

ASX and Media Release
23 July 2024

Quarterly Activities Report – June 2024 (corrected)

Base Resources Limited (ASX & AIM: BSE) (**Base Resources** or the **Company**) has noted typographical errors in the headings to the Operational performance summary table for Kwale Operations on page 2 of the “Quarterly Activities Report – June 2024” released earlier today.

Attached is an updated version of the Company’s Quarterly Activities Report – June 2024. Other than corrections to relevant table headings on page 2, no changes have been made to the June quarterly from that released earlier today.

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This release has been authorised by the Base Resources Disclosure Committee.

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.

Quarterly Activities Report – June 2024

African mineral sands producer, **Base Resources Limited** (ASX & AIM: BSE) (**Base Resources** or the **Company**) is pleased to provide an operational, development and corporate update for the quarter ended 30 June 2024.

KEY POINTS

Corporate

- Base Resources reached agreement with Energy Fuels, a US-based uranium and critical minerals producer, for a proposed combination to create a global critical minerals business.
- Implementation is well underway, with a Scheme Booklet for the proposed combination expected to be despatched to shareholders in early August and completion targeted for early October.

Kwale Operations

- Mining operations were split 50/50 between North Dune and Bumamani with rehabilitation activities on South Dune nearing completion.
- FY24 production guidance was achieved with 159kt ilmenite, 41kt rutile and 17kt zircon produced.
- Mine closure planning continued with employee, government and community engagement progressing positively.

Toliara Project

- In-principle agreement on the key fiscal terms that will apply to the whole Toliara Project (i.e. both mineral sands and monazite) considered to have been reached with the Government of Madagascar, although these remain subject to entry of binding documentation.
- Engagement with the Government is now focused on finalising the binding MoU that will give effect to the in-principle agreement and other key matters to facilitate timely project progression.

PROPOSED COMBINATION WITH ENERGY FUELS

Following announcement of the transaction on 22 April 2024, significant progress was made towards satisfying the conditions precedent and implementation of the Company's proposed combination with Energy Fuels Inc. (NYSE American: UUUU, TSX: EFR) (**Energy Fuels**) to create a global leader in the critical minerals sector with a focus on rare earth elements, heavy mineral sands and uranium production (**Proposed Combination**).

The Competition Authority of Kenya provided its approval of the Proposed Combination subsequent to the quarter end. The remaining regulatory approval conditions precedent to implementation of the Proposed Combination are applications to Australia's Foreign Investment Review Board and the Malagasy Competition Council, each of which remain under review by the relevant regulatory body.

With the Proposed Combination to be effected by scheme of arrangement (**Scheme**), a Scheme Booklet is being prepared and is well advanced, targeted for dispatch in early August following the First Court Hearing. The Scheme Booklet will contain key information about the Proposed Combination and the Scheme, an Independent Expert's Report and will formally convene the meeting of shareholders to consider the Scheme. The current indicative timetable for the Proposed Combination is **below**.

Base Resources Directors continue to unanimously recommend that shareholders vote in favour of the Proposed Combination in the absence of a superior proposal and subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Base Resources shareholders.

Event	Indicative timing
First Court Hearing and despatch of Scheme Booklet to Base Resources Shareholders	Early August
Scheme Meeting	Early September
Effective Date	Mid-September
Record dates for Scheme and Special Dividend	Mid-September
Special Dividend Payment Date and Implementation Date	Early October

KWALE OPERATIONS

Operational performance

SUMMARY BY QUARTER	FY23 JUN	SEP	DEC	FY24 MAR	JUN
Mining (million tonnes)					
Ore mined	4.1	4.1	3.9	3.7	3.5
HM %	3.0	2.5	2.2	2.4	2.4
VHM %	2.3	1.9	1.7	1.9	1.9

Production

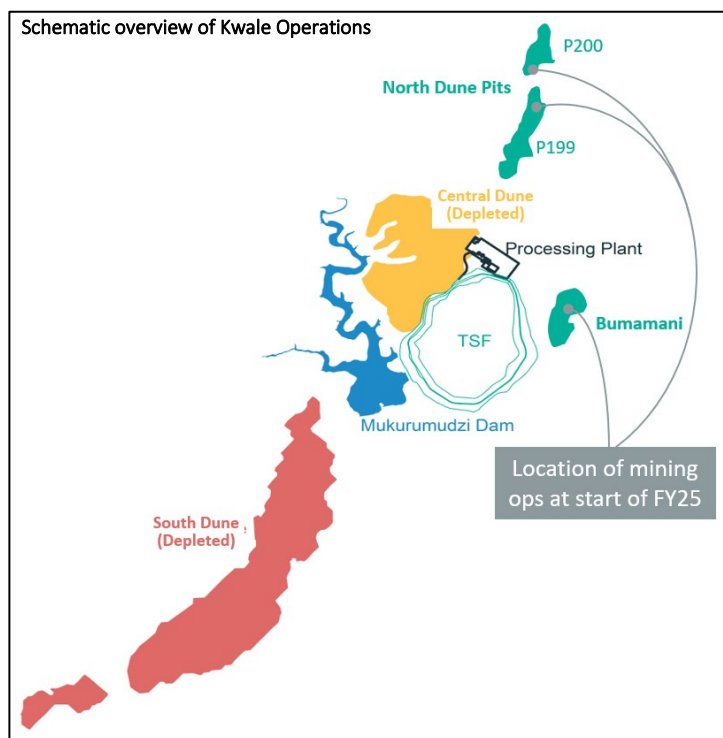
 (thousand tonnes)

Ilmenite	55.5	38.8	38.9	33.5	48.2
Rutile	13.8	9.6	9.3	9.0	13.4
Zircon	5.5	3.8	3.8	3.7	6.0
Low grade products ¹	3.4	2.0	2.2	2.3	3.6

Mining at both Bumamani and North Dune pit P199 continued during the quarter. Due to the nationwide civil unrest and protests against the Government of Kenya's 2024 Finance Bill, measures were put in place to ensure employee safety when travelling to and from work, which resulted in some interruptions to operations late in the quarter. These interruptions, together with mining remnant areas of P199, resulted in lower tonnage mined for the quarter. During July, one of the two mining units operating on North Dune pit P199 will transition to pit P200, which is the final mining block before the closure of Kwale Operations.

The heavy mineral (HM) grade of ore mined in the quarter was in line with last quarter at 2.4%. Concentrator recoveries improved due to coarser mineral from Bumamani, resulting in an increase in heavy mineral concentrate (HMC) production to 77.2kt (last quarter: 73.3kt). The mineral separation plant (MSP) continued to be operated on a campaign basis to ensure optimum product recoveries were maintained, with extended shuts between campaigns to allow HMC stocks to rebuild. HMC

SUMMARY BY QUARTER	FY23 JUN	SEP	DEC	FY24 MAR	JUN
US\$ per tonne					
Sales revenue	\$695	\$1,029	\$589	\$685	\$655
Operating costs	\$240	\$343	\$317	\$373	\$257
Cost of goods sold	\$263	\$442	\$315	\$403	\$335
Revenue: Cost ratio	2.6	2.3	1.9	1.7	2.0
Sales (thousand tonnes)					
Ilmenite	74.6	11.1	63.7	20.1	44.2
Rutile	19.6	5.5	15.0	3.9	10.3
Zircon	6.6	3.9	3.3	4.5	5.5
Low grade products ¹	3.2	2.0	2.6	1.0	3.5



¹ Low grade products are a combination of low-grade zircon and low-grade rutile which are sold separately at a discount to standard grade products.

fed to the MSP was higher in the quarter at 94.2kt (last quarter: 63.0kt).

Deposition of sand tails into the mined-out Central Dune and P199 pit on North Dune continued in the quarter. To aid water retention and subsequent rehabilitation, the sand tails are capped with a 4m to 6m co-disposed slimes/sand layer. Rehabilitation activities on the Central Dune, South Dune and North Dune proceeded to plan, with rehabilitation activities for the entire South Dune mining area largely completed by quarter end.

Bulk shipping operations at the Company's Likoni export facility continued to run smoothly with 50kt of bulk ilmenite and rutile dispatched (last quarter: 20kt). Included within the 50kt of bulk shipping for the quarter, was 33kt of a 54kt ilmenite shipment where loading took place over quarter end, with the remaining 21kt loaded in July. Containerised shipments of rutile and zircon were exported through the Mombasa Port. Despite lower production levels for the remainder of Kwale Operations' mine life, the Company plans to continue bulk shipments of ilmenite (up to 54kt lots) and rutile (between 5-10kt lots), which will result in significant sales volatility between quarters, as illustrated by the sales volumes over recent quarters.

Total cash operating costs of US\$18.3 million were higher compared to the prior quarter (last quarter: US\$18.1 million) primarily attributed to increased production and associated transport costs. When coupled with increased overall production volume, this resulted in a lower unit operating cost for the quarter of US\$257 per tonne produced (rutile, ilmenite, zircon and low-grade products) (last quarter: US\$373 per tonne).

Cost of goods sold decreased to US\$335 per tonne sold (operating costs, adjusted for stockpile movements, and royalties) due to the unit operating costs and product sales mix (last quarter: US\$403 per tonne). While average unit revenue was lower at US\$655 per tonne (prior quarter: US\$685 per tonne) due to the increased proportion of ilmenite and rutile in the sales mix, the revenue to cost of goods sold ratio for the quarter increased to 2.0 (last quarter: 1.7).

Production guidance

Total Kwale Operations production for the 2024 financial year (FY24) was at the upper end of the Company's previously disclosed guidance range for rutile and ilmenite and slightly above the guidance range for zircon. Total production for FY24, together with the Company's production guidance for FY24 and the 2025 financial year (FY25), is set out in the table below. The production guidance for FY25 is unchanged from that previously announced².

PRODUCTION GUIDANCE (tonnes)	FY24 Guidance Range		FY25
	Updated Q3 2024	Achieved	To end of mine life
Rutile	38,000 to 42,000	41,317	17,000 to 19,000
Ilmenite	145,000 to 160,000	159,395	55,000 to 63,000
Zircon	15,000 to 17,000	17,354	5,500 to 7,000

Transition to closure

Mining at Kwale Operations is planned to end in December 2024 when ore reserves are expected to be fully depleted, with processing activities concluding shortly thereafter. Decommissioning and final rehabilitation of the mine and associated infrastructure will commence immediately thereafter.

During the quarter, the Government inaugurated and convened a Post-Mining Land Use Committee, mandated to provide oversight of mine closure and undertake broad stakeholder engagement to canvass views on post-mining land use options.

MARKETING

Following a solid March quarter, demand for all products remained firm through the June quarter but sentiment became more cautious as the quarter progressed due to economic conditions remaining more subdued than anticipated. Base Resources' sales volumes for the quarter were in line with its sales plan while pricing outcomes tracked slightly better than expected.

Demand for ilmenite in the June quarter continued to be strong as Chinese pigment plants operated at high levels of production, absorbing increasing domestic ilmenite supply and maintaining ilmenite price stability. Chinese pigment exports were elevated

² Refer to Base Resources' announcement on 30 April 2024, "Quarterly Activities Report – March 2024", for the assumptions upon which the FY25 guidance is based.

throughout the June quarter as customers stocked up ahead of new European Union import duties, ranging from 35% to 42%, being applied from 1 July 2024. The import duties are likely to result in a significant decrease in Chinese pigment exports to that market from the start of the September quarter. If alternative export markets are not secured, Chinese pigment production rates could decrease, resulting in falling ilmenite demand and pressure on ilmenite prices in the coming quarters.

Western pigment producers have reported improved demand for the March and June quarters. However, much of the demand recovery is thought to be from re-stocking by pigment consumers who had been operating with minimal inventory in the lead up to the end of the 2023 calendar year. It is uncertain how much of the demand recovery has been attributed to underlying pigment consumption but the ongoing subdued economic conditions – particularly sluggish housing markets – suggest that underlying pigment demand may currently remain constrained. While rising western pigment production rates have increased consumption of high-grade feedstock (including rutile) through the March and June quarters, the overhang of high-grade feedstock inventory from the back end of 2023 has not been fully absorbed and the rutile market has remained under pressure. A renewed cautious buying approach by pigment producers, combined with the recent recommencement of rutile mining in Sierra Leone, is likely to result in the high-grade feedstock supply overhang being maintained in the coming months and some further pressure on rutile prices. Conversely, the new European Union import duties on Chinese pigment are expected to increase demand for western pigment, and in turn drive demand for high-grade feedstock such as rutile.

Re-stocking of zircon by major users through the March quarter supported firm demand for zircon for June quarter contracts. This resulted in a slight up-lift in prices for the quarter, however, the ongoing subdued economic conditions, particularly in China, saw declining sentiment. While zircon buyers have become more cautious, the reduction in supply from some major producers, has maintained price stability for the September quarter contracts.

SUSTAINABILITY

Health and safety

There were no lost time injuries during the quarter. 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, Base Resources' total recordable injury frequency rate is also 0.0 per million hours worked.

Community and environment – Kwale Operations

Engagement with communities on the impact of mine closure continued throughout the quarter with increasing focus on post-mining land use options.

The Company also continued to invest in community programs albeit on a reduced scale. Construction of the Government funded ginnery progressed at the farmers cooperative established by the Company (the PAVI Cooperative), with 700kgs of cotton seed also distributed to member farmers for planting. Poultry and bee keeping programs continue to generate positive cashflows for participants.

An emergency response drill and associated information sessions relating to the Mukurumudzi Dam and tailings storage facility were held, with close to 700 local residents participating and ensuring there is clear understanding of how to respond in the unlikely event of an incident.

Consistent rainfall for the quarter allowed rehabilitation and restoration work across the mine site to continue at pace. Over 40,000 trees were planted during the quarter, bringing the FY24 total to 110,000. Seasonal ecological monitoring was completed in partnership with the National Museums of Kenya during the quarter with 32 new plant species and a new butterfly species observed, indicating positive biodiversity outcomes in rehabilitated areas.

Community and environment – Toliara Project

All community training programs and social infrastructure projects remain on hold while the Toliara Project's on-ground activities are suspended.

BUSINESS DEVELOPMENT

Toliara Project development – Madagascar

As was anticipated, following the passing of the legislative assembly elections on 29 May 2024, further progress on agreeing the fiscal terms that would apply to the Toliara Project and lifting of the on-ground suspension was made. As was confirmed during recent discussions, Base Resources considers that in-principle agreement has been reached on the key fiscal terms that will apply to the whole Toliara Project (i.e. both mineral sands and monazite), although these remain subject to entry of binding documentation and therefore the terms remain subject to change and timing is uncertain. These key terms include applicable royalties and Base Resources' required contributions to national and regional development projects, on achieving set milestones (such as achieving the requisite legal and fiscal stability for the project) pre and post a final investment decision. With the Government's expressed support for production of monazite from the Toliara Project, the key terms also include cooperation and facilitation in satisfying the requirements under the new Mining Code for monazite to be added to the Toliara Project's Exploitation Permit.

Engagement with the Government is now focused on agreeing the terms of a binding memorandum of understanding (**MoU**) that records the terms agreed in-principle, a draft of which is well advanced. Lifting of the Toliara Project's on-ground suspension is expected to occur upon entry into the MoU, which Base Resources believes to be achievable in the near term. Discussions are also underway on the terms of the definitive investment agreement to be entered with the Government that will replace the MoU and will establish the necessary legal foundation for development of the Toliara Project. The intent is for the investment agreement to be approved and ratified by the Malagasy Parliament and have the force of law, following which the Company would seek eligibility certification under the Large Mining Investment Law (**LGIM**) in order for (among other things) the agreed fiscal regime and then current Malagasy law, as supplemented and clarified by the investment agreement, to be stabilised for the duration of the certification.

Once fiscal terms have been recorded in binding arrangements and the suspension has been lifted, Base Resources believes it would take approximately 14 months to complete the necessary work to reach a final investment decision, including:

- completion of the necessary land acquisitions;
- finalisation of funding arrangements;
- ratification of the investment agreement and LGIM eligibility certification; and
- entry into offtake agreements and major construction contracts.

Total expenditure on the Toliara Project for the quarter was US\$2.0 million (last quarter: US\$2.5 million).

Extensional exploration – Kenya

Following the Government of Kenya's lifting of the moratorium on issuance of mineral rights in October 2023, four of the Company's outstanding prospecting license applications have since been gazetted and are going through a public notice period. The Company continues to engage with Kenya's Department of Mining with a view to having these licenses issued and the remaining applications progressed.

Expenditure on exploration activities during the quarter in Kenya was US\$166k (last quarter: US\$246k).

CORPORATE

As at 30 June 2024, the Company had cash of US\$88.1 million and no debt.

The Company currently has the following securities on issue:

- 1,178,011,850 fully paid ordinary shares.
- 70,275,931 performance rights issued pursuant to the terms of the Base Resources Long Term Incentive Plan, comprising:
 - 6,599,881 vested performance rights, which remain subject to exercise³; and
 - 63,676,050 unvested performance rights subject to performance testing in accordance with their terms of issue.

³ Vested performance rights have a nil cash exercise price. Unless exercised beforehand, these rights expire five years after vesting.

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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 future production and grades, capital cost, capacity, 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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