

23 September 2024

Boab Executes Agreement to Secure a 100% Interest in the Sorby Hills Project

Boab Metals Limited (ASX: **BML**) ("**Boab**" or "**Company**") is pleased to announce that it has executed an option agreement with joint venture partner Henan Yuguang Gold & Lead Co. Ltd ("**Yuguang**") to acquire their 25% interest in the Sorby Hills Lead-Silver-Zinc Project ("**Sorby Hills**" or "**the Project**"), located in the Kimberley Region of Western Australia.

HIGHLIGHTS

- **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 (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.**

Boab Managing Director and CEO, Simon Noon, stated:

"Yuguang has been a committed partner over the past 6 years of Boab's involvement in Sorby Hills joint venture. Their support during this period has allowed us to effectively grow the Resource and complete high-quality Feasibility Studies and associated work on the Project."

"With the Project now in an advanced development state, the option agreement provides Boab with a clear runway to present Sorby Hills to project financiers on the basis that it will be 100% owned by Boab Metals. We are confident of reaching a Final Investment Decision during the option period and subsequently acquiring 100% of the Project."

Yuguang made the following statement on the agreement:

"Our joint venture relationship with Boab to date has been positive and productive. The agreement we have struck is reflective of this co-operation and provides a new pathway to advance Sorby Hills toward a Final Investment Decision. We look forward to continuing to work with Boab throughout the option period and beyond and ultimately seeing Sorby Hills come into production."

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).

Offtake and Financing

The Company is in advanced discussions with preferred offtake parties. Whilst negotiations of offtake terms is well progressed, the Company has not sought to complete the award of the offtake for the Sorby Hills concentrate until this option agreement is finalised to maximise offtake value and the potential for securing project finance from the offtake parties.

With the Joint Venture option agreement now in place, Boab will re-engage with potential project financiers and offtakers based on having the option to acquire 100% ownership of the Project and the Sorby Hills concentrate.

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

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.

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	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 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 and Sorby Hills FEED Study dated 19 January 2023 and 6 June 2024 respective, 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.