

# FY24 half-year results

For the six-month period ended  
31 December 2023

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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 Base Resources' half-year report and other announcements made by Base Resources to ASX, particularly Base Resources' announcement on 27 September 2021 "DFS2 enhances scale and economics of the Toliara Project" (**Mineral Sands DFS2 Announcement**) and Base Resources' announcement on 14 December 2023 "Additional critical mineral product stream doubles Toliara Project's NPV" (**Monazite PFS Announcement**). Base Resources' ASX announcements are available at <https://baseresources.com.au/investors/announcements>.

## Toliara Project – Production and Forecast Financial Information

Slides 18 and 19 disclose the production and forecast financial outcomes from the Toliara Project monazite pre-feasibility study (**Monazite PFS**) on a standalone and aggregated basis with the production and forecast financial outcomes from the Toliara Project mineral sands enhanced definitive feasibility study (**Mineral Sands DFS2**). The Monazite PFS Announcement discloses the material assumptions and underlying methodologies adopted for deriving the production and forecast financial outcomes from the Monazite PFS. It also discloses key risks in respect of the Monazite Project and the Toliara Project as a whole. Base Resources confirms that all the material assumptions underpinning the production information and forecast financial information in the Monazite PFS Announcement continue to apply and have not materially changed.

The Mineral Sands DFS2 Announcement discloses the material assumptions and underlying methodologies adopted for deriving the production and forecast financial outcomes from Mineral Sands DFS2. Base Resources confirms that all the material assumptions underpinning the production information and forecast financial information in the Mineral Sands DFS2 Announcement continue to apply and have not materially changed.

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Certain statements in or in connection with this document contain or comprise forward looking statements. Such statements include, but are not limited to, statements with regard to capital cost, capital expenditure capacity, future production and grades and financial performance and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Base Resources' control.

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**All references to currency (\$ or US\$) are to United States Dollars unless otherwise stated**

# Australian based, African focused, producer



**Kwale Operations**  
Kenya  
Operational asset producing  
rutile, ilmenite and zircon

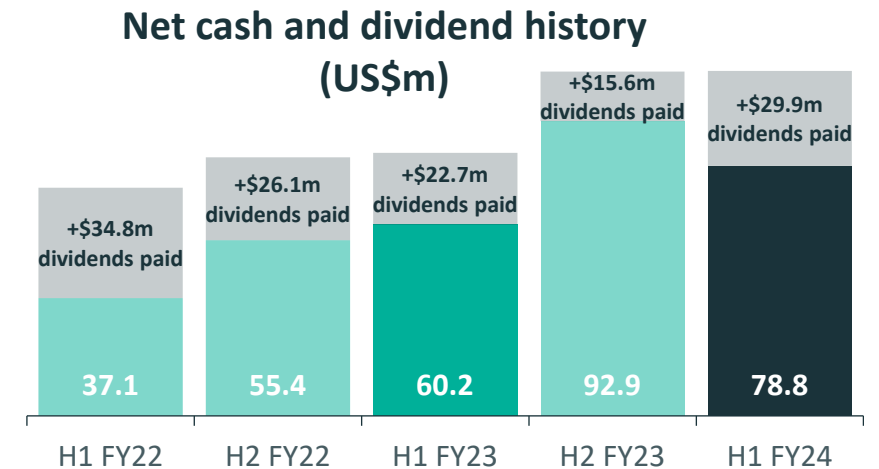
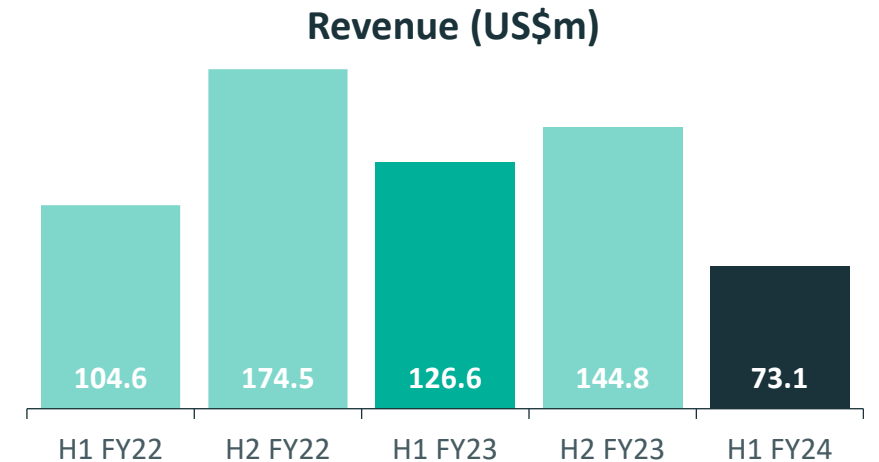
**Toliara Project**  
Madagascar  
Mineral sands + monazite project  
progressing towards development

**Base Resources**  
Perth  
Company headquarters

# Lower ore grade limits production



- ❖ Kwale Operations mining entered the lower grade ore bodies that will characterise the remaining mine life, which resulted in **reduced production and lower sales volumes**
- ❖ **Sale prices softened** for all products, delivering US\$73.1m sales revenue
- ❖ EBITDA of US\$14.7m and a loss after tax of US\$1.5m
- ❖ Kwale mining **operations expected to end in December 2024** when existing ore reserves are fully depleted
- ❖ **Discussions recommenced on fiscal terms and lifting of the Toliara Project's suspension** following limited engagement with the Government of Madagascar in the lead up to the Presidential elections in late 2023
- ❖ Encouraged by progress made in advancing Toliara Project fiscal terms, and with regard to the Company's capital management policy, the Board decided to **reserve cash and not to pay an interim dividend**



# Our purpose

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



# Our commitment to sustainability

Base Resources was recently recognised for our leading sustainability practices at the 2024 African Mining Indaba Responsible Resourcing Awards winning:

- The overall award for Excellence in Best Practices
- The awards for Transparency and Economy



## TRANSPARENCY

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

## ECONOMY

Recognising a company undertaking innovative initiatives that are stimulating sustainable economic development in local communities



# Heading towards Kwale closure in December 2024



Our fundamental objective is to transition Kwale Operations to a post-mining state in a manner that cements our reputation for excellence in the full lifecycle of mining

- ❖ Planning for closure started many years ago and, in some important respects, ahead of original development
  - Guided by a mantra that “If all we leave is a memory of how good it used to be, we have failed”
- ❖ Provision for mine closure of US\$49.2m at period end
- ❖ A major Post Mining Land Use Project identified four complementary options, with feasibility studies underway:
  - Large scale agriculture
  - Sustainable conservation
  - Industrial training
  - Tailings utilisation



# Outstanding safety outcomes indicative of the performance culture

**0.0**

LTIFR

Lost Time Injury  
Frequency Rate  
per million hours

**2**

Lost Time Injuries

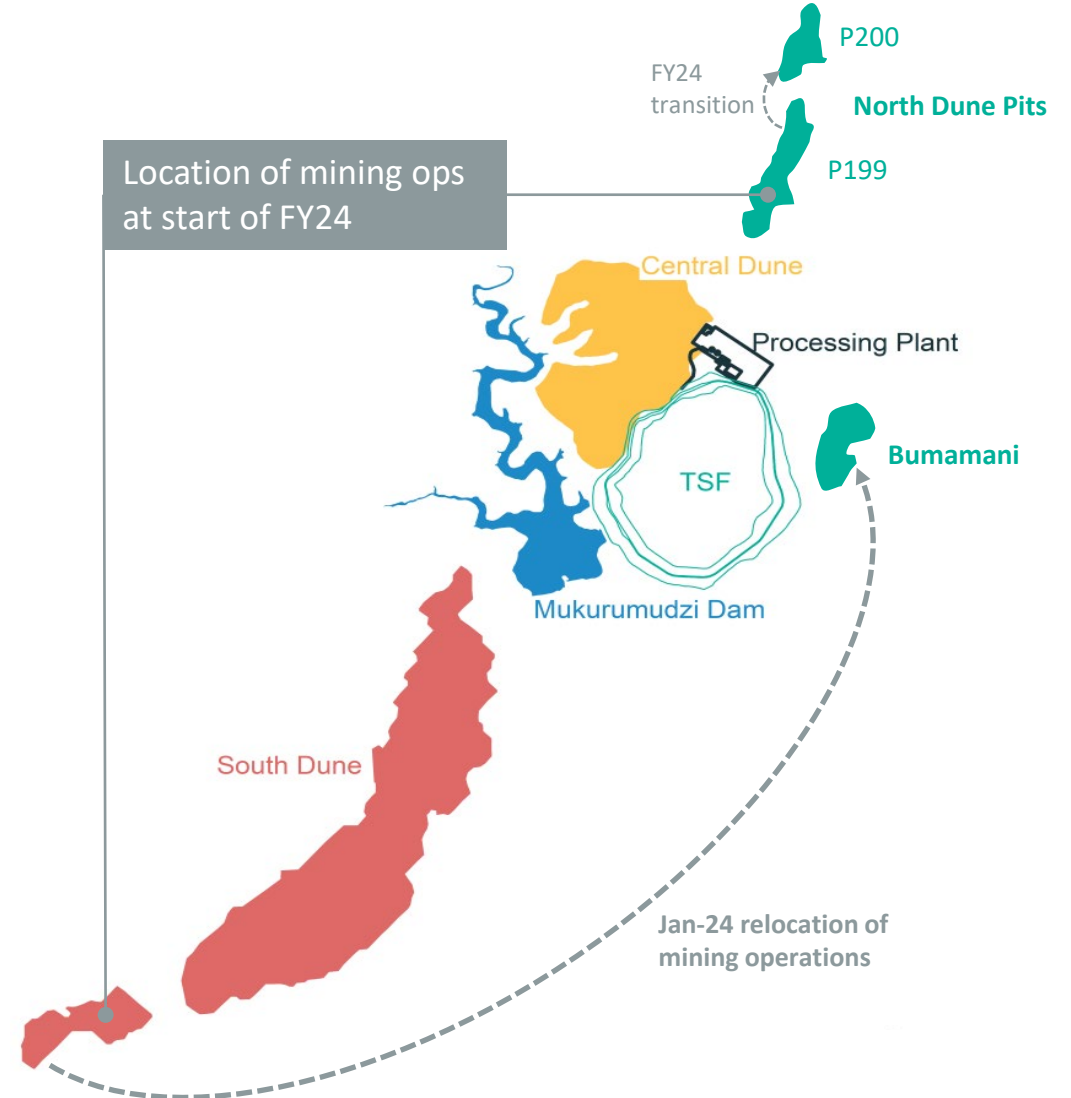
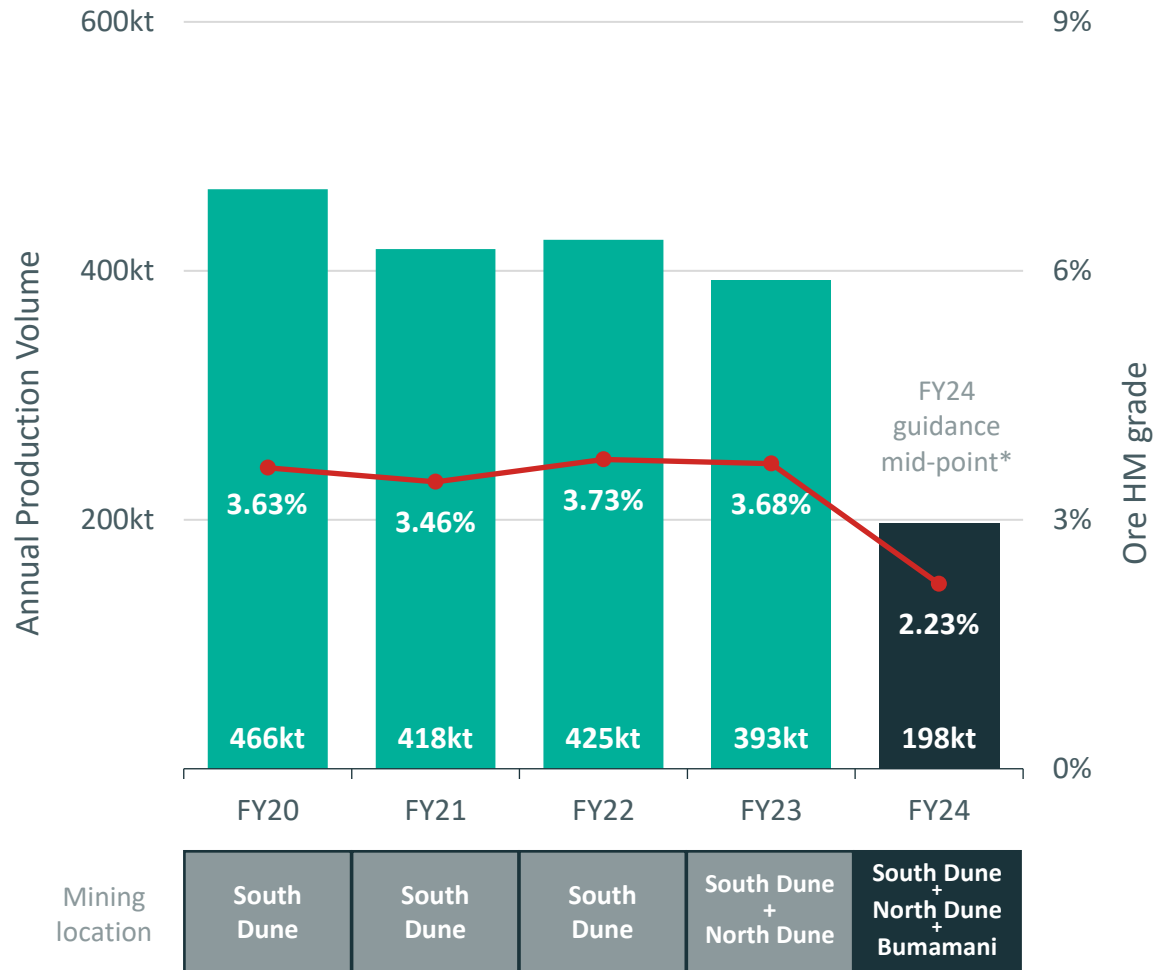
In 37.8 million hours worked since commencing  
production at Kwale Operations in December  
2013

**16**

Medical Treatment  
Injuries



# Transition to North Dune and a lower grade paradigm



\* Refer to Base Resources' announcement on 26 June 2023, "FY24 Production Guidance – Kwale Operations", for the assumptions upon which the guidance is based.

# Low ore grades constrain production



Mining	H1 FY24	H1 FY23	Variance
Ore mined (million tonnes)	8.0	8.8	-9%
Ore grade (HM%)	2.39%	3.90%	-39%
Valuable heavy mineral (VHM%)	1.79%	2.98%	-40%

- ❖ Mining volume decreased due to slower mining rates in the North Dune
- ❖ Mining entered lower grade ore bodies as planned
- ❖ Reduced mined volume and grade resulted in a decrease in heavy mineral concentrate (HMC) produced

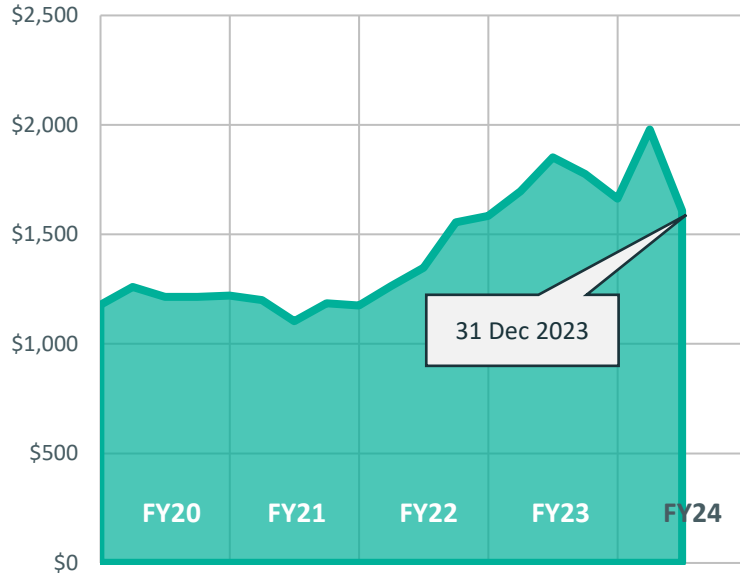
Production	H1 FY24	H1 FY23	Variance
Rutile (thousand tonnes)	18.9	38.4	-51%
Ilmenite (thousand tonnes)	77.7	170.8	-55%
Zircon (thousand tonnes)	7.7	14.0	-45%
Low grade zircon and rutile (thousand tonnes)	4.1	9.2	-55%

- ❖ HMC availability constrained production
- ❖ Mineral separation plant recoveries slightly lower for ilmenite, higher for rutile and zircon
- ❖ Zircon production also benefitted from a higher proportion of zircon in the HMC assemblage
- ❖ On target to achieve FY24 full year production guidance

# Sound demand...but increasing headwinds

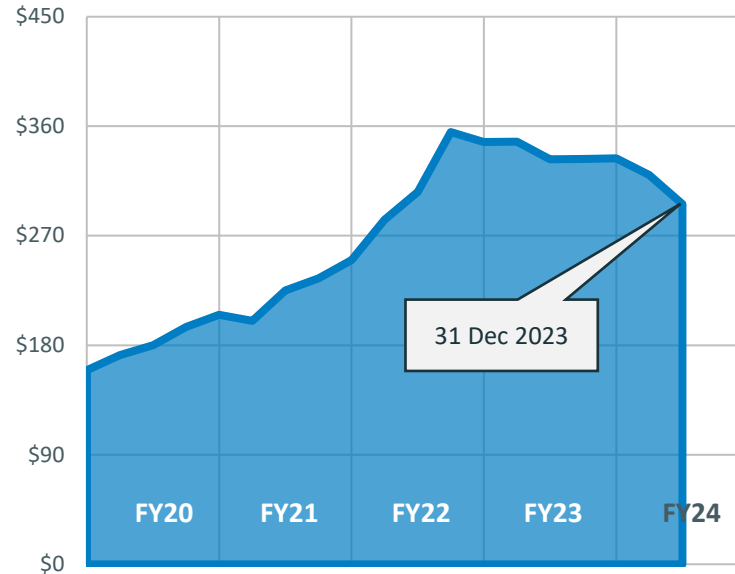


Historical rutile prices (US\$/t FOB)



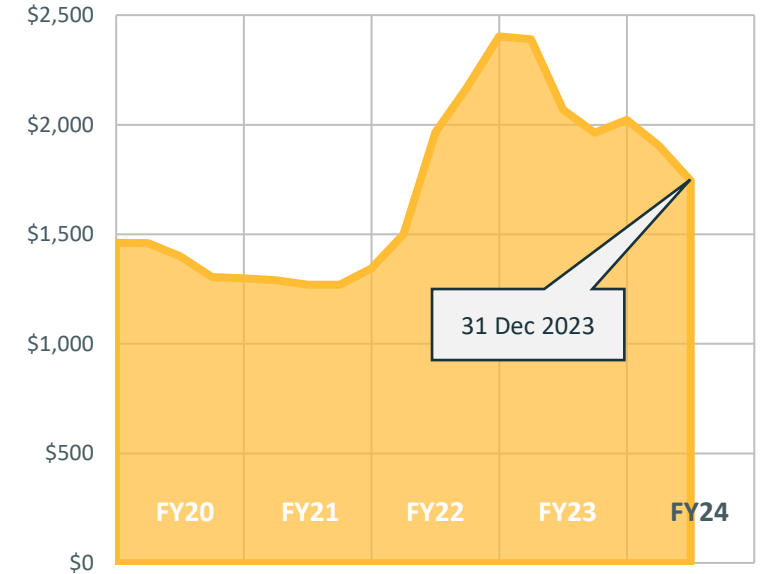
- Strong demand in all sectors supported price through start of FY24
- Weakening pigment sector impacted demand and elevated competition across all sectors from mid-FY24
- Supply side reductions could significantly tighten market in latter FY24

Historical ilmenite prices (US\$/t FOB)



- Demand from the Chinese pigment sector supporting the market
- Sluggish global and Chinese pigment markets gradually impacting demand and pricing
- Chinese remain focused on export pigment markets – supporting demand and stable prices for ilmenite

Historical zircon prices (US\$/t FOB)



- European market weakness added to ongoing weak conditions in China by mid FY24
- Prices stabilised into start of H2 FY24 due to re-stocking in China
- Stable conditions expected through remainder of FY24

# Earnings impacted by sales volume

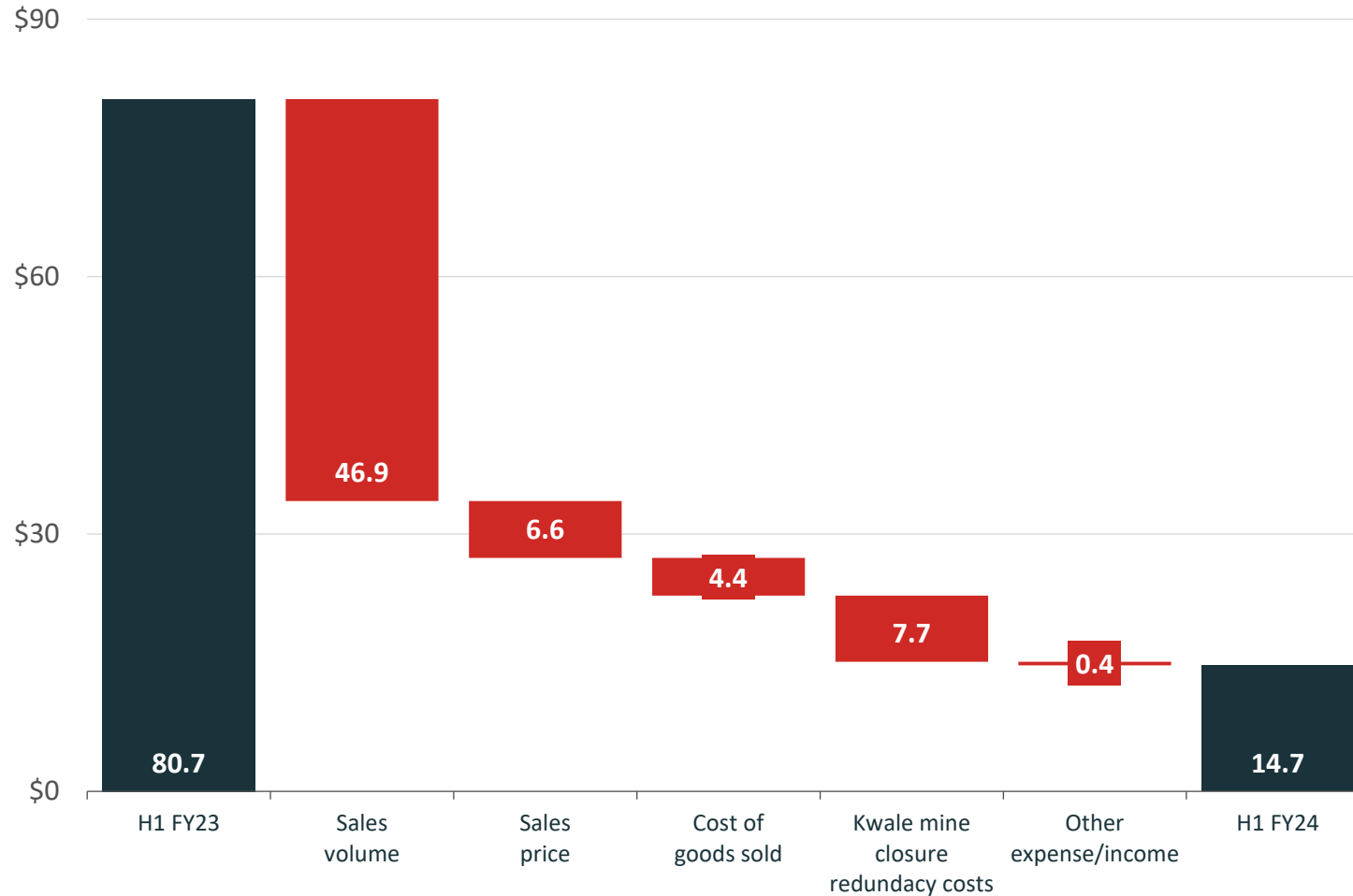
(US\$ millions)	H1 FY24	H1 FY23
Revenue	73.1	126.6
Operating costs	(34.5)	(37.9)
Inventory movements	(0.1)	11.3
Royalties	(3.7)	(7.3)
Corporate & external affairs	(7.3)	(6.9)
Community development	(1.9)	(2.8)
Kwale mine closure redundancy costs	(7.7)	-
Selling & distribution	(0.6)	(1.0)
Business development	(0.3)	-
Exploration expenditure written-off	(1.7)	-
Other	(0.6)	(1.4)
<b>EBITDA</b>	<b>14.7</b>	<b>80.7</b>
Depreciation & amortisation	(4.3)	(15.2)
Financing costs	(1.0)	(0.7)
Corporate income tax	(4.9)	(12.2)
Dividend withholding tax	(6.0)	(8.1)
<b>Net profit (loss) after tax</b>	<b>(1.5)</b>	<b>44.6</b>

- ❖ As expected, low ore grade restricted production and sales volumes, with sale volumes ~42% down
- ❖ Softening sale prices for all products
- ❖ Operating costs decreased due to reduced mining, production and shipments
- ❖ Unit operating costs increased from US\$169 to US\$314 per tonne reflecting the lower production volume
- ❖ Kwale mine closure redundancy costs estimated at US\$7.7m
- ❖ Exploration costs for Kwale East and Uмба South projects written-off as both programs discontinued
- ❖ Depreciation reduced following impairment of Kwale Operations carrying value in FY23



# Earnings impacted by sales volume

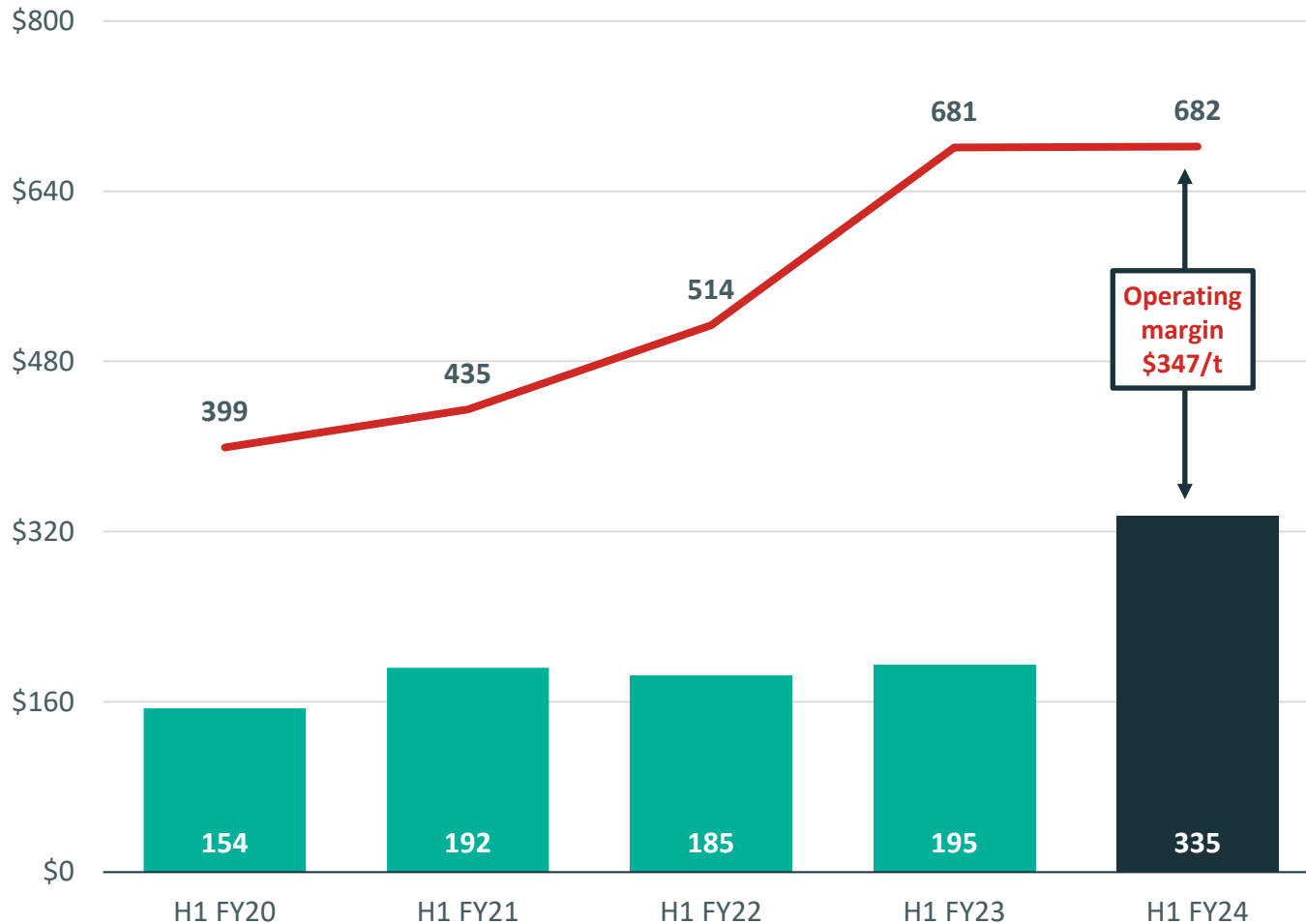
H1 FY24 EBITDA (US\$m)



- ◆ Lower sales volume in line with decreased production of all finished products
- ◆ Sale prices decreased for all products
- ◆ Total cost of goods sold increased due to reduced HMC and finished goods stockpiles in comparison to the prior period, partially offset by lower operating costs and royalty expenses
- ◆ EBITDA impacted by US\$7.7m provision raised for redundancy costs on Kwale Operations mine closure

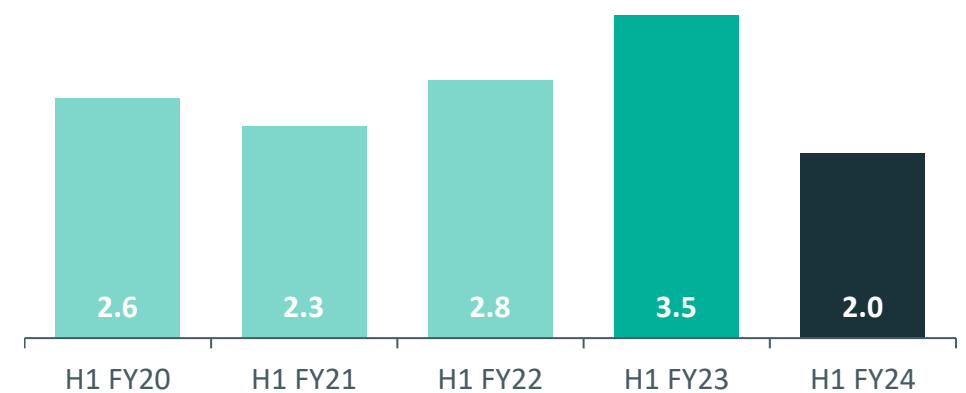
# Operating margin impacted by lower volumes

Unit revenue and cost of sales (US/t)



- Increased rutile and zircon in sales mix has kept average revenue per tonne sold stable at US\$682/t despite reduced sales prices
- Unit cash cost of sales higher at US\$335/t due to lower production volumes
- Revenue to cost of sales ratio of 2.0:1 equivalent to an operating margin of 51%

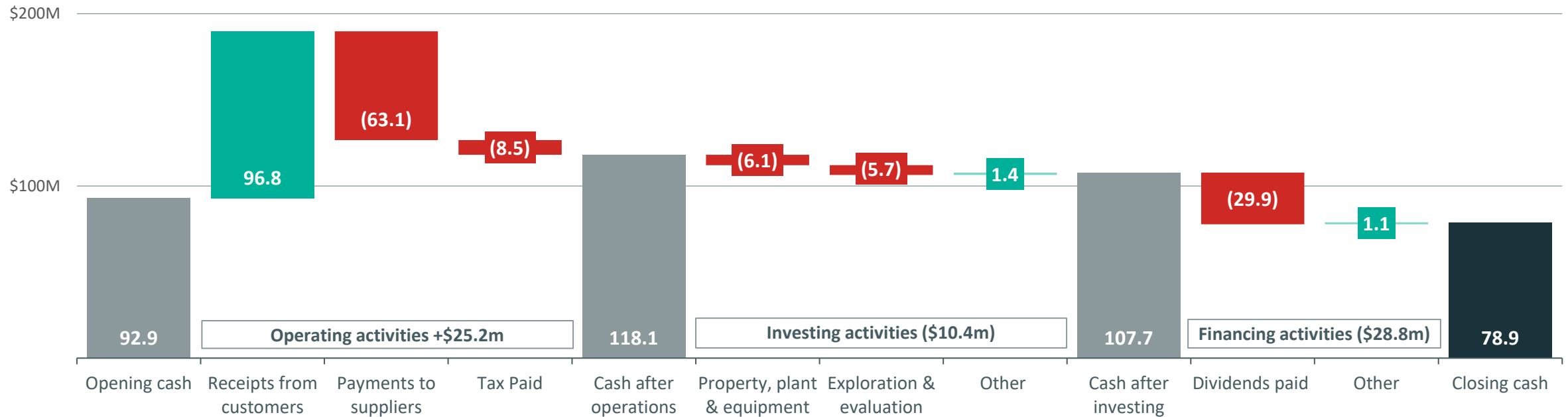
Revenue to cost of goods sold ratio



# Operating cash flows fund prior dividend and capital investments



## H1 FY24 Cashflow Key Movements (US\$m)



⚡ Cash flow from operations benefiting from a US\$23.6m reduction in sales receivable over the reporting period

⚡ Invested US\$5.3m in Kwale Operations primarily for land acquisition, construction and earthworks for implementation of the Bumamani Project, and US\$0.7m on exploration

⚡ US\$5.7m on Toliara Project progression, including the Toliara Monazite PFS and related studies

⚡ FY23 final dividend of US\$29.9m paid in the reporting period

# Toliara – a world class development opportunity

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



# One Project – multiple critical mineral streams

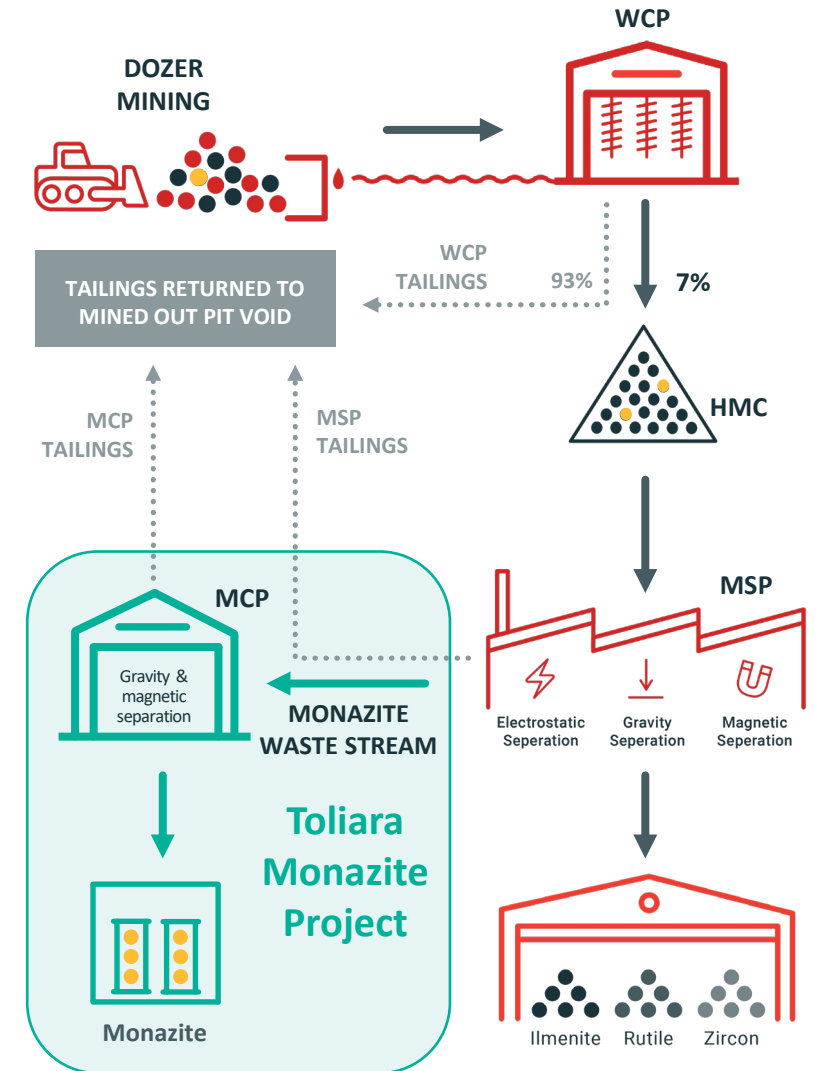


## Toliara Mineral Sands Project

- DFS completed for an initial 38-year mine life
- Implemented in 2 stages - 13Mtpa for 4 years, increasing to 25Mtpa
- Producing ilmenite and rutile (titanium products), and zircon
- Progression towards development delayed while fiscal terms are negotiated with Government

## Toliara Monazite Project – Rare Earths

- 2% of Mineral Resources HM is monazite, a rich source of REOs
- Monazite is a waste stream from mineral sands production
- Essentially ‘free’ source of monazite feed = potentially one of the largest and most cost-competitive sources of REO minerals globally



# Monazite PFS - Key highlights



Utilising a zero-cost 'waste' stream from mineral sands processing, significantly enhancing forecast financial returns from the Toliara Project and making the project one of the most cost-competitive sources of rare earth oxides

## Monazite PFS highlights

(monazite only)

Post Tax NPV<sub>10</sub>  
US\$1.0 billion

IRR 78.6%

**26.1 ktpa peak monazite production**

(Peak stage 2 average production - first 10 years of stage 2 optimised mine plan over operating years 6-15)

Incremental capex  
US\$71 million

LOM free cash flow  
US\$4.7 billion

## Integrated Toliara Project highlights

(monazite + mineral sands)

Post Tax NPV<sub>10</sub>  
US\$2.0 billion

IRR 32.4%

**1.3 Mtpa ilmenite, rutile + zircon  
26.1 ktpa monazite**

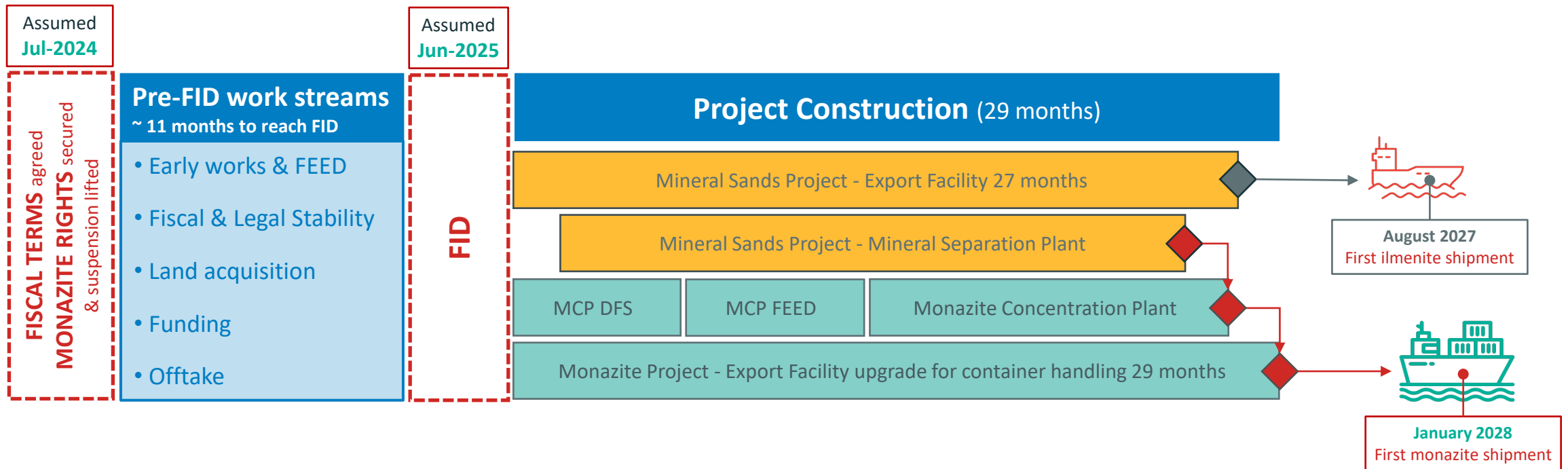
(Peak stage 2 average production - first 10 years of stage 2 optimised mine plan over operating years 6-15)

average EBITDA  
US\$371 million pa

LOM free cash flow  
US\$10.6 billion

# Indicative timeline

Once fiscal terms are finalised and suspension lifted, there will be approximately 11 months' work to complete prior to a Final Investment Decision



# Cash retained for Toliara Project progression



## Capital management 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 for the Company's growth and development, or to maintain requisite balance sheet strength in light of prevailing circumstances, could be expected to be returned to shareholders.

- ❖ After limited engagement with the Government of Madagascar in the lead up to the Presidential elections in November 2023, discussions on fiscal terms and lifting of the Toliara Project's suspension have recommenced
- ❖ In light of progress achieved and the Government's demonstrated level of focus and engagement, as well as the approaching conclusion of mining at Kwale Operations, in applying the Company's capital management policy the Board has decided not to pay an interim dividend
- ❖ Dividends distributed to shareholders since October 2020 totalled AUD 22.5 cents per share, equal to AUD\$264.9m (~US\$185.5m)

# Building a unique “mineral sands” company

- ❖ **Cash generating** Kwale Operation in Kenya (albeit nearing the end), with further exploration and project opportunities being pursued
- ❖ A **world class development project** in Toliara in Madagascar that presents an opportunity for significant rare earth diversification
- ❖ **Track record of excellence** in all aspects of sustainability - safety, community development, environmental stewardship and ethics
- ❖ An **experienced team** and capacity to execute well
- ❖ Creating a company of **strategic relevance** in critical minerals





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RESOURCES**



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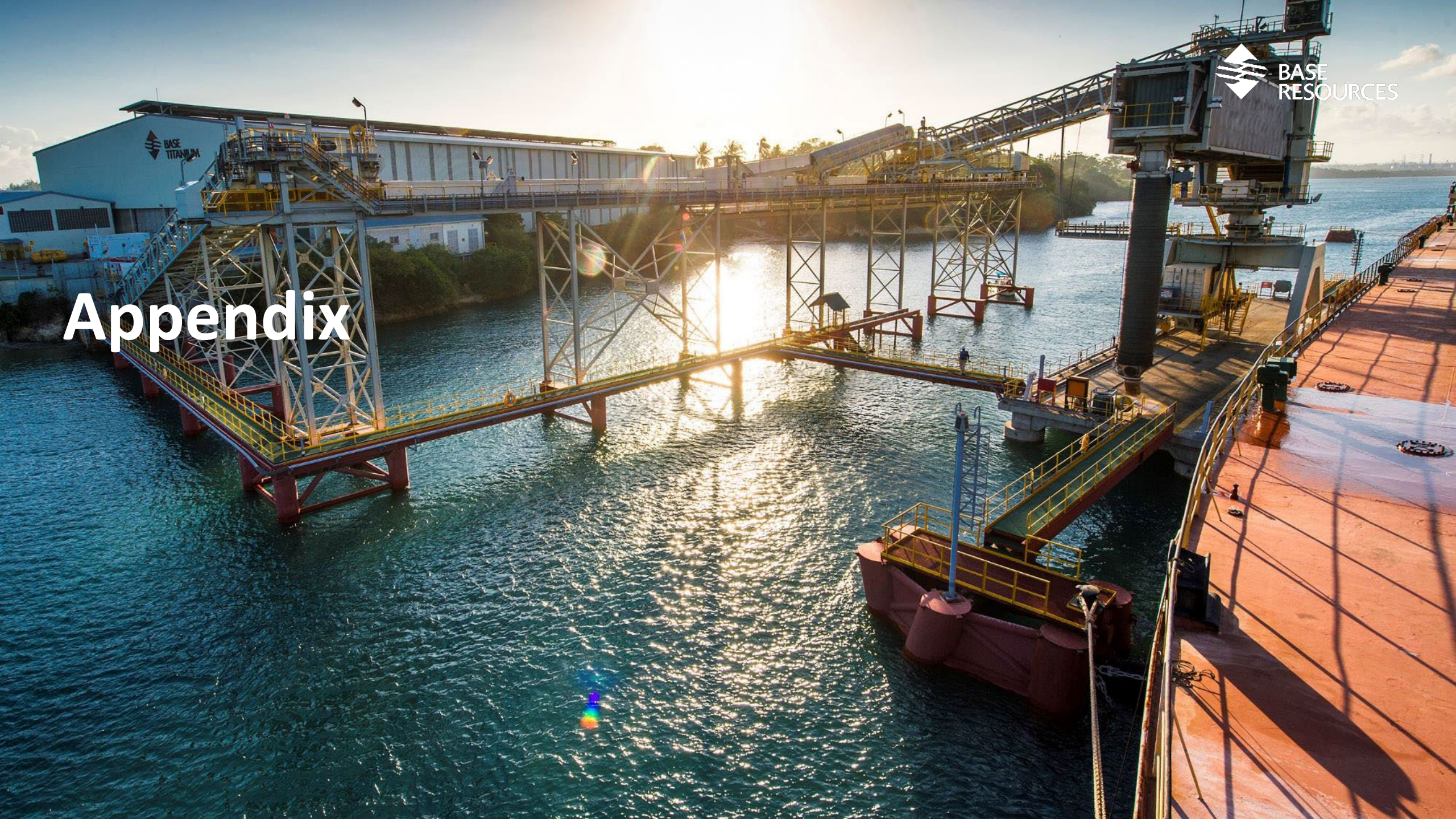
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# Appendix



# Ranobe Ore Reserves and Mineral Resources



Category	Material	HM	HM	SL	OS	HM Assemblage as % of HM					
						ILM	RUT	LEUC*	ZIR	MON^	GARN^
	(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>Mineral Resources estimate at 30 June 2023</b>											
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
<b>Total</b>	<b>2,580</b>	<b>111</b>	<b>4.3</b>	<b>7.7</b>	<b>0.4</b>	<b>71</b>	<b>1.0</b>	<b>1.0</b>	<b>5.9</b>	<b>2.0</b>	<b>3.4</b>
<b>Ore Reserves estimate at 30 June 2023</b>											
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	-	-
<b>Total</b>	<b>904</b>	<b>55</b>	<b>6.1</b>	<b>3.8</b>	<b>0.1</b>	<b>73</b>	<b>1.0</b>	<b>1.0</b>	<b>5.9</b>	<b>-</b>	<b>-</b>

- Notes:**
- 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 Ore Reserves.
- ^ Monazite and garnet excluded from the Ore Reserves estimate because the existing mining tenure, PE 37242, does not currently provide the right to exploit these products.
- \*Recovered leucoxene will be split between rutile and chloride ilmenite products depending on product specification requirements.

For further information on the Ranobe deposit Mineral Resources and Ore Reserves estimates, refer to Base Resources' announcement on 27 September 2021 "Updated Ranobe Mineral Resources and Ore Reserves estimates", 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 September 2021 announcement and all material assumptions and technical parameters underpinning the estimates in the 27 September 2021 announcement continue to apply and have not materially changed.