

Financial result and disciplined capital management drives half-year 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 six-month period ended 31 December 2020 (**H1 FY21**), including announcement of a half-year dividend of AUD 3 cents per share, unfranked.

Kwale Operations maintained operational continuity in the period, adapting successfully for the ongoing COVID-19 challenge, and is on track to achieve FY21 production guidance. Firm demand from pigment producers supported ongoing price improvement for ilmenite during H1 FY21. While zircon and rutile prices moderated in the reporting period, there are positive signs of a price recovery in early 2021.

The Toliara Project progressed with practical completion of lender technical due diligence and submission by the Company's wholly owned subsidiary, Base Toliara SARL, of a Large Mining Investment Law application, which, if approved, will provide fiscal and legal stability. Discussions with the Government of Madagascar on fiscal terms re-commenced in the period and are ongoing.

Financial highlights for H1 FY21

- Revenue of US\$72.8 million, lower than the six months to 31 December 2019 (**H1 FY20**) due to reduced production and timing of bulk product shipments.
- EBITDA of US\$33.9 million.
- Net loss after tax of US\$6.3 million, impacted by Kenyan dividend withholding tax of US\$4.5 million incurred on repatriation of surplus cash from operations to the Company.
- Debt reduced by US\$50.0 million as COVID-19 uncertainties subside, with the remaining US\$25.0 million scheduled for repayment in March 2021.
- Payment of the Company's maiden dividend in October of AUD 3.5 cents per share totalling US\$29.8 million.
- Free cashflow of US\$18.3 million (Operating cashflows of US\$31.1 million less investing cashflows of US\$12.8 million).
- Net cash position of US\$74.6 million as at 31 December 2020.

Half-year dividend of AUD 3 cents per share determined

The Company's capital management policy is that 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. With net cash of US\$74.6 million at the end of the period and the timing of the Toliara Project FID still uncertain, the Board has determined a half-year dividend of AUD 3 cents per share, unfranked, which will be paid wholly from Conduit Foreign Income. This will bring total dividends to AUD 6.5 cents per share in 12 months. The record date for the interim dividend is 15 March 2021 and the payment date is 31 March 2021.

Operational highlights for H1 FY21

- A COVID-19 response that continues to be effective in maintaining the health and wellbeing of employees, whilst delivering operational performance.
- Production of 33,684 tonnes of rutile, 144,363 tonnes of ilmenite and 12,677 tonnes of zircon from Kwale Operations.
- Continued strengthening of demand for ilmenite with current prices the highest ever achieved by the Company.
- Kwale Operations mine life extension opportunities progressed, with the North Dune pre-feasibility study due for release early in the June quarter and exploration drilling commencing in the North Vanga region.
- Lost Time Injury Frequency Rate of zero across the group, with there being no lost time due to injury since 2014.
- US\$1.8 million invested in community and environmental programs, with an additional US\$1.0 million 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 performance has been consistently strong throughout the half year and is on schedule to meet our FY21 production guidance. Outcomes for the remainder of FY21 are expected to be stronger again with firm market demand supporting price increases for all our products. Progress towards Kwale mine life extension remains a priority with the North Dune pre-feasibility study nearing completion and the recent resumption of our near-mine exploration program.”

“On-the-ground activity at the Toliara Project remains suspended as we engage with the Government of Madagascar in relation to the fiscal terms applicable to the project. This, together with international travel restrictions and broader COVID-19 measures and impacts both in Madagascar and globally, has led to the final investment decision (FID) to proceed with development of the Toliara Project being delayed. Once fiscal terms are agreed and the suspension is lifted, there will be approximately 11 months’ work to complete prior to FID.”

“At a Group level, we are delighted to be once again delivering meaningful returns to shareholders via dividends whilst remaining committed to the sensible progression of the Toliara Project, and the value generation opportunity this represents for shareholders, as uncertainty resolves.”

Investor and shareholder webcasts

Base Resources’ Managing Director, Tim Carstens, Chief Financial Officer, Kevin Balloch and General Manager - Marketing, Stephen Hay, will host two investor and shareholder webcasts today to discuss Base Resources’ FY21 half year results with shareholders and investors. They will also be available to answer questions following a presentation of the Company’s results.

Details for the webcasts are below. Participants will be able to ask questions via the messaging function on the webcast platform or via the teleconference line. 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 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, 22 February 2021

Time: 9.00am AWST / midday AEDT

Webcast URL: <https://edge.media-server.com/mmc/p/ej4xu42x>

Teleconference registration URL: <https://s1.c-conf.com/diamondpass/10012567-jn74nd.html>

Europe conference call

Date: Monday, 22 February 2021

Time: 5.00pm AWST / 9.00am GMT

Webcast URL: <https://edge.media-server.com/mmc/p/b4aedq7m>

Teleconference registration URL: <https://s1.c-conf.com/diamondpass/10012568-p82r45.html>

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Forward looking statements

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

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

About Base Resources

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