities;
- all investors have equal opportunity to receive externally available information issued by the Company; and
- all disclosures are balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Company has established a Disclosure Committee, currently comprising the Managing Director, the Chief Financial Officer, General Manager - Marketing and the Company Secretary, which is primarily responsible for ensuring that the Company complies with its disclosure obligations and for overseeing and co-ordinating the disclosure of information to relevant stock exchanges, shareholders and applicable regulatory authorities. The General Manager – Marketing was added as a member of the Disclosure Committee following the retirement of Executive Director – Operations and Development, Colin Bwye, with effect from 31 March 2022.

To assist the Disclosure Committee with discharging its role, the Company's Continuous Disclosure and Market Communications Standard requires every Director and employee to report to a member of the Disclosure Committee any potentially price sensitive information which they obtain.

To the full extent practical (having regard to the requirement for immediate disclosure in certain circumstances), the Disclosure Committee and the Board are given the opportunity to review and comment on material announcements before their release. Otherwise, copies of all material market announcements are provided to the Board promptly after they have been made.

The Company also undertakes a thorough verification process in respect of each material statement of fact or belief in its market announcements to ensure they are appropriately verified.

The Company ensures that any briefing or presentation materials that are new and substantive are released on ASX and uploaded to the Company's website in advance of the relevant briefing or presentation.

Promoting responsible and ethical behaviours

The "Base Way"

The "Base Way" sets out the unifying set of beliefs and behavioural expectations flowing from those beliefs for the Company and all its employees. One of the beliefs is "absolute integrity" and the behavioural expectations derived from this belief include always acting with absolute integrity, not making, soliciting or accepting bribes, and confronting inappropriate behaviour in others.

The Company's Systems are all designed to reflect the "Base Way". Various other means are also adopted to promote the "Base Way" and ensure it is at the forefront of the minds of all employees, including:

- via regular internal communications; and
- by way of inclusion of a specific accountability of demonstrating the "Base Way" in every employee's role description, which is then subject to formal assessment as part of every employee's annual performance review.

Codes of Conduct

The Company has a Code of Conduct for its directors and employees, as well as a Code of Conduct for its suppliers.

The Personnel Code was reviewed and updated during the reporting period and provides an overview of the framework for decision making and actions in relation to ethical conduct by directors, employees and officers of, and consultants acting for, the Company and its subsidiaries. The Personnel Code summarises the Group's key business Systems (including relevant Policies, Standards and Processes) which, together with the "Base Way", entrench the Company's commitment to integrity and fair dealing across all its activities. Breaches of the Personnel Code may lead to disciplinary action in accordance with the Company's Unacceptable Performance and Misconduct System. All material breaches of the Personnel Code are required to be notified to the Board or the ESE Committee.

The Supplier Code sets out the Company's core requirements and expectations for the Group's suppliers. In line with the Company's own commitment, the Supplier Code is directed to ensuring that the Group's suppliers act in a legal, honest and ethical manner, and acting with integrity, at all times. Like the Personnel Code, the Supplier Code also summarises aspects of the Company's Systems that equally apply to its suppliers. It also supplements those documents with further requirements concerning, among other matters, employment practices. The Supplier Code was also reviewed and updated during the reporting period.

Integrity System

The Company's Integrity Policy expands on the behavioural expectations set out in the "Base Way" by:

- prohibiting bribery and corruption in all forms;
- ensuring that gifts, entertainment, travel and per diem reimbursements are not given or received as a reward or encouragement for preferential treatment;
- ensuring that the Company does not participate in party politics, including not making payments to political parties or individual politicians;
- prohibiting charitable donations or sponsorships that could be perceived as bribes or payments to gain an improper business advantage;
- requiring employees to ensure that their personal activities and interests do not conflict with their responsibilities to the Company;
- requiring third parties who act on the Company's behalf to comply with the Integrity Policy and the Integrity Standard; and
- requiring employees to confront inappropriate behaviour in others.

The Integrity Standard, which is disclosed on the Company's website, gives effect to the Integrity Policy by:

- specifying the limits of discretion of directors, officers and employees and individuals who act for or represent the Company or its subsidiaries (referred to in the Integrity Standard as "Base Personnel") in respect of specified conduct;
- setting out the responsibilities of Base Personnel in observing and upholding the absolute prohibition on bribery, corruption and related improper conduct; and
- providing information and guidance on how to recognise and deal with instances of potential bribery and corruption.

The Company provides Integrity Standard training to all employees assessed to be in high-risk roles, such as those employees engaging with government or communities. During the reporting period, the Company developed online training modules for employees in respect of the Integrity System's requirements. This training was rolled out to employees in the Company's Perth office during the reporting period. The training modules are now being rolled out to both Kenya and Madagascar-based employees. Completion of the training will be mandatory for all existing Group employees at supervisor level or above and all new employees will complete the training as part of their induction process.

To further embed the Integrity System and give effect to the principle set out in the "Base Way" of "absolute integrity" and the associated behavioural expectations, all Group personnel at supervisor level and above are also required to provide a signed Integrity Undertaking on an annual basis. This undertaking contains a series of confirmations and undertakings tied to the requirements of the Company's Integrity Policy and Integrity Standard, including to always act in a legal, honest and ethical manner when performing their role.

The Integrity Standard is also subject to annual review and was updated during the reporting period, including to more clearly specify the requirements applicable to the provision of:

- *per diems* and allowances for attendance at meetings of the various committees established to facilitate engagement with the Company's host communities; and
- modest meals and refreshments to government officials while attending locations at the request of the Company.

A breach of the Integrity Standard by a member of the Company's personnel will be regarded as serious misconduct and will lead to disciplinary action which may include termination of employment. All material breaches of the Integrity Standard are required to be notified to the ESE Committee.

Whistleblower System

The Company's Whistleblower System further reinforces the behavioural expectations of the "Base Way" by providing a transparent and confidential mechanism for (among others) past and present employees and suppliers to report any instances of inappropriate conduct by employees and for such reports to be addressed in a timely manner.

The Company's Whistleblower Standard contains details about the individuals that can make reports of inappropriate conduct, how reports of inappropriate conduct can be made (including to the Company's independent whistleblower service provider), how reports will be investigated and the measures that are put in place to ensure confidentiality and protect against detriment. The Company's Whistleblower Standard was updated during the reporting period, including for closer alignment with guidance provided by the Australian Securities and Investment Commission for improving whistleblower policies in October 2021.

Extractive Industries Transparency Initiative

The Company is a signatory to the Extractive Industries Transparency Initiative. The EITI has established a reporting system to encourage transparency and accountability by Governments with respect to their receipt and use of revenues from extractive industries. EITI supports good governance through the verification and full publication of payments by companies and use of government revenues derived from oil, gas and mining. For its operations in Kenya, the Company publishes these payments in the Governance section (accessible from the 'Who We Are' dropdown menu) of the website of its wholly-owned subsidiary, Base Titanium (www.basetitanium.com). Once payments to Government commence in Madagascar following development of the Toliara Project, the Company will publish relevant payment details on the Base Toliara website (www.basetoliara.mg).

Dealings in the Company's securities

The Company's Securities Trading Standard applies to directors and employees of the Company and its subsidiaries (referred to in the Standard as "Base Personnel"), as well as their consultants and advisers (referred to in the Standard as "Base Associates").

The purpose of the Standard is to:

- assist Base Personnel and Base Associates to avoid insider trading, as well as the appearance of such conduct;
- explain the type of conduct in relation to dealings in securities of the Company that is prohibited under the Corporations Act and the United Kingdom's Market Abuse Regulation, which applies due to the Company's AIM listing; and
- establish a procedure relating to dealing in the Company's securities that provides best practice protection to the Company, Base Personnel and Base Associates against the misuse of unpublished information which could materially affect the price or value of the Company's securities.

Accordingly, among other things, the Standard summarises the law on insider trading under the Corporations Act and the United Kingdom's Market Abuse Regulation and specifies the types of dealings that are prohibited and the clearance requirements for permitted dealings. Additionally:

- Consistent with applicable requirements, the Securities Trading Standard requires the Company Secretary to be notified of any dealing in the Company's securities by Directors so that ASX can be notified, and any dealing by Directors or other persons discharging management responsibility so that the required notifications can be made to AIM and the United Kingdom's Financial Conduct Authority, in each case, within the prescribed time periods.
- Directors and employees participating in equity based incentive plans are also prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

The Securities Trading Standard is subject to annual review and minor updates were made to the Standard during the reporting period.

Strict compliance with the Securities Trading Standard is mandatory for all Base Personnel and Base Associates. Any breach of the Standard is taken seriously and results in the person being subject to disciplinary action, including possible termination of their employment or appointment.



Risk management and internal controls

Approach to risk management

The Company recognises that risk is an integral and unavoidable component of its business and is characterised by both downside risk and upside opportunity. Effective management of risk enables the Company to enhance opportunities and reduce threats, and in so doing provide it with a competitive advantage. The Company is committed to managing risk in a proactive manner that is integrated throughout the business and informs all decision making as part of day to day management.

Risk management roles and responsibilities

Key ways in which the Company manages risk are through its well-established Risk Management Framework, the Board's Risk Committee, which has operated since 2015, and the Board's ESE Committee, which was formed more recently in 2021.

The Company does not have a formal internal audit function. The need for an internal audit function is subject to annual review and assessment by the Risk Committee from a risk management perspective, and by the Audit Committee from an assurance perspective. The Board considers that a formal internal audit process is not required or justifiable at this time, and the Board is comfortable with the current and future planned assurance programs with respect to the Company's material business risks.

The Company also has a comprehensive set of financial reporting controls for mitigating material financial reporting risks which were developed in consultation with EY in 2019 following EY's review of the Company's controls environment. To assess and ensure the ongoing efficacy of its key controls, the Company carries out self-assessment testing biannually.

The Company also has a Non-Audit Services Standard, designed to ensure there is no actual or perceived adverse impact on auditor independence through the provision of non-audit services by the Company's external auditor. The Standard does this by setting authority limits for approving non-audit services provided by the Company's external auditor.

The Risk Committee's role is to assist the Board in monitoring risk, with a full review and update of the Company's Material Business Risk Register and Risk Management Framework typically occurring for each Committee meeting, and at least annually. The Company's Material Business Risk Register and Risk Management Framework was reviewed at each of the four Risk Committee meetings held during the reporting period.

The Risk Committee's responsibilities are to:

- ensure that management designs and implements a risk management and internal control system to manage the Company's material business risks;
- review, at least annually, the Company's risk management and internal risk control system and reporting to the Board on its efficiency and effectiveness;
- periodically review the need for a formal internal audit function from a risk management perspective;
- review the risk reports produced by management, the efficiency and effectiveness of that risk management and internal control system and any material incidents notified to it and the learnings from those incidents;
- develop and maintain a risk register which identifies the material business risks to the Company and its operations and assess the likelihood of their occurrence;
- periodically review the scope and adequacy of the Company's insurance, having regard to the Company's business and its associated insurable risks; and
- oversee the Company's operational and risk management and occupational health and safety processes.

The ESE Committee's responsibilities include:

- ensuring that management designs, implements and maintains an Environmental and Social Management System as well as any other systems necessary to achieve the Company's ESE strategy and positioning objectives;
- reviewing and monitoring the efficacy and effectiveness of the ESMS;
- monitoring the Company's responsibilities and commitments under international ESE-related frameworks;
- ensuring that management designs and implements a whistleblower system to encourage and promote the reporting of any inappropriate conduct and overseeing procedures for whistleblower protection;
- ensuring that management designs and implements an anti-bribery and corruption system to minimise the Company's risks with respect to bribery and corruption;
- reviewing at least annually the Company's anti-bribery and corruption system and reporting to the Board on its efficiency and effectiveness; and
- monitoring and reviewing emergent material ESE risks and opportunities as well as trends in the identified ESE metrics.

Management is responsible for promoting and applying the Risk Management Policy, which was reviewed and updated during the reporting period. The Risk Management Policy requires, among other things:

- the fostering of a risk-aware culture that involves risk analysis and management in all decision making;
- the implementation of a structured and comprehensive risk management system; and
- the embedding of risk management in role descriptions.

Management also maintains the Material Business Risk Register.

Business risks and mitigations

The Company is exposed to a number of risks across its business, which it seeks to manage in a manner consistent with its Risk Management Framework. The Company identifies each risk according to the following categories:

- Strategic – such as the Company's ability to execute its growth strategy or access to exploration opportunities.
- Financial – such as funding continuity.
- Regulatory – such as political and mining and fiscal policy.
- Operational – such as community, safety, security, human resources and production.
- Project – such as risks to planned project development.

Notable actions during the reporting period in respect of the Company's Risk Management Framework included:

- Introduction and roll-out of a refreshed Occupational Health, Safety and Wellbeing System, reflecting the substantial changes to occupational health and safety laws and the Group's operating context since the OHS System was first introduced, such as the Company's progression from a single operation to a multi-project company with a vision for growth.

The OHS System reflects the Company's continued belief in individual responsibility for health and safety, empowering team members to stop work where practices are unsafe, clear and visible OHS leadership and ensuring consequences for unsafe behaviours.

- Substantial progress toward development of a comprehensive Risk Management System to give further effect to the Risk Management Policy, with finalisation and roll-out to occur during the financial year ending 30 June 2023. The Risk Management System will be aligned with AS/ISO 31000 and associated guidelines.

Environmental and social risks

Exposure to environmental and social risks

The Company recognises that host communities for its Kwale Operations and Toliara Project play an integral role in the success of those projects and, by extension, the Company's overall success. The Company further recognises that undertaking its activities in an effort to leave environments better than they were found is critical to maintaining its social licences to operate.

The Company has identified material exposures to environmental and social risks associated with its Kwale Operations and development of the Toliara Project. Details about the Company's management of these risks are below. Details about the Company's specific sustainability practices in respect of its people, its communities and the environment are also set out on pages 16 to 20 of the Annual Report. For further details about the Company's ESE-related risks and its management of these risks, refer also to the Company's inaugural Sustainability Report, targeted for release in October 2022 and which will also cover the reporting period.

Management of environmental and social risks

As noted above, the ESE Committee is responsible for overseeing management of the Company's ESE-related risks, together with more broadly ensuring the clear articulation of the Company's ESE vision and that a strategy is in place to achieve that vision.

To mitigate its environmental and social risks, the Company adopts and enhances world class, inclusive business practices seeking to minimise any negative impacts and maximise positive outcomes of its operations for its employees, host communities and host nations across the full mining life cycle. These practices are based on the understanding that achieving the Company's long-term goals is reliant on building beneficial relationships with the communities in which it operates and establishing a balanced flow of mutual benefit. The Company acknowledges that environmental and social risks and impacts are interconnected, and manages them as such.

The Company's sustainability practices focus on the Company's people, its communities and the environment. These practices were developed taking into consideration feedback from stakeholders, including host communities and host governments, ensuring they are context specific. In each case, they are also based on the "Base Way", applicable Company policies (including the Company's Communities, Health and Safety and Environment Policies), applicable legislation and regulation and global best practice. International standards the Company adheres to include the International Financial Corporation's Performance Standards, the Equator Principles, the World Bank's Environmental, Health and Safety Guidelines, International Labour Organisation's core labour standards, the Extractive Industries Transparency Initiative and the United Nations Voluntary Principles on Security and Human Rights.

The Company's environmental sustainability practices are also based on a comprehensive understanding of the environmental impacts during design, construction, operations and ultimately closure of its mining operations. Operations are designed responsibly to avoid human health and ecosystem impacts wherever possible, and the Company employs regenerative practices in an effort to leave its environments better than before. The Company recognises that environmental sustainability is an area of increasing focus for governments, shareholders, other stakeholders and the broader public and expectations will only increase over time. Whilst this increasing focus is partly driven by climate change concerns, which the Company recognises creates both direct and indirect risks to its operations and business, the Company acknowledges environmental sustainability is a broader societal issue.

During the reporting period, substantial work was undertaken developing an overarching ESMS incorporating the Company's existing practices in a single system and in line with international standards and principles of best practice. The ESMS is expected to be finalised and rolled out during FY23. Once finalised, the ESMS will drive the Company's environmental and social sustainability policy, practices and performance.

CEO and CFO assurance

The Board receives monthly reports on the Group's financial and operational results. Before the Board adopted the 31 December 2021 half-year and 30 June 2022 full-year financial statements, the Managing Director and the Chief Financial Officer declared in writing to both the Audit Committee and the Board that (in their opinion):

- the financial records of the Company had been properly maintained;
- the financial statements comply with the appropriate accounting standards; and
- the financial statements give a true and fair view of the financial position and performance of the Company,

and that their opinion had been formed on the basis of a sound system of risk management and internal control which was operating effectively.

Diversity

The Company values and encourages a diverse workforce and strives to provide a work environment in which everyone is treated fairly, with respect and can realise their full potential. The Company seeks to achieve this by:

- employing staff based on job requirements and merit without discriminating on grounds which include age, ethnic or social origin, gender, sexual orientation, politics or religion;
- training its people to work in safe, healthy and environmentally responsible ways, and then ensuring that they work in that manner;
- requiring managers to be models of the highest standards of behaviour and to demonstrate visible leadership;
- requiring employees to treat each other and those they deal with externally with dignity, fairness and respect and to guard against harassment in the workplace;
- maintaining codes of conduct and performance standards that establish sound conditions of work and disciplinary procedures in compliance with all applicable laws and which uphold human rights principles;
- ensuring that its remuneration and incentive systems are equitable and transparent;
- establishing and developing integrated employment management systems that seek to elevate employee engagement within the Company to a recognised competitive advantage; and
- including in every employee's role description a specific accountability of demonstrating the "Base Way".

A key focus of the Company since before commencement of Kwale Operations in late 2013 has been establishment of an operational workforce that delivers on commitments to maximise employment opportunities for local communities, whilst achieving the highest standards of operational and safety performance. As at 30 June 2022, the Company is pleased to report that it employed 98.5% Kenyan national employees at Kwale, representing another year-on-year increase in the percentage of Kenyan national employees - demonstrating the effectiveness of the Company's systems designed to drive the structured transfer of skills over time.

For the Toliara Project, there has been the same structured focus on maximising employment opportunities for local communities against the backdrop of achieving the necessarily high standards of operational and safety performance. This requirement is documented in the project's Labour Recruitment and Influx Management Plan and will continue as the proposed development of the Toliara Project progresses. With there being no expatriate employees at the Toliara Project due to the suspension of on-ground activities required by the Government of Madagascar and COVID-19-related travel restrictions, the Company is pleased to report that, as at 30 June 2022, it employed 100% Malagasy national employees at the Toliara Project.

While the primary focus to date has been on maximising local participation, workforce establishment and performance enhancement, the Board does set measurable objectives for achieving gender diversity, annually review those objectives and annually assess progress in achieving those objectives.

The Board determined to maintain the measurable diversity objectives it set last financial year for the reporting period.

The objectives set were:

- increase the overall percentage of women employed by the Group;
- maintain female representation in the intake for graduate and apprentice programs at or above one third, subject to the constraint of the operation of the Company's established system for the prioritisation of employment opportunities for local communities;
- subject to vacancies, increase the percentage of women in executive roles (Manager level and above);
- subject to vacancies, to consider diversity when reviewing Board succession plans with the aim to further balance gender representation and achieve greater diversity;
- subject to vacancies, to increase the percentage of women in senior management (General Manager level and above); and
- excluding short-term employees, maintain female turnover that is equal to or less than Group turnover.

Turnover for the purposes of the final diversity objective covers all scenarios which may result in an employment relationship being ended, with the exception of termination for cause.

For the reporting period, the Group met its objectives to increase the overall percentage of women employed by the Group, maintain female representation in the intake for graduate and apprentice programs at or above one third and increase the percentage of women in executive roles (Manager level and above).

Unfortunately, the Group was unable to meet its objectives of:

- increasing the percentage of women in senior management roles;
- further balancing gender representation on the Board; and
- maintaining female turnover that is equal to or less than Group turnover.

That said, no appointment opportunities were available during the reporting period at senior management level and, but for the unplanned retirement of Ms Herzig from the Board, gender representation on the Board would have remained the same as the prior year. In addition, in both percentage and absolute terms, the number of women in management roles across the Group increased, representing a future opportunity to increase female representation at the senior management level should vacancies arise. There was also a year-on-year decrease in female turnover.

The Company remains conscious that, given the relatively low turnover of senior employees, the Group's graduate and apprenticeship programs continue to represent the greatest opportunity to increase female representation within the Company over time. The Company's continued focus on ensuring adequate female representation in the Group's graduate and apprenticeship programs seems to be having an effect, with females making up two thirds of the internal promotions to management level during the reporting period.

For the Toliara Project, the Company has undertaken several measures to encourage women from local communities to apply for future training and job opportunities, and dispel the commonly held perception that mining is an unsuitable career for women. Such measures included using female role models in advertising and holding "women only" registration days when targeting registrations for capacity-building training programs to broaden the pool of suitable applicants for roles during the construction and operation phases. Of the applicants registered for these programs, approximately 33% were female.

Shown below is the Company's performance in achieving its set objectives during the year ended 30 June 2022, as compared to the two prior periods. The Company's turnover percentages for 2021 are distorted by, and materially higher than the percentages for 2020 and the reporting period due to, the redundancy process that was carried out in Madagascar during that year.

Objective	2020	2021	2022	Change in % 2021 to 2022
Increase the overall percentage of women	167/944 17.7%	177/964 18.4%	177/946 18.7%	0.3%
Female representation in graduate and apprentice programs at or above one third	14/42 33.3%	8/24 33.3%	11/31 35.0%	1.7%
Increase the percentage of women in management roles (Manager and above)	6/38 15.8%	6/40 15.0%	7/38 18.4%	3.4%
Increase the percentage of women in senior management (General Manager and above) ⁴	0/11 0.0%	0/11 0.0%	0/10 0.0%	No change
Board gender diversity	14.3%	28.6%	20%	(8.6)%
Maintain female turnover that is equal to or less than Group turnover	Female – 0.9% Group – 1.2% Difference – (0.3%)	Female – 12.0% Group – 8.6% Difference – 3.4%	Female – 8.0% Group – 5.7% Difference – 2.3%	(1.1)%

The Board has determined to maintain the above existing measurable objectives for the coming financial year. The Board will report progress in achieving the set objectives in next year's corporate governance statement.

Availability of Key Corporate Governance Documents

The following key corporate governance policies and procedures are available on the Company's website at <https://basetitanium.com/who-we-are/governance-and-standards/>

- Company Values – The Base Way
- Constitution
- Board Governance Plan (including Board Committee Charters)
- Continuous Disclosure and Market Communications Standard
- Risk Management Policy
- Diversity Standard
- Integrity Standard
- Environment Policy
- Communities Policy
- Employment Policy
- Occupational Health, Safety and Wellbeing Policy
- Whistleblower Standard
- Securities Trading Standard
- Procurement and Supply Policy
- Code of Conduct (Company Personnel)
- Supplier Code of Conduct

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FINANCIAL STATEMENTS AND NOTES

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Consolidated financial
statements for the year
ended 30 June 2022

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 US\$000s	2021 US\$000s
Sales revenue	3	279,117	198,235
Cost of sales	4	(131,656)	(139,310)
Profit from operations		147,461	58,925
Corporate and external affairs		(12,446)	(12,001)
Community development costs		(6,178)	(4,618)
Selling and distribution costs		(2,954)	(1,712)
Net write-off of Kenyan VAT receivable and royalty payable	5	(3,012)	-
Business development		(1,753)	(526)
Other expenses		(3,131)	(2,938)
Profit before financing costs and income tax		117,987	37,130
Financing costs	6	(4,138)	(7,872)
Profit before income tax		113,849	29,258
Income tax expense	7	(33,108)	(18,277)
Net profit for the year		80,741	10,981
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(2,795)	3,599
Total other comprehensive income for the year		(2,795)	3,599
Total comprehensive income for the year		77,946	14,580
Earnings per share			
		Cents	Cents
Basic earnings per share (US cents per share)	8	6.92	0.93
Diluted earnings per share (US cents per share)	8	6.80	0.92

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of financial position

AS AT 30 JUNE 2022

	Note	30 June 2022 US\$000s	30 June 2021 US\$000s
Current assets			
Cash and cash equivalents		55,447	64,925
Trade and other receivables	10	68,961	62,635
Inventories	11	15,098	18,355
Other current assets		9,099	8,208
Total current assets		148,605	154,123
Non-current assets			
Capitalised exploration and evaluation	12	156,069	157,909
Property, plant and equipment	13	89,012	104,917
Total non-current assets		245,081	262,826
Total assets		393,686	416,949
Current liabilities			
Trade and other payables	14	17,652	21,618
Provisions	15	7,500	38,687
Deferred consideration	16	7,000	7,000
Other current liabilities		493	41
Total current liabilities		32,645	67,346
Non-current liabilities			
Provisions	15	16,534	15,088
Deferred tax liability	7	162	4,615
Deferred consideration	16	10,000	10,000
Other non-current liabilities		645	-
Total non-current liabilities		27,341	29,703
Total liabilities		59,986	97,049
Net assets		333,700	319,900
Equity			
Issued capital	17	307,811	307,811
Treasury shares	18	(4,957)	(2,273)
Reserves		(17,811)	(14,201)
Retained earnings		48,657	28,563
Total equity		333,700	319,900

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2022

	Issued capital US\$000s	Retained earnings US\$000s	Share based payment reserve US\$000s	Foreign currency translation reserve US\$000s	Treasury shares reserve US\$000s	Total US\$000s
Balance at 1 July 2020	307,063	72,898	5,038	(22,265)	-	362,734
Profit for the year	-	10,981	-	-	-	10,981
Other comprehensive income	-	-	-	3,599	-	3,599
Total comprehensive income for the year	-	10,981	-	3,599	-	14,580
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid	-	(56,383)	-	-	-	(56,383)
Purchase of treasury shares	-	-	-	-	(3,458)	(3,458)
Share based payments	748	1,067	(573)	-	1,185	2,427
Balance at 30 June 2021	307,811	28,563	4,465	(18,666)	(2,273)	319,900
Balance at 1 July 2021	307,811	28,563	4,465	(18,666)	(2,273)	319,900
Profit for the year	-	80,741	-	-	-	80,741
Other comprehensive income	-	-	-	(2,795)	-	(2,795)
Total comprehensive income for the year	-	80,741	-	(2,795)	-	77,946
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid	-	(60,912)	-	-	-	(60,912)
Purchase of treasury shares	-	-	-	-	(5,331)	(5,331)
Share based payments	-	265	(815)	-	2,647	2,097
Balance at 30 June 2022	307,811	48,657	3,650	(21,461)	(4,957)	333,700

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 US\$000s	2021 US\$000s
Cash flows from operating activities			
Receipts from customers		263,491	183,107
Payments in the course of operations		(143,437)	(99,524)
Income taxes paid		(41,770)	(19,115)
Net cash from operating activities	9	78,284	64,468
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,947)	(9,310)
Payments for exploration and evaluation		(8,101)	(15,222)
Other		140	(13)
Net cash used in investing activities		(18,908)	(24,545)
Cash flows from financing activities			
Dividends paid	20	(60,912)	(56,383)
Purchase of treasury shares		(5,331)	(3,458)
Repayment of borrowings		-	(75,000)
Payments for debt service costs		(680)	(2,977)
Net cash used in financing activities		(66,923)	(137,818)
Net decrease in cash held			
		(7,547)	(97,895)
Cash at beginning of year		64,925	162,559
Effect of exchange fluctuations on cash held		(1,931)	261
Cash at end of year		55,447	64,925

The accompanying notes form part of these consolidated financial statements.

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Notes to the consolidated financial statements

Note 1: Basis of preparation

Base Resources Limited is a company domiciled in Australia. The registered address is located at Level 3, 46 Colin Street, West Perth, WA, 6005. The consolidated financial statements of the Company, as at and for the year ended 30 June 2022, comprises the Company and its wholly owned subsidiaries (together referred to as the Group). The Group is a for-profit entity and primarily involved in the operation of its Kwale Mineral Sands Mine in Kenya and development of its Toliara Project in Madagascar.

The consolidated financial statements of the Group for the year ended 30 June 2022:

- Are a general purpose financial report prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.
- Comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.
- Are presented in United States dollars and all values are rounded to the nearest thousand dollars (US\$000s) unless otherwise stated, in accordance with ASIC Corporations instrument 2016/191. The functional currency of the Parent is Australian dollars, whilst all other subsidiaries are United States dollars.
- Have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated financial statements were approved by the Board of Directors on 20 August 2022.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are recognised in the Statement of Profit or Loss and Comprehensive Income.

Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to United States dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the Group's accounting policies are continually evaluated and reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed in the respective sections of the Consolidated Financial Statements.

To assist in identifying critical accounting judgements, we have highlighted them with the following formatting:

Ore Reserves and Mineral Resources estimates

The estimated quantities of economically recoverable Ore Reserves and Mineral Resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as future operating costs, future commodity prices, future capital requirements and future operating performance. Changes in reported Ore Reserves and Mineral Resources estimates can impact the carrying value of PP&E, provisions for mine closure and rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Statement of Profit or Loss and Other Comprehensive Income.

Note: this is an example presentation.

PERFORMANCE FOR THE YEAR

This section analyses the financial performance of the Group for the year ended 30 June 2022. It includes segment performance, earnings per share and taxation.

Note 2: Segment reporting

Segment	Principal activities
Kwale Operation	The Group's 100% owned Kwale Operation is located in Kenya and generates revenue from the sale of rutile, ilmenite and zircon.
Toliara Project	The Group acquired the Toliara Project in Madagascar in 2018 and is progressing the project towards development.
Other	Includes Group head office, all corporate expenditure not directly attributable to the Kwale Operation or Toliara Project and exploration activities not directly related to Kwale Operations or the Toliara Project.

Reportable segment	2022				2021			
	Kwale Operation US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s	Kwale Operation US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s
Sales revenue	279,117	-	-	279,117	198,235	-	-	198,235
Cost of sales	(131,656)	-	-	(131,656)	(139,310)	-	-	(139,310)
Profit from operations	147,461	-	-	147,461	58,925	-	-	58,925
Corporate and external affairs	(3,787)	(285)	(8,374)	(12,446)	(3,759)	(272)	(7,970)	(12,001)
Community development costs	(6,178)	-	-	(6,178)	(4,618)	-	-	(4,618)
Selling and distribution costs	(2,954)	-	-	(2,954)	(1,712)	-	-	(1,712)
Net write-off of Kenyan VAT receivable and royalty over accrual	(3,012)	-	-	(3,012)	-	-	-	-
Business development	-	-	(1,753)	(1,753)	-	-	(526)	(526)
Other expenses	(2,821)	(170)	(140)	(3,131)	(2,927)	-	(11)	(2,938)
Profit before financing and tax	128,709	(455)	(10,267)	117,987	45,909	(272)	(8,507)	37,130
Financing costs	(4,064)	(52)	(22)	(4,138)	(7,794)	-	(78)	(7,872)
Profit before tax	124,645	(507)	(10,289)	113,849	38,115	(272)	(8,585)	29,258
Income tax expense	(19,608)	-	(13,500)	(33,108)	(9,277)	-	(9,000)	(18,277)
Reportable profit	105,037	(507)	(23,789)	80,741	28,838	(272)	(17,585)	10,981

Reportable segment	2022				2021			
	Kwale Operation US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s	Kwale Operation US\$000s	Toliara Project US\$000s	Other US\$000s	Total US\$000s
Capital expenditure	11,346	6,391	1,311	19,048	11,464	12,200	868	24,532
Total assets	203,309	160,386	29,991	393,686	227,364	156,744	32,841	416,949
Total liabilities	38,514	17,681	3,791	59,986	76,466	18,022	2,561	97,049

Determination and presentation of operating segments

Operating segments are components of the Group about which separate financial information is available that is evaluated regularly by the Group's senior executives (chief operating decision makers) in deciding how to allocate resources and in assessing performance.

The division of the Group's results into segments has been ascertained by identification of revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro rata basis.

Note 3: Revenue

	2022 US\$000s	2021 US\$000s
Revenue from contracts with customers	279,094	197,832
Revenue from contracts subject to provisional pricing (a)	23	403
Total sales revenue	279,117	198,235

a. Revenue from contracts subject to provisional pricing

Contract terms for some of the Group's rutile sales allow for a retrospective final price adjustment after the date of sale, based on average market prices in the quarter that the product is sold. Average market prices are derived from an independently published quarterly dataset of all global rutile trades, available approximately four months after the end of each quarter.

During the reporting period there was \$23,000 revenue arising from final price adjustment (2021: US\$0.4 million).

Sales revenue made under these terms that have not yet been subject to a final price adjustment are recognised at the estimated fair value of the total consideration receivable, which takes into account the latest available market data at balance date.

No rutile sales revenue remains subject to final market pricing at 30 June 2022 (2021: US\$0.7 million). Adjustments between the provisional and final price are accounted for under AASB 9 and are separately disclosed.

Recognition and measurement of revenue

The Group sells mineral sands products under a range of International Commercial Terms (Incoterms). Revenue is recognised at the point in time when effective control of the product is transferred to the customer which is the only performance obligation of the Group. The point at which effective control has transferred to the customer is determined under the Incoterms of each sale. For most of the Group's sales, where the Incoterms are Free on Board (FOB) or Cost and Freight (CFR), this is when the goods are loaded onto a shipping vessel. Other Incoterms only transfer effective control to the customer once the products reach their point of destination, at which stage the performance obligation is considered satisfied and the revenue recognised.

The Group measures its revenues from contracts with customers at a price established in the formal agreement with the customer. For rutile sales, where final pricing is based on average market prices, a provisional pricing adjustment is recorded as described above.

In all circumstances, revenue can reliably be measured based on quantities shipped and prices as described above. All costs associated with the sale, most notably the cost of the inventory being shipped, are known at the time of shipment.

After control has transferred to the customer, there are no continuing obligations such as customer right of return or warranties that could impact the recognition of revenues. Once the Group's sole performance obligation has been met, the Group has the right to invoice the customer and it is therefore probable that future economic benefits will flow to the Group.

Note 4: Cost of sales

	2022 US\$000s	2021 US\$000s
Operating costs	70,113	64,963
Changes in inventories of concentrate and finished goods	3,434	1,576
Royalties expense	18,019	13,823
Depreciation and amortisation	40,090	58,948
	131,656	139,310

Note 5: Net write-off of Kenyan VAT receivable and royalty over accrual

During the reporting period, the Company signed Deeds of Variation for the Kwale Special Mining Lease 23 (SML 23) to extend the mining lease boundary to incorporate additional ore reserves and increased the rate of royalties payable to the Government of Kenya (GoK) to 3% for the period from date of first export of minerals to 30 June 2018, and 5% thereafter.

Prior to SML 23 being varied, the applicable GoK royalty rate was 2.5% and it was on this basis that royalties were paid. However, from first export of minerals, royalty costs had been provided for, and expensed, by the Company at an assumed royalty rate of 5%, based on an expected outcome from the long running discussions with GoK. In consideration for entry into the Deeds of Variation, in particular the agreement to a royalty for the period up to 30 June 2018 at a rate lower than had been accrued, the Company withdrew its claim for refund of VAT receivable related to the construction of Kwale Operations.

Accordingly, a net write-off has been recorded in the reporting period, representing a loss on abandoning the construction VAT receivable, less the write-back of royalty over accrual for the period to 30 June 2018.

	2022 US\$000s	2021 US\$000s
Construction VAT receivable abandoned	15,990	-
Royalty payable – over accrual reversed	(12,978)	-
Net position	3,012	-

Note 6: Financing costs

	2022 US\$000s	2021 US\$000s
Interest expense, inclusive of withholding tax	1	2,036
Amortisation of capitalised borrowing costs	-	650
Unwinding of discount on provision for rehabilitation	62	49
Foreign exchange loss	3,267	2,812
Commitment fees	-	302
Customer financing charges	613	1,994
Other financing costs	195	29
	4,138	7,872

Finance expenses

Financing expenses include:

- Foreign exchange losses.
- Customer supplier financing charges.
- Interest on borrowings and leases.
- Amortisation of costs incurred to establish the borrowings.
- Costs related to financing the provisions for mine closure and rehabilitation.

Financing expenses are calculated using the effective interest rate method. Finance expenses incurred for the development of mining projects are capitalised up to the point at which commercial production is achieved. Other financing expenses are expensed as incurred.

Note 7: Income tax

	2022 US\$000s	2021 US\$000s
a. Amounts recognised in profit or loss		
<i>Current income tax</i>		
Income tax expense	24,061	13,689
Dividend withholding tax	13,500	9,000
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(4,453)	(6,218)
Adjustments to deferred tax balance due to changes in Kenyan tax rates	-	1,806
Income tax expense reported in comprehensive income	33,108	18,277
b. Reconciliation of income tax expense to prima facie tax payable		
<i>The prima facie tax payable on loss from ordinary activities before tax is reconciled to the income tax expense as follows:</i>		
Accounting profit before tax	113,849	29,258
Prima facie tax on operating profit at 30% (2021: 30%)	34,155	8,777
Add / (less) tax effect of:		
Non-deductible items	2,694	512
Share based payments	394	406
Tax losses not recognised	1,879	3,744
Other deferred tax assets not brought to account as realisation not considered probable	433	1,249
Effect of tax rates in foreign jurisdictions ⁽ⁱ⁾	(20,116)	(5,411)
Income tax attributable to operating profit	19,608	9,277
Dividend withholding tax	13,500	9,000
Income tax	33,108	18,277
<i>(i) The Kenyan tax rate applicable to Base Titanium Limited is 15% (2021: 15%)</i>		
c. Net deferred tax liability recognised		
Deferred tax asset recognised		
Opening balance	1,987	1,447
Adjustment for change in Kenyan tax rate (2022: 15%; 2021: 15%)	-	289
Deferred tax movement at prevailing Kenyan tax rate	941	251
Closing balance	2,928	1,987
Deferred tax liability recognised		
Opening balance	(6,602)	(10,474)
Adjustment for change in Kenyan tax rate (2022: 15%; 2021: 15%)	-	(2,095)
Deferred tax movement at prevailing Kenyan tax rate	3,512	5,967
Closing balance	(3,090)	(6,602)
Net deferred tax liability	(162)	(4,615)

d. Deferred tax assets unrecognised

(Taxable) / Deductible temporary differences	(72)	335
Tax losses Australia	12,595	9,017
Tax losses other	550	422
Exploration expenditure Madagascar	10,367	9,002
	23,440	18,776

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward, excluding those recognised for Kwale Operations, have not been brought to account at 30 June 2022 and 2021 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

1. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
2. the Group continues to comply with conditions for deductibility imposed by law; and
3. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

Recoverability of deferred tax assets

Balances related to taxation disclosed are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future changes to taxation legislation. The current income tax position represents the directors' best estimate, pending assessment by the tax authorities in Australia and jurisdictions where it has foreign operations.

A deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively, sale of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

Recognition and measurement of income taxes

The income tax expense/benefit for the year comprises current income tax expense/benefit and deferred tax expense/benefit.

Current income tax expense charged to the Statement of Profit or Loss and Other Comprehensive Income is the expected tax payable or recoverable on the taxable income or loss calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax expense reflects movements in deferred tax asset and liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/benefit is charged or credited directly to equity instead of the Statement of Profit or Loss and Other Comprehensive Income when the tax relates to items that are credited or charged directly to equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Note 8: Earnings per share

	2022 US\$000s	2021 US\$000s
Earnings used to calculate basic/diluted earnings per share	80,741	10,981
a. Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share		
<i>in thousands of shares</i>	2022	2021
Issued ordinary shares at 1 July	1,178,012	1,171,610
Treasury shares at 1 July	(10,743)	-
Effect of performance rights vested under the Company's Long Term Incentive Plan (LTIP)	-	5,402
Treasury shares acquired on market by the Trustee to satisfy vested performance rights under the Company's LTIP	(6,057)	(4,994)
Treasury shares allocated to participants in the Company's LTIP following exercise of vested performance rights	6,102	2,840
Weighted average number of ordinary shares at 30 June	1,167,314	1,174,858
b. Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share		
<i>in thousands of shares</i>	2022	2021
Weighted average number of ordinary shares (basic)	1,167,314	1,174,858
Effect of performance rights on issue	20,755	20,777
Weighted average number of ordinary shares (diluted) at 30 June	1,188,069	1,195,635

Note 9: Operating cashflows

The Group's operating cashflow reconciled to profit after tax is as follows:

	2022 US\$000s	2021 US\$000s
Profit for the year	80,741	10,981
Depreciation and amortisation	40,090	58,948
Share based payments	1,896	1,837
Financing costs classified as financing activity	4,138	7,872
Net write-off of Kenyan VAT receivable and royalty over accrual	3,012	-
Decrease in deferred tax liability	(4,453)	(4,412)
Increase in receivables and other assets	(23,713)	(16,910)
Decrease in inventories	3,257	1,137
Settlement of Government of Kenya royalty previously provided for	(18,763)	-
(Decrease) / increase in trade and other payables	(8,154)	9,189
Increase / (decrease) in provisions	233	(4,174)
Cash flow from operations	78,284	64,468

OPERATING ASSETS AND LIABILITIES

This section presents information about the Group's assets and liabilities, including its policies and processes for measuring and estimating these balances.

Note 10: Trade and other receivables

	30 June 2022 US\$000s	30 June 2021 US\$000s
Current		
Trade receivables	57,515	41,744
VAT receivables	11,413	20,833
Other receivables	33	58
	68,961	62,635

Note 11: Inventories

	30 June 2022 US\$000s	30 June 2021 US\$000s
Current		
Heavy mineral concentrate and other intermediate stockpiles – at cost	1,014	2,153
Finished goods stockpiles – at cost	1,840	4,136
Stores and consumables – at cost	12,244	12,066
	15,098	18,355

Net realisable value of inventories

Inventories are recognised at the lower of cost and net realisable value (NRV).

NRV is based on the estimated amount expected to be received when the product is sold, less all costs still to be incurred in converting the relevant inventory to a saleable product and transporting to the port ready for shipment. The computation of NRV for inventories of heavy mineral concentrate and finished product involves significant judgements and estimates in relation to timing of processing, processing costs, transport costs, commodity prices and the ultimate timing of sale. A change in any of these critical assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.

Recognition and measurement of inventories

Inventories of heavy mineral concentrate and finished product are valued on a weighted average cost basis and include direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at NRV. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

Note 12: Capitalised exploration and evaluation

	30 June 2022 US\$000s	30 June 2021 US\$000s
Toliara Project – Madagascar	154,576	150,341
Kenya	992	7,568
Tanzania	501	-
Closing carrying amount	156,069	157,909
	2022 US\$000s	2021 US\$000s
Movement in carrying amount		
Opening balance	157,909	139,633
Reclassification of exploration cost to property, plant and equipment	(6,737)	2,525
Exploration and evaluation expenditure during the year	7,389	13,643
Effects of movement in foreign exchange	(2,492)	2,108
	156,069	157,909

In November 2019, the Government of Madagascar required the Group to temporarily suspend on-the-ground activity on the Toliara Project while discussions on fiscal terms applying to the project were progressed. Activity remains suspended as the Group engages with the Government of Madagascar in relation to the fiscal terms applicable to the Toliara Project, with progress made during the reporting period. The suspension does not affect the validity of the Toliara Project's mining permit.

Recognition and measurement of exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditure are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditure is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

For each area of interest, the expenditure is recognised as an exploration and evaluation asset when the rights of tenure to that area of interest are current and the expenditure is expected to be recouped through successful development and exploitation of an area of interest, or alternatively by its sale, and where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Accumulated costs in relation to an abandoned area are written off in full to the Statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Note 13: Property, plant and equipment

2022	Plant & equipment US\$000s	Mine property and development US\$000s	Buildings US\$000s	Right-of-use assets US\$000s	Capital work in progress US\$000s	Total US\$000s
At cost	276,463	157,873	6,521	1,040	7,467	449,364
Accumulated depreciation	(231,047)	(124,036)	(5,074)	(195)	-	(360,352)
Closing carrying amount	45,416	33,837	1,447	845	7,467	89,012

Reconciliation of carrying amounts:						
Balance at 1 July 2021	67,741	31,339	2,111	35	3,691	104,917
Additions	1,224	2,610	28	1,040	7,662	12,564
Transfers	2,075	1,727	-	-	(3,802)	-
Reclassification from exploration and evaluation	-	6,737	-	-	-	6,737
Disposals	(7)	(801)	-	-	-	(808)
Increase in mine rehabilitation asset	-	6,798	-	-	-	6,798
Depreciation expense	(25,606)	(13,962)	(692)	(230)	-	(40,490)
Effects of movement in foreign exchange	(11)	(611)	-	-	(84)	(706)
Balance at 30 June 2022	45,416	33,837	1,447	845	7,467	89,012

2021	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
At cost	273,543	144,011	6,493	170	3,691	427,908
Accumulated depreciation	(205,802)	(112,672)	(4,382)	(135)	-	(322,991)
Closing carrying amount	67,741	31,339	2,111	35	3,691	104,917

Reconciliation of carrying amounts:						
Balance at 1 July 2020	94,250	58,235	2,751	190	3,325	158,751
Additions	6,312	1,690	54	-	4,238	12,294
Transfers	4,651	(779)	-	-	(3,872)	-
Reclassification to exploration and evaluation	-	(2,525)	-	-	-	(2,525)
Disposals	(24)	-	-	(7)	-	(31)
Decrease in mine rehabilitation asset	-	(5,189)	-	-	-	(5,189)
Depreciation expense	(37,477)	(21,137)	(694)	(154)	-	(59,462)
Effects of movement in foreign exchange	29	1,044	-	6	-	1,079
Balance at 30 June 2021	67,741	31,339	2,111	35	3,691	104,917

Impairment of assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication those assets have been impaired. When impairment indicators are identified, the Group determines the recoverable value of the cash-generating unit to which the assets are allocated, via an estimation of the fair value of the cash-generating unit. Estimating the fair value amount requires management to make an estimate of expected future cash flows from the cash-generating unit over the forecast period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Key estimates supporting the expected future cash flows include commodity prices, production output and cost forecasts.

Ore Reserves and Mineral Resources estimates

The estimated quantities of economically recoverable Ore Reserves and Mineral Resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as future operating costs, future commodity prices, future capital requirements and future operating performance. Changes in reported Ore Reserves and Mineral Resources estimates can impact the carrying value of PP&E, provisions for mine closure and rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Statement of Profit or Loss and Other Comprehensive Income.

Recognition and measurement of property, plant and equipment

Each class of property, plant and equipment (PP&E) is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

PP&E is measured on a historical cost basis. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the Statement of Profit or Loss and Comprehensive Income during the financial period in which they are incurred.

Any gain or loss on disposal of an item of PP&E is determined by comparing the proceeds from disposal with the carrying amount, and is recognised net within other income/other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and a decision to proceed with development of the project has been made, and also includes subsequent development costs required to bring the mine into production. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Depreciation

All PP&E, except freehold land, is depreciated on a straight line basis over the asset's useful life to the Group, commencing from the time the asset is held ready for use. The depreciation methods used for each class of depreciable assets are:

Class of plant and equipment	Depreciation method
Buildings	Straight line at 5% per annum
Plant and equipment – process plant	Straight line over remaining mine life
Plant and equipment – other	Straight line at 10% to 30% per annum
Mine property and development	Straight line over remaining mine life
Right-of-use assets	Straight line over term of lease

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets (Leases)

As a lessee, the Group recognises a right-of-use (ROU) asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments, on the statement of financial position for leases (other than short term and low value leases). ROU assets are depreciated over the life of the lease.

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset), and subsequently at cost less accumulated depreciation, impairment losses and adjusted for remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate or, where not available, a market rate alternative. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options.

Note 14: Trade and other payables

	30 June 2022 US\$000s	30 June 2021 US\$000s
Trade payables and accruals	17,652	21,618
	17,652	21,618

Note 15: Provisions

	30 June 2022 US\$000s	30 June 2021 US\$000s
Current		
Provision for increase in Government of Kenya royalty (a)	-	31,419
Mine closure and rehabilitation (b)	5,784	5,330
Employee benefits	1,716	1,938
	7,500	38,687
Non-current		
Mine closure and rehabilitation (b)	16,502	15,046
Employee benefits	32	42
	16,534	15,088

a. Government of Kenya Royalty

During the reporting period, the Company signed a Deed of Variation for the Kwale SML 23 that increased the rate of royalties payable to the GoK to 3% for the period from date of first export of minerals to 30 June 2018, and 5% thereafter. Prior to SML 23 being varied, the applicable GoK royalty rate was 2.5% and it was on this basis that royalties were paid. However, from first export of minerals at Kwale Operations, GoK royalties had been provided for, and expensed, by the Company at an assumed royalty rate of 5%, based on an expected outcome from the long running discussions with GoK. Following the variation to SML 23, the 2% over accrual of royalties up to 30 June 2018 was reversed (refer to Note 5), and the remaining US\$18.8 million balance of accrued royalties paid to the GoK.

b. Movement in mine closure and rehabilitation:	2022 US\$000s	2021 US\$000s
Balance at 1 July	20,376	29,418
Increase / (decrease) in rehabilitation estimate	8,162	(6,654)
Rehabilitation activities	(6,314)	(2,437)
Unwinding of discount	62	49
Balance at 30 June	22,286	20,376

Mine closure and rehabilitation obligations

The calculation of the mine closure and rehabilitation provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies, engineering costs and inflation and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine closure and rehabilitation obligations.

The mine closure and rehabilitation provision is recorded as a liability at present value, assuming a risk-free discount rate equivalent to the 2 year US Government bonds rate of 2.99% as at 30 June 2022 (2021: 0.25%) and an inflation factor derived from the US consumer price index of 4.87% (2021: 1.70%).

Although the ultimate amount to be incurred is uncertain, management has, at 30 June 2022, estimated the cost of mine closure and rehabilitation activities using an expected remaining mine life of 2.5 years and a total undiscounted estimated cash flow of US\$28.2 million (2021: US\$24.2 million). Management's estimate of the underlying cost of mine closure and rehabilitation activities is reviewed by an external consultant on a regular basis for completeness, with the last such review completed in June 2022.

Recognition and measurement of provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

A mine closure and rehabilitation provision is recognised at the commencement of a mining project and/or construction based on the estimated costs necessary to meet legislative requirements by estimating future costs and discounting these to a present value. The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and mine development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, and is amortised over the life of the mine.

At each reporting date the mine closure and rehabilitation provision is re-measured in line with changes in discount rates and timing or amounts of the costs to be incurred. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved and are dealt with on a prospective basis as they arise.

Changes in the liability relating to mine closure and rehabilitation obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as a financing expense in the Statement of Profit and Loss and Other Comprehensive Income. Where a change in the liability relating to mine closure and rehabilitation obligations results in a reduction to the liability greater than the carrying value of the related asset, the reduction in excess of the asset carrying value will be recognised in the Statement of Profit and Loss and Other Comprehensive Income. Changes in the asset value have a corresponding adjustment to future amortisation charges. If a decrease in the provision exceeds the carrying amount of the asset, the excess shall be recognised immediately in the Statement of Profit and Loss and Other Comprehensive Income.

Note 16: Deferred consideration

	30 June 2022 US\$000s	30 June 2021 US\$000s
Current		
Deferred consideration – Toliara Project acquisition	7,000	7,000
Non-current		
Deferred consideration – Toliara Project acquisition	10,000	10,000

In January 2018, Base Resources completed the acquisition of the Toliara Project in Madagascar, with payment of US\$75.0 million in up-front consideration, for an initial 85% interest. In January 2020, in accordance with the terms of the share sale agreement with World Titane Holdings Limited, the Group acquired the remaining minority interest in the Toliara Project. A further US\$17.0 million (deferred consideration) is payable on achievement of key milestones, as the project advances to mine development. An estimation has been made as to the timing of payment of the future consideration, which has resulted in a current liability of US\$7.0 million being recognised and a non-current liability of US\$10.0 million being recognised.

CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

This section presents information about the Group's financial assets and liabilities, its exposure to financial risks, as well as its objectives, policies and processes for measuring and managing risks.

Note 17: Issued capital

Date	Number	US\$000s
1 July 2020	1,171,609,774	307,063
New ordinary shares issued following exercise of vested performance rights under the Company's LTIP	6,402,076	748
30 June 2021	1,178,011,850	307,811
1 July 2021	1,178,011,850	307,811
30 June 2022	1,178,011,850	307,811

All issued shares are fully paid. The Group does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

Recognition and measurement of issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Note 18: Treasury shares reserve

During the reporting period, the Company instructed the trustee of the Base Resources LTIP (Trustee) to acquire ordinary shares in the Company on-market (Treasury Shares), for future allocation to holders of performance rights issued under the Company's LTIP that vest and are exercised. During the reporting period the LTIP cycle commencing 1 October 2018 (2018 Cycle Performance Rights), completed its three-year performance period, resulting in a partial vesting (refer to Note 19). Subsequent to their vesting, several LTIP participants chose to exercise their vested 2018 Cycle Performance Rights and were allocated Treasury Shares. In addition, a portion of the remaining of unexercised 2017 Cycle Performance Rights were exercised during the reporting period and were allocated Treasury Shares acquired on-market by the trustee.

The treasury shares reserve comprises the cost of treasury shares that had not yet been allocated to an LTIP participant as at 30 June 2022.

Date	Number	US\$000s
1 July 2020	-	-
Treasury shares acquired on market by the LTIP Trustee	16,975,319	3,458
Treasury shares allocated to LTIP participants following exercise of vested performance rights	(6,231,939)	(1,185)
30 June 2021	10,743,380	2,273
1 July 2021	10,743,380	2,273
Treasury shares acquired on market by the LTIP Trustee	25,131,243	5,331
Treasury shares allocated to LTIP participants following exercise of vested performance rights	(12,927,838)	(2,647)
30 June 2022	22,946,785	4,957

Note 19: Share-based payments

Performance rights

In October and November 2021, the Company issued 19,365,614 performance rights to key management personnel and other senior staff under the Group's LTIP. The LTIP operates on a series of annual cycles. Each cycle commences on 1 October and is followed by a three-year performance period, with a test date on the third anniversary of the commencement of the cycle.

The three-year performance period for the 22,545,430 performance rights granted for the 2018 Cycle Performance Rights concluded on 30 September 2021. Base Resources' absolute TSR over the performance period was 48%, resulting in 37% of the performance rights subject to absolute TSR performance criteria vesting. Base Resources' relative TSR over the performance period placed it in the 67th percentile which resulted in 83% of the performance rights subject to relative TSR performance criteria vesting. Accordingly, a total of 13,609,949 of the 2018 Cycle Performance Rights vested.

Total expenses arising from share based payment transactions during the year as part of employee benefit expenses was US\$1.7 million (prior period: US\$1.8 million).

Granted performance rights are as follows:

Performance cycle date	KMP	Other employees	Total	Fair value at grant date
1 October 2019	7,794,793	14,130,259	21,925,052	A\$0.1280
1 October 2020	7,201,832	12,599,927	19,801,759	A\$0.1385
1 October 2021	7,264,822	12,100,792	19,365,614	A\$0.1855

All performance rights are granted for nil consideration.

The fair value of the performance rights granted during the 2022 financial year has been estimated at the date of grant using a Monte Carlo Simulation model using the following assumptions: risk-free interest rate of 0.92%; volatility factor of the expected market price of the Company's shares of 50%; and a remaining life of performance rights of 2.87 years at valuation date. The fair value of the performance rights is recognised over the three-year performance period, which commenced on the date of grant of 1 October 2021.

The movement in the number of performance rights during the year is set out below:

	2022	2021
Opening balance	70,812,083	62,639,934
Granted – cycle commenced during reporting period	19,365,614	22,791,312
Granted – cycles commenced in previous reporting periods	298,710	397,383
Forfeited – cycles commenced in previous reporting periods	(15,774,033)	(8,643,245)
Vested	(13,609,949)	(6,373,301)
Closing balance	61,092,425	70,812,083

Recognition and measurement of share based payments

The Group LTIP is an equity settled employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of performance rights is ascertained using a recognised pricing model which incorporates all market vesting conditions.

Note 20: Dividends

Details in relation to dividends announced or paid since 1 July 2021 are set out in the below table:

Record Date	Payment Date	Unfranked cents per share (AUD)	Total US\$000s
15 September 2021	29 September 2021	4.0	34,838
17 March 2022	31 March 2022	3.0	26,074
Total			60,912

Note 21: Financial risk management

The Group's activities expose it primarily to the following financial risks:

- Market risk consisting of commodity price risk, interest rate risk and currency exchange risk.
- Credit risk.
- Liquidity risk.

The overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The senior executives of the Group meet on a regular basis to analyse treasury risks and evaluate treasury management strategies in the context of the prevailing economic conditions and forecasts.

Risk management policies are approved and reviewed by the Risk Committee and the Board on a regular basis. Financial assets and liabilities of the Group are carried at amortised cost, which approximates fair value.

The Group's financial instruments consist of deposits with banks, accounts receivable and payables:

	Note	2022 US\$000s	2021 US\$000s
Financial assets			
Cash and cash equivalents		55,447	64,925
Trade and other receivables and other current assets		68,961	62,914
		124,408	127,839
Financial liabilities			
Trade and other payables	14	17,652	21,618
Lease liabilities		869	41
		18,521	21,659

Commodity price risk

The Group is exposed to commodity price volatility on rutile sales made under contract terms which allow for a retrospective final price adjustment based on average market prices in the quarter the product is sold. Average market prices are derived from an independently published quarterly dataset of all global rutile trades, available approximately four months after the end of each quarter. Sales made under these terms that have not yet been subject to a final price adjustment are recognised at the estimated fair value of the total consideration receivable, which takes into account the latest available market data at the balance date.

No Rutile sales revenue remains subject to final market pricing at 30 June 2022 (2021: US\$0.7 million).

Interest rate risk

The Group holds its cash deposits in accounts held with Australian and International banks at variable rates and term deposits at fixed rates.

	Carrying amount		Realisable/payable within six months	
	2022 US\$000s	2021 US\$000s	2022 US\$000s	2021 US\$000s
Fixed rate instruments				
Financial assets	18,620	279	18,446	-
Financial liabilities	(869)	(41)	(116)	(41)
	17,751	238	18,330	(41)
Variable rate instruments				
Financial assets	37,001	64,925	37,001	64,925
Financial liabilities	-	-	-	-
	37,001	64,925	37,001	64,925

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Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

Variable rate instruments	2022	2022	2021	2021
	US\$000s 100bp increase	US\$000s 100bp decrease	US\$000s 100bp increase	US\$000s 100bp decrease
Profit or loss	370	(370)	649	(649)
Equity	(370)	370	(649)	649

Currency risk

The Group is exposed to currency risk from bank balances, payables and receivables that are denominated in a currency other than the respective functional currencies of Group entities, being USD and AUD.

The USD carrying amount of the Group's financial assets and liabilities by its currency risk exposure at the reporting date is disclosed below:

30 June 2022

In US\$000s:	AUD	USD	KES	MGA	Other	Total USD
Cash and cash equivalents	-	20,915	761	77	5	21,758
Trade and other receivables	-	1	9,198	2,127	-	11,326
Trade and other payables	(5)	(186)	(3,202)	(147)	(300)	(3,840)
Net exposure	(5)	20,730	6,757	2,057	(295)	29,244

30 June 2021

In US\$000s:	AUD	USD	KES	MGA	Other	Total USD
Cash and cash equivalents	-	27,936	1,775	339	5	30,055
Trade and other receivables	-	-	18,775	1,961	-	20,736
Trade and other payables	(70)	(166)	(3,846)	(399)	(603)	(5,084)
Net exposure	(70)	27,770	16,704	1,901	(598)	45,707

The following significant exchange rates applied during the year:

	Average rate		30 June spot rate	
	2022	2021	2022	2021
AUD : USD	0.7254	0.7478	0.6891	0.7506
USD : KES	112.30	108.74	117.83	107.85
USD : MGA	3932.09	3,727.55	4074.57	3,916.39

Sensitivity analysis

Based on the financial instruments held at reporting date, had the functional currencies weakened/strengthened by 10% and all other variables held constant, the Group's before-tax profit/(loss) for the year to date would have been US\$3.0 million lower/ higher (2021: US\$2.9 million lower/higher).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and deposits with financial institutions as well as credit exposures to outstanding receivables. Credit risk on cash and deposits is managed by holding funds with reputable international banks.

The Group is exposed to counterparty credit risk through sales of mineral sands products under normal terms of trade. Total sales revenue for the year ended 30 June 2022 was US\$279.1 million (2021: US\$198.2 million). Base Resources had three major customers who individually accounted for more than 10% of sales revenue, with the first contributing \$63.5 million (2021: \$59.2 million), the next contributing \$29.6 million (2021: \$22.0 million) and the last contributing \$28.0 million (2021: \$22.2 million). These customers represent 47% (2021: 32%) of the trade receivables balance at 30 June 2022.

Credit risk arising from sales to customers is managed by the Group's policy to only trade with reputable companies, with whom a long-term offtake agreement is held, or where such an agreement is not in place, sales are backed by Letters of Credit held with internationally recognised banks.

Other receivables at 30 June 2022 include US\$9.2 million in VAT receivable owed by the Government of Kenya (Note 10). An estimation has been made as to the timing of the receipt of this amount and forms the basis for its classification as a current asset.

At the reporting date the carrying amounts of financial assets are adjusted for any impairment and represent the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, which was as follows:

	2022 US\$000s	2021 US\$000s
Financial assets – cash flow realisable		
Cash and cash equivalents	55,447	64,925
Trade and other receivables	68,645	62,914
Total anticipated inflows	124,092	127,839

At 30 June 2022, the ageing of trade and other receivables, excluding VAT receivable, that were not impaired was as follows:

	2022 US\$000s	2021 US\$000s
Neither past due nor impaired	57,515	41,802
Past due 1 - 30 days	-	-
	57,515	41,802

There were no impairment losses in relation to financial assets during the current or the prior financial year. The maximum exposure to credit risk for financial assets at the reporting date by geographic region of the customer or financial institutions was:

	2022 US\$000s	2021 US\$000s
United Kingdom	18,524	24,936
Kenya	15,837	23,259
China	21,630	14,515
USA	27,072	25,333
Australia	27,167	31,787
Other	13,862	8,009
Total	124,092	127,839

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with financial liabilities. The Group manages liquidity risk by conducting regular reviews of the timing of cash outflows and the maturity profiles of term deposits in order to ensure sufficient funds are available to meet its obligations.

Financial liability maturity analysis

	Carrying amount	Contractual cash flows					
		Total	2 months or less	2 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
30 June 2022	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Trade and other payables	17,652	17,652	17,652	-	-	-	-
Lease liabilities	869	869	37	187	239	406	-
	18,521	18,521	17,689	187	239	406	-
30 June 2021							
Trade and other payables	21,618	21,618	21,618	-	-	-	-
Lease liabilities	41	41	41	-	-	-	-
	21,659	21,659	21,659	-	-	-	-

Capital management

Management controls the capital of the Group in order to maintain an appropriate working capital position to ensure that the Group can fund its operations and continue as a going concern. Capital is managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

	2022 US\$000s	2021 US\$000s
Cash and cash equivalents	55,447	64,925
Trade and other receivables	68,961	62,635
Inventories	15,098	18,355
Other current assets	9,099	8,208
Trade and other payables	(17,652)	(21,618)
Provisions	(7,500)	(38,687)
Deferred consideration	(7,000)	(7,000)
Other liabilities	(493)	(41)
Working capital position	115,960	86,777

GROUP STRUCTURE AND OTHER INFORMATION

Note 22: Parent entity disclosures

As at, and throughout the financial year ended 30 June 2022, the parent entity of the consolidated group was Base Resources Limited.

	2022 US\$000s	2021 US\$000s
Financial performance of the parent entity		
Profit for the year	70,475	51,172
Total comprehensive income for the year	70,475	51,172
Financial position of the parent entity		
Current assets	27,535	32,133
Non-current assets	176,625	184,341
Total assets	204,160	216,474
Current liabilities	3,495	3,630
Non-current liabilities	559	42
Total liabilities	4,054	3,672
Net assets	200,106	212,802
Issued capital	307,811	307,811
Treasury Shares	(4,957)	(2,273)
Reserves	(48,434)	(28,671)
Accumulated losses	(54,314)	(64,065)
Total equity	200,106	212,802

Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Base Resources Limited at the end of the reporting period. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing these financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Controlled entity	Country of Incorporation	Ownership %	
		2022	2021
Base Titanium (Mauritius) Limited	Mauritius	100	100
Base Titanium Limited	Kenya	100	100
BTS Holdings (Mauritius) Limited	Mauritius	100	100
Madagascar Mineral Fields Limited	Mauritius	100	100
Malagasy Sands No. 2 Limited	Mauritius	100	100
Base Toliara SARL	Madagascar	100	100
Madagascar Resources SARL	Madagascar	100	100
BET Two Limited	Tanzania	100	100

Note 23: Related parties

KMP compensation:	2022 US\$	2021 US\$
Short-term employment benefits	3,711,092	3,575,641
Post-employment benefits	151,318	140,972
Share-based payments	774,015	1,015,631
Other long term	46,531	40,126
	4,682,956	4,772,370

Refer to the Remuneration Report for further details.

Other related party transactions

In January 2017, one of the Company's major shareholders, Pacific Road Capital Management Pty Limited (Pacific Road), acquired a Kwale Operation royalty stream. In the year to 30 June 2022, US\$455,000 (2021: US\$488,000) was paid or is payable to Pacific Road under this royalty arrangement.

Recognition and measurement of short term employee benefits

Employee benefit obligations arising from the Group's short term incentive plan (STIP) are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the STIP where the Group has a present legal or constructive obligation as a result of past services by the employee, and the obligation can be estimated reliably.

Recognition and measurement of defined contribution plans

Contributions are made by the Group to individual defined contribution superannuation plans for Australian directors and employees and are expensed when incurred.

Note 24: Auditors' remuneration

	2022 US\$	2021 US\$
Audit services		
<i>KPMG Australia</i>		
Audit of financial report	120,342	116,536
<i>Overseas KPMG firms</i>		
Audit services	136,950	122,573
	257,292	239,109
Other services		
<i>KPMG Australia</i>		
Other services	8,313	8,047
<i>Overseas KPMG firms</i>		
Assistance with Kenyan Revenue Authority audits for prior periods for which KPMG was the incumbent tax advisor	8,437	33,898
Kenyan VAT compliance and advisory services	–	10,068
	16,750	52,013

Note 25: New accounting standards not yet adopted

New standards adopted in the period

A number of new standards are effective for the annual periods beginning on or after 1 July 2022. The Group has not elected to early adopt the new or amended standards in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

- COVID-19 related rent concessions (Amendments to AASB 16).
- Interest rate benchmark reform (Amendments to AASB 7, 9, 16 & 139).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 3).
- Annual improvements 2018 – 2020 cycle (Amendments to AASB 1, 3, 9, 116 & 137).

The above mentioned standard and interpretations are not expected to have a significant impact on the Group's consolidated financial statements when adopted.

Note 26: Events after the reporting date

Since the end of the reporting period, on 19 August 2022, the Board has determined a final dividend of AUD 3.0 cents per share, unfranked, with a record date of 5 September 2022 and payment date of 22 September 2022. The financial impact of the dividend amounting to an estimated US\$24.4 million has not been recognised in the Consolidated Financial Statements for the year-ended 30 June 2022.

Note 27: Company details

The principal place of business and registered office of the Company is:

Base Resources Limited (ASX & AIM: BSE)
Level 3
46 Colin Street
West Perth 6005
Western Australia

Directors' Declaration

1. In the opinion of the directors of Base Resources:

(a) the consolidated financial statements and notes that are set out on pages 80 to 107 and the Remuneration Report on pages 42 to 58 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

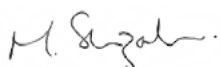
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

3. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Michael Stirzaker,

Chair



Dated at Perth this 20th day of August 2022

Independent auditor's report



Independent Auditor's Report

To the shareholders of Base Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Base Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Recoverability of the carrying value of exploration and evaluation assets (US\$154.6 million)	
Refer to Note 12 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The recoverability of Toliara exploration and evaluation was considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The significant size of the Toliara exploration and evaluation asset balance (being 39% of total assets); • The Group's market capitalisation at 30 June 2022 being less than the net assets; and • Continued on-ground suspension of activity, with management continuing to work with the Malagasy Government to find an agreement with mutually suitable fiscal terms. <p>In performing the impairment indicator assessment under AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> significant judgement is required by management when determining whether impairment indicators exist.</p> <p>Due to the above we considered it necessary to assess whether facts and circumstances existed that suggest that an impairment indicator was present.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the Group's rights to tenure by reviewing existing mining permit and reviewing legal advice which the Company has obtained in the past in relation to validity of mining permit tenure; • Reviewing expenditure incurred and activity by the Company on the Toliara Project during the year and assessing the Group's budget for the Toliara Project for 2023 financial year, ensuring significant expenditure has occurred and continues to be planned; • Inquiring with management as to the progress of the ongoing negotiations with the Malagasy Government; and • Assessing the Group's plans with regards to the financing of any planned future exploration and evaluation activity. <p>KPMG has also assessed the appropriateness of the related disclosures included in Note 12 to the Financial Report.</p>

Other Information

Other Information is financial and non-financial information in Base Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Base Resources Limited for the year ended 30 June 2022, complies with *Section 300A of the Corporations Act 2001*.


KPMG

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.


Graham Hogg
Partner
Perth
20 August 2022

Additional Shareholder Information

The following additional information required by the ASX Listing Rules is current as at 31 July 2022.

Ordinary Shares

Distribution of shares	Holders	Units	%
1 – 1,000	175	10,115	0.00
1,001 – 5,000	563	1,681,704	0.14
5,001 – 10,000	367	3,011,724	0.26
10,001 – 100,000	920	33,368,473	2.83
100,001 and over	237	1,139,939,834	96.77
	2,262	1,178,011,850	100.00

There were 216 holders of unmarketable parcels of shares (<A\$500) based on the closing share price of A\$0.3050 per share as at 31 July 2022 comprising a total of 71,435 shares.

The voting rights attached to the ordinary shares are as follows:

- At a meeting of members or a class of members, each member entitled to vote, may vote in person, or by proxy or attorney.
- On a show of hands, every person present who is a member has one vote.
- On a poll, every member present in person or by proxy, attorney or representative has one vote for each ordinary share held.

20 largest registered holders of shares	Number of Shares	%
1. PACIFIC ROAD CAPITAL II PTY LIMITED	312,436,779	26.52
2. HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	307,536,887	26.11
3. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	145,756,425	12.37
4. CITICORP NOMINEES PTY LIMITED	116,634,420	9.90
5. WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	29,841,668	2.53
6. CPU SHARE PLANS PTY LTD <BSE LTR UNALLOCATED A/C>	22,917,341	1.95
7. UBS NOMINEES PTY LTD	22,066,460	1.87
8. COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	19,973,134	1.70
9. CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11A/C>	14,553,864	1.24
10. NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	12,784,097	1.09
11. BNP PARIBAS NOMS PTY LTD <DRP>	11,515,396	0.98
12. NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	8,570,000	0.73
13. MR TIMOTHY JAMES CARSTENS	8,023,054	0.68
14. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,895,082	0.50
15. WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	4,221,368	0.36
16. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,607,770	0.31
17. MR COLIN NEIL STEWART BWYE + MRS ANNETTE MARGARET BWYE <BWYE SUPER FUND A/C>	3,157,607	0.27
18. BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	2,878,099	0.24
19. MR ANDRE JOHANNES GREYLING + MRS RENE GREYLING <GREYLING SUPER FUND A/C>	2,648,640	0.22
20. MRS REBECCA HUGHES	2,594,418	0.22
	1,057,612,509	89.78

For details about the number of shares that KMP had a relevant interest in as at 30 June 2022, refer to page 57

Substantial shareholdings

The substantial shareholders of the Company, and the number of securities in which those shareholders and their associates have a relevant interest, as disclosed in the substantial holding notices received by the Company are:

Name	Number of shares
Pacific Road Capital II Pty Limited and Pacific Road Capital Management GP II Limited	310,813,913
Sustainable Capital Limited	277,232,274
Regal Funds Management Pty Limited	117,058,834
FIL Limited	113,753,581
Bank of America Corporation	63,419,268

Performance rights

The following unlisted performance rights are on issue. Performance rights do not carry a right to vote. Voting rights will attach to any ordinary shares allocated upon vesting and exercise of performance rights in accordance with their terms of issue pursuant to the Base Resources Long Term Incentive Plan.

Cycle	Date of Testing	Number of performance rights	Number of Holders
2017	30 September 2020	76,599*	1
2018	30 September 2021	872,405*	4
2019	30 September 2022	20,804,781	34
2020	30 September 2023	18,782,159	37
2021	30 September 2024	18,285,751	38

* Performance rights have vested, but remain subject to valid exercise.

During the reporting period, the trustee of the LTIP acquired 25,131,243 ordinary shares on-market at an average price of A\$0.2914 per share for future allocation to LTIP participants upon vesting and exercise of performance rights granted pursuant to the LTIP.

Other information

The Company has a primary listing on ASX and a secondary listing on the London Stock Exchange's AIM.

There is no current on-market buy back taking place.

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Glossary

AASB	Australian Accounting Standards Board
AGM	Annual general meeting
AIM	Alternative Investment Market
APES	Accounting Professional and Ethical Standards
Assemblage	The relative proportion of heavy mineral components, principally ilmenite, rutile, zircon and, where applicable, leucoxene, monazite and garnet
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
AUD	Australian dollar
Base Resources or the Company	Base Resources Limited
Competent Person	The JORC Code requires that a Competent Person be a Member or Fellow of The Australasian Institute of Mining and Metallurgy, of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation'. A Competent Person must have a minimum of five years' experience working with the style of mineralisation or type of deposit under consideration and relevant to the activity which that person is undertaking
Cut-off grade	The lowest grade of mineralised material that is thought to be economically mineable and available. Typically used by Base Resources to define which material is reported in a Mineral Resource estimate
DFS2	The updated definitive feasibility study for the Toliara Project
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EITI	Extractive Industries Transparency Initiative
ESE	Environment, Social and Ethics
ESMS	Environmental and Social Management System
EXCO	Managing Director and the Executive Director - Operations & Development
FY18	Financial year ended 30 June 2018
FY19	Financial year ended 30 June 2019
FY20	Financial year ended 30 June 2020

FY21 or prior period	Financial year ended 30 June 2021
FY22, year or reporting period	Financial year ended 30 June 2022
FY23	Financial year ending 30 June 2023
GARN	Garnet
Grade	A physical or chemical measurement of the characteristics of the material of interest. In this context, the grade is always a percentage and the characteristics are heavy mineral, oversize, slime and the various product minerals (ilmenite, rutile etc)
Group	Base Resources and its controlled entities
HM	Heavy mineral
HMC	Heavy mineral concentrate
IFRS	International Financial Reporting Standards
ILM	Ilmenite
Indicated	An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit
Inferred	An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
IUCN	International Union for Conservation of Nature
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
KES	Kenyan Shilling
KMP	Key management personnel
kt	Thousand tonnes
Kwale Operations	The Company's mineral sands operations in Kwale County, Kenya

LEUC	Leucoxene
LTIP	Base Resources' Long Term Incentive Plan
Measured	A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit
MGA	Malagasy Ariary
Mineral Resources	Mineral Resources are a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
Modifying factors	Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
MON	Monazite
MSP	Mineral separation plant
Mt	Million tonnes
NPAT	Net profit after tax
NRV	Net realisable value
OHS	Occupational health and safety
OHS system	Occupational Health, Safety and Wellbeing System
Ore Reserves	Ore Reserves are those portions of Mineral Resources that, after the application of all Modifying Factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, are economically mineable
OS	Oversize material
Pacific Road	Pacific Road Capital
Personnel Code	Code of Conduct for its directors and employees

PL119	Prospecting Licence 2018/0119
RPL	Recognition of prior learning
Probable	A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve
Proved	A Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors
RUT	Rutile
SL	Slimes
SLG	Senior Leadership Group
SML23	Special mining lease No. 23
STIP	Base Resources' Short Term Incentive Plan
Supplier code	Code of Conduct for suppliers
TFR	Total fixed remuneration
TiO ₂	Titanium dioxide
TRP	Total remuneration package
TSR	Total shareholder return
USD or US\$	United States dollar
VWAP	Volume weighted average price
WCP	Wet concentrator plant
ZIR	Zircon

Corporate Directory

Directors

Mr Michael Stirzaker
Non-Executive Chair

Mr Tim Carstens
Managing Director

Mr Malcolm Macpherson
Non-Executive Director

Ms Diane Radley
Non-Executive Director

Mr Scot Sobey
Non-Executive Director

Company secretary

Mr Chadwick Poletti

Principal place of business and registered office

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Base Resources Limited
Annual Report 2022

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