

ASX, AIM and Media Release

24 August 2020

## Base delivers strong financial results and maiden dividend

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 financial year ended 30 June 2020 (**FY20**), including the announcement of the Company's maiden dividend of AUD 3.5 cents per share, unfranked.

Kwale Operations maintained operational continuity, adapting smoothly for the COVID-19 pandemic, and achieved the upper end of production guidance while ongoing firm demand supported price improvement for ilmenite and rutile. The Toliara Project progressed with completion of the definitive feasibility study (**DFS**) reinforcing the Company's view that the Toliara Project is a world class mineral sands development opportunity.

### Financial Highlights for FY20

- Revenue of US\$208.0 million, with product price increases mitigating the impact of lower production.
- EBITDA of US\$108.7 million.
- NPAT of US\$39.6 million.
- Free cashflow of US\$72.2 million (Operating cashflows of US\$105.5 million less investing cashflows of US\$33.3 million).
- Net cash position of US\$87.6 million as at 30 June 2020.

### Maiden Dividend

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.

Reflecting this policy, the Board has determined a maiden dividend of AUD 3.5 cents per share, unfranked, with a record date of 21 September 2020 and payment date of 7 October 2020.

### Operational Highlights for FY20

- A COVID-19 response that has been effective in maintaining the health and wellbeing of employees, whilst continuing to deliver operational performance.
- With the production of 78,920 tonnes of rutile, 355,093 tonnes of ilmenite and 31,657 tonnes of zircon, Kwale Operations exceeded expectations in its first full year of mining the South Dune deposit and achieved results at the upper end of FY20 production guidance.
- Firm demand saw continued strengthening of prices with higher average prices achieved for rutile (18% increase) and ilmenite (30% increase) relative to the prior period, while a more subdued market for zircon persisted (9% decrease).
- Kwale Operations mine life extension opportunities progressed with commencement of a pre-feasibility study for mining the North Dune deposit.
- Completion of the Toliara Project DFS, following which front-end engineering design and lender due diligence commenced.
- Toliara Project drill results revealed significant additional high-grade mineralisation extending beyond the current mineral resources estimate but within the existing mining lease, demonstrating the potential for a considerably longer mine life than the 33 years assumed in the DFS.
- Lost Time Injury Frequency Rate of zero across the group, with there being no lost time due to injury since 2014.
- US\$3.4m invested in community and environmental programs, with an additional US\$1.2m contribution to support vulnerable communities in Kenya and Madagascar in navigating the impacts of the COVID-19 pandemic.

**Managing Director of Base Resources, Tim Carstens, said:**

“Kwale Operations has continued to perform strongly throughout the year resulting in Base Resources achieving the upper end of our production guidance, a particularly pleasing result in what was our first year of operations on the South Dune and with the adaptations necessitated by the COVID-19 pandemic drawing focus. As the current engine of our business, extending mine life at Kwale is a priority and commencement of a pre-feasibility study for mining the North Dune, which should be completed in early 2021, was significant in these efforts.”

“The Toliara Project continued to progress with the release of a robust definitive feasibility study in December 2019, a significant milestone and confirming the project’s status as one of the best mineral sands development opportunities in the world. Assay results completed from the 2018 and 2019 drilling campaign have revealed significant additional high-grade mineralisation<sup>1</sup> beyond the existing mineral resources, demonstrating the potential to extend the Toliara Project well past the current planned 33-year mine life.”

“On-the-ground activity remains suspended as we continue to engage with the Government of Madagascar in relation to the fiscal terms applicable to the Toliara Project. While progress has been encouraging, discussions have been limited as the Government focuses on managing its response to the COVID-19 pandemic. With the effective shutdown of Government, international travel restrictions and broader COVID-19 measures and impacts both in Madagascar and globally, the final investment decision (FID) to proceed with development of the Toliara Project has been delayed with FID now unlikely to occur before September 2021.”

“In light of the Company’s strong financial performance and position, and the delay to the Toliara Project FID, and consistent with our determination to deliver concrete returns to shareholders, the Board has determined to implement our maiden dividend. We believe a AUD 3.5 cent per share dividend strikes the right balance between delivering returns to shareholders, retaining balance sheet strength in uncertain times and allowing for the sensible progression of the Toliara Project as uncertainty resolves.”

**Investor and shareholder webcast**

Base Resources’ Managing Director, Tim Carstens, CFO, Kevin Balloch and GM Marketing, Stephen Hay, will host two investor and shareholder webcasts today to discuss Base Resources’ FY20 results.

Participants will be able to ask questions via the messaging function on the webcast platform or via the teleconference line, see details below. Participants 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 number and dial in details so that they can join the call on the day without needing to speak with an operator.

Asia Pacific conference call

**Date:** Monday, 24 August 2020

**Time:** 9.00am AWST / 11.00am AEST

**Webcast URL:** <https://edge.media-server.com/mmc/p/zdbceiq9>

**Teleconference registration URL:** <https://s1.c-conf.com/diamondpass/10009484-invite.html>

Europe conference call

**Date:** Monday, 24 August 2020

**Time:** 4.00pm AWST / 9.00am BST

**Webcast URL:** <https://edge.media-server.com/mmc/p/z6sq7r2>

**Teleconference registration URL:** <https://s1.c-conf.com/diamondpass/10009485-invite.html>

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<sup>1</sup> For further information in relation to the drill results, refer to Base Resources’ announcement on 21 January 2020 “Toliara Project drill assays reveal significant high-grade mineralisation” available at <https://www.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 that announcement.

## 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 capital cost, capacity, future production and grades, mine life, 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.

## For further information contact:

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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](http://www.baseresources.com.au).