Energy Fuels Secures Strategic Acquisition (A$375M) of Base Resources to Become a Global Leader in Critical Minerals Productions

written by Tracy Hughes | April 21, 2024

Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR), a prominent U.S. producer of uranium, rare earths, and vanadium, has just announced a definitive acquisition of Base Resources Limited (ASX: BSE | AIM: BSE). This transformative deal, valued at approximately A$375 million (roughly USD$240.9M), involves the purchase of 100% of Base Resources' issued shares, marking a significant expansion into the global critical minerals market and reshaping Energy Fuels' strategic capabilities across several key mineral sectors.

This acquisition integrates the Toliara heavy mineral sands project in Madagascar into Energy Fuels' portfolio. Toliara is renowned for its extensive deposits of heavy mineral sands, particularly monazite, which is a byproduct of titanium and zirconium production. This site is one of the world's most advanced and cost-effective sources for monazite, expected to play a pivotal role in Energy Fuels' expansion into low-cost, high-value rare earth oxide production. The monazite from Toliara is slated for processing at Energy Fuels' fully owned White Mesa Mill in Utah, positioning the company as a first-tier producer of separated rare earth element oxides in a U.S.-centered operation.

The strategic significance of this acquisition extends beyond

resource expansion; it encompasses the incorporation of Base Resources' seasoned mine development and operations team. This team has a proven track record in designing, constructing, and operating world-class heavy mineral sand operations in Africa, which will be invaluable in maximizing the operational efficiencies and productivity of the Toliara project.

Financially, the transaction involves an exchange of 0.0260 Energy Fuels common shares plus A$0.065 in cash per Base Resources share, representing a robust valuation that underscores the anticipated synergistic benefits. The deal, structured as a scheme of arrangement under Australia's Corporations Act, highlights the strategic foresight of Energy Fuels' management in securing a diversified supply of critical minerals essential for modern technologies such as electric vehicles and renewable energy systems.

Energy Fuels is also engaged in high-level discussions with various U.S. government agencies and offices, seeking support for this and other critical mineral projects both domestically and internationally. This engagement underscores the strategic importance of the Toliara project not just to Energy Fuels but to the broader U.S. supply chain for critical materials.

Jack Lifton, Co-Chair of the Critical Minerals Institute (CMI), underscored the global significance of this acquisition, stating, "This acquisition by Energy Fuels puts them into the world-class rare earth space. This is arguably the biggest rare earth announcement in the last 10 or 15 years in the United States, as it represents not just the reopening of old mines but the introduction of a new, large-scale source of critical materials from Africa, Brazil, and Australia."

The acquisition is expected to be highly accretive to Energy Fuels' shareholders, significantly enhancing the company's asset

value per share and unlocking substantial potential upside through increased production capacities and cost efficiencies. Notably, the Toliara project is set to provide a sustainable, low-cost source of uranium, complementing Energy Fuels' already leading position in the U.S. uranium sector.

In summary, this acquisition not only secures a world-class mineral project at an attractive price but also strategically positions Energy Fuels at the forefront of the global critical minerals industry, ready to meet increasing demand with a robust and diversified production base. The integration of Toliara's resources and expertise from Base Resources promises to enhance Energy Fuels' capabilities across the board, ensuring long-term growth and profitability in the evolving energy and technology landscapes.