



BASE RESOURCES LIMITED

ABN 88 125 546 910

**Interim Financial Report
For the six-month period ended
31 December 2023**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Provided below are the Results for Announcement to the Market in accordance with ASX Listing Rule 4.2A.3 and Appendix 4D for Base Resources Limited (**Base Resources** or the **Company**) and its controlled entities (together with Base Resources, the **Group**) for the half-year ended 31 December 2023 (the **reporting period** or **half-year**) compared with the half-year ended 31 December 2022 (the **comparative period**).

Consolidated results	Movement (US\$000s)	US\$000s
Revenue from ordinary activities	down \$53,495 (by 42%) to	\$73,116
Profit/(loss) from ordinary activities after tax attributable to members of Base Resources	down \$46,047 (by 103%) to	\$(1,472)
Net profit/(loss) attributable to members of Base Resources	down \$46,047 (by 103%) to	\$(1,472)

Asset backing	Unit	31 December 2023	31 December 2022
Shares on issue	number	1,178,011,850	1,178,011,850
Net tangible assets (excludes capitalised exploration and evaluation assets)	US\$000s	\$90,586	\$192,110
Net tangible assets per share	US\$/share	\$0.08	\$0.16
Net assets	US\$000s	\$258,170	\$352,886
Net assets per share	US\$/share	\$0.22	\$0.30

In accordance with the ASX Listing Rules, net tangible assets per share represents total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the end of the half-year. Capitalised exploration and evaluation assets have been treated as intangible assets and have therefore been excluded from the calculation of net tangible assets.

Dividends

During the reporting period, Base Resources paid a final dividend of AUD 4.0 cents per share, unfranked, in September 2023. The final dividend was paid wholly from conduit foreign income. The aggregate amount of the final dividend (and therefore dividends paid during the reporting period) was US\$29.9 million.

No interim dividend has been declared or determined by the Board in respect of the half-year.

Details of entities over which control was gained or lost during the period

None.

Independent auditor's review report

The Consolidated Interim Financial Statements upon which the above information is based have been reviewed and the Independent Auditor's Review Report to the members of Base Resources is included in the accompanying Interim Financial Report.

Commentary

Commentary on the results for the reporting period is contained in the accompanying Interim Financial Report which comply with International Financial Reporting Standards (**IFRS**). It is recommended that the Interim Financial Report is read in conjunction with Base Resources' Annual Financial Report for the year ended 30 June 2023 and any public announcements made by Base Resources during and after the half-year year ended 31 December 2023 in accordance with Base Resources' continuous and periodic disclosure obligations under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

DIRECTORS' REPORT

Your directors present the Interim Financial Report of the Group, being Base Resources Limited and its controlled entities, for the half-year ended 31 December 2023 (the **reporting period** or **half-year**) compared with the six-month period ended 31 December 2022 (the **comparative period**).

Directors

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

Mr Michael Stirzaker

Mr Tim Carstens

Mr Malcolm Macpherson (retired 24 November 2023)

Ms Diane Radley

Mr Scot Sobey

Ms Sheila Khama

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

Company Secretary

Mr Chadwick Poletti held the position of company secretary during the reporting period.

Principal Activities and Significant Changes in Nature of Activities

The principal activity of Base Resources is the operation of the Kwale Mineral Sands Mine (**Kwale Operations**) in Kenya and development of the Toliara Project in Madagascar.

Operating Results

The loss for the Group for the half-year after providing for income tax amounted to US\$1,472,000 (2022: US\$44,575,000 profit).

Dividends Paid or Recommended

During the reporting period, Base Resources paid a final dividend of AUD 4.0 cents per share, unfranked, in September 2023. The aggregate amount of this dividend (and therefore dividends paid during the reporting period) was US\$29.9 million.

Since the end of the reporting period, no dividend has been declared or determined by the Board.

DIRECTORS' REPORT

Review of 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. Mining operations continued concurrently on the South and North Dune with approximately 8.0 million tonnes mined (comparative period: 8.8 million tonnes), slightly lower than the comparative period due to slower mining rates associated with mining in the North Dune. Consistent with mine plan, the heavy mineral (**HM**) grade of ore mined in the reporting period was lower than the comparative period at 2.39% (comparative period: 3.9% HM). The grade and volume of ore mined resulted in reduced heavy mineral concentrate (**HMC**) production of 152kt (comparative period: 309kt).

As ore grades and HMC production will be lower for the remainder of Kwale Operations' mine life, the mineral separation plant (**MSP**) was transitioned, as planned, from continuous operations to campaign processing to ensure optimum product recoveries are maintained, with extended shuts between campaigns to allow HMC stocks to rebuild. The combination of lower HMC production and MSP shuts reduced the HMC fed to the MSP in the reporting period to 143kt (comparative period: 303kt), resulting in a corresponding fall in production for all products.

Sustained demand for ilmenite, rutile and zircon during the reporting period has ensured that sales have closely followed production, with minimal inventories at period end.

Mining, Production and Sales	Six months to Dec 2023	Six months to Dec 2022
Ore mined (tonnes)	8,044,773	8,848,556
Heavy mineral (HM) %	2.39%	3.90%
Valuable heavy mineral (VHM) %	1.79%	2.98%
Production (tonnes)		
Ilmenite	77,663	170,771
Rutile	18,909	38,384
Zircon	7,657	14,043
Zircon low grade	528	1,099
Rutile low grade	3,612	8,129
Sales (tonnes)		
Ilmenite	74,831	136,773
Rutile	20,524	28,859
Zircon	7,281	11,140
Zircon low grade	533	1,208
Rutile low grade	4,085	8,037

There were no lost time injuries during the reporting period and, with no lost time injuries in the past 12 months, Base Resources has a lost time injury frequency rate (**LTIFR**) of 0.0 per million hours worked. Compared to the Western Australian All Mines 2020/2021 LTIFR of 2.0, this is an exceptional performance and reflects the ongoing focus and importance placed on safety. With no medical treatment injuries recorded in the last 12 months, the Company's total recordable injury frequency rate is 0.0 per million hours worked.

Market Developments and Outlook

Titanium Dioxide

Ilmenite and rutile are primarily used as feedstock for the production of titanium dioxide (**TiO₂**) pigment, with a small percentage also used in the production of titanium metal and fluxes for welding rods and wire. TiO₂ is the most widely used white pigment because of its nontoxicity, brightness and very high refractive index. It is an essential component of consumer products such as paint, plastics and paper. Pigment demand is therefore the major driver of ilmenite and rutile pricing.

Major western pigment producers typically use high grade TiO₂ feedstocks (which includes rutile) while Chinese pigment producers typically rely on sulphate ilmenite as their main feedstock.

The global pigment market was subdued throughout the period due to uncertain global economic conditions and sluggish housing sectors in major markets. Poor pigment demand through the seasonally strong June quarter of 2023 led to pessimism across the pigment industry at

DIRECTORS' REPORT

the start of the 2024 financial year (FY24). Western pigment producers continued to operate their plants well below capacity levels and some plants were closed. The low production rates, combined with working capital management, resulted in diminished demand for high grade TiO₂ feedstocks (including rutile) through the period. As a result, rutile pricing came under pressure in the reporting period.

Sentiment among some major western pigment producers was building at the end of the period on the back of increases in pigment orders leading into the start of 2024. A recovery in pigment demand, if realised, will result in positive demand growth for rutile and reduced pressure on rutile pricing in the coming months.

Despite the subdued conditions, most Chinese pigment producers continued to operate at high rates. Major Chinese producers counteracted a weak domestic pigment market by focusing on increased export sales. Chinese pigment producers have been competing with western producers in foreign markets and have generally succeeded in growing their market share in some major markets. The ongoing high pigment production rates in China has supported continued strong demand for ilmenite. This is particularly the case for growing chloride pigment production in China which is heavily dependent on the quality of certain sources of imported ilmenite – including Base Resources' Kwale ilmenite. However, increases in ilmenite supply and the sustained weakness of the global pigment sector resulted in some erosion of ilmenite prices towards the end of 2023.

Demand for rutile into the welding and titanium metal sectors has remained firm throughout the reporting period and into 2024. The main driver of demand was a booming ship-building industry. The sharp increase in aerospace manufacturing, combined with sanctions on Russian-supply of raw materials, also drove further demand. These sectors continue to attract a price premium and present good opportunities for Base Resources' rutile but they are relatively small sectors and the broader market will continue to be driven by the pigment sector.

After a sustained period of prices trending upwards, the weaker market conditions have resulted in prices for both rutile and ilmenite reducing through the period. Over the reporting period, rutile prices were 3.8% lower and ilmenite prices were 8.6% lower than the comparative period.

Zircon

Zircon has a range of end-uses, the predominant of which is in the production of ceramic tiles, accounting 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 growth for zircon is closely linked to growth in global construction and increasing urbanisation in the developing world.

After peaking at historical highs in 2022, zircon prices have trended downwards as conditions in major markets have become more challenging. The optimism in the Chinese market following the lifting of government imposed COVID restrictions in China in early 2023 turned negative as the broader Chinese economic recovery did not materialise as anticipated. The negative sentiment has been sustained throughout the reporting period. Combined with growing negative sentiment in Europe and cautious buying behaviour from zircon consumers, zircon demand in the reporting period has been sluggish and prices have been eroded.

Over the reporting period, zircon prices were 18.5% lower than the comparative period but remain at historically elevated levels.

Following a period of inventory minimisation among major consumers in Europe and China, there were signs of improved demand and re-stocking at the end of the period which has stabilised zircon contract prices for the start of 2024.

Mining operations to finish at end of 2024

In October 2023, the Company announced that mining is expected to end in December 2024 as per the current mine plan. Processing activities will conclude shortly thereafter, with Kwale Operations then transitioning to post-mining.

The announcement followed completion of the previously announced evaluations of the extension potential of the two remaining near mine prospective areas, being the Kwale North Dune Mineral Resource that is not currently in the mine plan and the Kwale East exploration area, with it being concluded that both lack sufficient grade or scale to support the capital investment required to extend or establish new mining operations.

DIRECTORS' REPORT

Toliara Project

Presidential elections in Madagascar proceeded peacefully in November, resulting in Andry Rajoelina being re-elected for a second term. In January 2024, President Rajoelina formed his new government and appointed his cabinet, with the incumbent Minister of Mines and Strategic Resources being re-appointed. After limited engagement with the Government in the lead up to the Presidential elections, discussions on fiscal terms and lifting of the Toliara Project's suspension recommenced in the new year. With the Government indicating that progressing the Toliara Project is a priority, the new year has seen a period of sustained engagement with positive progress.

In December, the Company released the outcomes of its pre-feasibility study on exploitation of the contained monazite at its Toliara Project through concentration of the existing waste stream from the project's mineral sands processing facilities to produce a valuable monazite product (**Monazite PFS**). Monazite is a rich source of rare earth elements critical to the world's green energy transition and represents 2.0% of the heavy mineral in the Toliara Project's Mineral Resources estimate. The Monazite PFS delivered exceptional outcomes and has resulted in a significant enhancement of the Toliara Project as outlined in the enhanced definitive feasibility study on the project's mineral sands.

The Company remains committed to progressing the world class Toliara Project to a final investment decision once fiscal terms are secured, and the on-ground suspension is lifted.

Tanzanian exploration

The Uмба South Project in northern Tanzania is located approximately 75km west-south-west of the Company's Kwale Operations in Kenya. Exploration at Uмба South was designed to test the southern extremity of prominent north-south trending gneiss ridges that extend about 35km north to the Kuranze region of Kenya which are considered potentially prospective for rutile.

Assaying of drill samples from a second phase infill program to assess the continuity of rutile mineralisation in the saprolite layer was completed in the reporting period. Following assessment of the results from this program and the first phase reconnaissance program, it has been decided to discontinue exploration at the Uмба South Project. The results from these programs will assist in planning future exploration activity in the Kuranze region of Kenya once tenure is granted.

DIRECTORS' REPORT

Review of Financial Performance

Base Resources achieved a loss after tax of US\$1.5 million for the reporting period, a decrease compared to the profit of US\$44.6 million in the comparative period, primarily due to lower heavy mineral grades impacting production.

	Six months to 31 December 2023				Six months to 31 December 2022			
	Kwale	Toliara	Other	Total	Kwale	Toliara	Other	Total
	Operations	Project			Operations	Project		
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Sales Revenue	73,116	-	-	73,116	126,611	-	-	126,611
Cost of goods sold (excluding depreciation and amortisation)								
Operating costs	(34,520)	-	-	(34,520)	(37,931)	-	-	(37,931)
Inventory movement	(76)	-	-	(76)	11,332	-	-	11,332
Royalties expense	(3,691)	-	-	(3,691)	(7,318)	-	-	(7,318)
Total cost of goods sold	(38,287)	-	-	(38,287)	(33,917)	-	-	(33,917)
Corporate & external affairs	(3,711)	(44)	(3,536)	(7,291)	(2,429)	(43)	(4,397)	(6,869)
Kwale mine closure redundancy costs	(7,715)	-	-	(7,715)	-	-	-	-
Community development	(1,884)	-	-	(1,884)	(2,758)	-	-	(2,758)
Selling & distribution costs	(597)	-	-	(597)	(1,005)	-	-	(1,005)
Business development	-	-	(285)	(285)	-	-	-	-
Exploration and evaluation expenditure written-off	(1,612)	-	(113)	(1,725)	-	-	-	-
Other expenses	(620)	-	(11)	(631)	(1,144)	-	(228)	(1,372)
EBITDA	18,690	(44)	(3,945)	14,701	85,358	(43)	(4,625)	80,690
Depreciation & amortisation	(3,972)	(99)	(182)	(4,253)	(14,897)	(94)	(198)	(15,189)
EBIT	14,718	(143)	(4,127)	10,448	70,461	(137)	(4,823)	65,501
Net financing (expenses) / income	(1,888)	(58)	968	(978)	(1,640)	46	936	(658)
Income tax expense:								
Corporate income tax	(4,924)	(18)	-	(4,942)	(12,168)	-	-	(12,168)
Dividend withholding tax	-	-	(6,000)	(6,000)	-	-	(8,100)	(8,100)
NPAT ⁽ⁱ⁾	7,906	(219)	(9,159)	(1,472)	56,653	(91)	(11,987)	44,575

⁽ⁱ⁾ Base Resources' financial results are reported under 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/reviewed.

Sales revenue decreased 42% to US\$73.1 million for the reporting period (comparative period: US\$126.6 million) as lower production limited sales volumes, with a total of 107kt sold in the reporting period (comparative period: 186kt). Despite lower product prices experienced in 2023, the average price of product sold remained stable at US\$682 per tonne (comparative period US\$681 per tonne), due to increased proportion of rutile and zircon in the sales mix.

Total operating costs of US\$34.5 million represented a decrease of 14% compared to the comparative period (US\$37.9 million), due to the reduced production and decreased port and product transport due to lower shipments. Despite this, operating cost per tonne produced has increased to US\$314 per tonne (comparative period: US\$169 per tonne) reflecting the 53% decrease in total production volume.

Cost of goods sold (operating costs, adjusted for stockpile movements, and royalties), was US\$374 per tonne of product sold, higher than the comparative period (US\$195 per tonne) due to higher unit operating costs.

With an operating margin of US\$347 per tonne sold (comparative period: US\$486 per tonne) and an achieved revenue to cost of sales ratio of 2.0 (comparative period: 3.5).

DIRECTORS' REPORT

Reflecting the lower production and sales volumes, the Kwale Operations EBITDA for the reporting period decreased to US\$18.7 million (comparative period: US\$85.4 million) and the Group EBITDA was lower at US\$14.7 million (comparative period: US\$80.7 million).

The majority of Kwale Operations assets are depreciated on a straight-line basis over the remaining mine life. At 30 June 2023, a non-cash impairment loss of \$88.9m was recorded reducing the net book value of Kwale's mine development, rehabilitation and property plant and equipment assets. Accordingly, depreciation and amortisation in the reporting period decreased to US\$4.3 million (comparative period: US\$15.2 million).

Kwale Operations recorded a net profit after tax of US\$7.9 million (comparative period: US\$56.7 million).

During the reporting period, the Group's Kenyan subsidiary, Base Titanium Limited (**Base Titanium**), distributed US\$40.0 million of surplus cash (comparative period: US\$54.0 million), via dividend, to the Group's ultimate parent entity, Base Resources. The dividend distribution by Base Titanium incurred 15% Kenyan dividend withholding tax of US\$6.0 million (comparative period: US\$8.1 million), which has been recorded as an income tax expense, thus contributing to a loss after tax of US\$1.5 million for the Group (comparative period: US\$44.6 million).

Cash flow from operations was US\$25.2 million for the reporting period (comparative period: US\$56.1 million), with lower sales revenue contributing to a US\$38.1 million decrease in receipts from customers and a decrease in taxation paid of US\$7.0m. Operating cashflows were used to fund capital expenditure at Kwale Operations, Toliara Project progression and the FY23 final dividend.

Total capital expenditure for the Group was US\$11.8 million in the reporting period (comparative period: US\$27.5 million) comprised of US\$6.0 million at Kwale Operations (comparative period: US\$22.6 million), primarily to support mining operations in the Kwale North Dune and preparation for mining at the Bumamani deposit, and US\$5.6 million on the progression of the Toliara Project and Rare Earths PFS (comparative period: US\$4.5 million).

Consistent with Base Resources' strategy, the Group seeks to provide returns to shareholders through both long-term growth in the Base Resources share price and appropriate cash distributions. Cash not required for the Group's growth and development, or to maintain requisite balance sheet strength in light of prevailing circumstances, could be expected to be returned to shareholders.

Applying this capital management policy, the Board determined a FY23 final dividend of AUD 4.0 cents per share, unfranked, which was paid during the reporting period.

Since the end of the reporting period, no dividend has been declared or determined by the Board.

After Balance Date Events

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

Rounding

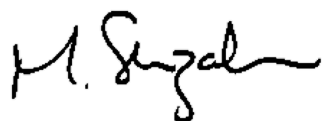
The Group is of a kind referred to in ASIC Class Instrument 2016/191 and in accordance with that Class Order, amounts in the interim financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

DIRECTORS' REPORT

Auditor's Declaration

The Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "M. Storzaker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mike Storzaker

Chair

Dated this 24th day of February 2024



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 half-year ended 31 December 2023 there have been:

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

A handwritten signature of 'KPMG' in blue ink.

KPMG

A handwritten signature in blue ink that appears to read 'G L + 177'.

Graham Hogg
Partner
Perth
24 February 2024

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

	Note	6 months to 31 December 2023 US\$000s	6 months to 31 December 2022 US\$000s
Sales revenue		73,116	126,611
Cost of sales	2	(42,259)	(48,814)
Profit from operations		30,857	77,797
Corporate and external affairs		(7,572)	(7,161)
Kwale mine closure redundancy costs		(7,715)	-
Community development costs		(1,884)	(2,758)
Exploration and evaluation expenditure written-off	8	(1,725)	-
Selling and distribution costs		(597)	(1,005)
Business development		(285)	(221)
Other expenses		(631)	(1,151)
Profit before financing costs and income tax		10,448	65,501
Financing costs		(978)	(658)
Profit before income tax		9,470	64,843
Income tax expense	3	(10,942)	(20,268)
Net (loss) / profit for the period		(1,472)	44,575
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		339	(2,587)
Total other comprehensive (loss) / income for the period		339	(2,587)
Total comprehensive (loss) / income for the period		(1,133)	41,988
Net earnings per share			
		Cents	Cents
Basic (loss) / earnings per share (US cents per share)		(0.13)	3.85
Diluted (loss) / earnings per share (US cents per share)		(0.13)	3.80

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		31 December 2023	30 June 2023
	Note	US\$000s	US\$000s
Current assets			
Cash and cash equivalents		78,856	92,889
Trade and other receivables	4	42,303	63,061
Inventories	5	21,785	23,111
Other current assets		8,792	10,336
Total current assets		151,736	189,397
Non-current assets			
Capitalised exploration and evaluation	6	167,584	162,933
Property, plant and equipment	7	25,082	23,155
Deferred tax asset		1,215	1,864
Total non-current assets		193,881	187,952
Total assets		345,617	377,349
Current liabilities			
Trade and other payables		10,065	17,951
Provisions	8	17,925	13,821
Deferred consideration		7,000	7,000
Other current liabilities		1,248	233
Total current liabilities		36,238	39,005
Non-current liabilities			
Provisions	8	40,470	39,472
Deferred consideration		10,000	10,000
Other non-current liabilities		739	393
Total non-current liabilities		51,209	49,865
Total liabilities		87,447	88,870
Net assets		258,170	288,479
Equity			
Issued capital	9	307,811	307,811
Treasury shares	10	(1,586)	(1,763)
Reserves		(20,581)	(20,838)
Retained earnings		(27,474)	3,269
Total equity		258,170	288,479

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	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 2022	307,811	48,657	3,650	(21,461)	(4,957)	333,700
Profit for the period	-	44,575	-	-	-	44,575
Other comprehensive income/(loss)	-	-	-	(2,587)	-	(2,587)
Total comprehensive income for the period	-	44,575	-	(2,587)	-	41,988
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid	-	(22,703)	-	-	-	(22,703)
Purchase of treasury shares	-	-	-	-	(1,151)	(1,151)
Share based payments	-	(2,108)	(687)	-	3,847	1,052
Balance at 31 December 2022	307,811	68,421	2,963	(24,048)	(2,261)	352,886
Balance at 1 July 2023	307,811	3,269	3,431	(24,269)	(1,763)	288,479
Profit for the period	-	(1,472)	-	-	-	(1,472)
Other comprehensive income/(loss)	-	-	-	339	-	339
Total comprehensive income for the period	-	(1,472)	-	339	-	(1,133)
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid	-	(29,949)	-	-	-	(29,949)
Purchase of treasury shares	-	309	-	-	(309)	-
Share based payments	-	369	(82)	-	486	773
Balance at 31 December 2023	307,811	(27,474)	3,349	(23,930)	(1,586)	258,170

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED CONDENSED STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	6 months to 31 December 2023 US\$000s	6 months to 31 December 2022 US\$000s
Cash flows from operating activities		
Receipts from customers	96,821	134,885
Payments in the course of operations	(63,107)	(63,292)
Income tax paid	(8,483)	(15,502)
Net cash from operating activities	25,231	56,091
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,124)	(22,368)
Payments for exploration and evaluation	(5,680)	(5,153)
Other	1,413	466
Net cash used in investing activities	(10,391)	(27,055)
Cash flows from financing activities		
Dividends paid	(29,949)	(22,703)
Purchase of treasury shares	-	(1,151)
Payments for selling costs	(289)	(534)
Net cash used in financing activities	(30,238)	(24,388)
Net (decrease) / increase in cash held	(15,398)	4,648
Cash at beginning of period	92,889	55,447
Effect of exchange fluctuations on cash held	1,365	70
Cash at end of period	78,856	60,165

The accompanying notes form part of these condensed consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION

Reporting entity

Base Resources Limited is a company domiciled in Australia. The condensed consolidated interim financial statements of the Group for the six-months ended 31 December 2023 comprises the Company and its controlled entities (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.

Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 30 June 2023 and any public announcements made by Base Resources Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was approved by the Board of Directors on 24 February 2024.

Basis of measurement

The financial report has 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.

Functional and presentation currency

The functional currency of the Parent Company (Base Resources Limited) is Australian Dollars (**AUD**), whilst the presentation currency of the Group is United States Dollars (**USD**). All subsidiaries have a functional currency of USD.

Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are consistent with those applied by the Group in its annual financial report for the year ended 30 June 2023.

Critical accounting estimates and judgements

The directors make estimates and judgements in the preparation of the financial report that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were consistent with those that applied to the consolidated financial statements for the year ended 30 June 2023.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 2: COST OF SALES

	6 months to 31 Dec 23	6 months to 31 Dec 22
	US\$000s	US\$000s
Operating costs	34,520	37,931
Changes in inventories of concentrate and finished goods	76	(11,332)
Royalties expense	3,691	7,318
Depreciation and amortisation	3,972	14,897
	42,259	48,814

NOTE 3: INCOME TAX EXPENSE

	6 months to 31 Dec 23	6 months to 31 Dec 22
	US\$000s	US\$000s
Income tax expense	4,293	12,394
Movement in deferred tax	649	(226)
Kenyan dividend withholding tax (a)	6,000	8,100
	10,942	20,268

a. Kenyan dividend withholding tax

During the reporting period, the Group's Kenyan subsidiary, Base Titanium, distributed US\$40.0 million of surplus cash, via dividend, to the Group's ultimate parent entity Base Resources Limited. The dividend distribution by Base Titanium incurred 15% Kenyan dividend withholding tax of US\$6.0 million, which has been recorded as an income tax expense.

NOTE 4: TRADE AND OTHER RECEIVABLES

	31 Dec 23	30 Jun 23
	US\$000s	US\$000s
Trade receivables	32,224	55,809
VAT receivables	10,035	7,213
Other receivables	44	39
	42,303	63,061

NOTE 5: INVENTORIES

	31 Dec 23	30 Jun 23
	US\$000s	US\$000s
Heavy mineral concentrate and other intermediate stockpiles – at cost	2,245	548
Finished goods stockpiles – at cost	7,527	9,299
Stores and consumables – at cost	12,013	13,264
	21,785	23,111

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 6: CAPITALISED EXPLORATION AND EVALUATION

	31 Dec 23	30 Jun 23
	US\$000s	US\$000s
Toliara Project – Madagascar	167,287	161,757
Kenya	297	1,176
Closing carrying amount	167,584	162,933

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 although, during the reporting period presidential elections saw Andry Rajoelina re-elected for a second term. Engagement with the Government on Toliara Project fiscal terms and the of lifting of the project's on-ground suspension have been reinitiated, with the Government indicating that finalising terms and launching the project is a priority. The suspension does not affect the validity of the Toliara Project's mining permit.

In December 2023 the Toliara Project Monazite PFS was completed, significantly enhancing the overall forecast financial returns from the Toliara Project.

Exploration activities at Kwale East have been discontinued following an evaluation of the likely mineralisation concluding that there is not sufficient volume or heavy mineral grade to support an economically viable mining development, and a write-off of \$1.6 million has been recognised.

Assessment of the results from the first and second phase drill programs at the Umba South prospect in northern Tanzania have concluded and failed to demonstrate commercial viability. As a result, a write-off of \$0.1 million has been recognised.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023	Plant & equipment \$000s	Mine property and development \$000s	Buildings \$000s	Right-of-use assets \$000s	Capital work in progress \$000s	Total \$000s
At cost	256,751	154,898	6,556	1,593	1,842	421,640
Accumulated depreciation and impairment	(247,646)	(142,596)	(5,742)	(574)	-	(396,558)
Closing carrying amount	9,105	12,302	814	1,019	1,842	25,082

Reconciliation of carrying amounts:

Balance at 1 July 2023	10,475	9,768	1,039	590	1,283	23,155
Additions	128	4,835	-	562	625	6,150
Transfers	66	-	-	-	(66)	-
Depreciation expense	(1,577)	(2,308)	(225)	(143)	-	(4,253)
Effects of movement in foreign exchange	13	7	-	10	-	30
Balance at 31 December 2023	9,105	12,302	814	1,019	1,842	25,082

As at 30 June 2023

At cost	284,269	214,343	6,556	1,010	1,283	507,461
Accumulated depreciation and impairment	(273,794)	(204,575)	(5,517)	(420)	-	(484,306)
Closing carrying amount	10,475	9,768	1,039	590	1,283	23,155

Reconciliation of carrying amounts:

Balance at 1 July 2022	45,416	33,837	1,447	845	7,467	89,012
Additions	8,337	18,229	8	-	1,194	27,768
Transfers	248	7,099	27	-	(7,374)	-
Disposals	(17)	-	-	-	-	(17)
Increase in mine rehabilitation asset	-	32,446	-	-	-	32,446
Depreciation expense	(15,801)	(20,552)	(443)	(231)	-	(37,027)
Impairment loss	(27,709)	(61,148)	-	-	-	(88,857)
Effects of movement in foreign exchange	1	(143)	-	(24)	(4)	(170)
Balance at 30 June 2023	10,475	9,768	1,039	590	1,283	23,155

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 8: PROVISIONS

	31 Dec 23	30 Jun 23
	US\$000s	US\$000s
Current		
Rehabilitation	8,778	12,432
Kwale mine closure redundancy costs	7,715	-
Employee benefits	1,432	1,389
	17,925	13,821
Non-Current		
Rehabilitation	40,405	39,424
Employee benefits	65	48
	40,470	39,472

Following the October 2023 announcement that Kwale Operations mining is expected to end in December 2024, when existing Kwale Ore Reserves are fully depleted as per the current mine plan, a provision for the redundancy of the workforce has been raised.

NOTE 9: ISSUED CAPITAL

Date	Number	US\$000s
1 July 2022	1,178,011,850	307,811
30 June 2023	1,178,011,850	307,811
1 July 2023	1,178,011,850	307,811
31 December 2023	1,178,011,850	307,811

All issued shares are fully paid. The Company 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 or determined from time to time and are entitled to one vote per share at general meetings of the Company.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 10: TREASURY SHARES RESERVE

During the reporting period, the Company instructed the trustee of the Base Resources Long Term Incentive Plan (LTIP) Trust (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 2020 (2020 Cycle Performance Rights), completed its three-year performance period, resulting in a partial vesting (refer to Note 12). Subsequent to their vesting, several LTIP participants exercised their vested 2020 Cycle Performance Rights and were allocated Treasury Shares.

The treasury shares reserve comprises the cost of Treasury Shares that had not yet been allocated to an LTIP participant as at 31 December 2023.

	31 Dec 23	30 Jun 23
	US\$000s	US\$000s
Treasury shares	1,586	1,763

Reconciliation of treasury shares:

Date	Number	US\$000s
1 July 2023	12,119,390	1,763
Treasury shares acquired on market by the Trustee to satisfy vested performance rights under the Company's LTIP	2,922,537	309
Treasury shares allocated to participants in the Company's LTIP following exercise of vested performance rights	(3,673,286)	(486)
31 December 2023	11,368,641	1,586

NOTE 11: SHARE BASED PAYMENTS

Performance rights

In October 2023, the Company issued 28,790,016 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 17,126,301 granted 2020 Cycle Performance Rights concluded on 30 September 2023. Base Resources' absolute total shareholder return (TSR) over the performance period was 43%, resulting in 29% of the performance rights subject to absolute TSR performance criteria vesting. Base Resources' relative TSR over the performance period placed it in the 72nd percentile which resulted in 93% of the performance rights subject to relative TSR performance criteria vesting. Accordingly, a total of 10,528,393 of the 2020 Cycle Performance Rights vested.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 12: 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.

EBITDA and EBIT are non-IFRS financial measures.

Reportable segment	Six months to 31 December 2023				Six months to 31 December 2022			
	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	73,116	-	-	73,116	126,611	-	-	126,611
Cost of goods sold (excluding depreciation & amortisation)								
Operating costs	(34,520)	-	-	(34,520)	(37,931)	-	-	(37,931)
Inventory movement	(76)	-	-	(76)	11,332	-	-	11,332
Royalties expense	(3,691)	-	-	(3,691)	(7,318)	-	-	(7,318)
Total cost of goods sold	(38,287)	-	-	(38,287)	(33,917)	-	-	(33,917)
Corporate & external affairs	(3,711)	(44)	(3,536)	(7,291)	(2,429)	(43)	(4,397)	(6,869)
Kwale mine closure redundancy costs	(7,715)	-	-	(7,715)	-	-	-	-
Community development	(1,884)	-	-	(1,884)	(2,758)	-	-	(2,758)
Selling & distribution costs	(597)	-	-	(597)	(1,005)	-	-	(1,005)
Business development	-	-	(285)	(285)	-	-	-	-
Exploration and evaluation expenditure write-off	(1,612)	-	(113)	(1,725)	-	-	-	-
Other expenses	(620)	-	(11)	(631)	(1,144)	-	(228)	(1,372)
EBITDA	18,690	(44)	(3,945)	14,701	85,358	(43)	(4,625)	80,690
Depreciation & amortisation	(3,972)	(99)	(182)	(4,253)	(14,897)	(94)	(198)	(15,189)
EBIT	14,718	(143)	(4,127)	10,448	70,461	(137)	(4,823)	65,501
Net financing (expenses) / income	(1,888)	(58)	968	(978)	(1,640)	46	936	(658)
Income tax expense:								
Corporate income tax	(4,924)	(18)	-	(4,942)	(12,168)	-	-	(12,168)
Dividend withholding tax	-	-	(6,000)	(6,000)	-	-	(8,100)	(8,100)
NPAT	7,906	(219)	(9,159)	(1,472)	56,653	(91)	(11,987)	44,575

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Reportable segment	As at 31 December 2023				As at 30 June 2023			
	Kwale Operation	Toliara Project	Other	Total	Kwale Operation	Toliara Project	Other	Total
	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Capital expenditure	6,008	5,663	133	11,804	28,458	8,345	1,901	38,704
Total assets	132,562	172,584	40,471	345,617	165,784	165,049	46,516	377,349
Total liabilities	66,375	18,098	2,974	87,447	68,321	17,479	3,070	88,870

NOTE 13: CONTINGENT LIABILITY

In connection with its acquisition of the Kwale Project in 2010, Base Titanium Limited granted a 2% royalty to third parties owning or having an interest in that project. There is a disagreement between Base Titanium Limited and one of the royalty holders, Osisko Gold Royalties Ltd (Osisko), which holds 1.5% (of the 2%) royalty – specifically, whether, and the extent to which, the royalty applies outside the Kwale Special Mining Lease 23 as it existed at the time of the acquisition. Osisko has taken formal steps to enforce its claimed rights in respect of the royalty, which Base Titanium is opposing. The directors have not disclosed an estimate of any amount for this contingent liability as a reliable estimate of the amount arising from any possible obligation cannot be made at this stage.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events since the reporting period.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the interim financial statements and notes, as set out on pages 12 to 23, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six month period ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mike Storzaker

Chair

Dated this 24 February 2024



Independent Auditor's Review Report

To the shareholders of Base Resources Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Base Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Base Resources Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 14 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Base Resources Limited (the Company) and the entities it controlled at the Interim period's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Graham Hogg

Partner

Perth

24 February 2024

CORPORATE DIRECTORY

DIRECTORS

Mr Michael Stirzaker, Non-Executive Chair
Mr Tim Carstens, Managing Director
Ms Diane Radley, Non-Executive Director
Mr Scot Sobey, Non-Executive Director
Ms Sheila Khama, Non-Executive Director

COMPANY SECRETARY

Mr Chadwick Poletti

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