

10 December 2024

US\$30 Million Prepayment Term Sheet and Offtake Agreement Executed with a Global Commodities Trader

Boab Metals Limited (ASX: **BML**) ("**Boab**" or "**Company**") is pleased to announce that its wholly owned subsidiary, Sorby Hills Pty Ltd ("**SHPL**"), has executed a binding offtake agreement (the "**Offtake Agreement**") with Trafigura Asia Trading Pte. Ltd. ("**Trafigura**") for lead-silver concentrate produced from the Company's flagship Sorby Hills Lead-Silver-Zinc Project, located in the Kimberley Region of Western Australia ("**Sorby Hills**" or "**the Project**").

In conjunction with the Offtake Agreement, the Company, SHPL and Trafigura have executed a binding term sheet (the "**Prepayment Term Sheet**") for a US\$30 million prepayment facility (the "**Prepayment Facility**") which is subject to the satisfaction of certain conditions precedent.

HIGHLIGHTS OF THE PREPAYMENT AND OFFTAKE TRANSACTIONS

Prepayment Term Sheet

- **US\$30 million Prepayment Facility** from Trafigura to be applied towards the construction and development of the Project.
- **Interest Rate of SOFR¹ + 5% per annum.**
- **5-year Term** from first drawdown with an **18-month interest only** period.
- **To be repaid via equal monthly instalments over 42 months** following the 18-month interest only period.
- Financial Close and drawdown of the Prepayment Facility are subject to, amongst other things, the execution of definitive agreements, the finalisation of due diligence to Trafigura's satisfaction and the Project being fully funded.

Offtake Agreement

- If Financial Close on the Prepayment Facility is achieved, **the offtake will be for 75% of lead-silver concentrate produced at Sorby Hills**, (minimum 531,000 tonnes, ~7 years based on the FEED Study production schedule).
- If Financial Close on the Prepayment Facility is not achieved, the offtake will be for **25%** (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 177,000 tonnes) provided that if Boab exercises its option to terminate the Prepayment Term Sheet or obtains alternative financing for development and construction of the Project, the offtake will be for **50%** (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 354,000 tonnes).

Boab Managing Director and CEO, Simon Noon, stated:

"We are delighted to have secured support in the form of binding offtake and project financing from a party of Trafigura's calibre. Throughout what has been a highly competitive offtake tender process, Trafigura has demonstrated a willingness to work constructively with the Company to deliver a result that is in the best interests of the Project."



The binding Offtake Agreement and Prepayment Term Sheet with Trafigura represents a cornerstone of our targeted financing plan for Sorby Hills. We now look forward to further progressing discussions with other prospective senior lenders with a view toward reaching a final investment decision on the Project.”

*“The opportunity to secure high-quality concentrate from the Sorby Hills project is an exciting prospect for our lead trading book. We look forward to seeing Boab’s management team bring this project into production,” **Trafigura’s Global Head of Zinc and Lead has stated.***

Background Information

Sorby Hills is located 50km from the regional centre of Kununurra in the East Kimberley of Western Australia and has access to existing sealed roads to transport the concentrate 150km from the site to the facilities at Wyndham Port.

The Project 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).

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 were estimated to be A\$264M.

With operating costs covered by revenue generated by a historically non-volatile lead price, the **Project free cash flow is exposed to movements in the price of silver.**

Sorby Hills is being developed via a joint venture between SHPL (75%) and Yuguang (Australia) Pty Ltd (“**Yuguang**”, 25%). On 23 September 2024, Boab announced that it had executed an agreement with Yuguang to acquire their interest in the Project subject to reaching a final investment decision on the Project (“**JV Acquisition Agreement**”).

On 25 October 2024, the Company indicated that it was proactively assessing multiple opportunities to materially reduce the upfront capital expenditure for Sorby Hills (“**Capital Cost Reduction Initiatives**”). The identification of available second-hand process plants has been one such initiative and the potential purchase of the available DeGrussa plant has been deemed the most technically suitable option for Sorby Hills. Over the coming quarter, Boab will work closely with preferred EPC Contractor GR Engineering Service (“**GRES**”) to undertake a thorough review of the DeGrussa process plant and assess the technical and economic benefit of its potential incorporation into the Sorby Hills Project.

The **Offtake Agreement and Prepayment Term Sheet executed with Trafigura** represents another key milestone towards a final investment decision on Sorby Hills and a cornerstone of Boab’s financing solution for the Project. The result follows a very competitive process in which multiple parties including other global traders and smelters expressed strong interest in the Sorby Hills concentrate.

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The Company now intends to secure additional debt finance to complement the Trafigura Prepayment Term Sheet and minimise shareholder dilution and to this end is in discussions with other potential senior lenders to the Project.

Key Offtake Terms

Seller	Sorby Hills Pty Ltd (" SHPL ") (100% subsidiary of Boab)
Buyer	Trafigura Asia Trading Pte. Ltd.
Volume	<p>If Financial Close on the Prepayment Facility is achieved, the offtake will be for 75% of lead-silver concentrate produced at Sorby Hills, (minimum 531,000 tonnes, ~7 years based on the FEED Study production schedule).</p> <p>If Financial Close on the Prepayment Facility is not achieved, the offtake will be for 25% (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 177,000 tonnes) provided that if Boab exercises its option to terminate the Prepayment Term Sheet or obtains alternative financing for development and construction of the Project, the offtake will be for 50% (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 354,000 tonnes).</p>
Metal Pricing	For Lead: LME Cash Settlement price averaged over the relevant quotational period. For Silver: the official LBMA Silver price averaged over the relevant quotational period.
Payables	Typical payabilities for Lead and Silver
Treatment Charge	Benchmark linked Lead Treatment Charge reverting to a simple average of the Benchmark and Spot Lead Treatment Charge if Financial Close is not achieved on the Prepayment Facility

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Key Prepayment Facility Terms

Seller	SHPL
Guarantor	Boab
Buyer	Trafigura Asia Trading Pte. Ltd.
Facility Limit	US\$ 30 million
Term	5 years from first drawdown
Interest Rate	3-month Term SOFR ¹ + 5% p.a.
Grace Period	18 months interest only period (option to capitalise interest)
Repayment	42 monthly instalments following the Grace Period
Security	1 st ranking security over SHPL's assets and 1 st ranking security over the Company's shareholding in SHPL
Financial Close	To be achieved within 18 months of execution of the Prepayment Term Sheet, unless mutually extended, and subject to conditions precedent to financial close and drawdown.

1. Secured Overnight Financing Rate

Financial Close and drawdown of the Prepayment Facility are subject to the satisfaction of certain conditions precedent set out in the Prepayment Term Sheet including, but not limited to the satisfaction of commercial, legal, environmental and technical due diligences, no material adverse changes to the business and financial position of the Company, the parties entering into definitive agreements relating to the Prepayment Facility, SHPL raising sufficient financing (to Trafigura's satisfaction) from third parties to fully fund (together with the Prepayment Facility) the development and construction of the Project, and Trafigura obtaining all necessary governmental and internal authorisations and approvals (in respect of any internal approvals, as granted by Trafigura in its discretion). There is no assurance that these conditions would be satisfied and that the proposed Prepayment Facility would take effect. As at the date of this announcement, these conditions precedent have yet to be satisfied.

BurnVair Corporate Finance acted as Financial and Commercial Advisor to Boab in respect of the Prepayment Term Sheet and the Offtake Agreement. Additional advice on the Offtake Agreement was provided by Minerals to Market. Minter Ellison provided legal advice to Boab in respect of the Prepayment Term Sheet and the Offtake Agreement.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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 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 the 150km from site to the facilities at Wyndham Port. Established infrastructure and existing permitting allows for fast-track development and production. Boab owns a 75% interest in the Project 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 upon reaching a Final Investment Decision.

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.

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 these 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 announcement relating to Ore Reserves, has been extracted from the Sorby Hills Definitive Feasibility Study and dated 19 January 2023, Information included in in this announcement report relating to Production Targets and Financial Forecasts has been extracted from the Sorby Hills FEED Study and dated 6 June 2024. Announcements are 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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