

ASX, AIM and Media Release
30 September 2021

Kwale mining lease extension secured and royalty discussions finalised

African mineral sands producer and developer, **Base Resources Limited** (ASX & AIM: BSE) (**Base Resources** or the **Company**) is pleased to announce that the Government of Kenya and Base Titanium Limited, Base Resources' wholly owned Kenyan Subsidiary, have signed Deeds of Variation for the Kwale Special Mining Lease 23 (**SML 23**) that give effect to the following:

- An extension of the mining lease boundary of SML 23 to incorporate the Kwale South Dune Ore Reserves¹ that previously fell outside the SML 23 boundary.
- An increase in the rate of royalties payable to the Government of Kenya, such that:
 - For the period from the date of first export of minerals to 30 June 2018, the royalty is increased to 3%.
 - For the period from 1 July 2018 to the end of SML 23, the royalty is increased to 5%.

Prior to being varied, the applicable royalty rate under SML 23 was 2.5% and it is on this basis that royalties have been paid. However, from first export of minerals, royalty costs have been provided for, and expensed, by the Company at an assumed royalty rate of 5%, based on an expected outcome from the long running discussions with the Government of Kenya. In consideration for entry into the Deeds of Variation, in particular agreement to a royalty for the period to 30 June 2018 at a rate lower than had been accrued, Base Titanium will withdraw its claim for refund of VAT receivables related to the construction of Kwale Operations.

On the basis of values at 30 June 2021, the net effect of the above is:

- Payment by Base Titanium of US\$18.6 million for the agreed increases in royalty rates, consisting of the 0.5% increase for the period to 30 June 2018 and the 2.5% increase for the period from 1 July 2018. The related accruals will be extinguished.
- A net US\$3.2 million expense will be recorded in the Company's financial statements, consisting of the write back of the excess 2% royalty accrual for the period to 30 June 2018, totalling US\$12.8 million, and the write-off of the construction period VAT receivable of US\$16.0 million.

Managing Director of Base Resources, Tim Carstens, said:

"We are pleased to have reached this agreement with the Government of Kenya. With the land acquisition processes proceeding to plan and nearing completion, mining is now scheduled to continue on the Kwale South Dune until December 2023."

"With the recently released Bumumani Pre-Feasibility Study supporting further extension to Kwale mine life to mid-2024, the focus is on completing the Definitive Feasibility Study and securing the required tenure arrangements. Looking further ahead, we are pursuing wider exploration opportunities in both Kenya and northern Tanzania."

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¹ For further information, refer to Base Resources' announcement on 20 August 2021 "Updated Kwale South Dune Mineral Resources and Ore Reserves estimates".

This release has been authorised by 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.