

25 October, 2024

Quarterly Activities and Cashflow Report for the period ending 30 September 2024

Boab Metals Limited (ASX: BML) (“Boab” or “Company”) is pleased to provide the following activities and cashflow report for the quarter ending 30 September, 2024. During the quarter, the Company continued progressing its 75% owned Sorby Hills Lead-Silver-Zinc Project (“Sorby Hills” or “the Project”), located in the Kimberley Region of Western Australia.

HIGHLIGHTS

- **Option Agreement to acquire 100% of Sorby Hills Project executed with Joint Venture partner Henan Yuguang Gold & Lead Co. Ltd (“Yuguang”).**
 - 12 month option period during which Boab will carry Yuguang’s 25% joint venture expenses and in turn, will have full control over the approval of joint venture budgets and work programs.
 - **Should the option be exercised, Boab will pay Yuguang:**
 - **Tranche 1: A\$12.5M** upon exercise of the option and the concurrent acquisition of Yuguang’s 25% Joint Venture interest;
 - **Tranche 2: A\$5.5M** payable no later than 12 months from the commencement of concentrate production at Sorby Hills; and
 - **Tranche 3: A\$5.0M** payable no later than 18 months from the commencement of concentrate production at Sorby Hills.
 - The ability to exercise the option is subject to Boab reaching a Final Investment Decision (“FID”) on the Sorby Hills Project within the next 12 months.
 - **Importantly, the option agreement requires no immediate payment to Yuguang and allows for Tranche 1 payment to be met with funds raised at FID.**
- **Phase VIII drilling program completed with assay results confirming continuity of mineralisation and supporting future exploration of the Keep Seismic Target.**
- **Offtake negotiations continue to progress well.**
- **Boab assessing opportunities to further de-risk project execution and development timelines.**
- **The Company had a cash balance of approximately A\$4.4M as at 30 September, 2024.**

Boab Managing Director and CEO, Simon Noon, stated:

“The execution of the option agreement with Yuguang during the quarter represents a pivotal development for Boab and the Sorby Hills Project. With the Project in an advanced state following completion of the FEED study in the previous quarter, the option agreement provides Boab with a clear runway to present Sorby Hills to project financiers and offtakers on the basis that it will be 100% owned by Boab Metals. We now look forward to advancing these workstreams to a conclusion and reaching a Final Investment Decision on the Project”.

Background on the Sorby Hills Project

On 6 June 2024, Boab released the results of a Front-End Engineering & Design Study (“FEED Study”) on the Project showing strong pre-tax economics including C1 operating costs of US\$0.36/lb payable Pb (incl. a net Silver credit of US\$0.37/lb payable Pb), NPV₈ of A\$411M, IRR of 37%, A\$778M free cash flow, and an average annualised EBITDA of A\$126M. Pre-production capital costs are estimated to be A\$264M.

The Sorby Hills Resource comprises a Mineral Resource of 47.3Mt containing 1.5Mt Pb at 3.1% and 53Moz Silver at 35g/t (Table 1). The current Sorby Hills mine plan comprises 18.3Mt at 3.4% Pb and 39g/t Ag of which ~83% is classified as an Ore Reserve (Table 2).

Option to Acquire 100% of the Sorby Hills Project

During the quarter, Boab entered into an option agreement to acquire from joint venture partner Henan Yuguang Gold & Lead Co. Ltd’s (“Yuguang”) their 25% interest in the Sorby Hills Project (ASX release 23 September, 2024). Yuguang has been a committed joint venture partner over the past 6 years of Boab’s involvement in the Sorby Hills Project. During this period, the joint venture has effectively grown the Mineral Resource and completed high-quality Feasibility studies on the Project. The option agreement is reflective of this productive and cooperative relationship and provides a new pathway to advance Sorby Hills toward a Final Investment Decision.

Key Terms of the Agreement

- 12-month option for Boab to acquire Yuguang’s 25% interest in Sorby Hills, increasing Boab’s current 75% interest in the Project to 100%.
- During the option period, Boab will carry Yuguang’s joint venture expenses and in turn, will have full control over joint venture budgets and work programs.
- Should the option be exercised, Boab will pay Yuguang:
 - Tranche 1: A\$12.5M upon exercise of the option and the concurrent acquisition of Yuguang’s 25% Joint Venture interest;
 - Tranche 2: A\$5.5M payable no later than 12 months from the commencement of concentrate production at Sorby Hills; and
 - Tranche 3: A\$5.0M payable no later than 18 months from the commencement of concentrate production at Sorby Hills.
- The ability to exercise the option is subject to Boab reaching a Final Investment Decision on the Sorby Hills Project within the next 12 months.

Importantly, the option agreement requires no immediate payment to Yuguang and allows for Tranche 1 payment to be met with funds raised at FID.

Based on the results of the FEED Study, a further 218kt of lead-silver concentrate, 137kt of payable lead, 4.3Moz of payable silver and A\$103M NPV₈ will be attributable to Boab upon exercise of the option and acquisition of Yuguang’s 25% interest.

Completion of the Phase VIII Drilling Program

In early August, Boab announced the commencement of a Phase VIII drilling program to follow up on its exploration success from the 2023 campaign at the Keep Seismic Target. The Phase VIII drilling program comprised of 4-hole deep sonic/diamond step out drill holes for a total of 1,352m and was completed ahead of schedule and within budget.

The new drill holes were collared as 100m step-outs from Phase VII hole SHSD_185 to enable correlation and interpretation of the original results. SHSD_185 was aimed at testing the potential for a mineralised feeder fault system, which can be seen on the seismic data and the potential for stratiform mineralisation at the base of the Knox Formation/Sorby Dolomite interface.

In summary, the program delivered several important results:

- A significant mineralisation intercept demonstrating the validity of the targeting rationale;
- Intersected further intervals of massive stratiform sphalerite mineralisation; and
- Demonstrated the role of structure in the distribution and deformation of mineralisation.

Assay results released subsequent to the quarter end (ASX release 22 October 2024), confirmed the continuity of mineralisation and support future exploration of the Keep Seismic Target. Boab is of the view that the Keep Zinc-Lead Prospect area is now established as a compelling sub-surface target with scope for future discovery.

Project Execution Update

As part of Boab's project execution derisking initiative, the Company has commenced detailed due diligence on the potential acquisition of the DeGrussa process plant from Sandfire Resources Limited (ASX:SFR) ("**Sandfire**") for use at Sorby Hills. The DeGrussa process plant, located 900km northeast of Perth, formed part of the world-class DeGrussa Copper mine that was built and operated by Sandfire between 2011 and May 2023. Since the cessation of operations in early FY24, the DeGrussa process plant has been kept on active care and maintenance by Sandfire.

Preliminary due diligence undertaken by Boab during the quarter has indicated the DeGrussa process plant, which comprises a conventional crushing, milling, flotation, dewatering and filtration circuit is ideally suited for the requirements of Sorby Hills. Over the coming quarter, Boab will work closely with preferred EPC Contractor GR Engineering Service ("**GRES**") (ASX release 21 November 2022) to undertake a thorough review of the DeGrussa process plant and assess the technical and economic benefit of its incorporation into the Sorby Hills Project.

Boab Managing Director and CEO Simon Noon stated: *"Throughout the quarter, the Company has been proactively assessing multiple opportunities to materially reduce the upfront capital expenditure for Sorby Hills. The identification of available second-hand process plants has been one such initiative and the DeGrussa plant represents the most technically suitable option for Sorby Hills. We look forward to completing our due diligence on the DeGrussa opportunity over the coming quarter and quantifying its potentially significant impact on Project economics."*



During the quarter, the Company continued to work with relevant government departments to progress approvals including EPA 45c amendment, works approvals and EPBC referral.

Financial and Corporate Overview

The consolidated cash balance of the Company as at 30 September 2024 was A\$4.35M. During the period, the Company paid \$137k to related parties. These payments were made to Directors of Boab Metals Limited in relation to salaries and directors' fees, on normal commercial terms.

On 26 September, 2024 the Company released its Annual Report and has subsequently advised the market that its Annual General Meeting will be held on 26 November, 2024.

The Board of Directors have authorised this announcement for release to the market.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Managing Director & CEO

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Table 1: Sorby Hills Mineral Resource Estimate – Pb Domains only.

Resource Classification	Tonnes (Mt)	Grade			Contained Metal		
		Pb	Zn	Ag	Pb	Zn	Ag
		%	%	g/t	kt	kt	koz
Measured	12.6	3.5%	0.4%	43	444	45	17,521
Indicated	11.0	3.4%	0.4%	34	377	46	12,114
Inferred	23.6	2.7%	0.5%	31	645	117	23,406
Total Resource	47.3	3.1%	0.4%	35	1,465	207	53,042

Note: Tonnes and Grade are rounded. Reported at a 1.0% Pb Cut-Off. Discrepancies in calculated Contained Metal is due to rounding.

Table 2: Sorby Hills Ore Reserve Statement.

Ore Reserve Category	Ore (Mt)	Grade		Contained Metal	
		Pb (%)	Ag (g/t)	Pb (kt)	Ag (Moz)
Proved	10.4	3.5%	42	358	14.1
Probable	4.9	3.5%	32	172	5.0
Total Ore Reserve	15.2	3.5%	39	531	19.1

Note: Tonnes and Grade are rounded. Reported at a 1.0% Pb cut-off. The above data has been rounded to the nearest 10,000 tonnes ore, 0.1% lead grade and 1,000 lead tonnes, 1g/t silver grade and 100,000 silver ounces. Discrepancies in calculated Contained Metal is due to rounding. Ore Reserves have been calculated using metal prices of A\$3,313.91/t Pb and A\$37.89/oz Ag and royalties of 4.3% of gross revenue including allowable deductions.

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About Boab Metals Limited

Boab Metals Limited (“Boab”, ASX: **BML**) is a Western Australian-based exploration and development company with interests in Australia and South America. In Australia, the Company is currently focused on developing the Sorby Hills Lead-Silver-Zinc Joint Venture Project in WA. Sorby Hills is located 50km from the regional centre of Kununurra in the East Kimberley and has access to existing sealed roads to transport concentrate from site to the facilities at Wyndham Port, a distance of 150km. Established infrastructure and existing permitting allows for fast-track development and production.

Boab owns a 75% interest in the Joint Venture with the remaining 25% interest held by Henan Yuguang Gold & Lead Co. Ltd. Boab holds an option to acquire Yuguang’s interest in the Project.

Compliance Statements

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the ‘JORC Code’) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

Information included in this activities report relating to Exploration Results has been extracted from the announcement titled KEEP confirmed as a Target for Further Exploration dated 22 October 2024, available to view at www.boabmetals.com.au. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original announcement.

Information included in this activities report relating to Mineral Resources has been extracted from the Mineral Resource Estimate dated 17 December 2021, available to view at www.boabmetals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimates, continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the Mineral Resource Estimate.

Information included in this activities report relating to Ore Reserves, Production Targets and Financial Forecasts has been extracted from the Sorby Hills Definitive Feasibility Study dated 19 January 2023 and Sorby Hills FEED Study Results dated 6 June 2024, both available to view at www.boabmetals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Ore Reserve Statement and that all material assumptions and technical parameters underpinning the estimates, production targets and financial forecasts continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the Ore Reserves Statement.

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Metal Equivalent Calculation Method

The contained metal equivalence formula is based on the Sorby Hills Feed Study including:

- Lead Price US\$2,253.19/t;
- Lead recovery of 91.0% (weighted average of oxide and fresh Pb recoveries);
- Lead Payability rate of 95%;
- Silver Price US\$27.4/oz;
- Silver recovery of 81.8% (weighted average of oxide and fresh Ag recoveries); and
- Silver Payability rate of 95%.

It is Boab's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

The formula used to calculate lead equivalent grade is:

$$\text{MetalEq (\%)} = G_{\text{pri}} + (G_{\text{pri}} \times [\sum_i R_i S_i V_i G_i] / (R_{\text{pri}} S_{\text{pri}} V_{\text{pri}} G_{\text{pri}}))$$

where R is the respective metallurgical metal recovery rate, S is the respective smelter return rate, V is metal price/tonne or ounce, and G is the metal commodity grade for the suite of potentially recoverable commodities (i) relative to the primary metal (pri).

Metal equivalents are highly dependent on the metal prices used to derive the formula. Boab notes that the metal equivalence method used above is a simplified approach. The metal prices are based on the DFS values adopted and do not reflect the metal prices that a smelter would pay for concentrate nor are any smelter penalties or charges included in the calculation. Owing to limited metallurgical data, zinc grades are not included at this stage in the lead equivalent grade calculation.

FEED Study Macroeconomic Assumptions

Assumption	Unit	FY2025	FY2026	FY2027	FY2028	FY2029+
Lead Price	US\$/t	2,259	2,268	2,269	2,254	2,251
Silver Price	US\$/oz	24.8	25.8	26.4	27.3	27.5
Exchange Rate	A\$:US\$	0.70	0.70	0.70	0.69	0.68

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APPENDIX 1

INTERESTS IN TENEMENTS

Farm-In Agreements/ Projects/Tenements	Location	Held at Start of Quarter	Held at End of Quarter
Sorby Hills Project M80/196 M80/197 M80/285 M80/286 M80/287 E80/5317	WA, Australia	75% 75% 75% 75% 75% 100%	75% 75% 75% 75% 75% 100%
Borroloola West Project EL31354 EL26938 EL26939 EL28658 EL30305 MLN624	NT, Australia	100% 51% 51% 51% 51% 51%	100% 51% 51% 51% 51% 51%
Manbarrum Project EL24395 MA24518 MA26581	NT, Australia	100% 100% 100%	100% 100% 100%
Urrao Project 2791	Colombia	100%	100%

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
BOAB METALS LIMITED	
ABN	Quarter ended ("current quarter")
43 107 159 713	30 SEPTEMBER 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(1,036)	(1,036)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(157)	(157)
	(e) administration and corporate costs	(199)	(199)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	51	51
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other:-		
	Recharge of staff costs and other administration costs to the Sorby JV	30	30
1.9	Net cash from / (used in) operating activities	(1,311)	(1,311)

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(11)	(11)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	(36)	(36)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(47)	(47)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,708	5,708
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,311)	(1,311)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(47)	(47)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,350	4,350

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	297	556
5.2	Call deposits	4,000	5,100
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	53	52
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,350	5,708
6.	Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1		(137)*
6.2	Aggregate amount of payments to related parties and their associates included in item 2		
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,311)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,311)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,350
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,350
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.31
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not Applicable.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not Applicable.	

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not Applicable.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 October, 2024

Authorised for release by the Board of Directors of Boab Metals Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.