

Delivering returns

Half-year results for the
period ended 31 December
2020

22 February 2021



**BASE
RESOURCES**



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

DFS Announcement

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

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Overview

Tim Carstens
Managing Director



Australian based, African focused, producer



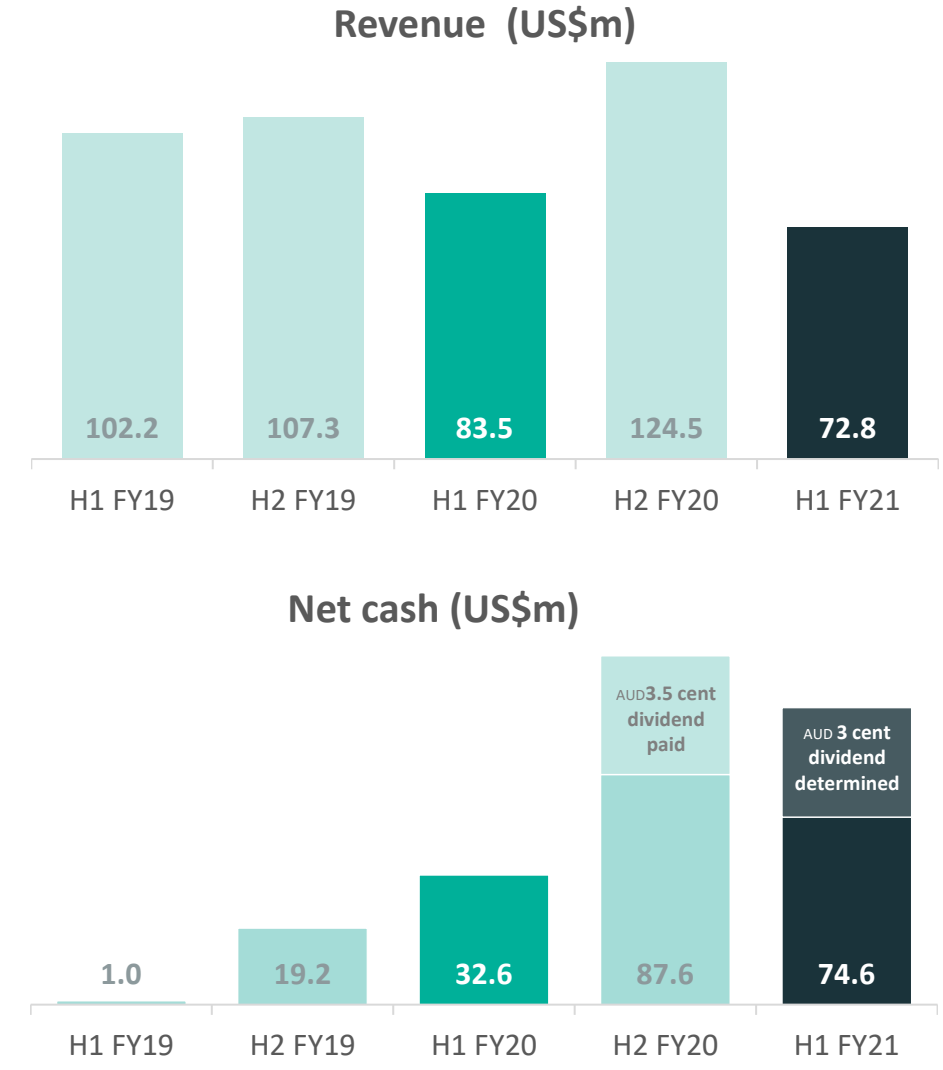
Building a unique mineral sands company

- “Mid cap” **pure mineral sands** company.
- Established **profitable Kwale Operation** in Kenya with extensional potential.
- A **world class mineral sands development project** in the Toliara Project in Madagascar.
- **Long combined mine life** once the Toliara Project is developed.
- **Track record of excellence** in safety, community engagement and environmental stewardship.
- An **experienced team** and capacity to execute well.
- A **robust financial position** from which to grow the business and deliver returns to shareholders.
- Creating a company of **strategic relevance** in a sector likely to continue to evolve.



Disciplined capital management drives half-year dividend

- Kwale Operations continued uninterrupted with changes to mitigate COVID-19 risk.
- Firm demand from pigment producers supported strengthening ilmenite prices while rutile and zircon prices moderated.
- Kwale mine life extension opportunities progressed with North Dune PFS on schedule.
- Toliara Project discussions with the Government of Madagascar on fiscal terms advanced and the LGIM application submitted.
- Lost time injury frequency rate of zero.
- Sales revenue of \$72.8m, EBITDA of \$33.9m and NPAT of -\$6.3m.
- Net cash of \$74.6m after payment of \$29.8m (AUD 3.5 cents per share) maiden dividend in October.
- Half-year dividend of AUD 3 cents per share (approximately \$27.5m) determined, unfranked.





Review of operations

Kevin Balloch
Chief Financial Officer



Outstanding safety outcomes indicative of performance culture

23.2
Million

Hours worked with
zero Lost-Time
Injuries*

83
Months

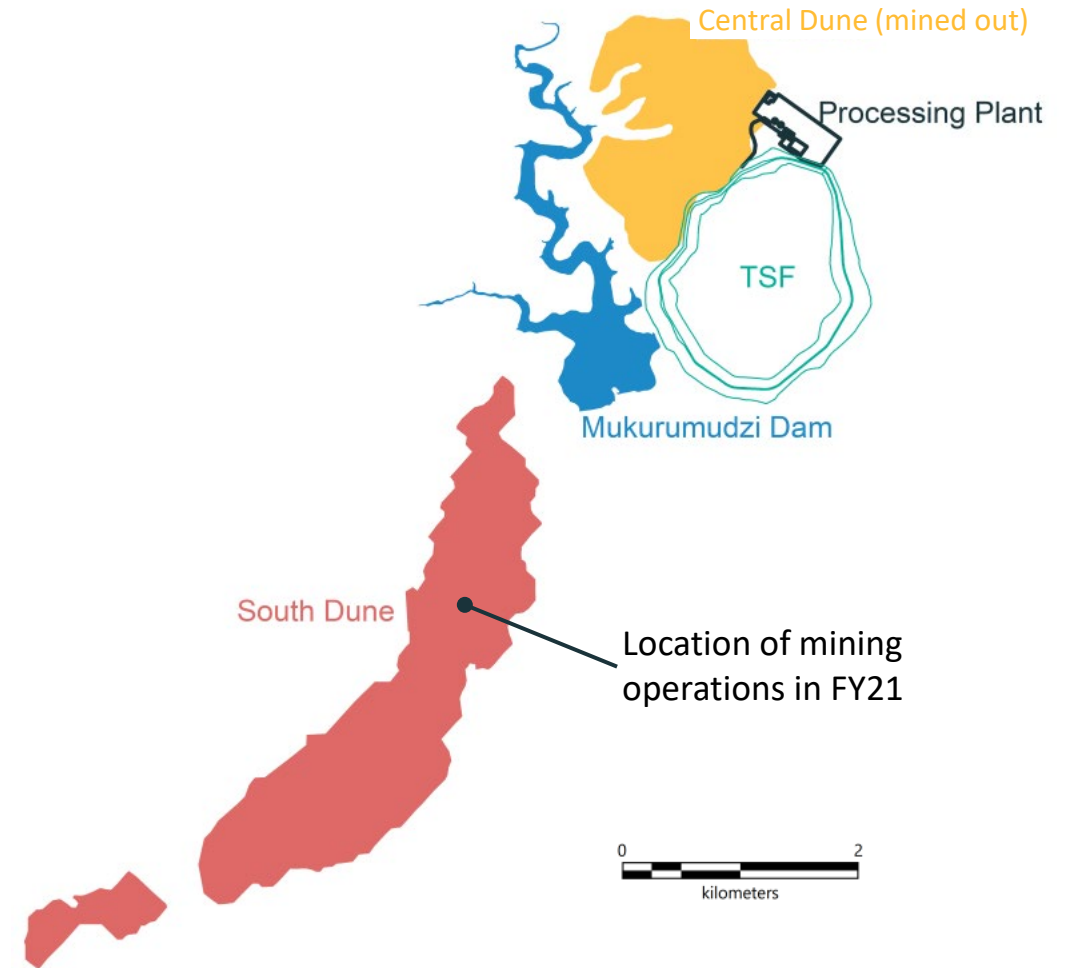
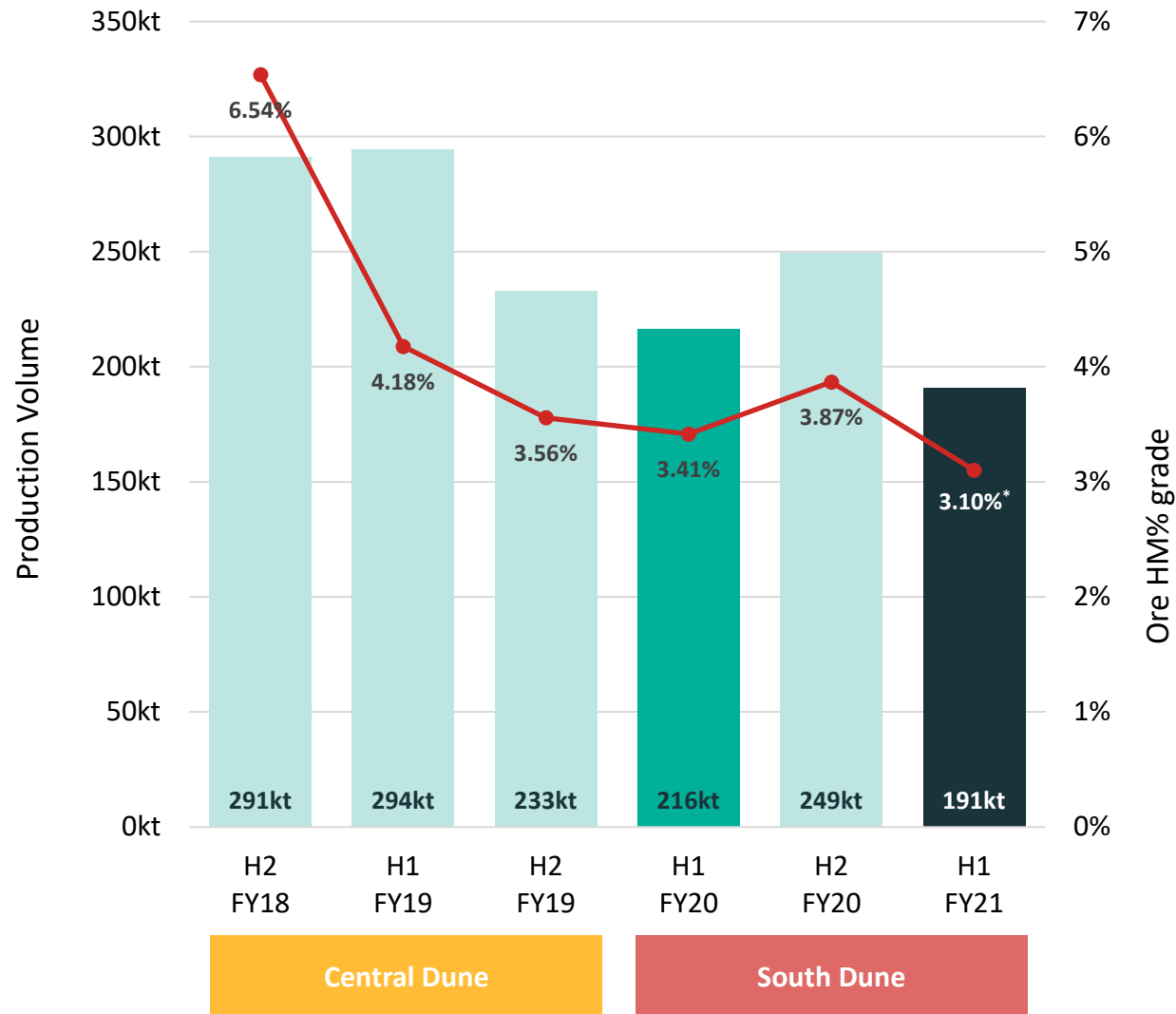
Since last Lost-Time
Injury*

43
Months

With 1 Medically
Treated Injury*

*As at 31 January 2021

Kwale Operations continued to plan on South Dune



* Ore grade estimated pending a measurement review process

Production constrained by mining volume and grade

Mining and Wet Concentrator Plant	H1 FY21	H1 FY20	Variance
Ore mined (tonnes)	8,538,666	9,489,385	(10%)
Ore grade (HM%)	3.10%*	3.41%	(9%)
HMC produced (tonnes)	246,039	304,100	(19%)

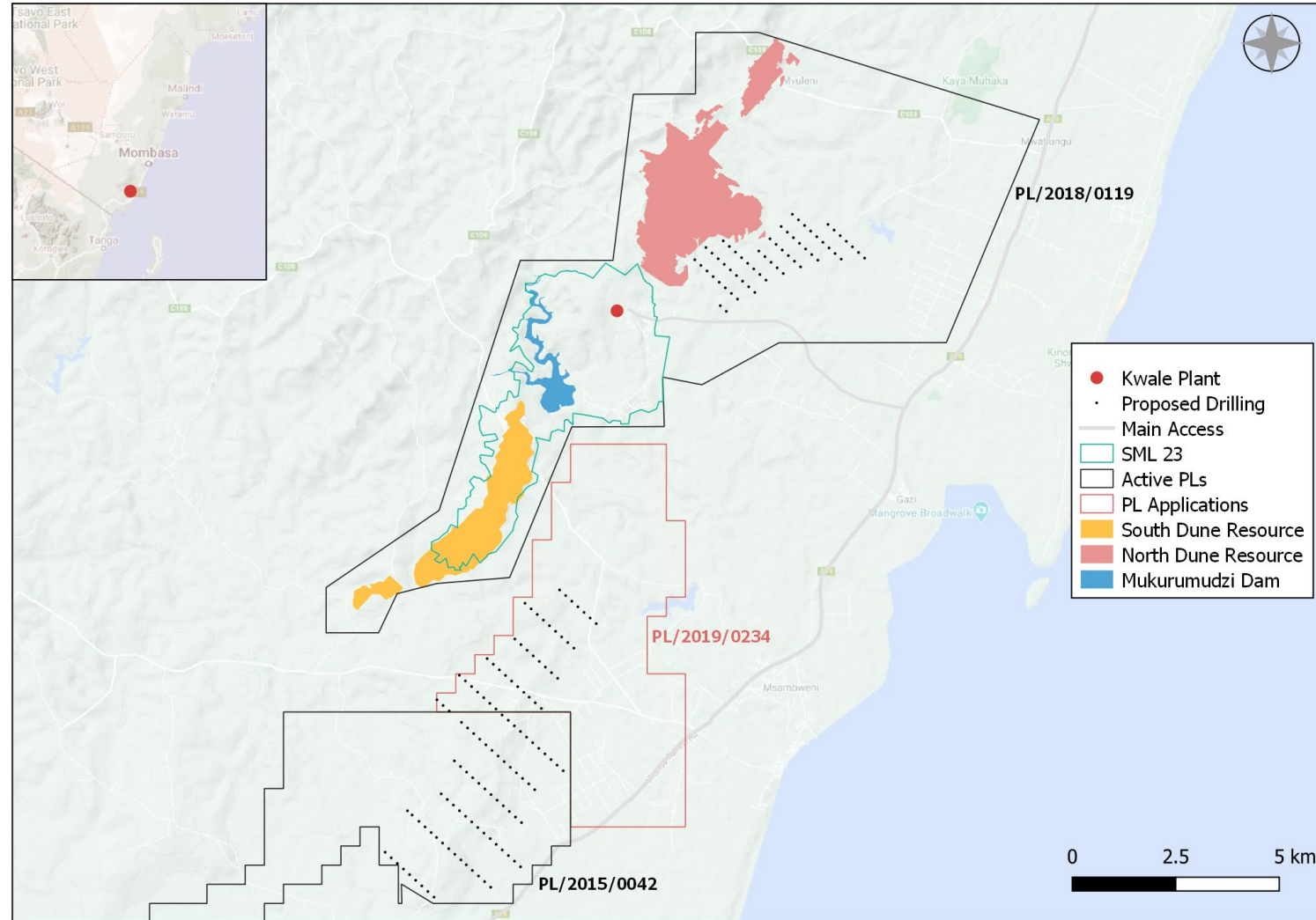
* Ore grade estimated pending a measurement review process

MSP (tonnes)	H1 FY21	H1 FY20	Variance
MSP feed (HMC)	248.9	276.8	(10%)
Rutile produced	33.7	36.2	(7%)
Ilmenite produced	144.4	165.2	(13%)
Zircon produced	12.7	14.9	(15%)

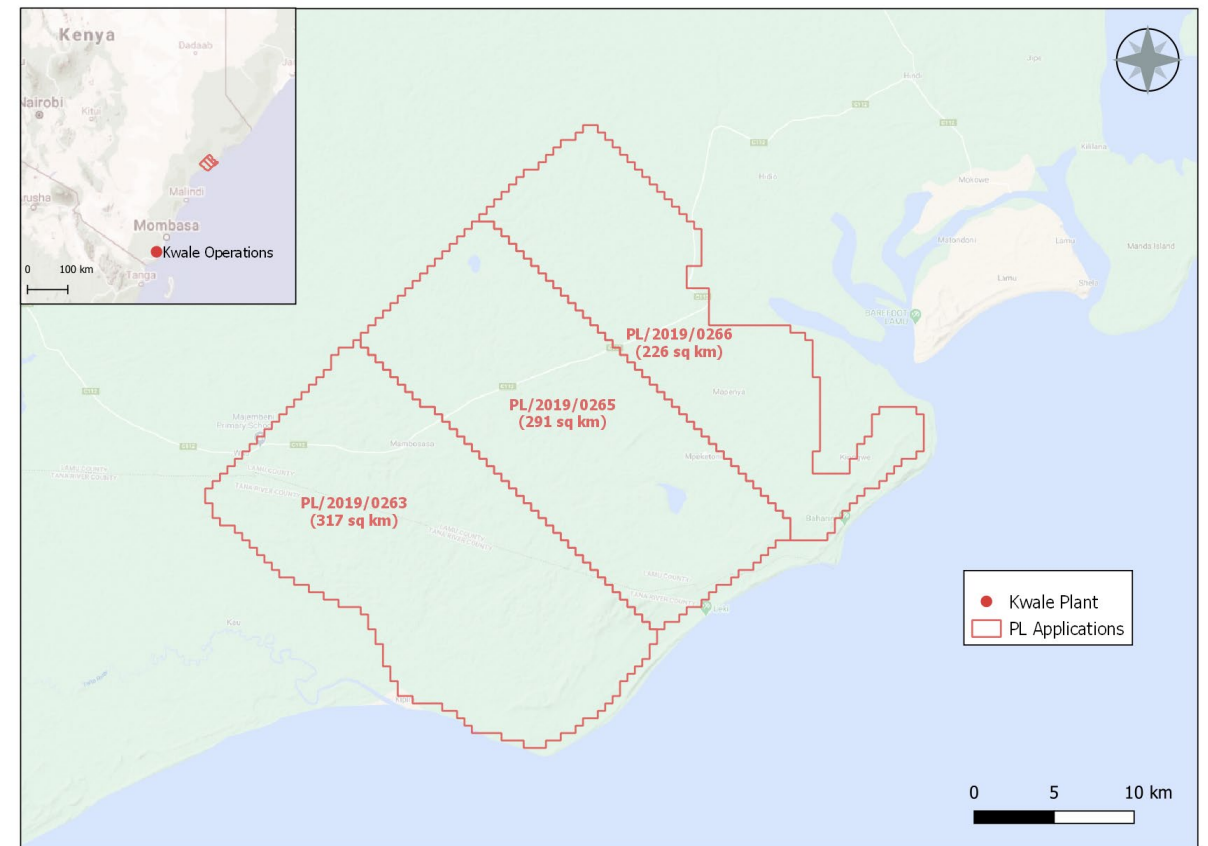
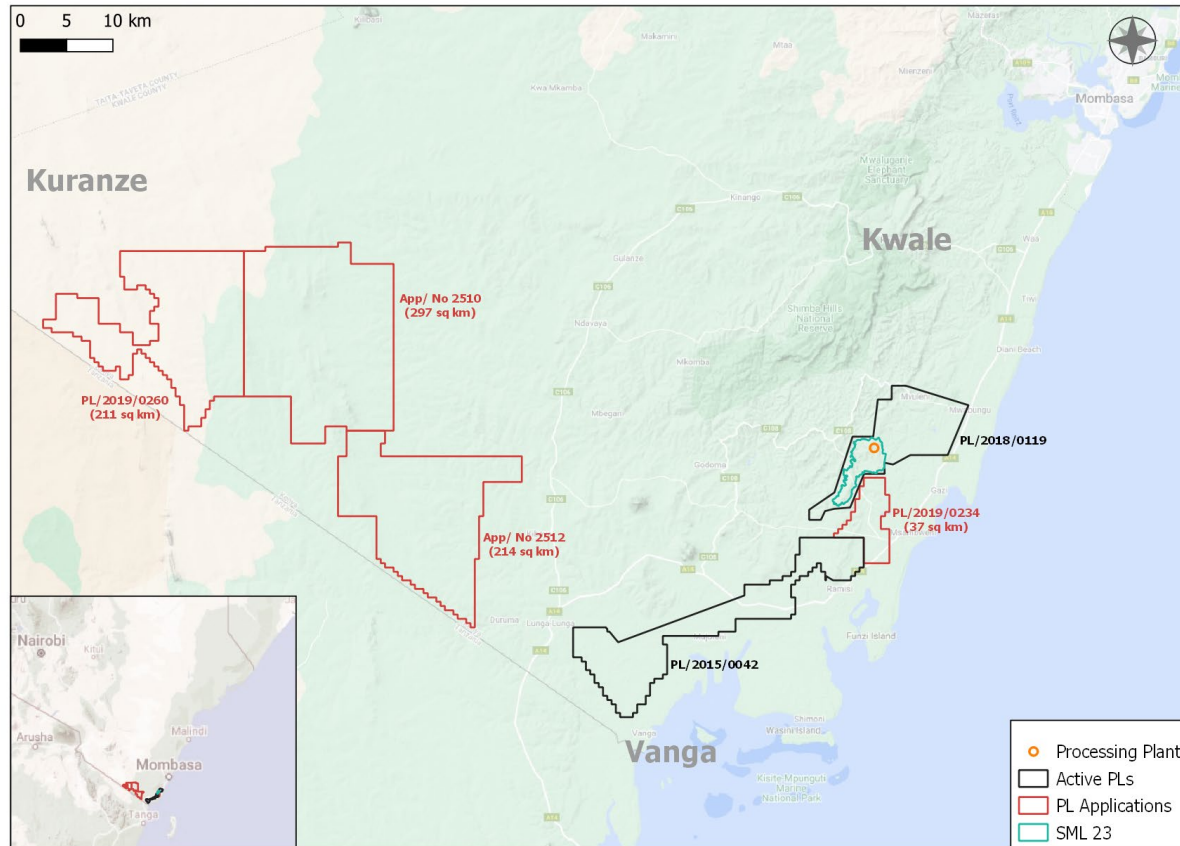
- Mining volume impacted by 8-day planned maintenance stoppage and lower face heights increasing the frequency of mining unit moves.
- Lower grade limits heavy mineral concentrate (**HMC**) production. HMC closing stocks were 14kt.
- Mineral Separation Plant (**MSP**) feed constrained by HMC availability.
- MSP production is a function of mineral assemblage variability in the feed, as product recoveries were steady.
- On track to meet FY21 production guidance¹:
 - Rutile – 70,000 to 80,000 tonnes
 - Ilmenite – 270,000 to 300,000 tonnes
 - Zircon – 23,000 to 27,000 tonnes

1. For further information, including the applicable assumptions support the guidance range, refer to Base Resources' announcement on 28 January 2021 "Quarterly Activities Report – December 2020" available at <https://baseresources.com.au/investors/announcements>.

Multiple mine life extension opportunities being explored...



...as well as Kenyan opportunities further afield





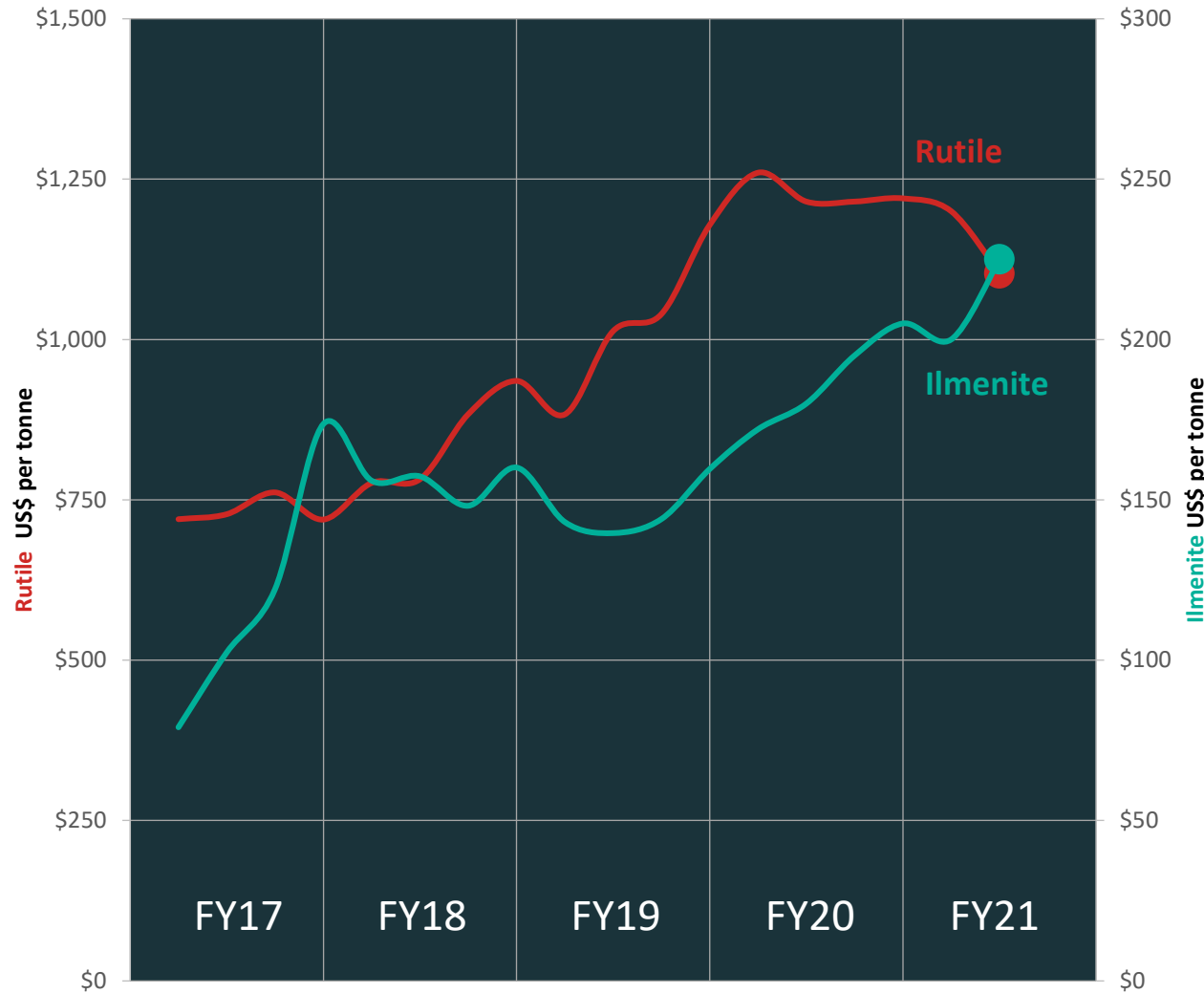
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Market update

Stephen Hay
General Manager Marketing



Ilmenite tightness continues as rutile commences firm recovery



Source: Company data as at 31 December 2020

Market dynamics

- Chinese pigment producers maintain very high production levels - fuelling strong ilmenite demand.
- Rutile demand softened early in the period due to lower western pigment and titanium metal production.

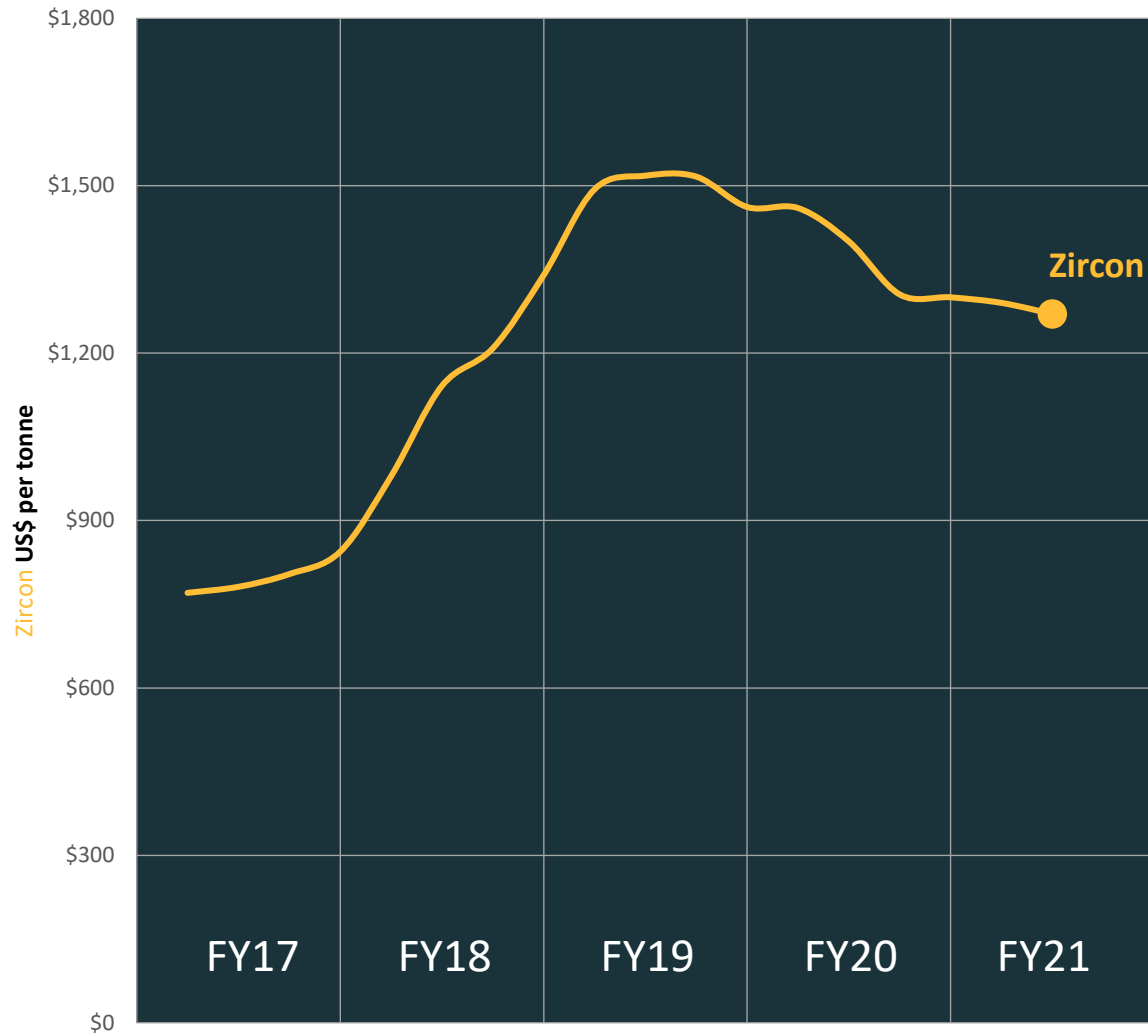
Outcomes

- Continued strengthening of ilmenite prices.
- Rutile prices moderated early in the half before stabilising.

Outlook

- Ilmenite market conditions remain very tight, leading to further price gains in H2 FY21.
- With inventories run down, and demand across all sectors increasing, rutile prices are recovering.

Zircon prices stabilised as demand recovery continues



Source: Company data as at 31 December 2020

Market dynamics

- Demand grew strongly in Europe from the middle of the period as markets recovered from COVID lockdowns.
- Demand in China gradually improved but lagged other regions.
- Major producers continued to manage supply to market conditions.

Outcomes

- Prices stabilised as demand improved.

Outlook

- Demand recovery continuing.
- Optimism building for price growth through 2021.



Financial review

Kevin Balloch
Chief Financial Officer

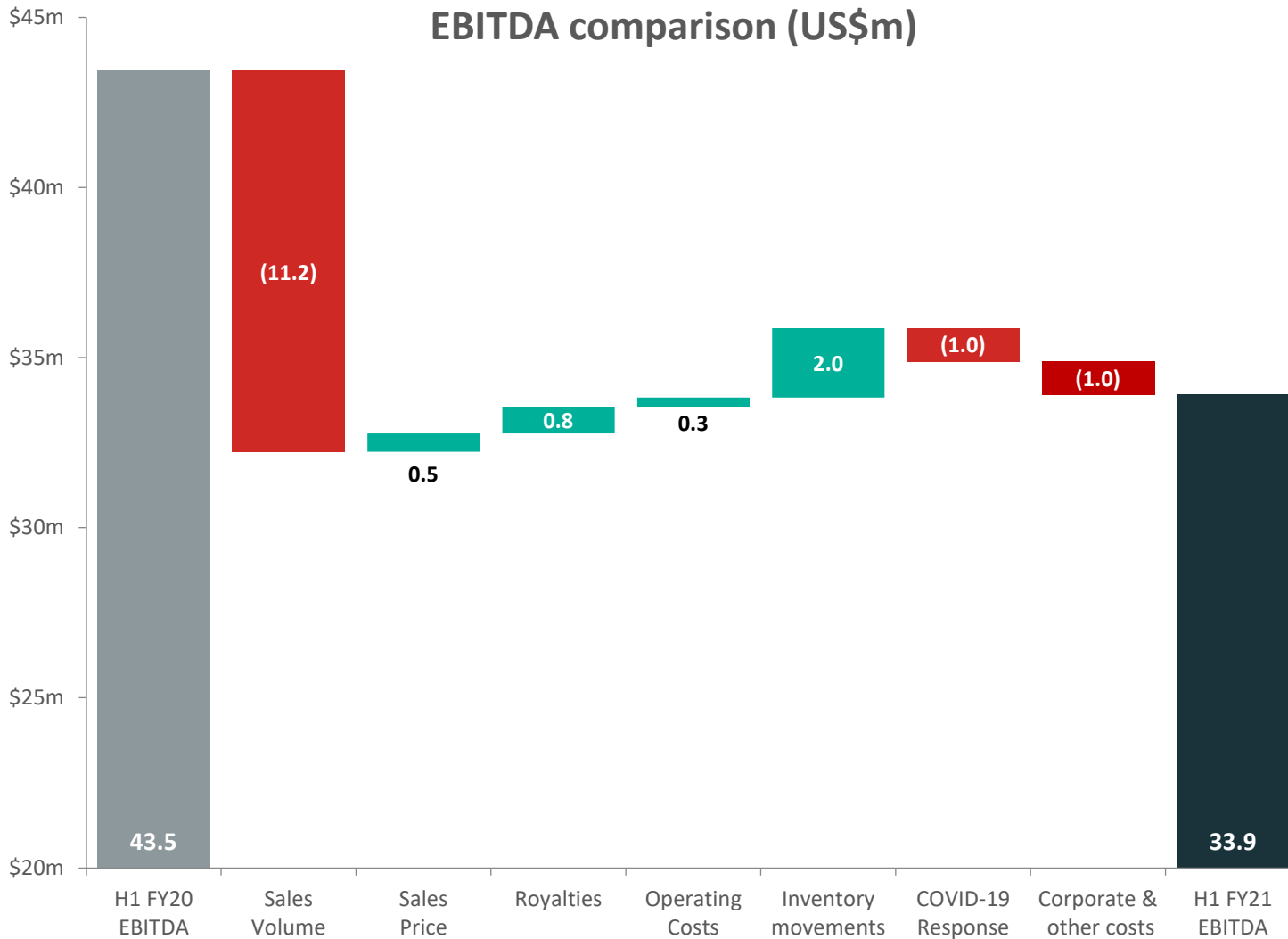


Earnings impacted by reduced sales volume

(US\$ millions)	H1 FY21	H1 FY20
Revenue	72.8	83.5
Operating costs (net of inventory movements)	(23.9)	(26.2)
Royalties	(5.1)	(5.9)
Selling & distribution	(0.9)	(1.1)
Corporate & external affairs	(5.6)	(5.3)
Community development	(2.1)	(1.8)
COVID-19 response	(1.0)	-
Other	(0.3)	0.3
EBITDA	33.9	43.5
Depreciation & amortisation	(29.5)	(28.1)
Financing costs	(3.4)	(2.4)
Income tax	(7.3)	(3.8)
NPAT	(6.3)	9.1

- Revenue 13% lower, impacted by reduced production and timing of bulk product shipments, which will be second half weighted.
- Underlying operating costs are in line with the comparative period, however, the build up of finished product inventory at period end (for early H2 FY21 bulk shipments) has reallocated some of these costs to the balance sheet.
- Revenue to cost of sales of 2.2 (comparative period: 2.4).
- EBITDA impacted by reduction in revenue and COVID-19 response costs.
- Finance costs higher following utilisation of the Revolving Credit Facility (**RCF**) to safeguard against COVID-19 uncertainties.
- Income tax impacted by 15% Kenyan dividend withholding tax (\$4.5m) incurred on the repatriation of \$30.0m of surplus cash to Base Resources from its subsidiary, Base Titanium.

Earnings impacted by reduced sales volume



- Sales volume down 20% on lower production and timing of bulk shipments, which will be second half weighted.
- Higher ilmenite price largely offset by lower rutile and zircon prices.
- Reduced revenue leads to lower royalties.
- Total operating costs steady.
- Inventory build up of finished products awaiting bulk shipments in early H2 FY21 drives positive inventory movement.
- \$1.0m COVID-19 response costs include community support programs in Kenya and Madagascar.

Dividend paid and debt reduced as COVID uncertainties subside

(US\$ millions)	H1 FY21	H1 FY20
Receipts from customers	85.3	99.0
Payments in the course of operations	(49.5)	(42.8)
Income taxes paid	(4.6)	(20.7)
Net operating cashflows	31.1	35.5
Property, plant and equipment	(5.1)	(5.2)
Exploration and evaluation	(7.8)	(14.7)
Other	0.1	0.1
Net investing cashflows	(12.8)	(19.8)
Repayment of borrowings	(50.0)	-
Dividends paid	(29.8)	-
Purchase of treasury shares	(1.1)	-
Debt service costs	(2.3)	(1.3)
Net financing cashflows	(83.2)	(6.3)
Cash held at end of period	99.6	47.6

- Operating cashflows benefited from lower income tax payments offset by reduced revenue and working capital movements.
- Reduced expenditure on the Toliara Project drove lower capex spend of \$12.8m.
- Free cash flow (operating less investing cashflows) increased to \$18.3m.
- Higher RCF utilisation over the period increased debt service costs.
- Maiden FY20 full year dividend of AUD 3.5 cents per share paid.
- Treasury shares purchased by the trustee of the Company's Long Term Incentive Plan to satisfy future exercises of vested performance rights.
- Net cash of \$74.6m at period end.

Robust financial position maintained after debt reduction

(US\$ millions)	31 December 2020	30 June 2020
Cash	99.6	162.6
Trade & other receivables (incl. VAT)	32.8	46.6
Inventory (stockpiles & consumables)	29.0	19.5
Property, plant and equipment	135.6	158.8
Capitalised exploration & evaluation	150.7	139.6
Other	7.1	7.3
Total assets	454.9	534.4
Borrowings	24.7	74.1
Tax payable and deferred liabilities	7.8	9.6
Toliara deferred consideration	17.0	17.0
Other payables and provisions	73.1	70.9
Total liabilities	122.6	171.6
Total equity	332.3	362.7

- Cash lower following \$50.0m RCF debt repayment and \$29.8m FY20 full year dividend.
- Trade receivables decreased by \$12.7m due to collection of sales occurring late in FY20.
- The build up of finished product stocks for bulk shipment in early H2 FY21 primarily contributed to a \$9.5m increase in inventory.
- PP&E movement primarily depreciation of Kwale Operations assets.
 - The majority of Kwale Operations' assets are depreciated on a straight-line basis over the remaining mine life, as measured by existing Ore Reserves¹ which are estimated to be depleted in October 2022.
 - Arrangements to expand the Kwale Special Mining Lease, as a precursor to an anticipated Ore Reserves update are progressing, which will extend mine life, thereby spreading future depreciation charges over a longer period.
- Further investment in progression of the Toliara Project contributed \$10.7m to the increase in capitalised exploration and evaluation asset.
- Borrowings reduced after the \$50.0m RCF repayment, with a further \$25.0m RCF debt remaining at period end.

1. For further information about the Kwale Ore Reserves estimate, refer to the Appendices to this document.

Expected capital expenditure and settlements in H2 FY21

Growth capital

Toliara Project progression

- Activity has been wound down ahead of securing fiscal terms with government with the following expected cost structure:
 - \$4.8m for in-country operating costs, including external affairs, community development, environment, training, finance and administration.
 - \$2.3m for early works and detailed design progression.
- Upon securing fiscal terms, the following costs could be expected to be triggered:
 - Deferred acquisition consideration payable on LGIM certification of \$7.0m.
 - Land acquisition and compensation of \$9.7m.
- Once there is a clearer line of sight to FID, a decision to restart project activities would be made and announced.

Kwale mine life extension

- \$4.1m for the acquisition of land at the southern end of the Kwale South Dune after finalisation of mining tenure arrangements to extend the mining lease.

Kwale Operations sustaining capital

- \$1.6m, including additional pumping, piping and electrical reticulation to allow mining activities to push further along the Kwale South Dune ore body.

Kwale Operations rehabilitation works

- \$0.5m for development of a mixing plant to enable the co-disposal of sand and slimes tailings to build a water retention layer as part land rehabilitation.

- \$1.3m for general land rehabilitation works.

Kwale royalty increase settlement

- As noted in the FY20 full year Consolidated Financial Statements, the Company has been in ongoing discussions with the Government of Kenya (**GoK**) with respect to the royalty payable for the Kwale Operations in the context of resolution of a number of outstanding issues, including the refund of VAT receivables related to the construction of Kwale Operations. Royalty costs are provided for and expensed on the basis of a 5% royalty being payable to the GoK, whereas the royalty rate applicable under the terms of the Special Mining Lease, and currently being paid, is 2.5%. The additional 2.5% GoK royalty accrual totals \$28.3m at 31 December 2020. Although final agreement is yet to be reached, on the basis of discussions to date, it is proposed that:
 - Royalties accrued from 1 July 2018 (\$12.3m at 31 December 2020) will become payable when the tenure arrangements for the extension of the Special Mining Lease are complete.
 - \$16.0m of royalties accrued prior to 1 July 2018, become payable when the VAT incurred in the construction of Kwale Operations, valued at \$15.8m at 31 December 2020, is refunded.

Corporate capital cost

- \$0.7m for Perth corporate office relocation.



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Half-year dividend

Tim Carstens
Managing Director



Disciplined capital management

Our approach

Consistent with Base Resources' growth strategy, the Company seeks to provide returns to shareholders through both long-term growth in the Company's share price and appropriate cash distributions.

Cash not required to meet the Company's near-term growth and development requirements, or to maintain requisite balance sheet strength in light of prevailing circumstances, could be expected to be returned to shareholders.

- Half-year dividend of AUD 3 cents per share, unfranked, determined and wholly paid from Conduit Foreign Income.
- Continues to strike the right balance between delivering cash returns to shareholders, retaining balance sheet strength and allowing for sensible progression of the Toliara Project.
- Annualised dividend of 6.5 cents per share, unfranked.

Timetable

- Ex-dividend date: 12 March 2021.
- Record date: 15 March 2021.
- AUD, USD or GBP currency election cut-off date: 15 March 2021.
- Announcement of exchange rate and dividend amount in USD and GBP: 17 March 2021.
- Payment date: 31 March 2021.



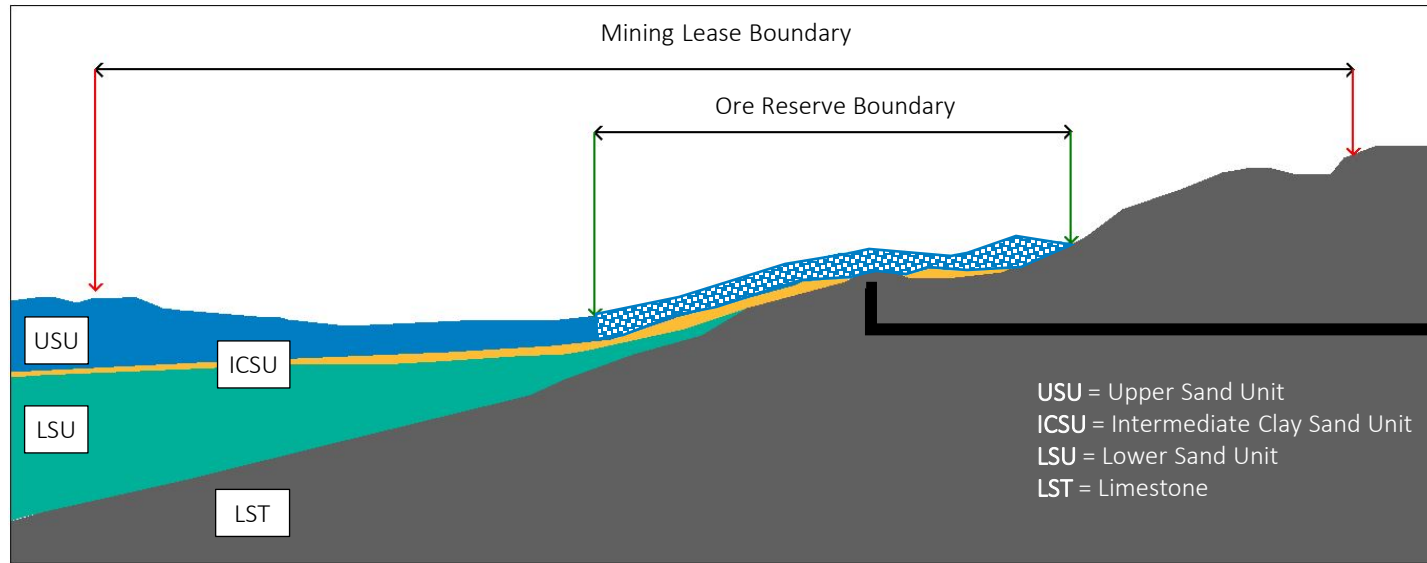
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Toliara Project

Tim Carstens
Managing Director

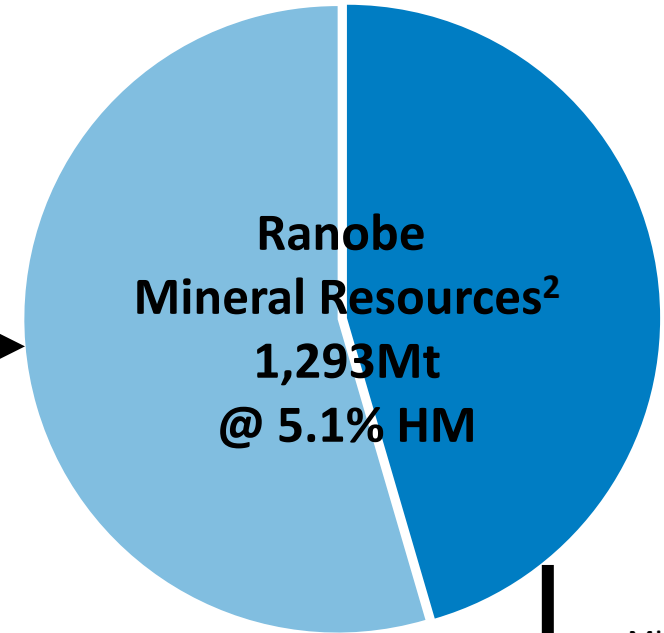


Toliara Project Ore Reserves afford long mine life...



Stylised cross section

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



45% of
Mineral Resources

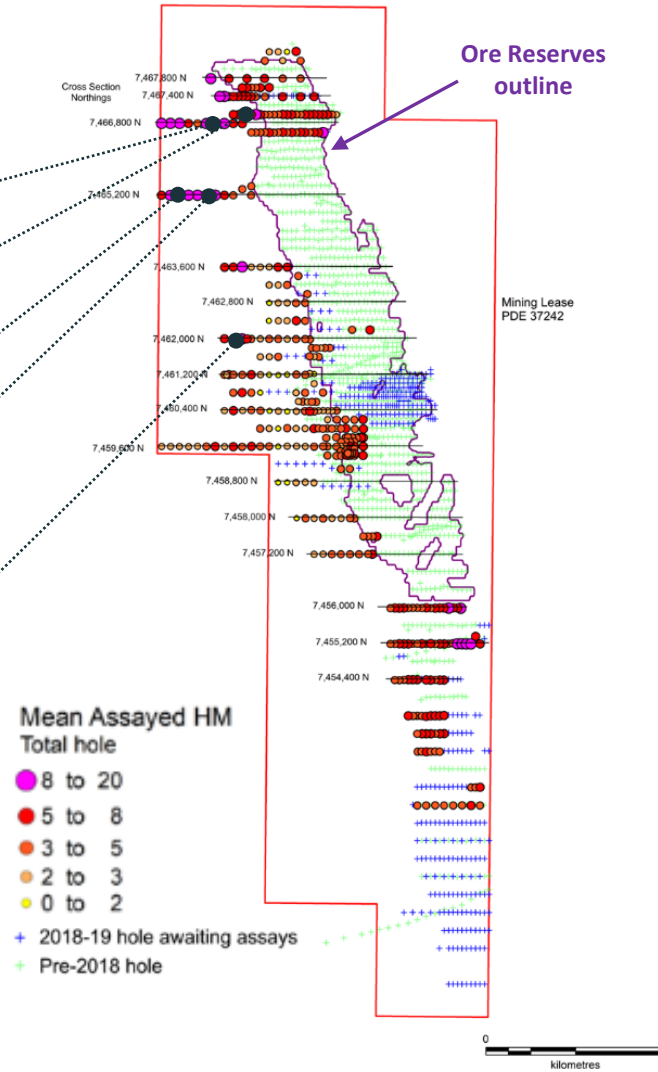
**Toliara Project DFS
Ore Reserves² mined
586Mt @ 6.5% HM**

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

...with significant expansion potential

Notable drill results from 2018/19 program

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



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

For further information in relation to the drill results on this slide, refer to Base Resources' announcement on 21 January 2020 "Toliara Project drill assays reveal significant high-grade mineralisation" available at <https://baseresources.com.au/investors/announcements>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Preparing the Toliara Project for FID and construction

Project delivery preparation focused on rapid resumption of on-ground activities and post FID implementation.



Lenders' technical review



Critical path contracts



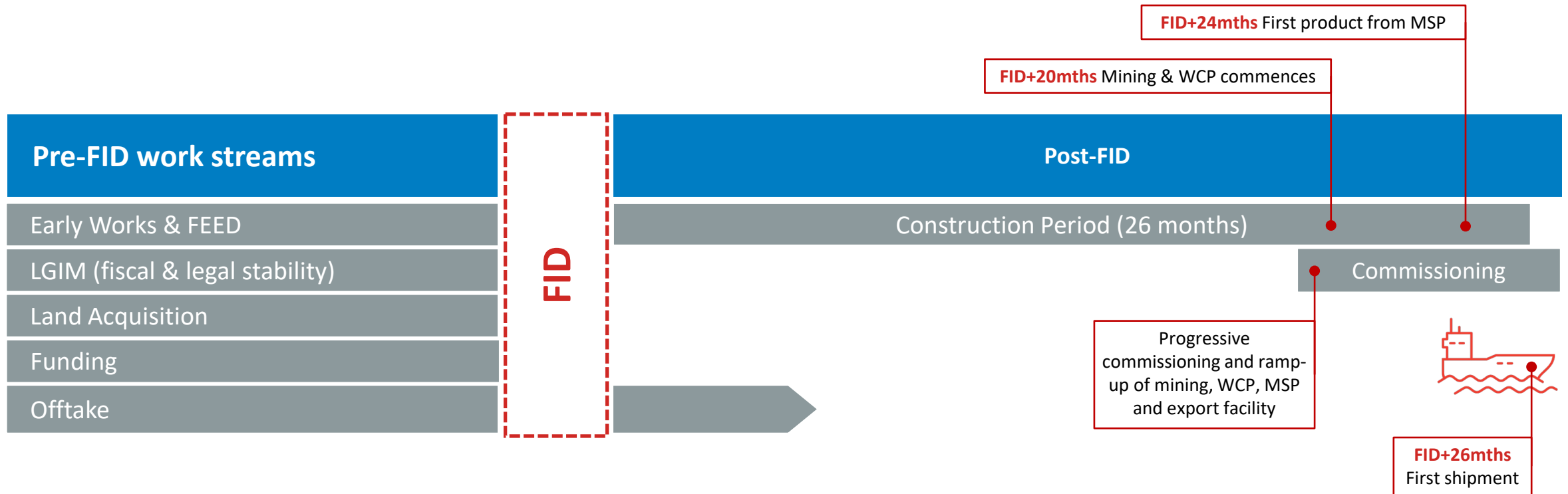
FEED activities



Workforce development

Toliara Project indicative timeline

Planned FID has been delayed due to COVID travel restrictions and the suspension of on-ground activities. Once fiscal terms are agreed and the suspension is lifted, there will be approximately 11 months' work to complete prior to FID, including finalising financing, completing the land acquisition process and concluding major construction contracts. The resumption of international travel will also be required to complete a significant portion of this work. We maintain readiness to accelerate progress when conditions support.



Delivering returns

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





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Appendices



Kwale Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage		
						ILM	RUT	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources^{1, 2, 3}								
Measured	177	3.6	2.1	33	1	50	13	6
Indicated	96	1.7	1.8	34	3	51	13	6
Inferred	3	0.0	1.2	36	3	48	15	7
Total	275	5.4	1.9	33	2	50	13	6
Ore Reserves as at 30 June 2020								
Proved	35	1.2	3.5	26	0.8	58	14	6
Probable	5	0.2	2.9	27	7	51	12	5
Total	40	1.4	3.4	26	1.7	57	13	6

Notes:

1) South Dune as at 30 June 2020, Kwale North Dune and Bumamani as at 19 February 2021.

2) Mineral Resources estimated at a 1% HM cut-off grade.

3) Mineral Resources are reported inclusive of the Ore Reserves.

Table subject to rounding difference

For further information on the Kwale Deposit Mineral Resources and Ore Reserves, for the Kwale South Dune Deposit, refer to Base Resources' announcement on 27 July 2020 "Updated Kwale South Dune Mineral Resources and Ore Reserves estimate" and, for the Kwale North Dune Deposit, refer to Base Resources' announcement on 19 February 2021 "Updated Kwale North Dune and maiden Bumamani Mineral Resource estimates", each of which is available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 27 July 2020 and the 19 February 2021 announcements and all material assumptions and technical parameters underpinning the estimates in the 27 July 2020 and the 19 February 2021 announcements continue to apply and have not materially changed. For further information on the depleted Kwale Deposit Mineral Resources and Ore Reserves as at 30 June 2020, refer to Base Resources' announcement on 13 August 2020 "2020 Mineral Resources and Ore Reserves Statement" available at <https://baseresources.com.au/investors/announcements/>.

Ranobe Ore Reserves and Mineral Resources

Category	Material	In Situ HM	HM	SL	OS	HM Assemblage			
						ILM	RUT*	LEUC**	ZIR
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Mineral Resources¹ at 30 June 2020									
Measured	419	28	6.6	4	0	75	2	_*	6
Indicated	375	18	4.9	8	1	72	2	_*	6
Inferred	499	20	3.9	7	1	70	2	_*	5
Total	1,293	66	5.1	6	0	72	2	_*	6
Ore Reserves at 30 June 2020									
Proved	347	24	7.0	3.8	0.1	75	1.0	1.0	5.9
Probable	239	14	5.8	4.2	0.2	73	1.3	0.8	5.7
Total	586	38	6.5	3.9	0.1	74	1.1	0.9	5.9

Notes:

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

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

1) Mineral Resources estimated at a 1.5% HM cut-off grade.

2) Table subject to rounding differences.

3) Mineral Resources are reported inclusive of the Ore Reserves.

For further information on the Ranobe Deposit Mineral Resources and Ore Reserves, refer to Base Resources' announcements on 23 January 2019 "Updated Ranobe Deposit Mineral Resources (corrected)" and on 6 December 2019 "Maiden Ranobe Ore Reserves estimate", which are available at <https://baseresources.com.au/investors/announcements/>. Base Resources confirms that it is not aware of any new information or data that materially affects the information included in the 23 January 2019 and 6 December 2019 announcements and all material assumptions and technical parameters underpinning the estimates in the 23 January 2019 and 6 December 2019 announcements continue to apply and have not materially changed.