SUSTAINABILITY REPORT 2023

BASE RESOURCES

Important notices and forward-looking statements disclaimer

This Sustainability Report, dated 21 November 2023, has been prepared by Base Resources Limited and (unless expressly stated otherwise) concerns the period from 1 July 2022 to 30 June 2023. The publication of this Sustainability Report, including its release to the Australian Securities Exchange (ASX), has been authorised by the Board of Base Resources. This Sustainability Report should be read in conjunction with other announcements made by Base Resources to ASX.

Certain statements in this Sustainability Report contain or comprise forward looking statements. Such statements include, but are not limited to, statements with regard to the anticipated mine life for the Company's operations and statements about plans, strategies, priorities and objectives for sustainability-related matters, 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 or implied by 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. Forward-looking statements only apply at the date of this Sustainability Report. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, Base Resources does not undertake to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Sustainability Report or to reflect the occurrence of unanticipated events.

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A MESSAGE FROM OUR MANAGING DIRECTOR

In 2022, we released our inaugural Sustainability Report. That report reflected the tone for how Base Resources seeks to engage with its stakeholders on matters of sustainability, being a nuanced and meaningful dialogue on the opportunities, challenges and outcomes of sustainable mining. We sought to cut through much of the stock commentary on sustainability to focus clearly and succinctly on how we strive to leave places better for our presence.

This approach seems to have resonated loudly with our stakeholders. It was also rewarding to receive recognition from the industry more broadly, with elements of our report earning Base Resources two ESG awards in the Labour and Transparency categories at the 2023 Investing in African Mining Indaba.

Since last year's report, it has become clear that Kwale Operations life can be extended no further, and mining will end in December 2024. Kwale Operations has been the foundation on which we have built Base Resources, and while it is sad to reach the end of a mining operation of which we have such pride, we see the transition to post mining as an opportunity to further cement our reputation for excellence in the full life cycle of mining. Kwale will live on in the environmental management and community development models established there and carried into our future.

Planning for the transition to post mining started some time ago and, in the case of rehabilitation, biodiversity restoration and building resilient communities, our objectives and practices were embedded at project inception.

More recently, we have focused on equipping our workforce for life after closure of our Kwale Operations with programs such as our recognition of prior learning, and our Post Mining Land Use project has also identified exciting opportunities that we hope can deliver long term, sustainable environmental and social outcomes with Government of Kenya support.

A priority for us in 2023 has been to complete the Toliara Project Decarbonisation Study, as part of a broader Mine of the Future project, and we are excited to present the output of this study in our inaugural Climate Strategy which will be released in the coming months. Our climate strategy focuses on the areas where we can make a difference and, with end of Kwale Operations mine life now approaching, our central opportunity to reduce our impact on the planet is in designing a more sustainable Toliara Project before it is built. Our targets for greenhouse gas emissions for Toliara will be set out in the Climate Strategy report together with an aggressive but achievable pathway that is only limited by when key technologies are available to displace those currently available.

We are committed to achieving a sustainable mining future.

Tim Carstens
Managing Director

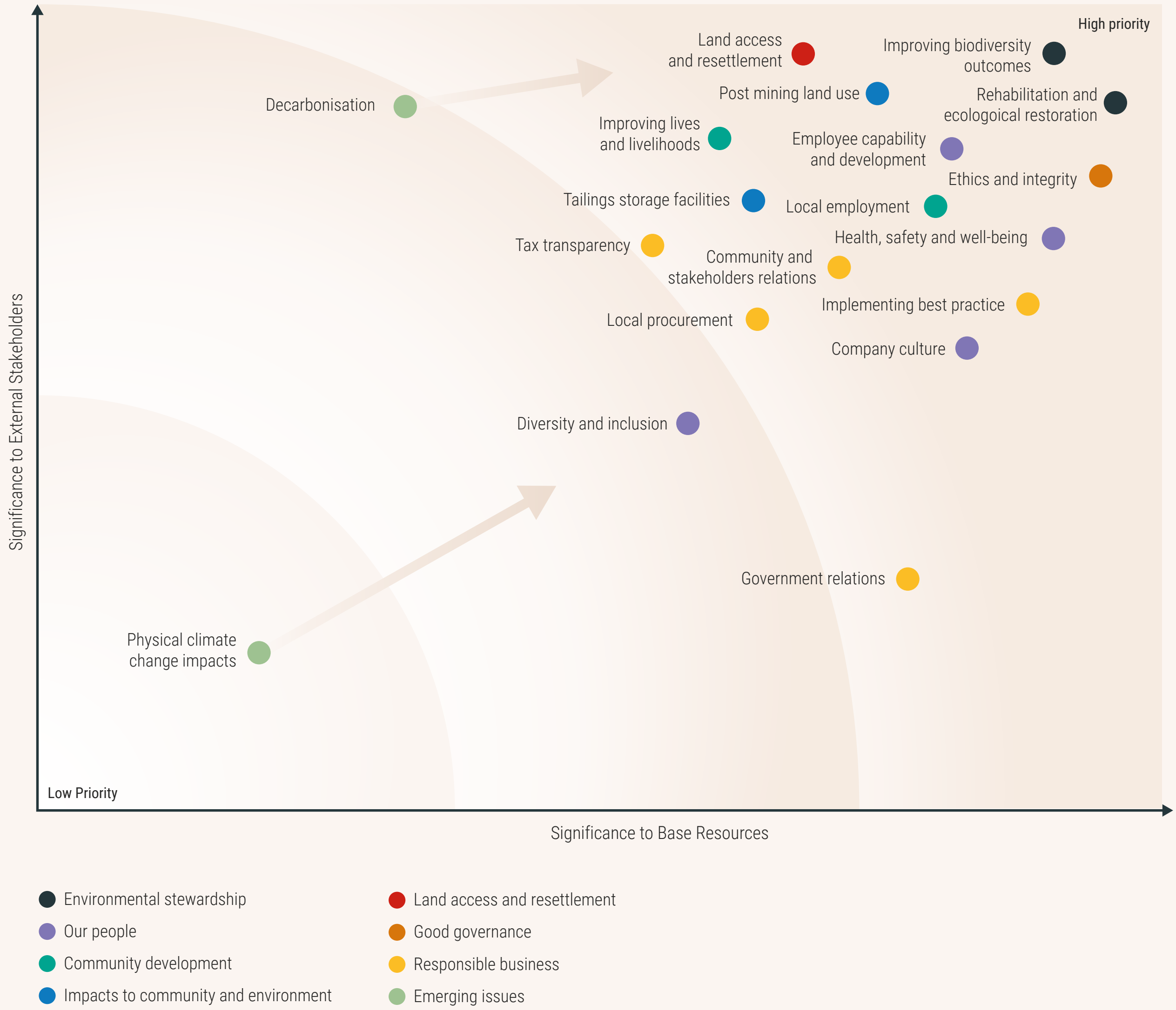
ABOUT THIS REPORT

This Sustainability Report is a discussion of our sustainability performance for the financial year ended 30 June 2023 (FY23). In it, we focus on successes and challenges at our Kwale Operations in Kenya, with some discussion of our progress so far in developing the Toliara Project in Madagascar.

This Report forms part of Base Resources' annual corporate reporting suite and should be read in conjunction with the forthcoming Base Resources Climate Strategy, forthcoming 2023 Modern Slavery Statement and the Base Resources 2023 Annual Report. It should also be read in conjunction with the accompanying FY23 Sustainability Databook (a downloadable Excel file available on our website).

A Glossary of key terms and acronyms used in this Report is set out on page 58.

Materiality matrix



A discussion of everything that matters

We completed our first materiality process as the basis for our 2022 Sustainability Report to ensure our focus on the important current and emerging issues and risks. This process supported the identification of core and emerging themes considered impactful to our corporate strategy and was undertaken in collaboration with a range of internal and external stakeholders.

The core issues identified in the materiality matrix are those considered relevant to our business at Kwale Operations and the Toliara Project in the short-to-medium term, ranked for relative importance to our stakeholders and their relative importance to Base Resources. As our business activities and projects have not changed in the past year, an updated materiality process was not undertaken in FY23, and those core issues identified in the previous reporting period remain relevant for this report.

The material issues are grouped into the following broad themes:

- environmental stewardship;
- our people;
- community development;
- impacts to community and environment;
- land access and resettlement;
- good governance; and
- responsible business.

The emerging issues of decarbonisation and physical climate change impacts were not assessed as being among our most material at the time of assessment. This is due to Kwale Operations short remaining mine life presenting limited opportunities to introduce new technology or operational changes to meaningfully reduce our emissions, water use and other impacts.

However, we recognise that, as the organisation grows and new projects come online, the relative importance of, and our ability to address, these emerging issues will dramatically change. This is particularly the case for the Toliara Project, where the time afforded by the project's current suspension of activities has provided the opportunity to plan for a more sustainable and lower emissions future before we start its development, with the Toliara Project Decarbonisation Study completed in FY23.

Our strategy to address decarbonisation and physical impacts of climate change is not discussed in this Report but will be set out in our forthcoming Climate Strategy.

The focus of this disclosure covers the depth and breadth of these core issues and how we manage them, together with the learnings and positive impacts we have accomplished in FY23.

Sustainability targets

Our sustainability targets presented in this Report are articulated in the goals we have set for these issues. These are supplemented by the specific priorities for FY24 we specify for the issues. As we continue the journey of refining our sustainability systems, and our monitoring and reporting systems evolve, we will expand our goals to include quantifiable targets for those issues where it adds meaningful value.

Our targets for decarbonisation are set out in the forthcoming Climate Strategy.

Applying reporting standards

This disclosure is a genuine discussion of our efforts to minimise the impact and maximise the benefit of industrial mining development in Kenya, Madagascar, and any future host countries we may enter. Whilst we have referred to a range of sustainability standards, guidance and reporting frameworks in preparing this Report, this disclosure is not aligned to any one specific framework and, until we see the real value in doing so, we remain committed to a discussion of our performance that is meaningful, contextualised and outcomes focused.

We collect and monitor financial and non-financial data to inform our risk and impact management, our decision making, and our ability to contribute to positive environmental and social outcomes. We provide this information in this Sustainability Report and in the accompanying FY23 Sustainability Databook (a downloadable Excel file available on our website) to our stakeholders who wish to understand and analyse the performance of our business.

The data published has been prepared with reference to the following reporting standards:

- Global Reporting Initiative (GRI) Standards 2021;
- Sustainability Accounting Standards Board (SASB) Metals and Mining Standards;
- International Council on Mining and Metals (ICMM) Mining Principles and Performance Expectations; and
- ICMM's Guidance on Social and Economic Reporting.

Indices referencing our Sustainability Report against both the GRI Standards 2021 and the SASB Material Topics are included in the FY23 Sustainability Databook.

Disclosure assurance processes

We have completed a pre-assurance exercise over our non-financial data to standardise our internal data management and reporting processes. Only data that was part of the pre-assurance exercise has been included in this report or in the FY23 Sustainability Databook. We expect to expand the scope and coverage of our data over time, and will include independent assurance of our disclosures in the coming years.

Policies

Our company values and intentions are reflected in our policies, which form part of our company governance structure. These policies are publicly available and can be accessed on our website. We discuss these policies in more detail throughout this report.

Contact

We welcome your feedback on this report via info@baseresources.com.au or +61 (0) 8 9413 7400.

WE ARE BASE RESOURCES

About us

Base Resources (ASX and AIM: BSE) is an Australian-based, African-focused minerals sands producer and developer headquartered in Perth, Western Australia. We operate the established Kwale Operations in Kenya which produces a suite of mineral sands products, namely ilmenite, rutile and zircon. We are also developing the Toliara Project in Madagascar.

Where we're going

Our audacious goal is to be the pre-eminent African-focused mining company with an exceptional portfolio of operations and opportunities, fully valued by our stakeholders, by 2031.

This means:

- We will be the first thought of company when considering truly successful resource development in Africa.
- We will be leveraging the expertise developed and honed in Africa and successfully applying it elsewhere.
- Our opportunities will emerge from clever exploration, acquisition and collaboration. They will represent an optioned pathway to sustained performance.
- Governments and communities will invite us in and employees will seek us out.
- Shareholders will fully value our sustained, predictable and growing earnings.

Our commitment to sustainability is framed by our North Star purpose

Base Resources has a clear understanding of, and commitment to, our purpose being to contribute to solving the problems of people and planet. We do so profitably, without profiting from causing problems.

Our approach to sustainability is anchored in this purpose, with foundational philosophies that place sustainability at the centre of our business:

> We demonstrate that sustainable mining can be a reality, where essential resource extraction is undertaken, generating requisite shareholder returns, whilst improving environmental, social and economic outcomes.

> We minimise environmental disturbance, restore land we do disturb and seek opportunities for enhancement to ultimately leave a physical environment that is richer for our presence.

> We facilitate meaningful and lasting improvement in the lives of those in the communities in which we operate.

> As we seek to identify issues and opportunities to be addressed, and develop and implement solutions, we know we do better when we listen respectfully to those with different perspectives, act in partnership with others, and consider the full life cycle of mining.

> We recognise that trade-offs between impacts – social and environmental, local and global – will naturally exist, may be challenging to reconcile but need to be navigated to produce the best collective outcome.

> We explicitly design all aspects of our business to deliver on this core organisational purpose.

The Base Way

We are guided by The Base Way – a set of beliefs and principles that permeate every aspect of our business and our culture. The Base Way is grounded in our belief in the potential of our people, the power of the team, the value of resources and absolute integrity.

Everyone who works for us is empowered to act with absolute integrity, to uphold respect for human rights, to value resources, and to maximise their potential as individuals and as a team. The Base Way is also extended to our expectations of our contractors, suppliers and partners.

All our people are held to account for behaviour consistent with The Base Way. We reflect The Base Way in our Code of Conduct for personnel, our Supplier Code of Conduct and our company policies.

Our Assets

KWALE OPERATIONS | 100% owned and operated

Products	Ilmenite, rutile and zircon
Country	Kenya
Status	Active, operations commenced 2013
Location	Southeast Kenya, 50km from Mombasa Port
Infrastructure	Likoni Export Facility
Estimated end of mine life	December 2024
Employees and contractors	1,746

Toliara Project | 100% owned

Products	Ilmenite, rutile and zircon
Country	Madagascar
Status	Progressing towards development
Location	Southwest Madagascar, 45km from the town of Toliara
Initial expected mine life:	38 years
Employees and contractors	118

Assets

Kwale Operations is Kenya's largest mine and is recognised as a flagship project under the Kenya Vision 2030 national development blueprint. Kwale Operations features an assemblage rich in rutile, ilmenite and zircon. Mining at Kwale commenced on the Central Dune orebody in 2013 before transitioning to the South Dune orebody in 2019 and North Dune orebody in 2023. It currently accounts for approximately 65% of Kenya's mineral output by value. Kwale Operations' products are exported to North America, Asia and Europe.

Kwale Operations mine life has always been short and despite undertaking an extensive regional exploration program in recent years, we have only been able to achieve a modest extension with mining now planned to finish at the end of 2024. After closure the mine could, subject to the outcome of the pre-feasibility studies and stakeholder consultation, transition to one or more of the opportunities we have identified in our Post Mining Land Use (PMLU) project that offer continued jobs and stimulus into the local economy.

The Toliara Project in Madagascar is considered one of the best undeveloped mineral sands opportunities in the world. Although currently delayed while fiscal terms are being agreed with the Government of Madagascar, project funding, engineering design and planning are well advanced. We are confident this will enable rapid resumption once agreement is reached, and on-the-ground activities resume.

What we produce

Base Resources produces ilmenite, rutile and zircon, which are all considered critical minerals.

Ilmenite and rutile are different grades of titanium dioxide (TiO_2) minerals and are used predominantly to produce pigments for paint, paper, plastics, textiles and inks. TiO_2 pigment is prized for its opacity, reflectivity and whiteness and its ability to absorb and reflect ultraviolet radiation. It is also non-toxic and inert to most chemical reagents.

High grade TiO_2 minerals (which include rutile) can also be used to produce titanium metal, which is corrosion resistant and has the highest strength to weight ratio of any metal.

Titanium metal is used across aerospace and defence industries as well as in medical devices, sporting equipment and jewellery. High grade TiO_2 minerals are also used in the flux in welding consumables such as welding rods and flux-core wire which is used extensively in ship building.

Zircon has a range of end-uses, including in the production of ceramic tiles, which accounts for more than 50% of global consumption. Milled zircon enables ceramic tile manufacturers to achieve brilliant opacity, whiteness and brightness in their products. Other unique properties include heat and wear resistance, stability, opacity, hardness and strength, making zircon sought after for other applications such as refractories, foundries and specialty chemicals. Demand for zircon is closely linked to growth in global construction and increasing urbanisation in the developing world.


Kwale Operations | Kenya
Operational asset producing:
> Rutile
> Ilmenite
> Zircon
Toliara Project | Madagascar
Mineral sands project progressing towards development
Base Resources | Perth
Company headquarters


KWALE MINERAL SANDS PROJECT
COMMUNITY SENSITIZATION PROGRAMME
BASE TITANIUM
Education is the most powerful tool you can use to change the world. -Mandela-

OUR STORY SO FAR

2008

Base Resources was founded and listed on ASX

2009

2010

Acquired the Kwale Mineral Sands Project in Kenya as a development project

2011

Completed feasibility studies on the Kwale Project and commenced construction

Kwale ESMS development and implementation including resettlement programs for supporting infrastructure

2012

Indigenous tree and plant nursery established at Kwale

2013

Mining commenced at Kwale's Central Dune

Establishment of biodiversity corridor at Kwale

Kwale scholarships program established and Magaoni health centre opened

2014

First shipment of product from Kwale Operations

2015

2016

Kwale County blood bank opens

2017

TSF wall rehabilitation commenced

2018

Acquired the Toliara Project in Madagascar

2019

Mining operations at Kwale transitioned from the Central Dune to the South Dune

Toliara Project DFS completed

Toliara apprentices commence training at Kwale Operations

Toliara indigenous tree and plant nursery established

2020

PMLU project commences

2021

Toliara Project DFS is updated and enhanced to increase scale and value

Exploration program in Tanzania commenced

Kwale CDACs established

First Modern Slavery Statement published

2022

Bumamani Project approved – extending mine life at Kwale Operations

Mine of the Future study commences

Inaugural Sustainability Report released

2023

Preparing for the decommissioning and closure of Kwale Operations

Toliara dearbonisation study completed and Climate Strategy developed

WALKING THE TALK

For us, sustainability has always been, and always will be, a central component of our business model.

From the outset, Base Resources has sought to take a different approach to mining development, seeking to fully integrate sustainability considerations and practices into all aspects of our business. We wanted to set the bar higher. To do it the right way.

Over the past 13 years, since acquiring Kwale Operations as a development project, we have been honing this approach. We have adopted and evolved world-class, inclusive business practices that seek to minimise any negative impacts and maximise positive outcomes of our operations for our employees, the environment, our host communities and our host nations.

Everything we have learned over the journey to date, all of the systems and practices, will be applied and further improved in the development and operationalisation of the Toliara Project and other future projects. Continual improvement is at the centre of our organisational management systems and key to us achieving our goal of being recognised as the pre-eminent African-focused mining company.

Sustainability at every stage of mining

Sustainability is at the core of our business model and embedded across every stage of mine development – from exploration through to operation and beyond. We aspire to demonstrate that sustainable mining can be a reality, where essential resource extraction is undertaken, generating requisite shareholder returns, whilst improving environmental, social and economic outcomes.

We design and operate mines with the full life cycle in mind and are committed to operating in line with global best practice and context-specific social and environmental performance standards. At Base Resources, we believe that environmental and social risks and impacts are interconnected, and we manage them as such. As an African-focused mining company, we take great pride in working with members of our host communities through our preferential system of employment and procurement, ensuring that those nearest to, or most affected by, our mining activities have the greatest opportunity to benefit from those activities.

Respect for human rights is fundamental. We consult with local communities and our host nations at every step, and work in partnership with other interested parties to deliver on the outcomes we aim to achieve. Our operations are designed to avoid human health and ecosystem impacts wherever possible, and we employ restorative and regenerative land management practices in an effort to leave the surrounding environment better than we found it.

Sustainability governance

The Board has ultimate responsibility for overseeing our approach to sustainability and ensuring that Base Resources' overall vision, strategy, systems and practices are all aligned. The Environment, Social and Ethics (ESE) Committee assists the Board to fulfill its oversight responsibility in respect of sustainability matters. Specifically the Committee supports the Board by, among other things:

> defining the company's environment, social and ethics vision and satisfying itself that the company's strategy and systems are aligned with that vision and capable of delivering it;
> providing oversight on the identification and management of sustainability risks and opportunities;
> monitoring our responsibilities and commitments under international sustainability frameworks;
> reviewing emergent material sustainability risks, opportunities and trends; and
> ensuring accountability for implementation and maintenance of our Environmental and Social Management System (ESMS).

Base Resources has a suite of policies, charters, codes and system documents addressing specific aspects of sustainability, such as integrity, employment and engagement, health and safety, community investment and environmental management, and these are discussed in context throughout this Report. Knitting these together is the overarching Sustainability Policy which defines a consistent set of principles, objectives and performance standards applicable across our environment, our people, our communities, ethics and responsible business. The Sustainability Policy and other key policies, charters, codes and system documents are available on our website.

For information about our governance practices more broadly, and further details about our management of environmental and social risk, refer to our standalone 2023 Corporate Governance Statement available on our website.

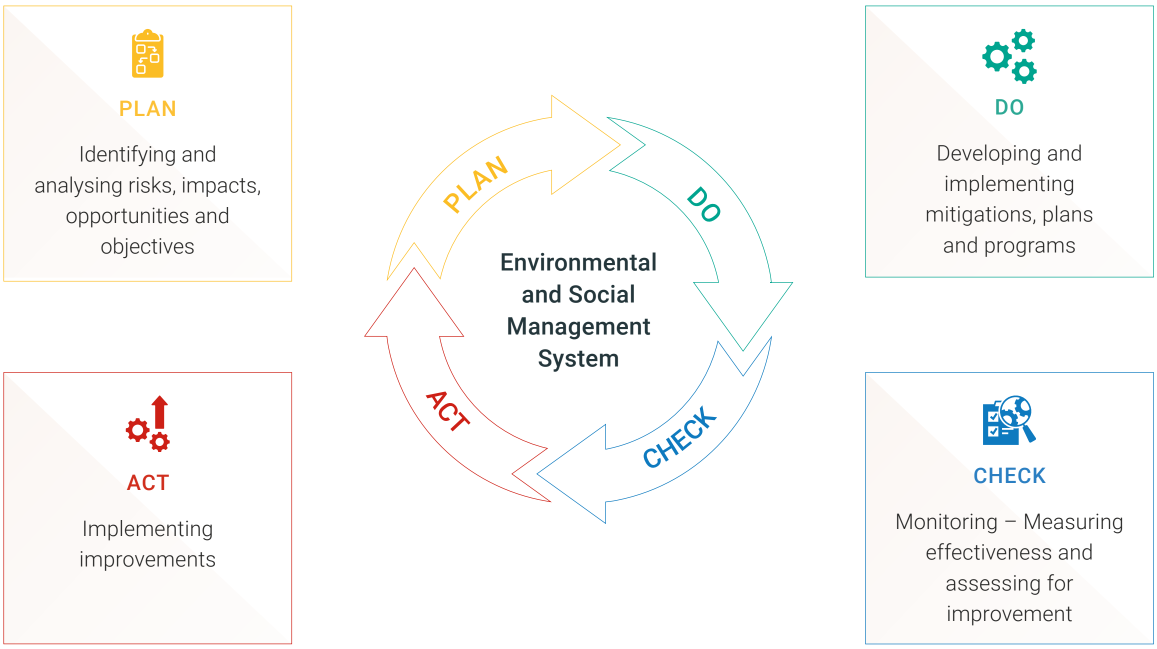
An integrated management system

For us to achieve our long term goals and enhance our financial performance, we believe that it is a business imperative that we:

> adopt relevant International Best Practice (IBP) standards;
> put sustainability at the core of our projects and operations;
> manage risks effectively; and
> seize opportunities as they emerge.

Our integrated ESMS gives effect to our approach and is applied across the organisation. Our ESMS, driven by our corporate policies, is designed to be consistent with IBP standards, including the International Finance Corporation (IFC) Performance Standards, the Equator Principles, the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, the International Labour Organization (ILO) Core Labour Standards and the Sustainable Development Goals.

Our ESMS provides the framework for determining, assessing, and managing environmental, social, labour, health, safety and security risks and impacts of our projects and operations. Our ESMS is based on the 'Plan-Do-Check-Act' business performance improvement cycle, utilising risk and impact assessments to identify the effects of our operations and projects on the natural and social environment.



Respecting human rights

We seek to establish enduring relationships that uphold human rights principles, and are characterised by mutual respect, active partnership and maximising sustainable benefits for local communities, regional and national stakeholders, and our Company. This commitment is outlined in our Communities Policy, which reflects the intent of the United Nations Guiding Principles for Business and Human Rights.

We maintain culturally appropriate engagement and encourage stakeholder participation in decision-making. We believe in Free, Prior and Informed Consent (FPIC) in our dialogue with our stakeholders to ensure that there is no coercion, intimidation, or manipulation, that consent is sought sufficiently in advance of commencement of our activities to respect the time requirements of parties in consultation processes, and that sufficient information is provided to allow for an informed decision to be made. We are transparent about our decisions and strive to minimise and mitigate any negative impact on community health and safety, manage the risk of modern slavery across our operations and supply chain, and protect environmental, cultural and natural resources.

Kwale Operations – a demonstration of our approach to sustainability

We believe that our Kwale Operations has demonstrated that sustainable, profitable mining can be a reality.

When we acquired the project in 2010, we recognised that implementation of best practice environmental and social practices were crucial, given the proximity of the orebody to communities, the social and cultural context across Kwale and Kenya, and the sensitivity of the surrounding natural ecosystems. We also faced the immediate challenge of establishing a suitably trained and competent local workforce to construct and operate the mine in a county and a country with limited mining history.

Partnerships were essential to our efforts. We consulted with authorities, subject specialists, conservation organisations and communities through local representatives and consultative committees to identify and understand needs, concerns and opportunities where we could work together to make a difference and achieve positive outcomes for the communities and the environment. An IBP-aligned Environmental and Social Impact Assessment (ESIA) was completed before we acquired the project to establish a baseline of the environmental, social and cultural context. This formed the foundation to allow us to go beyond just identifying and mitigating harmful impacts and to understand how Kwale Operations could contribute to broader sustainable development outcomes through employment, capacity building, community infrastructure, health service improvements, education, environmental protection and conservation, and livelihood enhancement.

We focused our recruitment efforts locally by implementing a recruitment system that enabled us to give preference to the resettled communities, to people within the immediate area of the mine site, Kwale County and our export facility, before the rest of Kenya and the international community. We worked with the Kenyan Government to develop training programs to build the capacity of the local people and provide them with formal certifications. We extended this focus to our procurement system, which is designed to give preference to local suppliers before international suppliers, without compromising on our standards on quality.

We designed Kwale Operations to minimise impact on the surrounding environment and trained and empowered our employees to work with respect for that environment.

We understand that protecting and conserving biodiversity, on top of our responsibility to rehabilitate where we mine, is important for our communities and the ecosystems they depend on. We work with our host communities, environmental authorities, conservation organisations and subject experts to preserve and improve the region's rich biodiversity.

As Kwale Operations nears the end of mining, our current focus is on equipping our workforce for life after mining, continuing a high standard of rehabilitation, reducing community dependency and identifying potential alternative land uses for the mining area to optimise social, environmental and economic outcomes through a formal PMLU, see page 41. We are approaching the transition to post mining as an opportunity to further cement our sustainability credentials over the full life cycle of mining.

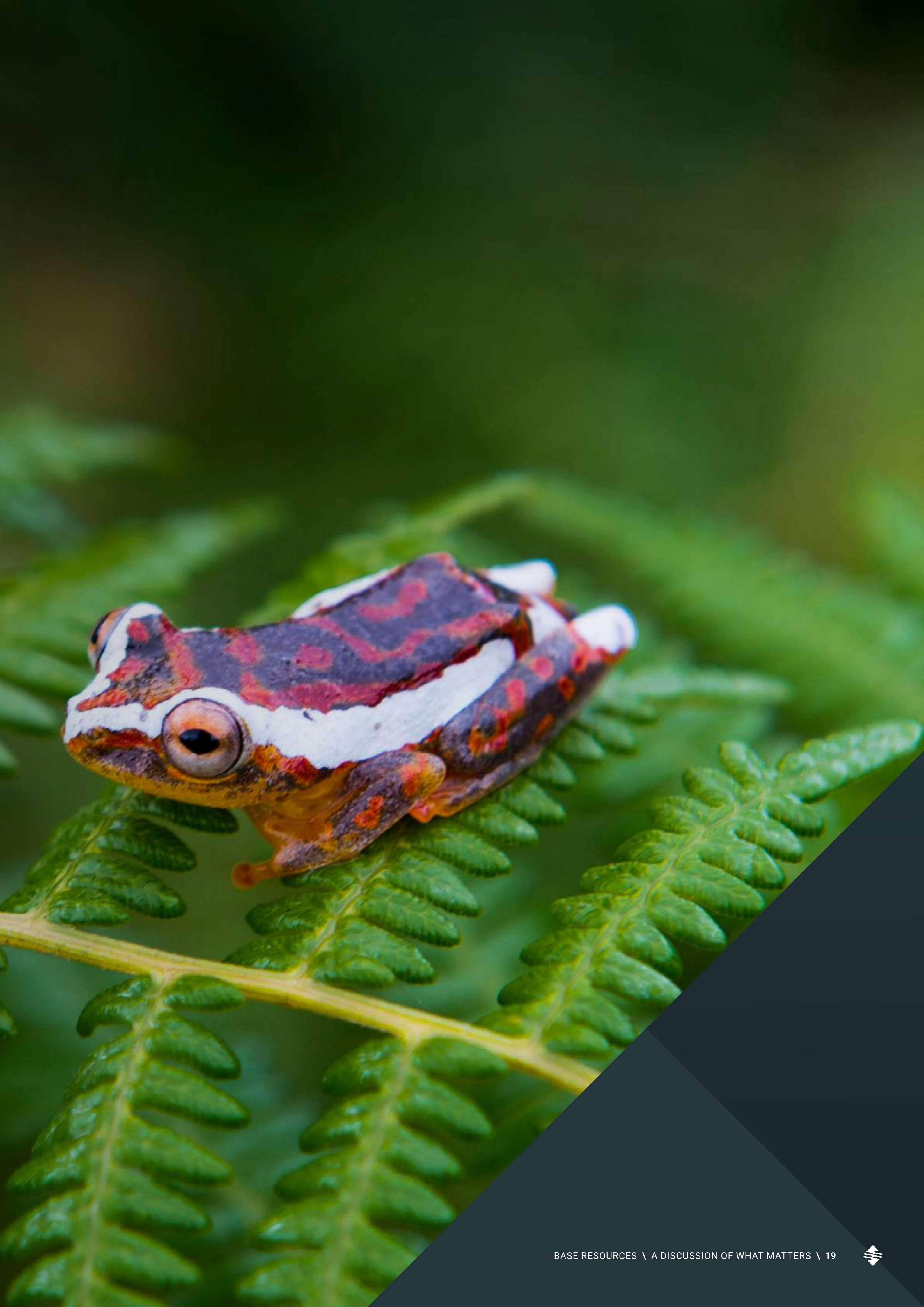
Internal self-assessment

In the table below we have provided an honest assessment of our performance against our stated goal for each of our material topics. Our assessment while focusing on our performance in FY23 does draw on our achievements and challenges over several years.

● on target ● needs work ● not good enough

Material topic		Performance to the end of FY23
Environmental stewardship		
Improving biodiversity outcomes	● on target	We have made a significant contribution to improving the knowledge base of Kwale's flora and fauna. We have established world-class indigenous tree and plant nurseries in Kenya and Madagascar and through our efforts have demonstrated that we can have a net positive impact on biodiversity in the regions we operate.
Rehabilitation and ecological restoration	● on target	Rehabilitation efforts at Kwale Operations continue with significant progress in FY23 and evidence of functioning ecosystems are being observed in areas where we have undertaken rehabilitation and restoration activities.
Our people		
Health, safety and well-being	● on target	We continue to maintain an enviable safety record. We recorded no lost time injuries in FY23 and have worked 6.8 million hours since our last recorded lost time injury.
Diversity and inclusion	● needs work	While maximising local employment, we have achieved success in building a diverse workforce with respect to age, ethnic and social origin and religion. We have some way to go to achieving our gender diversity targets and eliminating all forms of harassment and bullying from the workplace.
Employee capability and development	● on target	A wide array of training and development opportunities has been created for our employees and communities, building capacity and creating transferable skills that will outlast Kwale Operations mine life.
Company culture	● on target	We believe our North Star Purpose and the values expressed in The Base Way resonate with the desire of our people to make a difference and, as a result we have built a focused, loyal and committed team.
Community development		
Local employment	● on target	We have had great success in developing an almost entirely Kenyan workforce in the 10 years since Kwale Operations began in late 2013, with our efforts recognised at the 2023 Investing in African Mining Indaba where we received the ESG award for Labour.
Improving lives and livelihoods	● on target	Along with direct employment and local procurement, our community programs have significantly improved livelihoods and opportunities in our surrounding communities.
Impacts to community and environment		
Tailings storage facilities	● on target	Our management systems are aligned with best practice, monitoring is comprehensive and independent audits and oversight occur regularly and appropriate emergency response plans are in place.
Post mining land use	● on target	Our collaborative approach to the Kwale Operations PMLU identified four options for further assessment with pre-feasibility studies for each of these progressing. The options have the potential to create long terms benefits for stakeholders.
Land access and resettlement		
Land access and resettlement	● on target	Our resettlement programs have been implemented to best practice standards. With active and transparent engagement the Mafisini program has been completed and our North Dune and Bumamani resettlement program is progressing well.
Good governance		
Ethics and integrity	● on target	Our behavioural expectations of our people and our suppliers are clearly articulated, well communicated and reinforced regularly, with accessible systems in place for the reporting of inappropriate behaviour.
Responsible business		
Tax transparency	● on target	We continue to comply with tax law and regulations, pay our fair share of taxes and maintain our commitment to publicly reporting payments to government.
Government relations	● needs work	Successful government engagement enabled positive initial discussions on the transition of Kwale Operations to post mining, though other priorities lack progress, most notably the fiscal terms applicable to the Toliara Project which are yet to be agreed.
Implementing best practice	● on target	Our systems and standards are aligned to International Best Practice (IBP) and Good International Industry Practices (GIIP) and through implementation of these have demonstrated that sustainable mining can be a reality at our Kwale Operations, with our efforts being recognised at the 2023 Africa Mining Indaba ESG Awards.
Local procurement	● on target	Our focus on supporting and prioritising Kenyan suppliers has resulted in high levels of local procurement without compromising on the quality of goods or the standard of services received. This contributed to us receiving the 2023 Investing in African Mining Indaba ESG Award for Labour.
Community and stakeholder relations	● needs work	Engagement with our Kwale Operations communities and consultative platforms achieved mutual benefits for ourselves and our communities. Although we did experience challenges in negotiations with some groups, extensive engagement enabled us to extend exploration activities in Kwale East. Suspension of our activities in Madagascar has continued to limit our ability to engage meaningfully.
Emerging sustainability themes		
Reducing our emissions and establishing resilience to climate change	● needs work	We have completed a Decarbonisation Study for the Toliara Project and with it, are developing our Climate Strategy, which will set out our carbon reduction commitments and targets and commitment to partner with our host communities to build their resilience to the effects of climate change.

A DISCUSSION OF WHAT MATTERS



Improving biodiversity outcomes

OUR GOAL

To make a net positive impact on biodiversity in the regions in which we have a presence through our environmental programs.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We have made a significant contribution to improving the knowledge base of Kwale's flora and fauna. We have established world-class indigenous tree and plant nurseries in Kenya and Madagascar and through our biodiversity and conservation efforts have demonstrated that we can have a net positive impact on biodiversity in the regions we operate.

We recognise the potential impact our projects and operations can have on biodiversity, particularly threatened indigenous flora and fauna, and acknowledge that our activities can impact the natural environment and the surrounding ecosystems of the regions in which we operate. Despite our projects and operations largely being in regions recognised for their biodiversity richness, they are also most often areas facing significant anthropogenic pressures such as deforestation and wide scale land clearing. We recognise that this can be challenging to reconcile but we navigate these issues to produce the best achievable collective good for the benefit of the environment and communities through ensuring the provision of sustainable ecosystem services.

We actively manage this through our ESMS, which is designed to:

> Identify and manage risk.

> Prevent, eliminate, mitigate and offset negative impacts.

> Seek out opportunities to create positive environmental and social outcomes.

Our approach

We are committed to integrating biodiversity into our long term planning, risk and impact assessment processes and operational procedures. We do this by developing conservation and biodiversity plans and implementing environmental programs to ensure no net loss of biodiversity and aim for a net gain. We establish long term monitoring and evaluation of our biodiversity and conservation programs to determine effectiveness and identify opportunities for improvement.

We identify and directly engage biodiversity specialists acknowledged to be subject experts in the flora, fauna and ecosystems of the regions in which we operate. We ensure that our baseline studies and biodiversity monitoring programs extend beyond the footprints of our operations and encompass threatened habitats and areas of conservation importance. This ensures that we contribute to improving the regional scientific and conservation knowledge base and identify opportunities for creating positive biodiversity outcomes.

We develop partnerships and establish programs in collaboration with local, regional and international conservation groups and organisations.

Our actions in Kenya

Our Kwale Operations is situated in close proximity to forest and remnant forest patches that constitute the Coastal Forests of Eastern Africa Biodiversity Hotspot – a chain of relict forest and thicket patches set within savanna woodlands, wetlands, and, increasingly, farmland – and Key Biodiversity Areas (KBAs). In collaboration with specialists from the National Museums of Kenya, the Kenya Wildlife Service, the Kenya Forest Services and various regional and international research centres, we undertake regular habitat surveys to improve knowledge of the region's rich biodiversity. Through this program, species ranges have been extended and insights gained into the life histories and status of threatened species.

We have established a range of programs to support our conservation and biodiversity efforts. These include our propagation research program to grow endemic plants, including rare and endangered species. Under this program, we focus on species of conservation significance, particularly threatened and endemic plant species. We established our Indigenous Tree and Plant Nursery in 2012 and have achieved enormous success, having propagated 307 indigenous species with over 230,210 plants grown to date. The nursery is one of the largest of its kind in Africa, with 83 of the species represented appearing in the International Union for Conservation of Nature (IUCN) Red List of Threatened Species as either Critically Endangered, Endangered or Vulnerable. An arboretum we established and a butterfly enclosure we constructed alongside the nursery, together with the nursery, function as a training and educational facility for local community members, schools and visitors.

CASE STUDY

Endemic indigenous tree nurseries – the key to achieving a net positive outcome for nature

Recognising that we had an opportunity to not only mitigate Kwale Operations environmental impacts but to enhance the regions biodiversity, we set ourselves the goal of protecting and conserving biodiversity, maintaining and improving ecosystem services and establishing programs that would enhance the regions biodiversity.

Comprehensive baseline studies were undertaken prior to commencing construction to develop a full understanding of the flora, fauna and habitats which allowed us to identify areas of high conservation value which we could avoid and protect. Our ongoing monitoring extends beyond our mine lease, to adjacent ecosystems and the wider region, and continues to provide valuable insights into the habitat ranges of the regions' flora and fauna.

In the early stage of construction, we started our Kwale Indigenous Tree and Plant Nursery which focused on species biodiversity rather than growing large number of limited species. Many of the regions' endemic species had not previously been grown in nurseries which meant we needed to first work out how to propagate them. In close collaboration with consultants and conservation partners, we collected seed and developed species-specific propagation techniques. This strategy has proved extremely successful and today our nursery boasts 307 endemic species, including 83 species classified as Critically Endangered, Endangered or Vulnerable in the IUCN Red List of Threatened Species.

Our Toliara Project in Madagascar presents us with another opportunity to leave a physical environment that is richer for our presence. In an area recognised for its unique biodiversity, it is estimated that 59% of the 982 assessed dry forest trees indigenous to the west and south coast of Madagascar, face high levels of extinction risk (Critically Endangered, Endangered or Vulnerable). In addition, 90% of all Malagasy dry forest trees are experiencing a decreasing population trend, with logging and wood harvesting, increased occurrence of fire and development of agriculture posing major threats to most of the species (79%, 71% and 67%, respectively)[1].

Research and propagation are considered key for the protection of Madagascar dry forest tree species and ecosystems. Following the Kwale model, we established an Indigenous Tree and Plant Nursery at the end of 2019 and, by the end of FY23, we had successfully propagated 183 endemic species. This includes 24 species considered Critically Endangered, Endangered or Vulnerable. We intend to further expand our nursery in the future and are confident we can be a significant contributor to ensuring the long term protection and conservation of the tree species and ecosystems of the Toliara region.

1. For further information see Red List of Dry Forest Trees of Madagascar (2020) Botanic Gardens Conservation International

Base Resources indigenous plant and tree nurseries

	Kwale Operations		Toliara Project	
	No. species	No. trees	No. species	No. trees
Critically Endangered	5	3,687	2	200
Endangered	24	1,278	10	779
Vulnerable	54	4,400	12	616
Total trees propagated	307	230,210	183	23,580

Our plans for Madagascar

We are acutely aware of Madagascar's status as a region of high conservation importance and are actively planning the Toliara Project to minimise our impact to the environment and the region's rich biodiversity. We have identified many opportunities for maximising the positive impacts we can have on conservation and biodiversity in the region and will be implementing a range of programs to achieve our goals upon the resumption of our activities in Madagascar.

Our performance in FY23

During FY23, we continued our propagation research programs in Kwale and Toliara to improve local biodiversity conservation including that of rare and endangered flora.

In Kwale, we continued to achieve good results in our nursery, including the propagation of 1,501 species considered threatened (Critically Endangered, Endangered or Vulnerable) bringing the total number of threatened specimens propagated to 9,365 across 83 species.

In Madagascar, our efforts in establishing an endemic indigenous tree and plant nursery are proving successful and despite limited opportunities to extend our seed collection efforts and collaborate with conservation organisations because of the project's suspension of activities, we have managed to propagate 23,580 trees and plants from an estimated 183 species, including 37 which are yet to be identified. We have had success propagating three of Madagascar's iconic baobab species, including the Endangered *Adansonia grandidieri*, in our nursery, with 1,384 baobab trees in the nursery at the end of the reporting period. The species grown are those species endemic to Madagascar's southwest.

Priorities for FY24

As Kwale Operations approaches the end of its mine life and rehabilitation of mined areas is completed we will increasingly focus on extending the biodiversity corridor previously established. The extended biodiversity corridor proposed in our PMLU project would link remanent pockets of the Coastal Forests of Eastern Africa to include buffer zones, rehabilitated areas restored to natural vegetation and additional remnant forest patches as part of our PMLU project. The use of indigenous grass seed and endemic trees in our rehabilitation program has provided the opportunity to restore mined and disturbed areas to ecologically functioning habitats which if linked to established forest patches results in functioning ecosystems that can support Kenya's conservation and biodiversity efforts.

We will engage biodiversity specialists and conservation organisations to work with us on the development and implementation of a Biodiversity Action Plan for the Toliara Project. Building on our experience in Kwale, we will identify and implement environmental programs aimed at achieving positive biodiversity outcomes in areas that will be impacted by and surrounding the Toliara Project.

Rehabilitation and ecological restoration

OUR GOAL

To leave a physical environment that is richer for our presence through informed rehabilitation.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Rehabilitation efforts at Kwale Operations continue with significant progress in FY23 and evidence of functioning ecosystems are being observed in areas where we have undertaken rehabilitation and restoration activities.

Our approach at Kwale Operations

Rehabilitation efforts at Kwale Operations are well progressed. Following the initial successful rehabilitation of areas impacted during project construction, the program is now focused on the mined-out areas of the South and Central Dunes. Since operations commenced, we have been actively trialing different land preparation techniques, bank stabilisation methods, green manures for soil improvement and a variety of pioneer plant species in preparation for rehabilitation works to ensure high quality outcomes.

In undertaking rehabilitation, we actively seek out opportunities to partner with the local communities to provide additional sources of income to the villages surrounding the mine site. We do this by sourcing indigenous grass seeds, legumes and farmyard manure from local women's groups who gather the materials and sell them directly to us.

Wetland restoration

Capitalising on the opportunities presented at our Kwale Operations, we have restored, rehabilitated and established new wetlands within our areas of operation.

Prior to establishment of the mining operation, our baseline studies identified land adjacent to the Tailings Storage Facility (TSF) where a wetland had previously existed. Having identified the former wetland as suitable for restoration, the mine's infrastructure was designed to avoid encroachment into this area. Clean water from the TSF was directed into the former wetland and indigenous sedges, aquatic vegetation and trees were planted out. Biodiversity monitoring has confirmed that the area has been restored into a thriving wetland which is now providing a habitat for both floral and faunal aquatic species. Amphibian and reptile monitoring has found healthy populations of reed frog species, including the threatened Shimba Hills Reed Frog (*Hyperolius rubrovermiculatus*), the Spiny Reed Frog (*Leptopelis flavomaculatus*) and the Forest Leaf-folding Frog (*Afrixalus sylvaticus*), together with floral species of conservation importance. Regular sightings of a variety of bird species provides further evidence of a functioning ecosystem. The wetland forms part of the biodiversity corridor established within the mine lease connecting Gongoni Forest Reserve to forest patches in the vicinity of the Mukurumudzi Dam.

This program continues to be expanded with suitable areas being identified and integrated with the mine's storm water management system in an effort to establish new wetlands.

CASE STUDY

Partnering with our communities to achieve functioning ecosystems – the key to successful rehabilitation

In Kenya, our communities are playing a key role in our rehabilitation program. From the first rehabilitation activities on areas disturbed for construction of infrastructure for the Kwale Operations we looked for opportunities to involve the communities surrounding our mine site in our restoration and rehabilitation programs. Community members, both women and men, work in our Indigenous Tree and Plant Nursery growing the endemic trees we use and each year during the planting seasons we employ additional staff to assist with planting of trees and grasses. In addition, we have established a network of community groups who supply us with indigenous grass and legume seed that they collect around their homesteads. About 70% of our regular seed suppliers are women.

Our environmental program team go into the communities and create awareness around the program and provide training on how to identify and harvest seed suitable for use in our programs. We have established criteria which the seed we purchase is required to meet to ensure that the seed delivers the required germination rates. During FY23, we purchased over 16,500kg of indigenous grass and legume seed from our community groups earning them around US$68,000. Evidence of functioning ecosystems in areas rehabilitated with seed from our community seed program demonstrates the success of using locally sourced seed that is not only adapted to local conditions but also results in establishing habitats that supports endemic fauna.

Our performance in FY23

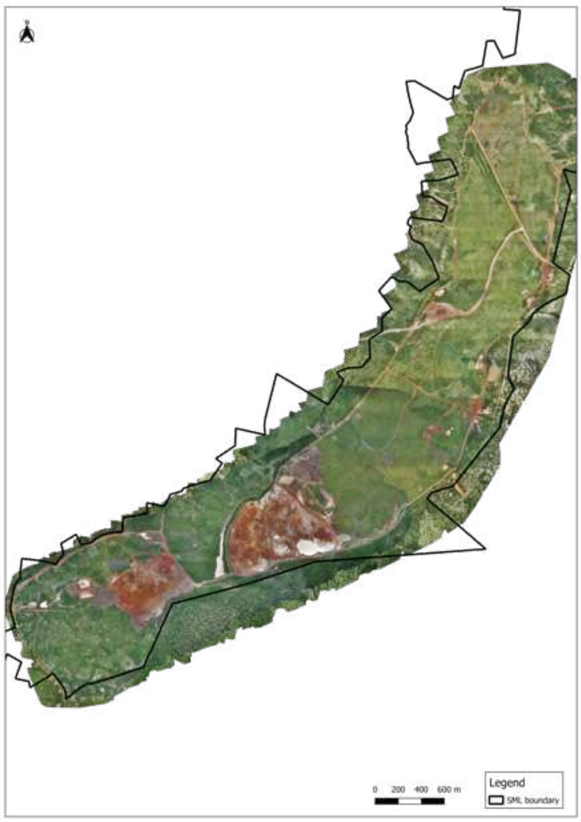
Planting of the Kwale Operations TSF external embankment walls was completed during FY23. Rehabilitation of the mined-out Central Dune progressed with 21.2 hectares rehabilitated. As mining progressed through the South Dune, the mined-out area was progressively rehabilitated with 80.6 hectares planted in FY23, taking the total South Dune area that has been planted to 345.9 hectares (89% of the disturbed area).

Monitoring by our biodiversity specialists from the National Museums of Kenya and the African Butterfly Research Institute is finding evidence of functioning ecosystems in the areas rehabilitated and restored at our Kwale Operations.

Priorities for FY24

We will focus on continuing to progress rehabilitation and restoration outcomes at our Kwale Operations including monitoring of biodiversity indicators by external floral and faunal specialists. Revegetation of the South Dune is targeted for completion in 2024. In addition, based on monitoring results, Base Resources also expects that a large proportion of the revegetated South Dune will have reached the desired land form to be signed off as rehabilitated through the external audit process. Rehabilitation of North Dune will commence in 2024.

Kwale South Dune rehabilitation progress June 2023



Health, safety and well-being

OUR GOAL

To keep our people and communities safe through proactive management, education and promoting a culture of personal responsibility for safety and well-being.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We continue to maintain an enviable safety record. We recorded no lost time injuries in the FY23 and by year end we had worked 6.8 million hours since our last recorded lost time injury.

Health and safety at Base Resources starts with identifying and managing risk, considering the physical and mental health and safety of our employees and contractors, and extends to visitors and the communities surrounding our operations.

Our Sustainability Policy articulates our commitment to fostering a physically, mentally and culturally safe environment for our people and improving the health and well-being of our people and communities. Our Occupational Health, Safety and Well-Being Policy is the foundation for our safety culture and systems while our Communities Policy outlines our commitment to undertake our activities in a way that minimises impacts on community health and safety.

Our approach

We have demonstrated an exemplary safety record from our inception. We attribute this to our firm belief that the world's best safety performance is the minimum acceptable standard, irrespective of context. Effective leadership and mentoring of our workforce, a strong culture of safety improvement and implementation of robust safety systems are all critical.

We strive for zero harm and effective management of risks through a culture which does not accept unsafe behaviours, where we hold ourselves and each other to account, and where continual improvement and honest communication of safety issues are entrenched in how we work. We achieve this by:

> Effective identification and management of health, safety and well-being risks.
> Empowering our employees and contractors to stop work if they consider it unsafe, even if it halts production.
> Providing training and adequate resources for work to be undertaken safely.
> Expecting our employees to take personal and real accountability for their own health, safety and well-being and those around them.
> Demonstrating visible leadership.
> Maintaining a management system that supports best practice and is regularly reviewed to ensure continual improvement.
> Implementing programs and initiatives that promote physical and mental well-being and care for the "whole person" at work.
> Ensuring open and honest communication about health, safety and well-being issues.

A key to the successful development of future operations will be to build on the safety culture and processes that were developed at our Kwale Operations. This is supported by our Occupational Health and Safety Management System (OHSMS) which underpins our occupational health and safety values and supports operating sites to achieve their safety goals.

Our OHSMS is fit for purpose and effective, and provides processes for the identification, assessment, and control of risks through elimination or reduction of them to a level which is as low as reasonably practicable.

To ensure the ongoing effectiveness of the OHSMS, a range of proactive measures of performance are in place that monitor compliance with the OHSMS, operational criteria and applicable regulatory requirements. In addition, we monitor and assess accidents, ill health, incidents (including near misses) and other dangerous situations as a basis for us to learn and improve.

Engagement with our workforce on the effectiveness of our OHSMS is sought and valued and we provide a mechanism to receive their feedback through our Health and Safety Committees, which comprise members selected by employees at Kwale Operations and the Toliara Project. The Health and Safety Committees ensure that safety inspections and monitoring is completed, thorough investigations into health and safety incidents are undertaken, and recommendations arising from such investigations are actioned.

Health, safety and well-being of our communities

Our commitment to health, safety and well-being extends beyond the mine gate to ensuring our activities do not impact our surrounding communities. To ensure this is the case we actively monitor a wide range of environmental metrics including noise, radiation, air quality and water quality as well as tracking a range of socio-economic factors over the life of the mine.

As the reporting period progressed we saw a shift of our broader community focused safety awareness and training programs from COVID-19 related topics to other pressing health concerns of our communities. We supported TB and HIV testing, counselling and sensitisation campaigns, general health and wellness clinics and campaigns addressing HIV/AIDS, gender-based violence and drug and substance abuse.

Our safety training and risk management programs extend to our community infrastructure construction projects with all contractors trained and mentored in the implementation of better safety practices. During the reporting period, 117,851 hours were worked on community infrastructure projects with no lost-time injuries being recorded.

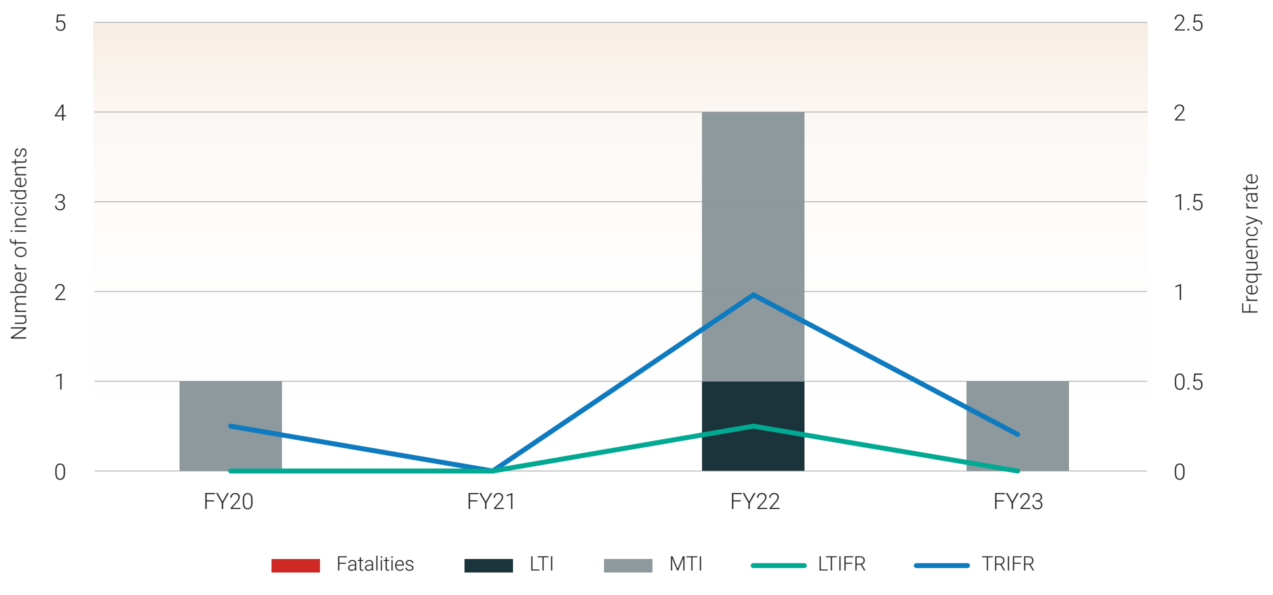
Our performance in FY23

With no lost time injuries recorded during the reporting period our Lost Time Injury Frequency Rate (LTIFR) for the period was zero and, as at year end, we had worked 6.8 million hours without a lost time injury. One medical treatment injury was sustained during the year, after an operator slipped on the platform of a hydraulic mining unit, cutting their head and requiring stitches. This resulted in our Total Recordable Injury Frequency Rate (TRIFR) being 0.2 for the reporting period. See the FY23 Sustainability Databook for a detailed breakdown of our safety performance.

Priorities for FY24

Our main objective is to develop a full understanding of the health and safety risks associated with decommissioning and closure at our Kwale Operations. We will be undertaking a comprehensive health and safety risk assessment to ensure we develop controls to eliminate or reduce identified risks to a level as low as reasonably practicable. Identification and management of well-being risks associated with the closure of the Kwale Operations will also be a high priority.

Base Resources Safety Performance



Diversity and inclusion

OUR GOAL

Drive business performance by building a culture that values diversity and inclusion, and where everyone is treated fairly and with respect.

OUR ASSESSMENT OF HOW WE ARE TRACKING

While maximising local employment, we have achieved success in building a diverse workforce with respect to age, ethnic and social origin and religion. We have some way to go to achieving our gender diversity targets and eliminating all forms of harassment and bullying from the workplace.

We believe that having a diverse workforce and an inclusive working environment enhances business performance because it leads to a broader range of perspectives and insights on issues facing the business and enables access to the widest possible pool of available talent. Our Sustainability Policy speaks to this belief through our commitment to providing an inclusive work environment for all our employees, where everyone is treated fairly and with respect, and can realise their full potential. We strive to achieve this by employing on the basis of job requirements and merit without discriminating on the grounds of age, ethnic or social origin, gender, sexual orientation, politics or religion.

Our approach to diversity, equity and inclusion

Our Diversity System aims to promote a diverse workforce and ensure that within our organisation people from diverse backgrounds can work and grow together in an inclusive environment free from discrimination, harassment and bullying. Our primary focus when we started our Kwale Operations was maximising local employment and improving skills transfer, see page 33. This was immensely successful and enabled us to build a diverse workforce in respect to age, ethnic and social origin and religion. This focus has now shifted to enhancing gender diversity at all levels within Base Resources.

While achieving the level of diversity we aspire to can be challenging, we continue to progress initiatives to address diversity not just within Base Resources but also in the wider extractives sector. Working with the Association for Women in Energy and Extractives in Kenya (AWEIK) we aim to improve conditions for women working in the artisanal and small scale mining industries and the communities around them.

As we prepare for the recommencement of activities at our Toliara Project in Madagascar, we will look for ways to achieve a greater representation of women across all parts of the organisation from the start. We recognise that because of the limited employment opportunities for people in the Toliara region, voluntary turnover is likely to be very low and it is therefore paramount we establish a diverse workforce from the outset.

Addressing bullying and harassment

We are committed to eliminating all forms of bullying and harassment across our business and we provide a confidential and independently operated whistleblower service, IntegrityLine, for reporting any inappropriate conduct related to Base Resources.

Our Diversity Pulse Survey conducted in FY22 revealed that, like much of our industry, sexual harassment is a concern for our workforce. This is clearly unacceptable and is contrary to our commitment to fostering a physically, mentally and culturally safe environment for all our people. Following the survey, we undertook a set of initiatives to address the situation and continue to work on developing and delivering education and training on sexual harassment and bullying. These initiatives also seek to build trust amongst our employees, encouraging them to report harassment and bullying with confidence that our systems will support and protect them.

FY23 performance

Diversity objectives	FY21	FY22	FY23	Change
Increase in the overall percentage of women employed by the Group[1]	18.36%	18.03%	17.96%	(0.07%)
Female representation in the intakes for graduate and apprentice programs at or above one third	33.33%	35.48%	35.71%	0.23%
Increase the percentage of women in management roles (Manager level)	15.0%	18.4%	23.7%	5.3%
Increase the percentage of women in senior management roles (General Manager level and above)	0.0%	0.0%	0.0%	No change
Board gender diversity	28.6%	20.0%	33.3%	13.3%
Maintain female turnover that is less than Group turnover[2]	Female – 12.0%	Female – 8.0%	Female – 5.3%	2.6%
	Group – 8.6%	Group – 5.7%	Group – 2.7%	
	Difference – 3.4%	Difference – 2.3%	Difference – 2.6%	

2. *To avoid doubt, employment figures exclude casuals, graduates, apprentices and interns.*
3. *Turnover for the purposes of the gender objective comprises resignations and redundancies. It does not include termination for cause, death/illness, retirement or contract expiry.*

Our performance in FY23

Diversity

We achieved our FY23 objectives of increasing the number of women on our Board and the number of women in management roles. Unfortunately, we did not meet our FY23 diversity objectives to:

> increase the overall percentage of women employed by the group, with a small reduction in the percentage of women employed during the year;

> increase the percentage of women in senior management roles, as there were no new roles or available opportunities for promotion at senior management level during the year; and

> maintain female turnover that is less than Group turnover, as female turnover was higher than that of the Group in FY23.

We did not meet our goal of developing and implementing a diversity, equity and inclusion strategy in FY23, an objective that we will prioritise in FY24.

Bullying and harassment

We have continued to work on eliminating harassment and bullying in our organisation. We have developed and delivered training and education programs to our employees and have utilised our peer educators to assist with these programs.

Priorities for FY24

The Board has determined to maintain our FY23 diversity objectives for FY24 and we will seek to both achieve and improve upon prior results. We will develop strategies to improve diversity and will seek to better understand discrimination, bullying and harassment in our organisation. We will listen to what our workforce has to say, and find ways to eliminate all forms of discrimination, harassment and bullying in our organisation and move towards building a more diverse organisation.

As we prepare for closure of our Kwale Operations, we will ensure that decommissioning and closure does not unfairly discriminate against the different groups and that in particular, women in our workforce are not excluded from future opportunities.

Employee capability and development

OUR GOAL

For our employees to reach their full potential by providing opportunities for capability building and development.

OUR ASSESSMENT OF HOW WE ARE TRACKING

A wide array of training and development opportunities has been created for our employees and communities, building capacity and creating transferable skills that will outlast Kwale Operations mine life.

Our approach

We strive to ensure our current and future employees can reach their full potential. To help them achieve this, we provide structured training and skills transfer programs covering on-the-job training for permanent employees, as well as tailored programs for graduates, interns, apprentices and high school students, to enhance their job prospects. Our training programs include the development of technical and workplace skills delivered through classroom training, practical training, mentoring, coaching and external training events.

Building an internal leader talent pool

We have built a robust pipeline of leaders from within our workforce at our Kwale Operations. Our internal leader talent pool is made up of employees that were assessed on potential and achieved performance. To support these employees, we provided a range of opportunities to build their leadership skills including a two-year Frontline Management Program for potential supervisors or managers, participation in internationally accredited certificate courses in management or supervision, planned job rotations, one-on-one coaching and targeted projects and acting opportunities. The majority of our current Kenyan superintendents and managers were part of this training program and have replaced the expatriates originally employed in the roles.

Technical Trades Apprenticeship Program

Our Technical Trade Apprenticeship Program has been designed by our on-site trainers in collaboration with Kenya's National Industrial Training Authority (NITA). The program is structured to maximise practical application with students spending approximately four months in the classroom and eight months "on the tools" at our mine site each year. Apprenticeship opportunities exist within the fields of electrical, mechanical and automotive engineering with apprentices gaining in depth experience in their trade and in general work and life skills.

The program runs for two to three years depending on academic requirements. By the end of FY23, Kwale Operations was training its fourth group of apprentices with 75 apprentices having enrolled in the program since 2014.

By the end of FY23, Kwale Operations was training its fourth group of apprentices with 54 apprentices having completed the program. Of those that completed the program 54% secured full time employment at Kwale Operations. A current group of 21 apprentices commenced the program in early 2022 and will complete their training in FY24.

Graduate Programs

We offer an 18-month program to help recent university graduates learn how to apply their academic knowledge in a workplace environment. As part of their training, graduates are required to undertake "real" projects and present the outcomes back to Kwale Operations' management. Once complete, the graduates are equipped with valuable experience that significantly enhances their employment prospects in mining or other industries. By the end of FY23, 42 graduates had completed the program since 2014, with 67% securing full time employment at Kwale Operations. Eleven graduates are currently participating in the program.

Preparing for Life After Kwale

Preparing our workforce for Life After Kwale is a key component of our preparations for the closure of our Kwale Operations. Our Life After Kwale program is designed to provide the necessary tools and information to allow employees to plan for and take control of their future after the closure of Kwale Operations. It includes financial management training and transition training to up skill employees. Recognising that our employees have gained valued experience at Base Resources, we will prepare them for entering the Kenyan and mining job markets and will connect them to external recruiters through the development of a skills database that will be made available to recruiters.

Our performance in FY23

In Kenya, we continued to focus on building capacity in our workforce and host community, investing over US$400,000 in training and development, with 367 training courses offered during the reporting period. Our partnership with the Government of Kenya to recognise the skills our employees have acquired over time working at Base Resources through a Recognition of Prior Learning certification program has continued and will improve employability and skills mobility of employees through a formal, nationally recognised certificate.

Priorities for FY24

Our focus in FY24 will shift to preparing our employees for Life After Kwale in preparation for the closure of our Kwale Operations.

Company culture

OUR GOAL

To create an environment where all our people embrace our sustainable mining approach and act in accordance with the values and principles of The Base Way.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We believe our North Star Purpose and the values expressed in The Base Way resonate with the desire of our people to make a difference and, as a result we have built a focused, loyal and committed team.

North Star Purpose

**Our purpose is to contribute to solving the problems of people and plant.
We do so profitably, without profiting from causing problems.**

The Base Way

The Base Way is grounded in our belief in:			
The potential of our people	The power of the team	The value of resources	Absolute integrity
> Taking personal responsibility for safety > Promoting a "can do" approach > Self-improving and encouraging others to do likewise	> Making commitments and delivering > Empowering others > Working for the good of the whole	> Being "cost and return" conscious > Finding ways to continually improve > Balancing short term with long term objectives	> No bribes – ever > Telling it how it is > Confronting inappropriate behaviour in others

The Base Resources team is unified by our North Star Purpose and the shared beliefs and principles of The Base Way. Together these describe the culture we aspire to, and the organisation we want to be, and guide us in our pursuit of becoming the pre-eminent African-focused mining company by 2031. Clearly articulated, these help us attract and retain employees who can relate and see value in this approach to sustainable mining development.

The Base Way is more than just words, we live by it. It's demonstrated and reinforced by the company's leaders. It forms the basis for our responsible business practices and many of our business systems draw from it. It's embedded in employees role descriptions, and we are each held to account for our demonstrated actions and behaviours against The Base Way principles.

Our performance in FY23

The most obvious windows into the strong culture we have fostered are our low staff turnover, consistent high performance and our exemplary safety record. During FY23, our group turnover was only 2.7% and we have only recorded two lost time injuries in over 35 million hours worked up to the end of the year.

As our company approaches a time of significant change, with the closure of our Kwale Operations, we engaged independent consultants to undertake an organisational review to evaluate how we are performing and the extent to which our efforts are delivering the workplace we aspire to be. During this process, team leaders and team members shared openly and honestly their views about our organisation, which provided invaluable insights into how we are performing. We identified challenges that need addressing and opportunities worth pursing, but overall the feedback was extremely positive.

Priorities for FY24

Ensuring we maintain our culture of high operational performance, safety record and environmental and social management as we approach the end of mining at Kwale Operations, while reinforcing the belief that closure is an opportunity to further cement our sustainability credentials over the full life cycle of mining.

Local employment

OUR GOAL

To prioritise local talent in our recruitment decisions to ensure maximum benefit for the communities in which we operate.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We have had great success in developing an almost entirely Kenyan workforce in the 10 years since Kwale Operations began in late 2013, with our efforts recognised at the 2023 Investing in African Mining Indaba where we received the ESG award for Labour.

Our approach to maximising local employment

A common impact of developing large scale mining projects in Africa is the migration of people to the project area seeking employment opportunities. Increases in population can exert pressure on host communities due to competition for jobs, higher prices for goods and services, depletion of natural resources and increased social pathologies, and has the potential to create animosity towards those from outside the community, as well as Base Resources.

Our approach to managing the risks associated with in-migration and prioritising opportunities for local communities in recruitment at our development projects is guided by a Labour Recruitment and Influx Management Plan (LRIMP). Each LRIMP is project specific and developed ahead of the project implementation phase and in consultation with government and local communities, and adapted to meet local regulatory requirements and social context. Consistent with Good International Industry Practices (GIIP), the objective of the LRIMP is to maximise the proportion of local people employed on a project, thereby optimising benefits for local communities.

Prior to commencement of project development, local communities are invited to register their interest in working on the project. Information is collected in a candidate database that is later utilised to source suitably qualified individuals, with preference given based on a zoning system designed to prioritise those from local communities ahead of other candidates. Through this system, priority is given to those who have been resettled or are residing near the mine site, with progressively lower priority given to those living in zones further away from our operations. Early communication of this process to the general public is key to avoiding undesirable migration as membership of a priority zone is based on historical ties to the zone as certified by community leaders.

To ensure maximum effectiveness, we also require our site-based contractors and their sub-contractors to adhere to the LRIMP and utilise the candidate database to source local staff.

Transitioning expatriate roles

In some cases, the requisite skills to construct or operate a mine are not available in the host country and we are forced to recruit expatriate employees from other countries. We are committed to transitioning expatriate roles to local employees as quickly as it is practical and safe to do so.

In most circumstances, expatriates are employed on fixed term contracts, with responsibility to provide training and on-the-job coaching to local employees, to facilitate "localisation" of their role within a specified time-frame. Inevitably, some higher level or specialist expatriate roles take longer to transition as their specific skill set or necessary experience can take decades to achieve. An important consideration in timing the transition is ensuring the employee being developed is well set up to be successful.

During the commissioning phase of Kwale Operations, a peak of 65 expatriates were employed, which has now been reduced to 15.

Our performance in FY23

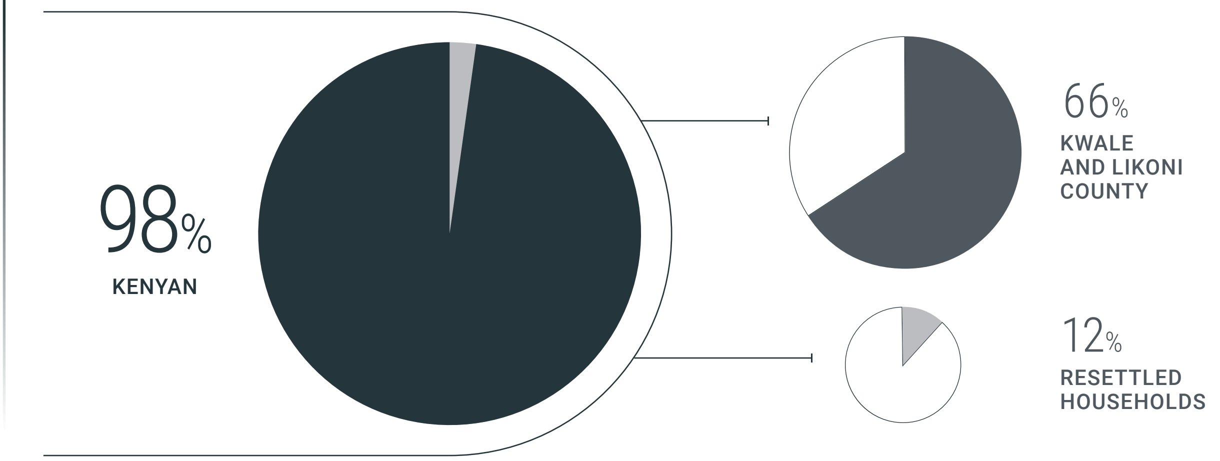
At end of FY23, 98.3% of our Kwale Operations employees were Kenyans, with 66.1% of our employees being from Kwale and Likoni counties and 12% from households that have been part of our resettlement programs.

Priorities for FY24

As Kwale Operations is approaching the transition to post mining, the remaining expatriates will be retained to ensure operational and safety performance is maintained and to assist with delivery of our closure objectives.

On lifting of the suspension of the Toliara Project we will need to re-engage with local stakeholders to update the Toliara LRIMP and refresh our database of people interested in working on the project as a first step to recruitment and training activities.

KWALE OPERATIONS WORKFORCE AT THE END OF FY23



Improving lives and livelihoods

OUR GOAL

Improving the lives and livelihoods of our surrounding communities, beyond the life of our mines, by building skills, capacity and opportunity.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Along with direct employment and local procurement, our community programs have significantly improved livelihoods and opportunities in our surrounding communities.

Our approach

One of our core objectives is to maximise long term social and economic benefits for local communities and regional and national stakeholders so that our activities contribute to sustainable development both during and after mining operations.

At our Kwale Operations, this commenced with the development of community infrastructure as a feature of the resettlement program and, following community engagement, has evolved into an array of interconnected programs centred around the key pillars of livelihood improvement, with education, community infrastructure and community health initiatives all playing supporting roles.

In developing countries, the opportunity to continue education past primary school, or utilise modern farming techniques, can have a significant positive impact on individuals, families and communities, supporting the longer term advancement of people and a region.

Agriculture livelihood programs

We are involved in a wide range of livelihood enhancement programs across Kwale County with a focus on crop production and animal husbandry programs. To support our efforts, we partnered with Business for Development (B4D, now Palladium), a specialist consultant, to improve agricultural productivity and diversity in Kwale and link farmers to commercial, sustainable markets.

Examples of our agricultural livelihood programs include cotton, potato and sorghum farming, poultry and beekeeping.

Providing educational opportunities

Education is a fundamental driver of socio-economic development. Our education programs aim to build capacity and strengthen social outcomes, ultimately laying the foundation to improve the livelihoods of the communities in which we operate.

While primary education in Kenya is free, secondary and tertiary education is fee-based which often limits access for many students. We provide educational support for secondary and tertiary students through our scholarships and bursaries programs which pays tuition fees for eligible students from disadvantaged backgrounds. By paying tuition fees, we reduce the financial burden on families, increasing school access and attendance.

Scholarship and bursary recipients are selected through a transparent and equitable application processes that reaches out to 50 schools throughout Kwale County.

CASE STUDY
PAVI — A farmer cooperative benefiting Kwale farmers through partnerships

In the early stages of our Kwale Operations livelihood program, our efforts focused on building capacity of local farmers and identifying potential markets for their produce. It soon became clear that the farmers would be better served by forming a cooperative society to increase members collective procurement and selling power and create direct links to final markets. The PAVI Cooperative, a wholly farmer-owned cooperative, was founded in 2015 by the community, in partnership with Base Resources, Business for Development (B4D – now part of the Palladium International) and Cotton On Group.

PAVI, an acronym for "*Pamba na Viazi*", Swahili for cotton and potatoes, pays homage to the cooperative's initial focus on cotton and potato production. Through PAVI and our partners, we invited local farmers to participate, provide training and introduce them to a range of new products and farming opportunities, including crops and livestock. Participants were also provided with the necessary inputs and support to give them the best chance of succeeding – better seed, better land preparation techniques, better crop and livestock protection and facilitated access to a secure market.

Since its formation in 2015 with a membership of 202 farmers, PAVI has grown significantly with 600 shareholding farmers and benefits extending to an additional 6,000 farmers across Kwale County. In addition to the original crops of cotton and potatoes, the PAVI programs now also include grain, pulses and livestock and include producing stock feed, raising chickens and growing maize, soybeans, sunflowers, groundnuts and sorghum.

The Kwale Cotton Project

The Kwale Cotton Project, one of PAVI's initial programs, was founded in 2014 with support from Australian, Dutch and German donor agencies to promote and facilitate ethical cotton production. In December 2018, PAVI joined Business Call to Action with a commitment to integrate cotton farmers in Kwale and surrounding counties into the supply chain of the global garment company Cotton On Group. The initiative not only provides a steady source of income for the farmers, but also ensures that Cotton On has a sustainable and transparent supply of cotton. Cotton On received the 2019 Responsible Retailer Initiative of the Year Award for its work with the Kwale Cotton Project.

Preparing for the future – life beyond mining

While the PAVI initiative has achieved a level of success with some farmers, we have not consistently reached the number of farmers we had set out to reach.With Kwale Operations now approaching the end of its mine life, Palladium International have sought to continue the program and have secured longer term funding to do so.

In May 2023, the *Mradi wa Kuimarisha Kilimo-Biashara Kwale* (MKUKI-Kwale) Project was launched with a 5-year, A$3.65 million funding commitment from the Australian Centre for International Agricultural Research (ACIAR). The MKUKI-Kwale Project aims to build on Base's work to date and connect smallholder farmers in Kwale to international markets while supporting the transition away from dependency on mining to an agricultural-based economy. Both the project name and acronym convey the objective – translating to Kwale Agribusiness Strengthening Project, and its acronym, MKUKI, meaning spear in Swahili, representing the sharp, focused, targeted transformation of Kwale. The project led by Palladium International in close collaboration with PAVI, Base Resources, Cotton On Group, Kenya Agricultural and Livestock Research Organisation, Kwale County government and Pwani University aims to develop sustainable and inclusive agri-food value chains benefiting Kwale farmers through:

- Identification and capacity-building of key influencers and future leaders within the community, to maximise the likelihood of sustainable change.
- Scientifically validating best-bet approaches for improved agricultural productivity and sustainable farming practices with adoption of climate smart crop varieties, effective water use management, healthy soils management, and effective communication and dissemination of applied scientific outcomes.
- Youth development – exploring opportunities to engage community youth in research activities under the project.
- Farmer capacity-building to improve the depth and breadth of training and enhance training methodology.
- Developing innovative, audio-based farmer training that can be scaled out at marginal cost through short, audible, interactive stories capturing key farmer training, bringing traditional storytelling techniques together with technology.
- Adoption of modern farming techniques, including climate resilient farming practices.
- Transitioning of the Kwale community social system from a reliance on mining to enable an agriculture-based economy, while being more socially inclusive.
- Equipping the private sector with a documented, evidence-based change model for a sustainable and inclusive agribusiness value chain, enabling them to better understand how to replicate this approach in their own businesses.

Modern slavery risks awareness in the agricultural sector

We extended our advocacy initiatives to increase awareness of modern slavery in the agricultural sector (see page 53) through facilitating engagement between Human Rights Agenda Mombasa (HURIA), a not-for-profit NGO who assist with our modern slavery advocacy in Kenya, and PAVI cooperative. During FY23 we supported HURIA to work with PAVI to identify existing policy and capacity gaps for managing modern slavery and labour rights risks. The project also enhanced knowledge about modern slavery and risk mitigation actions among PAVI board members, 20 cooperative staff and more than 360 PAVI shareholding farmers.

As a result of the project, the PAVI board formed a sub-committee to receive and address modern slavery related grievances from PAVI members.

HURIA acknowledged the importance of this project, stating in a letter to us, “Through our collaboration, we have reduced the vulnerability of 6,000+ smallholder farmers particularly 3,339 women farmers, to the risks of exploitative forms of modern slavery prevalent in the agricultural sector in Kwale County.”

Community infrastructure

Developing community infrastructure is an important aspect of our community programs. We consult with local governments and communities to identify ways to enhance standards of living by improving access to facilities such as healthcare, schools and vital resources such as boreholes. In collaboration with the Kwale County government, we also use the County Integrated Development Plan to guide our development activities within the county.

Key infrastructure programs we have completed in Kenya to date include:

> The construction of five new schools and the refurbishment of 37 schools, creating a better learning environment for students and improving access to educational facilities, including for special needs children, in Kwale and Mombasa counties.

> Investing in a health centre, dispensaries, a blood bank and medical surgery facilities, as well as upgrading facilities to improve service delivery at the Kenya Medical Training College in Msambweni.

> Improving access to clean water by drilling and commissioning 51 community boreholes and water towers and by providing community offtakes along our bore field water supply pipeline.

Community health

Improving community access to health services and in so doing improving the health status of the people of Kwale County, is another key focus. In partnership with the Kwale and Mombasa County governments, we provide a range of health programs to communities where we operate.

Developing community capability

We empower communities through programs that build their skills and employability. By providing training opportunities, we can positively impact the livelihood of the community through enhanced job prospects and opportunities for career progression.

Our performance in FY23

Agricultural livelihood programs

Key outcomes from livelihood programs included:

> The poultry program participants produced and sold eggs and chickens.

> Beekeeping for honey production.

> The sale of grains, pulses and poultry feed produced and sold through the PAVI Co-operative continued to generate good returns for the member farmers.

> Over 8,000kg of agricultural produce, including maize, grains and fresh vegetables, was harvested from the Kwale Operations PMLU agricultural trials and donated to special needs schools in the region.

Providing educational opportunities

We continue to support secondary and tertiary students through our scholarships and bursaries. In FY23 we awarded bursaries to 186 students from villages surrounding our Kwale Operations, supported 325 tertiary students and 962 high school students through our Pepea Scholarship program and 437 students with bursaries. Since commencing the scholarships and bursaries programs in 2013, Base Resources has invested more than US$6.9 million to fund 4,950 students.

Community infrastructure

We integrated many of our infrastructure programs in our three neighbouring communities (via the Community Development Agreement Committees – CDACs) to oversee the delivery of a combined US$2.2 million in development projects we fund, including water infrastructure, educational buildings, maternity support and hygiene facilities. In addition, we continued with our ongoing commitments within our own community programs, including the construction of a school, the drilling and equipping of 8 additional boreholes and refurbishment and improvement projects at a further 10 schools through the construction of additional classrooms, dormitories, improved sanitation facilities and a science laboratory.

Community health

In relation to community health services and education programs, we provided or supported the following:

> Through our ongoing support of the two dispensaries constructed by Base in Kwale County medical services were provided to over 28,000 patients during FY23.

> Nine Community Health Units providing first level basic health care via 241 Community Health Volunteers covering 45 villages surrounding the host site, mine site and Likoni export facility.

> Partnering with the county Department of Health to support ongoing jigger (parasite) and bed bug eradication campaigns by donating anti-jigger medicine and fumigation equipment and chemicals for households across Kwale County.

> Transport safety programs at schools within transport corridors surrounding our mine site to mitigate the potential for increased traffic accidents due to higher traffic volumes on the road.

> Supporting medical camps and HIV and TB sensitisation, counselling and testing programs in Kwale County.

Priorities for FY24

While we will continue to support our existing community programs in FY24 we will begin the work to prepare for the closure of the Kwale Operations. We will be undertaking a "lessons learnt" assessment of our Kwale Operations' community programs to allow us to inform the development of our future programs.

Tailings storage facilities

OUR GOAL

Mitigate the risk of failure through proactive management of our tailings deposition, storage facilities and structures.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our management systems are aligned with best practice, monitoring is comprehensive and independent audits and oversight occur regularly and appropriate emergency response plans are in place.

We strive to eliminate the risk of failures that could cause harm to people or the environment, underpinned by a culture of learning, effective and honest communication, early problem identification and timely escalation of issues.

Our approach to tailings management

We manage our tailings in accordance with our Tailings Management Policy and Standard, which was implemented at our Kwale Operations this reporting period. The TSF Management Standard is designed to meet the ICMM Global Industry Standard for Tailings Management and outlines our approach to governance, risk assessment and monitoring for all stages of the mine life cycle, from initial design, to operations, closure, and post closure.

The TSF Management Standard sets out our requirements for planning, design, monitoring, inspection and surveillance, which we follow as a minimum practice. The governance requirements of the Standard require appointment of appropriately qualified and experienced internal and independent external experts to oversee each stage of the TSF life cycle, as well as provide assurance that all significant risks have been identified and that action plans to mitigate these risks have been developed, implemented and managed appropriately.

Tailings monitoring

Kwale Operations uses a TSF to manage the deposition of our processing waste (tailings). We have two distinct tailings streams: Sand tails and fine clay tails (known as slimes). While most of our slimes are deposited in the TSF, approximately 22% are diverted for use in our rehabilitation efforts. After initially being deposited to create the TSF walls, all of the sand tails are currently deposited back into the mined out Central Dune void as the first step in its rehabilitation.

We have implemented a thorough monitoring process to manage tailings deposition at Kwale Operations as required by the TSF Management Standard, including:

- Monitoring by our mining and technical services teams on a daily, weekly and monthly schedule.
- Holding monthly meetings with the independent Engineer of Record (EOR) to discuss monitoring, address any issues that may have arisen and ensure conformance to design.
- EOR half-yearly on-site audits.
- Maintaining lines of communication to ensure all teams involved in tailings management remain informed.
- Using the latest technologies to aid in monitoring, including a network of real-time reporting piezometers to monitor changes in the phreatic surface and high-resolution satellite tracking to monitor ground deformation.
- Convening an Independent Tailings Review Board (ITRB) regularly, which comprises two independent experts, the EOR and our own representatives who report independently to the General Manager Operations and the accountable executive.

TSF Emergency Response

In FY22, we updated our TSF Emergency Response Plan (ERP) to reflect the current stage of utilisation of the TSF, environment factors and the growing downstream population, as well as changes in government emergency management processes. To inform the revised TSF ERP, our community department identified and engaged with all relevant stakeholders, including downstream communities. Three emergency evacuation sirens have been installed with siren tests carried out during the reporting period.

Our performance in FY23

Following the failure of one of two sets of penstock towers used to recover surface water from the Kwale Operations TSF in January 2022, subsequent remedial actions were implemented during FY23, and included:

> Reinforcing the remaining penstock towers lateral loading.
> Installation of control valves on the penstock outlet pipes.
> Installation and commissioning of an alternative decant syphon system to manage the potential for additional capacity and redundancy.

Following the update to the TSF ERP in FY22, three emergency response sirens were installed in the potential inundation zone in FY23, together with emergency response training for both communities and the response teams.

The ITRB met during the year for an independent review of the Kwale TSF. Requirements for closure and decommissioning of the TSF were considered, including a review of plans for the establishment of a permanent spillway to replace the penstocks and syphons.

Rehabilitation works on the TSF walls continued with the outer embankment topsoiling and grass planting now complete.

Priorities for FY24

Our priority is to advance the TSF Closure Plan, including design of the permanent spillway, and implementation of the mitigation controls to manage the risk of failure. The ITRB is scheduled to convene in early 2024 and will assess closure planning.

In accordance with our TSF Management Standard and best practice, embankment stability reviews are updated routinely, with a review due for completion in FY24. The review will identify any areas of potential instability and will form a basis for a credible failure mode analysis which will in turn lead to a tailings dam breach analysis. Once complete, this information will be used to update the TSF ERP.

Post mining land use

OUR GOAL

To create long term, sustainable environmental and social outcomes after mine closure.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our collaborative approach to the Kwale Operations PMLU identified four options for further assessment with pre-feasibility studies for each of these progressing. The options have the potential to create long terms benefits for stakeholders.

We seek to demonstrate excellence in the full life cycle of mining by leaving the environment richer for our presence and by creating sustainable outcomes for the environment and communities that last beyond the life of the mine.

PLMU project commences > Broad theme categories identified > Community and government engagement > Concept development > Feasibility option selection > Definitive feasibility study > Options presented to government for final selection > Funding, partnerships, and implementation

Our approach

We approach closing a mine and transitioning to PMLU in a similar manner to developing a mine and follow our Project Development System methodology which sets out a clear and well-defined study process. This is managed through a PMLU project which is run in consultation with key stakeholders, including local community, government and institutions.

A PMLU project aims to define a suite of suitable options, that have been tested and developed to maximise post mining outcomes, for presentation to the host nation government for final selection decision.

To guide the screening and prioritisation of options that will shape the PMLU initiatives we have developed a set of success criteria, that are contextualised for each project. These include ensuring that the initiatives:

- Will secure solid national (and local) engagement and support.
- Are welcomed by the community.
- Are economically sustainable and timely.
- Provide a source of value for our stakeholders.
- Demonstrate our ability to return mined land to habitats that support biodiversity.
- Optimise the use of existing assets and infrastructure.

Kwale Operations PMLU project

In FY20, we began the Kwale Operations PMLU project to identify sustainable post closure options that use the mined land, facilities, and tenured area, in a way that meets our vision for mining in Africa. Kwale Operations has significant infrastructure that can be harnessed for the PMLU, such as the 8.6 gigalitre Mukurumudzi Dam, the 8km paved access road, the 16km long power transmission line, the training facility workshops, existing offices and the indigenous plant and tree nursery.

We take a consultative approach with a wide range of national and international stakeholders engaged in the PMLU project via a National PMLU Steering Committee, led by the State Department of Mining. The community has representation through various community groups, and we continue to bring additional stakeholders to the site to participate in the visioning and decision-making process. The Steering Committee has endorsed the progression of certain initiatives which will continue to be evaluated during the feasibility phases in close consultation with our stakeholders.

Our performance in FY23

Pre-feasibility studies are progressing around four themes:

Agribusiness

The PFS comprises two components, 1) identification of crops for trials, and 2) conducting commercial agricultural trials on mined out areas. The crop trials have progressed well with production and yields providing evidence that mined out areas can be successfully rehabilitated and returned to productive subsistence or commercial agricultural land. The trials have demonstrated that rehabilitated land can support a range of vegetables, commercial crops, fruit crops and trees as well as rotation crops that can contribute to long term maintenance of soil function.

Training

Building on the success of the Kwale Operations training programs, the training facilities and supporting infrastructure provides an opportunity to establish a post closure training centre for the benefit of the Kwale community. Various training models, institutions and courses were assessed during the study. NITA has been identified as the preferred training model as it offers the greatest variety in courses. Conceptual development options are currently being assessed as part of the PFS.

Sustainable conservation

We have created world class conservation and biodiversity programs at Kwale Operations as a part of our programs and our rehabilitation and ecological restoration strategies. This has provided the foundation to explore opportunities to convert areas within the mine lease and buffer zones into conservation sites supporting eco-tourism. Three potential conservation areas have been identified and options to establish a biodiversity corridor linking Buda and Gongoni Forest Reserves are being investigated. Conceptual development options, including partners and potential funding streams are currently being considered as part of the PFS.

Tails recycling

Applying circular economy principles, we are exploring unlocking the value of our tails stream by using non-mineral waste (sand tails plus clay from the TSF) to produce construction materials following promising initial trial results. Opportunities being explored include brick making and clinker production for the cement industry. Testwork and trial construction is planned to further validate the technical feasibility of these options as well as explore market acceptance and potential development partners as part of the PFS.

Priorities for FY24

Activities will include:

- Completion of the prefeasibility and definitive feasibility studies.
- Continued engagement with Kenya authorities to determine desired post mining land use.
- Continued engagement with potential partners for the different themes.
- Engagement with community stakeholders.
- Managing competing interest for land between conservation and agricultural themes.

Land access and resettlement

OUR GOAL

Minimise resettlement through considered project design while maximising positive social and economic outcomes.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our resettlement programs have been implemented to best practice standards. With active and transparent engagement the Mafisini program has been completed and our North Dune and Bumamani resettlement program is progressing well.

We are committed to holding our land access and usage negotiations in good faith, respecting the inalienable rights of the communities we operate in. We seek to build enduring relationships with our communities that uphold the principles of human rights and which are characterised by mutual respect, active partnership and long term commitment that ensure that long term sustainable benefits can be maximised by local communities. Building relationships and ensuring long term sustainable benefits for community members affected by land acquisition and relocation for our activities is a priority for us. Our ESMS Standards establish the processes for managing our community engagement and relationships, community development initiatives and project-induced resettlement, and are aligned with applicable legal requirements as well as the Equator Principles and the IFC Performance Standards.

Our approach and resettlement framework

All land acquisition and relocation of communities impacted by our projects and operations is undertaken in accordance with our ESMS and Resettlement Standard, which is consistent with IBP, most notably IFC's Performance Standard 5 – Land Acquisition and Involuntary Resettlement, the Equator Principles and the principle of FPIC. We ensure that applicable national legislative requirements are met during our resettlement programs, and we consider local, cultural and social context to refine and improve our process to suit the specific circumstances.

Our Resettlement Standard, one of our ESMS standards, establishes a set of guiding principles to achieve positive resettlement outcomes for all Base Resources resettlement programs, including:

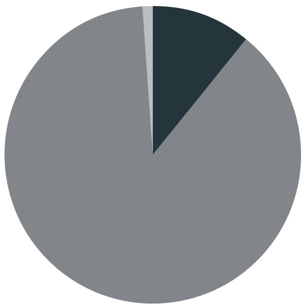
- resettlement must be avoided where possible;
- human and legal rights are always respected;
- genuine consultation and participation must take place;
- a pre-resettlement baseline must be established;
- assistance with resettlement must be provided;
- a fair and equitable set of compensation options must be negotiated;
- vulnerable social groups must be specifically catered for;
- resettlement is seen as an "upfront" project cost;
- an independent monitoring process must be in place;
- affected livelihoods must be restored;
- resettlement must be implemented as a development project; and
- a grievance procedure must be in place.

Resettlement for Kwale Operations

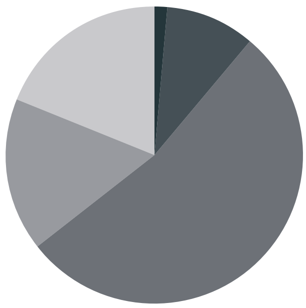
Over the life of Kwale Operations, we have resettled approximately 1,159 households which has resulted in the relocation of approximately 7,000 people. This is one of the most significant social impacts we must manage on an ongoing basis and is central to our ability to leave a net positive impact on the Kwale community.

At the end of FY23, 11% of Kwale Operations employees (including seasonal general workers) were from households that have been part of our resettlement programs.

PROPORTION OF KWALE OPERATIONS EMPLOYEES FROM RESETTLED HOUSEHOLDS AT THE END OF FY23



OF THE RESETTLED HOUSEHOLDS



Our plans for Madagascar

We are aware of our responsibilities to the communities that will be impacted by our Toliara Project and have identified the households that will be affected by our resettlement program. We had commenced consultation with them and established the required consultative forums prior to the on-ground suspension. The Resettlement Action Plan (RAP) and Livelihoods Replacement Program will be progressed in accordance with our Resettlement Standard upon lifting of the suspension.

Our performance in FY23

The Mafisini resettlement program, which encompassed land required for the extension of Kwale South Dune was completed during FY23, with 201 households compensated and resettled.

The Kwale North Dune and Bumamani resettlement program was implemented during the year and encompasses land for mining of the Kwale North Dune and Bumamani ore reserves. Extensive consultation with affected communities resulted in the identification of 139 impacted households on 493 hectares land as part of the Kwale North Dune and Bumamani resettlement program.

The Resettlement Committees comprised affected landowners in the targeted area, who act as the representatives of all landowners in consultation with Base Resources and other stakeholders.

Priorities for FY24

Concluding the Kwale North Dune and Bumamani resettlement program.

In preparation for the closure of the Kwale Operations a post resettlement monitoring and audit investigation of our Kwale resettlement programs will be commenced by independent consultants in accordance with the requirements of our ESMS standards. The Kwale Resettlement Program Monitoring and Audit Report will be a comprehensive investigative audit of the implementation of the land acquisition and compensation processes. This will include a monitoring program to ensure that households have not been adversely impacted by being resettled and that they have successfully re-established their livelihoods in their new place of residence.

In Madagascar, development and implementation of the RAP and Livelihoods Replacement Program for the Toliara Project will be a priority upon lifting of the suspension.

Ethics and integrity

OUR GOAL

To build respectful relationships by conducting our business in a legal, honest and ethical manner.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our behavioural expectations of our people and our suppliers is clearly articulated, well communicated and reinforced regularly, with accessible systems in place for the reporting of inappropriate behaviour.

We are absolutely committed to conducting our business in a responsible and transparent manner and with absolute integrity to achieve enduring positive outcomes for our stakeholders, while also ensuring compliance with regulations, policies, IBP guidelines and standards.

Our approach – doing 'what is right'

We achieve our commitment to conducting our business in a responsible and transparent manner and with absolute integrity by acting ethically and by strictly following international legal standards and legal obligations in the countries where we operate and building positive relationships with our host governments and our communities.

This commitment flows from the unifying set of beliefs and behavioural expectations of The Base Way and is considered critical to achieving our long term goals in a manner consistent with our guiding North Star philosophy. We do not accept or tolerate any behaviour that is inconsistent with this commitment. We recognise that the perception of integrity is as important as the fact, and we hold ourselves and each other to account for this.

We actively promote ethical and responsible decision making. Our Code of Conduct provides guidance on how our values should be put into practice and the standard of behaviour expected from our people, it applies equally to our directors, our employees and consultants acting on our behalf. Similarly, our Supplier Code of Conduct, available in English and French, sets out our core requirements and expectations of our suppliers to ensure they act with integrity and in a legal, honest and ethical manner, at all times.

Integrity

We recognise that the jurisdictions in which we operate are high risk for bribery and corruption. Consequently, it is critical that our zero-tolerance approach to bribery and corruption, enshrined in the "no bribes – ever" principle of The Base Way, is communicated clearly, continually reinforced and supported by robust business systems and processes to mitigate and manage our exposure.

Our Integrity Policy and System expands on the behavioural expectations of The Base Way and sets out the responsibilities of our personnel, officers and consultants for upholding our zero-tolerance approach and also provides information and guidance on how to recognise and deal with instances of actual, potential, or suspected bribery and corruption, and related improper conduct.

We provide training on the Integrity System to our people and such training is mandatory for all new employees as part of their induction process. To further embed our Integrity Policy and System, all group personnel at the supervisor level and above are also required to provide a signed Integrity Undertaking on an annual basis. Similarly, our contractors and suppliers are required to comply with our Supplier Code of Conduct.

Raising integrity concerns

Our Whistleblower System further reinforces the behavioural expectations set out in our Code of Conduct by providing transparent and confidential mechanisms, including via IntegrityLine, for reporting any instances of improper conduct by our employees. Our Whistleblower Standard details how reports of inappropriate conduct can be made, how reports will be investigated and what measures are put in place to ensure confidentiality and to protect whistleblowers against detriment as a result of making a report.

Our Whistleblower Standard is aligned with the Australian Securities and Investment Commission guidance for improving whistleblower policies.

Our performance in FY23

In FY23 we extended the roll out our integrity training modules to our Kenya and Madagascar-based employees. This was supplemented by in-person training events for employees at the superintendent level and above in Kenya, and employees at all levels in Perth and Madagascar.

All incidents received during the reporting period were investigated and responded to under our Integrity System and Whistleblower System (where applicable). None of these incidents, or any others, were reported through IntegrityLine, and we will continue looking into ways to improve the acceptance and use of IntegrityLine within our organisation.

Details of the integrity incidents received in the reporting period can be found in our Sustainability Databook.

Priorities for FY24

We will continue to develop and improve our Integrity System and deliver training across our people. Building upon the work we have undertaken on the Whistleblower System and the use of IntegrityLine, we will continue to provide communication and knowledge about the system and the various whistleblower reporting options and undertake a survey of psychological safety as part of a broader engagement survey to understand the level of trust in our systems and the willingness to "speak up".

Tax transparency

OUR GOAL

Pay our fair share of tax and publicly report what we pay as part of our commitment to responsible business practices.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We continue to comply with tax law and regulations, pay our fair share of taxes and maintain our commitment to publicly reporting payments to government.

Our approach

We are committed to paying our fair share and ensuring that all taxes are paid in accordance with the requirements set by our host governments. We report and publicly disclose all tax payments from our Kwale Operations online and will do the same in Madagascar upon commencement of operations at the Toliara Project. We recognise the importance of doing so in building trust with our host nations and communities.

We are a signatory to the Extractive Industries Transparency Initiative (EITI), which reflects our belief that trust and transparency with our host nations and communities is important to building and maintaining strong relationships. The EITI supports good governance through the verification and full publication of payments by companies and the use of government revenues derived from the extractives sector.

Our performance in FY23

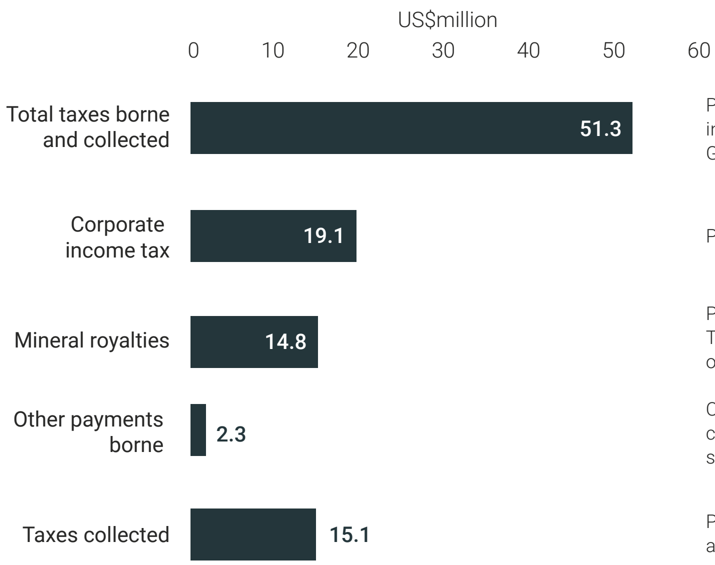
In FY23, total taxes paid to governments across the Group were US$53.6 million. Of this, US$50.7 million was paid to the Kenyan government.

Total taxes paid to the Kenyan government since Kwale Operations commenced are over US$208.7 million.

Priorities for FY24

Maintain our commitment to EITI principles and continue to report taxes paid.

Breakdown of global taxes borne and collected in FY23



Payments by Base Resources in respect of taxes either directly incurred or paid on behalf of other parties as a result of the Group's economic activity.

Payments to governments based on taxable profits.

Payments to governments in relation to mineral sales revenue. This also includes payments to revenue authorities in respect of disputed and settled claims.

Other payments to governments relating to permits, license fees, customs duty and other entry fees, as well as other taxes borne such as employer payroll taxes etc.

Payments in respect of taxes collected by Base Resources which are incurred by other parties (e.g. withholding taxes on dividends).

Government relations

OUR GOAL

To build constructive government relationships and advocate for sustainable mining policies and practices.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Successful government engagement enabled positive initial discussions on the transition of Kwale Operations to post mining, though other priorities lack progress, most notably the fiscal terms applicable to the Toliara Project which are yet to be agreed.

Our approach

We aim to establish constructive relationships with our host governments to seek to influence development of sustainable mining policies and practices that ensure that the social and economic benefits from our operations reach local communities.

Our aim is to develop, maintain and grow a coalition of supportive and like-minded stakeholders across multiple government departments and institutions that can support our operations and act as advocates within government, the media and with the public. In this way we create a uniform voice and consistent messaging ensuring continuity of government services, a wider understanding of the flow of benefits from our operations and a high level of support for our strategic objectives from all levels of government.

We strive to build positive relationships with our host governments and are absolutely committed to conducting our business in a legal, honest and ethical manner. All government relations are carried out in compliance with our Integrity System. This gives effect to our commitment to, and ensures that we, act with absolute integrity. The System's requirements include that we do not directly or indirectly engage in party politics or support individual politicians.

Applying government policy

We regularly work with host governments to action and apply policies and legislation relevant to Base Resources and our operations. In FY17, the Kenyan Government introduced new regulations under the Mining Act 2016 which required all large scale mining projects to establish Community Development Agreement Committees (CDACs) to negotiate and implement Community Development Agreements (CDAs). We have a CDA in place with three communities affected by Kwale Operations, namely the Msambweni community (location of the mine site), the Mrima Bwiti community (where the government provided replacement land as part of the original resettlement and compensation program) and the Likoni community (location of our export facility). CDAC members include local community members, non-government organisations (NGOs) and representatives of Kwale County Government including the Governor and area Member of Parliament.

Each CDA provides for the delivery of development projects identified and selected by the CDAC for the benefit of their community, with the implementation of these projects overseen by the CDAC. During consultations, the committee engages with the community to understand development preferences and priorities and actively participates in community development.

Activities under the CDAs are funded through payment of the regulated 1% of gross revenue from Kwale Operations.

Our performance in FY23

While we achieved some of our objectives, other key issues have not progressed as desired.

Areas in which progress were made included:

> Consulting with government in the preparation of PMLU options for Kwale Operations continued with positive engagement.

> Engaging with government on the environmental regulatory requirements for closure of Kwale Operations.

> Providing input into the revision of the Malagasy Mining Code via our membership of the Chamber of Mines.

Active matters that were not concluded include:

> Working with the Kenyan government, and other mining sector stakeholders, to lift the industry wide moratorium on issuance of new mineral rights, although we note that a partial lifting occurred following the end of FY23.

> Continuing to advocate for local communities to receive their legislated share of Kwale Operations royalties from the national government.

> Reaching agreement with the Government of Madagascar on fiscal terms applicable to the Toliara Project and the lifting of the on-ground suspension.

During FY23, through the CDACs, US$2.2 million was invested in our communities, see page 38 for further details.

Priorities for FY24

In Kenya, following the partial lifting of the moratorium on issuance of new mineral rights, our priority is to work with the government to secure our long-outstanding exploration licence applications and to continue engagement with the government agencies on closure of the Kwale Operations and pave the way for post mining land uses that continue to provide benefits to the region.

In Madagascar, once the Presidential elections in late 2023 have concluded and the full suite of Mining Code reform is complete, we will continue to pursue finalisation of the fiscal terms applicable to the Toliara Project and lifting of suspension.

Implementing best practice

OUR GOAL

To minimise negative impacts while maximising positive outcomes from our activities through the implementation of leading industry and international best practices.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our systems and standards are aligned to International Best Practice (IBP) and Good International Industry Practices (GIIP) and, through implementation of these, we have demonstrated that sustainable mining can be a reality at our Kwale Operations, with our efforts being recognised at the 2023 Investing in African Mining Indaba ESG Awards.

Our approach

In our commitment to being a responsible operator we aim to meet best practice and legislative requirements of the jurisdictions in which we operate through alignment with International Best Practice (IBP) and Good International Industry Practices (GIIP).

Our corporate policies, systems and standards have been developed to position us to be industry leaders through our commitments and the alignment of our processes to the requirements and principles of best practice. We are committed to minimising negative impacts and maximising positive outcomes for our employees, our environment, our host communities, our host nations and the planet. We are committed to continuously improving the sustainability performance of our business.

Core Influences

IFC Performance Standards		
Equator Principles		
World Bank Group's EHS Guidelines (Environmental, Health and Safety)	ILO Core Labour Standards	EITI
UN Guiding Principles on Business and Human Rights	Voluntary Principles on Security and Human Rights	Sustainable Development Goals
Global Industry Standard on Tailings Management co-convened by ICMM, UNDP and PRI	Mining Association of Canada OMS Guide	Global Biodiversity Framework
Guidelines on Business and Key Biodiversity Areas	UN Framework Convention on Climate Change	

Risk and impact management

We ensure that we fully understand and consider the risks associated with our activities and the impact our operations and projects have on people and the environment by ensuring our ESIAs meet relevant regulations and are aligned to GIIP and IBP, in particular the IFC Performance Standards and the Equator Principles. During our ESIA processes, we ensure transparency and the participation of stakeholders in decision-making through the principles of FPIC.

Environmental and social monitoring

Our ESMS Monitoring Programs Standard will ensure that all of our projects and operations have the required systems, processes and procedures to monitor and measure the effectiveness of our ESMS, compliance with legal obligations and to track our performance and assess change against baseline data. Monitoring programs are developed to ensure that we measure, collect, record, analyse and report accurate, robust, scientifically sound and defensible data.

At our Kwale Operations, we have well established environmental and social monitoring programs and have generated significant data sets which enables us to monitor the impact of our operations on communities and the environment. We routinely monitor air quality, noise, radiation, water quality and biodiversity in and around our operation. As required by Kenya's National Environmental Management Authority (NEMA), annual audits of our operations are undertaken by independent consultants and submitted to the authority.

Our performance in FY23

At our Kwale Operations, there were no significant environmental incidents with the potential to cause pollution or serious environmental harm during FY23. We had 34 minor environment-related incidents, such as water leaks, bush fires, fauna loss and oil spills from vehicles. In preparation for decommissioning and closure of our Kwale Operations we progressed the Closure Management Plan.

For our Toliara Project, we progressed the development of the Project's ESMS consistent with the Base Policies and System documents, national legislation, IBP and GIIP to ensure we manage our environmental and social risks and impacts and maximise opportunities in pursuit of our North Star philosophy. This included progressing the update of ESIA summaries and stakeholder identification and mapping in preparation for stakeholder engagement on resumption of Project activities.

Priorities for FY24

At our Kwale Operations, we aim to complete our Closure Management Plan and have it agreed with the government and our stakeholders ahead of the end of mining activities in late 2024.

At the Group level, we will continue to evolve our ESMS through review, development and implementation of organisational ESMS Standards in alignment with core influences.

At our Toliara Project, following the lifting of the suspension of activities, we will undertake supporting ESMS studies, initiate an extensive stakeholder engagement process, develop management systems – including management plans, a Biodiversity Action Plan (BAP), the Resettlement Action Plan (RAP) and environmental and social monitoring programs – for mitigating and monitoring our impacts and initiate community and environmental programs to support the development and implementation of the Toliara Project ESMS.

Local procurement

OUR GOAL

Prioritise local procurement to maximise economic benefits for the communities in which we operate.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Our focus on supporting and prioritising Kenyan suppliers has resulted in high levels of local procurement without compromising on the quality of goods or the standard of services received. This contributed to us receiving the 2023 Investing in African Mining Indaba ESG Award for Labour.

Our approach

Local procurement enables us to provide greater economic benefits to the communities where we operate, supporting jobs and putting more money into the local economy. We know that every dollar we spend with local suppliers creates multiple additional jobs from the subsequent rounds of supplier purchases in the local economy, allowing the wider community to reap indirect benefits from mining.

Guided by our Procurement and Supply Policy, we apply a similar approach to selecting suppliers as we do with employment, using the "zoning system" under which preference is sequentially given to suppliers within Kwale County, Mombasa County and then the rest of Kenya, before international suppliers. Supporting local procurement does not mean that we compromise on the quality of goods or the standard of services, with screening processes in place to ensure compliance with our requirements.

Our Supplier Code of Conduct sets out our core requirements and expectations of our suppliers to ensure they act with integrity and in a legal, honest and ethical manner, at all times.

We recognise that compliance with our policies, Supplier Code of Conduct and requirements can be a daunting experience for small businesses and may preclude some from seeking to engage with us. To assist our local suppliers to understand what is expected of them, and how to meet our requirements, we engage with them to provide training in entrepreneurship and tendering to improve their capacity to access supply opportunities.

Our efforts on engaging local suppliers and our transparency in reporting of our local procurement spend contributed to our receiving the 2023 Investing in African Mining Indaba ESG Award for Labour.

KWALE OPERATIONS FY23 PROCUREMENT

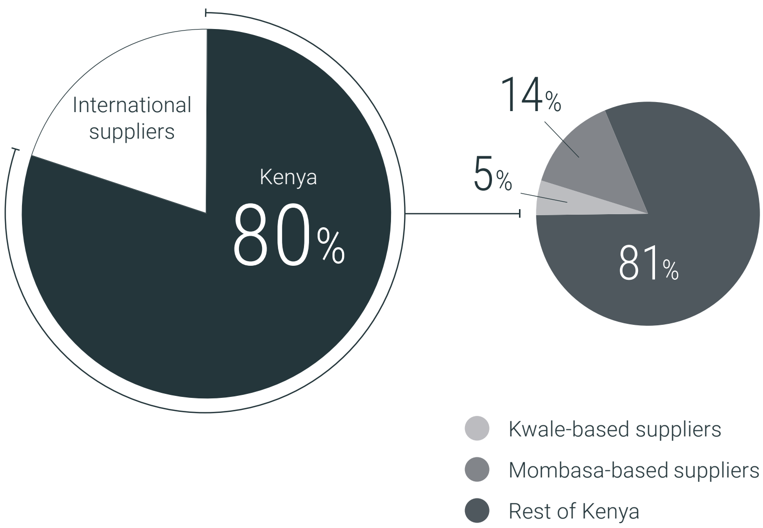
80%

OR

US$66.2million

OF KWALE OPERATIONS PURCHASES WERE SOURCED FROM KENYA

FY21: 77%, or US$53 million sourced from Kenyan suppliers.
FY22: 71%, or US$57 million sourced from Kenyan suppliers.



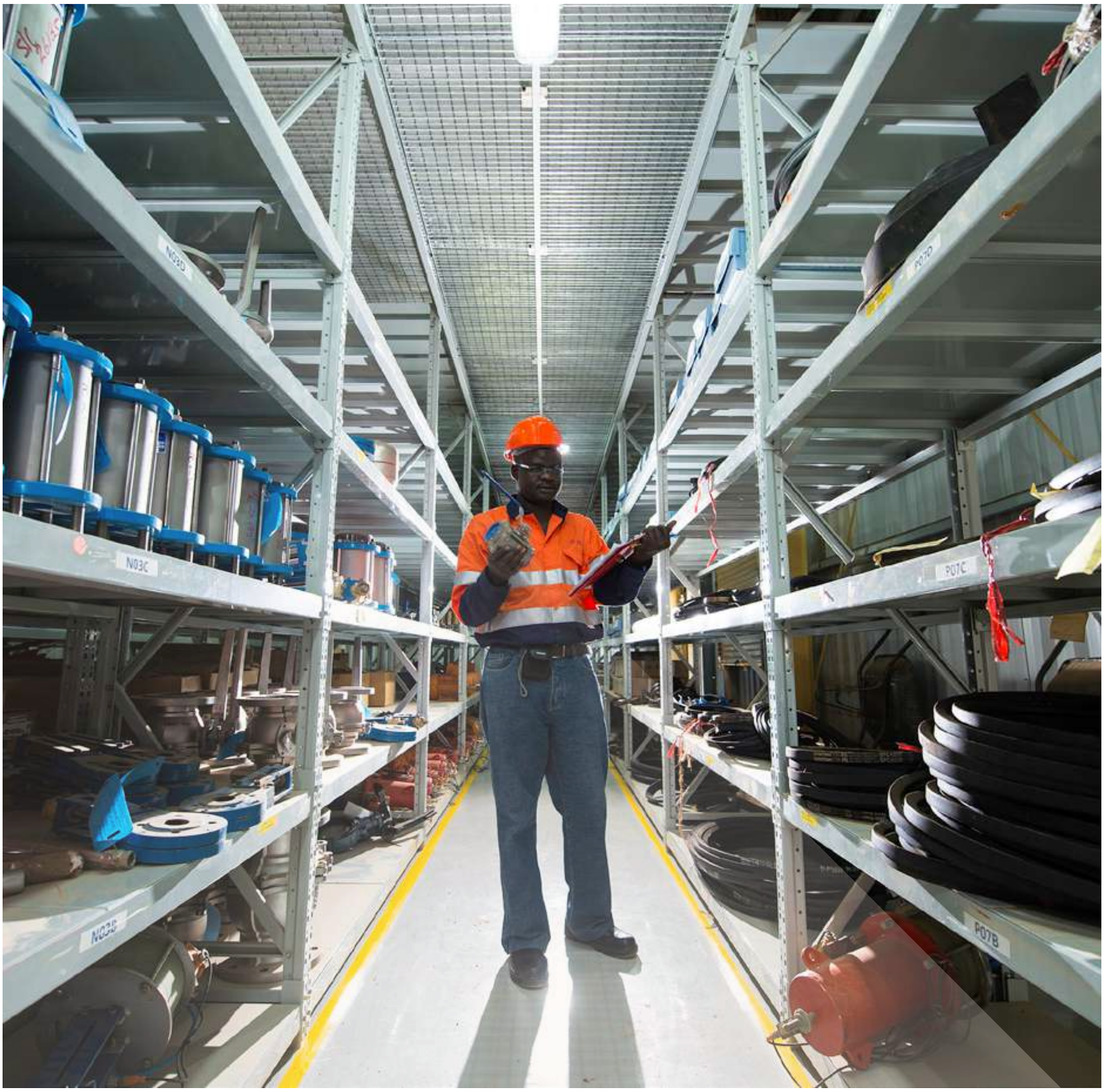
Our performance in FY23

We supported local businesses with 54% of the operating costs, and 80% of purchases for the Kwale Operations sourced from suppliers in Kenya. We continued to increase awareness of modern slavery amongst our suppliers with 39 individuals from 25 supplier companies completing the online training course in FY23. This brings the number of suppliers who have completed our modern slavery training to 68 personnel from 49 of our supplier companies located in Kenya. The feedback from suppliers has been positive and the course will continue to be rolled out to additional suppliers.

We worked with our training provider to develop a similar online training course for our Madagascar-based suppliers, producing courses in English, French and Malagasy, and we commenced the roll out to our Madagascar-based suppliers. Refresher training the group's procurement teams was also carried out on the group's modern slavery risk assessment procedure for suppliers.

Priorities for FY24

We will continue to prioritise local suppliers in Kenya and look forward to building relationships and capacity with Malagasy suppliers as the Toliara Project progresses. While we will continue to be an advocate increasing awareness of modern slavery in the areas in which we operate we will be looking to broaden our sustainable procurement policies and expectations of our suppliers' sustainability practices across our supply chain.



Community and stakeholder relations

OUR GOAL

To build positive, respectful and productive relationships with all of our stakeholders.

OUR ASSESSMENT OF HOW WE ARE TRACKING

Engagement with our Kwale Operations communities and consultative platforms achieved mutual benefits for ourselves and our communities. Although we did experience challenges in negotiations with some groups, extensive engagement enabled us to undertake exploration activities in Kwale East. Suspension of our activities in Madagascar has continued to limit our ability to engage meaningfully.

A foundational philosophy of our approach to sustainability is that as we seek to identify issues and opportunities to be addressed, and develop and implement solutions, we know we do better when we listen respectfully to those with different perspectives, act in partnership with others, and consider the full life cycle of mining. We understand that achieving our long term goals is reliant on building beneficial relationships with the communities in which we operate and creating a balanced flow of mutual benefit. Through these mutual benefits we aim to maximise the positive outcomes of our operations for all our stakeholders. We are committed to upholding fundamental human rights and engaging with all stakeholders in a continual, honest, and transparent manner that prioritises meaningful and tangible outcomes.

Our approach

Effective consultation and meaningful regular engagement with our stakeholders, demonstrates respect and provides an effective platform to exchange information, ask questions, raise concerns or grievances and address any issues that may arise from our operations quickly and efficiently.

Our stakeholder engagement is driven through the establishment of direct connections between:

> Our community engagement teams and local communities and other relevant parties.

> Our environmental teams and environmental authorities and conservation organisations.

> Our external affairs departments and local and national government authorities.

This two-way communication, and the relationships that are built, ensure that information on our activities is shared appropriately and feedback is received.

Community engagement in Kwale

Engagement with the communities impacted by our Kwale Operations has evolved as our organisation has developed and our mining activities have progressed and expanded.

From early engagement focused on developing mutually beneficial relations, including the resettlement program, Kwale Operations now features robust community consultative platforms that deliver on our intention of ensuring long term sustainable benefits are maximised for local communities, regional and national stakeholders and Base Resources.

Recruiting locally based employees and engaging directly with communities further emphasises our commitment to building positive relationships with them. Our community teams address day-to-day issues arising from our operations directly with neighbouring communities. We see this as the first level of engagement to resolve issues relating to grievances where communities can directly advise the company of their concerns to achieve the quickest resolution possible. To support these efforts, our teams share project-related information using direct engagement, industrial theatre and role-playing to transfer information about community safety and community development programs, as well as operational timelines and statistics.

Community engagement in Toliara

While we have not been able to have meaningful engagement with our stakeholders in Madagascar as a result of our suspension, we continue to receive positive support from the Toliara communities calling for the resumption of our activities.

Community grievances

Consistent with IBP and our ESMS and Standards, we operate grievance mechanisms for our communities at both our Kwale Operations and Toliara Project. The purpose of these is to receive and facilitate resolution of our communities concerns and grievances about our environmental and social performance. They rely on an understandable and transparent consultative process that is culturally appropriate and readily accessible, at no cost and without retribution to the originator of the issue or concern. Our grievance mechanisms are well communicated through our stakeholder engagement process.

Our performance in FY23

Our in-person engagement with our stakeholders in Kenya returned to pre-COVID levels which facilitated progress in our engagement with the communities impacted by our Mafisini and North Dune and Bumamani resettlement programs and subsequent mining activities. While our resettlement programs in these areas ran smoothly, the usual and understandable demands for employment and increased project benefits were made by residents not eligible for resettlement and residing close to the demarcated buffer zone. On one or two occasions this resulted in minor disturbances to our mining activities in Mafisini. Consultative dialogue with these youth allowed us to convey that, while limited employment opportunities exist within our current operations for direct employment, alternative entrepreneurial opportunities can be realised through participation in our training and livelihood programs. This resulted in resolution of their grievances and increased enrolment of these youth in our training and livelihood programs.

Extensive engagement with the seven villages encompassing the Kwale East exploration program was undertaken in the year. In each village, exploration committees were established to allow for a flow of information and to ensure regular interactions took place. The committees led the process of obtaining landowners consent before exploration drilling could occur. Additional roles included identification of workers to assist with exploration, conflict resolution, overseeing compensation for damaged crops and hosting meetings to provide updates and progress reports to the wider community.

Successful elections to form new CDACs were conducted in conjunction with the Ministry of Mines regional office following the end of term for existing committee members. The process, which was concluded in April 2023, involved local leaders, communities and other stakeholders in both Mombasa and Kwale Counties. Unlike the previous elections, significant interest was observed from the communities, with some polling stations witnessing a turnout of over 1,000 community members.

Both old and new CDACs met regularly during FY23, with capacity building training provided at the start of the reporting period. The committees oversee the allocation of the legislated 1% of Kwale Operations sales revenue on behalf of the communities affected by operational activities, and are responsible for planning and implementation of community infrastructure and training programs as well as providing a forum for consultation and information exchange. Matters raised and discussed focused on project updates, our resettlement programs, community programs and resolution of grievances brought to the committees.Kwale grievances received and responded to, via the CDACs or other mechanisms, included landholder disputes, requests for relocation, land compensation rates, employment opportunities, environmental concerns (water quality, dust and noise concerns) and human-wildlife conflicts in close proximity to conservation areas (both inside our mine lease and outside).

Although engagement with our stakeholders for the Toliara Project was constrained because of ongoing suspension of our activities in Madagascar, we continued to develop our Stakeholder Engagement Plan with mapping of Civil Society Organisation (CSOs) active in the Toliara Region and in the conservation, environment, mining and human rights sectors. The Toliara grievance mechanism received a significant number of community requests for financial assistance in addition to calls for the resumption of our project activities, including our tombs relocation program and community investment programs, as well as employment and collaboration requests. We have engaged with those lodging requests and grievances as best we can given the current suspension of on the ground activities.

Priorities for FY24

Our priority in Kenya during FY24 is to engage with our stakeholders on post mining land use opportunities and to prepare our community for “Life after Kwale” as we move towards the decommissioning and closure of our Kwale Operations.

At Toliara, we aim to complete our Stakeholder Engagement Plan and, upon resumption of on-ground activities at the Toliara Project, we will seek to re-establish positive, respectful and productive relationships with stakeholders.

Kwale Operations community liaison committees

Type and Purpose	Number	Membership	Meeting frequency	No. of meetings in FY23
Household Committees	As needed	15-20 members selected by affected households	As needed	23
Village Committees	17	10 members selected by village households	Quarterly	39
Regional Liaison Committees	4	Up to 25 members, includes nominated county and district authorities’ representatives and representatives from village committees	Quarterly	20
Community Development Agreement Committees	3	Typically, 14-20 people, some of which are elected by the affected community and other members being as per Community Development Agreement Regulations, 2016	Monthly	84

Reducing our emissions and establishing resilience to climate change

OUR GOAL

To secure opportunities to substantially reduce our carbon emissions through identification and incorporation of current and emerging technologies and to otherwise improve resilience in the face of climate change.

OUR ASSESSMENT OF HOW WE ARE TRACKING

We have completed a Decarbonisation Study for the Toliara Project and with it, are developing our Climate Strategy, which will set out our carbon reduction commitments and targets and commitment to partner with our host communities to build their resilience to the effects of climate change.

We recognise the significant impact that climate change can have on our business and the communities in which we operate. We are committed to proactively identifying, assessing, and managing climate-related risks and opportunities to build and maintain resilience in our business and surrounding communities over time. We acknowledge this is an issue that goes beyond our operational emissions.

In both Kenya and Madagascar, we are seeing the impacts climate change is having on the environment and communities. In Kenya, we have witnessed extended droughts, heavier rainfall, and more severe storm events. This has meant we have had to adapt and change the way we operate. These impacts are taken into consideration in how we manage our TSF and the Mukurumudzi Dam, and how we plan for responses to emergencies. The impacts climate change may have on the surrounding communities is also informing our planning and preparation for post mining land use.

Kwale Operations currently accounts for almost all group emissions. On the basis that we are preparing for the decommissioning and closure of our Kwale Operations, opportunities to introduce new technology or operational changes to meaningfully reduce emissions at Kwale Operations are limited. Our climate strategy is therefore forward looking and focuses on opportunities to integrate decarbonisation and climate strategies into our future projects.

Mine of the future

Our Mine of the Future Project is taking advantage of the delay in progressing the Toliara Project to review technological advances, including emerging energy systems, artificial intelligence, machine learning, automation, developments in processing equipment, computing and analytics, and critically how we can adapt the project to benefit from emerging technologies and practices to improve efficiency and achieve lower Greenhouse Gas (GHG) emissions. We are trialling some of these technologies at our Kwale Operations, with the intention of implementing the successful ones at the Toliara Project, together with further new technologies introduced during construction or phased in once operations commence.

Kwale Operations greenhouse gas emissions

In FY23, our annual GHG emissions at Kwale Operations were assessed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

Kwale Operations benefits from being directly connected to the Kenyan power grid, for which over 90% of the electricity is generated from renewable sources including geothermal, hydroelectric and wind. Kwale Operations uses a hydraulic mining method, which involves blasting the mining face directly with high pressure jets of water to create an ore slurry and is entirely powered by electricity, replacing much of the conventional diesel fuelled heavy mining equipment. However, the ore slurry must be pumped from the mine face to the processing plant and as mining operations on the South Dune orebody moved further south, electricity usage has increased. Diesel is still consumed by the dryers in our mineral separation plant and ancillary mobile equipment which are used for land clearing, establishing new mine blocks, supplementing mining by breaking up compacted ore and rehabilitation efforts.

Our performance in FY23

In FY23 we completed a comprehensive Decarbonisation Study for the Toliara Project, aimed at identifying potential credible pathways for achieving net zero carbon emissions as soon as reasonably possible. Pathways considered were a combination of solar renewable energy power generation, scaling up batteries storage, electric dryers in the mineral separation plant, and transitioning from diesel vehicles to electric models (haul trucks and mine vehicles) as each of the technologies become economically viable. Carbon offsets were also considered and may be required for a small quantity of residual emissions. The study considered the availability of alternative energy technologies, capital costs, feasibility, and other factors that would influence the transition strategy to ensure a clean, modern mining operation.

In FY23, our total Scope 1 and Scope 2 GHG emissions for our Kwale Operations increased marginally from 59,399t CO_2-e in FY22 to 62,266t CO_2-e. This is largely attributed to concurrent increased rehabilitation efforts on our Central and South Dunes and mining operations moving further south on the South Dune before proceeding to the North Dune.

Priorities for FY24

Release of our Climate Strategy and disclosure of the outcomes of the Decarbonisation Study. Continue the evolution of our decarbonisation strategy as we prepare for the development of the Tolaira Project by monitoring rapidly evolving technologies which may allow us to accelerate our plans.

Explore opportunities to build resilience to climate change in our Kwale communities through our post mining land use strategies.

21,904 t CO_2-e

SCOPE 1 GHG EMISSIONS AT KWALE OPERATIONS

40,362 t CO_2-e

SCOPE 2 GHG EMISSIONS AT KWALE OPERATIONS

127,165 Mhw

ENERGY CONSUMPTION AT KWALE OPERATIONS IN FY23

GLOSSARY

AIM	Alternative Investment Market
ASX	Australian Securities Exchange
AWEIK	Association for Women in Energy and Extractives in Kenya
B4D	Business for Development
Base Resources or the Company	Base Resources Limited
CDA	Community Development Agreement
CDAC	Community Development Agreement Committee
CSO	Civil Society Organisations
DFS	Definitive feasibility study
EHS	Environment, Health and Safety
EITI	Extractive Industries Transparency Initiative
EOR	Engineer of Record
ERP	Emergency Response Plan
ESE Committee	Environment and Social and Ethics committee
ESG	Environmental, social and governance
ESIA	Environmental Social Impact Assessment
ESMS	Environmental and Social Management System
FPIC	Free, prior and informed consent
FY20	Financial year ended 30 June 2020
FY21 or prior period	Financial year ended 30 June 2021
FY22	Financial year ended 30 June 2022
FY23 or reporting period	Financial year ended 30 June 2023
FY24	Financial year ending 30 June 2024
GHG	Greenhouse gas
GIIP	Good international industry practices
GRI	Global Reporting Initiative
HIV/AIDS	Human immunodeficiency virus / Acquired immunodeficiency syndrome
IBP	International Best Practice
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
ILO	International Labour Organization
ITRB	Independent Tailings Review Board
IUCN	International Union for Conservation of Nature
KBA	Key Biodiversity Area
Kwale Operations	The Company's mineral sands operations in Kwale County, Kenya
LRIMP	Labour Recruitment and Influx Management Plan
LTI	Lost time injury
LTIFR	Lost time injury frequency rate
MTI	Medical treatment injury
MTIFR	Medical treatment injury frequency rate
NEMA	Kenya's National Environmental Management Authority
NGO	Non-government organisations
NITA	National Industrial Training Authority
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OMS	Operational, Maintenance and Surveillance
PFS	Pre-feasibility Study
PMLU	Post mining land use
PRI	Principles for Responsible Investment
RAP	Resettlement Action Plan
SASB	Sustainability Accounting Standards Board
SML23	Special Mining Lease No. 23
TB	Tuberculosis
TiO_2	Titanium dioxide
Toliara Project	The Company's mineral sands development project in Toliara, Madagascar
TSF	Tailings storage facility
UN	United Nations
UNDP	United Nations Development Programme

Base Resources Limited
Sustainability Report 2023

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BASE RESOURCES

BASE TOLIARA

BASE TITANIUM