

ASX and Media Release
28 August 2023

FY23 results - Kwale continues to deliver strong financial performance

African mineral sands producer and developer, **Base Resources Limited** (ASX & AIM: BSE) (**Base Resources** or the **Company**) is pleased to present its results for the year ended 30 June 2023 (**FY23**), with higher prices across all products delivering an EBITDA of US\$158.6 million and generating cash flows from operations of US\$117.4 million. The disciplined application of the Company's capital management policy has supported the determination of a FY23 final dividend of AUD 4 cents per share (unfranked).

Despite Kwale Operations' robust operational performance, a net loss of US\$4.8 million was recorded, with profitability impacted by a non-cash impairment of US\$88.9 million following a reassessment of the carrying value of Kwale Operations, reflecting the increased operating costs of mining the North Dune, the softening outlook for mineral sands product prices over the remaining mine life and an improved understanding of the ultimate costs of closure.

The Toliara Project in Madagascar remains a significant growth opportunity for the Company. Despite making sound progress in discussions with the Government of Madagascar on the fiscal terms applicable to the project and the lifting of the on-ground suspension, recent engagement has slowed whilst the Government focuses on finalising its overhaul of the Malagasy Mining Code and preparations for the upcoming presidential election. The Company remains committed to developing the world class project and is ready to progress. However, until the Mining Code reform is finalised, and the elections scheduled for late 2023 have concluded, the Company does not expect to achieve material progress in securing fiscal terms or lifting of the project's on-ground suspension. In parallel, substantial effort is being applied to identification and progression of attractive business development opportunities to secure optionality in the project portfolio as well as broader funding options for ultimate Toliara Project development.

Operational and development highlights for FY23

- Production of 68,814 tonnes of rutile, 297,861 tonnes of ilmenite, 25,954 tonnes of zircon and a combined 18,330 tonnes of low-grade rutile and zircon products from Kwale Operations.
- Increase in average achieved prices of 18% for rutile, 3% for ilmenite and 3% for zircon compared to the prior year.
- Bumamani Project implementation completed and mining of the North Dune orebody commenced, extending the mine life of Kwale Operations to December 2024.
- Toliara Project Rare Earths Concept Study completed, confirming the substantial economic potential of the Toliara monazite content and advancing to a Pre-Feasibility Study, which remains on track for completion in the March quarter of 2024.

Financial highlights for FY23

- Revenue of US\$271.4 million, with an 8% increase in average realised unit sales price partially offsetting lower production and sales volumes when compared to the prior year.
- EBITDA of US\$158.6 million and underlying NPAT of US\$84.0 million (before the US\$88.9 million impairment charge).
- Free cashflow of US\$79.2 million (operating cashflows of US\$117.4 million less US\$38.2 million invested to extend Kwale Operations mine life and progress the Toliara Project).
- Net cash position of US\$92.9 million at 30 June 2023.

Final dividend of AUD 4 cents per share determined

Consistent with its 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 for the Company's growth and development, or to maintain requisite balance sheet strength in light of prevailing circumstances, can be expected to be returned to shareholders. In the disciplined application of this capital management approach in the context of anticipated future cashflows from Kwale Operations and the approaching closure of the mine, the strategic opportunities being pursued and a net cash position of US\$92.9 million at the end of the period, the Board has determined a final dividend of AUD 4.0 cents per share (unfranked), totalling A\$47.1 million in aggregate (approximately US\$31.3 million).

Upon payment of the final dividend, dividends distributed to shareholders since October 2020 will total AUD 22.5 cents per share, equal to A\$265 million in aggregate (approximately US\$187 million).

The dividend will be paid wholly from conduit foreign income and have record and payment dates of 11 September 2023 and 28 September 2023, respectively – for further information, refer to Base Resources’ accompanying announcement “FY23 Final Dividend – Key dates and information”.

Managing Director of Base Resources, Tim Carstens, said:

“The 2023 financial year has been another operationally and financially successful one. Strong operational performance, coupled with the continuation of buoyant mineral sands markets, has delivered a record EBITDA for Kwale Operations, even with the transition to the more challenging and lower grade ore sources that will characterise the final years of the operation.

We continue to actively pursue additional mine life extension opportunities in the Kwale East sector, with a second phase aircore drill program currently underway. Given the inherent uncertainty associated with exploration, significant effort is also going into planning for the ultimate closure of Kwale Operations and the transition to post-mining land use, with the clear objective of cementing a reputation for excellence in the full life cycle of mining.

The Toliara Project in Madagascar continues to represent a transformational growth opportunity for the Company. By confirming the substantial commercial potential of its monazite content, the Toliara Project Rare Earth concept study has enhanced that opportunity and further reinforces our belief that the project is the best undeveloped mineral sands asset in the world. We look forward to sharing more as we complete the study phases and clear regulatory hurdles.

While engagement with the Government on the fiscal terms applicable to the Toliara Project has slowed due to the Government's focus on its new mining code and the presidential elections in late 2023, we are clear that our patient approach is the right one to secure outcomes that will support the realisation of optimum shareholder value and we remain fully committed to the project’s development.

Having finished the year with a significant cash balance, the Board has determined an AUD 4 cents per share dividend. In the context of Kwale Operations’ approaching end of mine life and diminishing future cash generation potential, we believe this strikes the right balance between delivering cash returns to shareholders and retaining balance sheet strength to fund the Company’s strategic growth initiatives in pursuant of our 2031 vision of multiple concurrent operations.”

Investor webcasts

Investor webcasts will be hosted by Tim Carstens (Managing Director) and Kevin Balloch (Chief Financial Officer), who will both be available to answer questions following a presentation of the Company’s results.

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

Australia webcast and teleconference

Date: Monday, 28 August 2023

Time: 8.30am AWST / 10.30am AEST

Webcast URL: <https://webcast.openbriefing.com/bse-fyr-2023/>

Teleconference registration URL: <https://registrations.events/direct/OCP61319>

UK webcast and teleconference

Date: Tuesday, 29 August 2023

Time: 4.30pm AWST / 9.30am BST

Webcast URL: <https://webcast.openbriefing.com/bse-fyr-2023-uk/>

Teleconference registration URL: <https://registrations.events/direct/OCP60433>

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Forward looking statements

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

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

About Base Resources

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