



14 January 2021

## Sorby Hills Joint Venture committed to the successful development of the Sorby Hills Project

Boab Metals Limited (ASX: **BML**) (“**Boab**” or the “**Company**”) is pleased to provide the following update in relation to the development of the Sorby Hills Lead-Silver-Zinc Project (“**Sorby Hills**” or the “**Project**”) and the Company’s Joint Venture partner for the Project.

### HIGHLIGHTS

- **Very positive meetings have been held with Joint Venture partner Henan Yuguang Gold and Lead Co., Ltd (“Yuguang”), the largest Lead smelting company and Silver producer in China;**
- **Yuguang has fully endorsed the Company’s Definitive Feasibility Study (“DFS”) program and budget and confirmed their intention to fund its 25% contribution to the DFS costs;**
- **Yuguang has reaffirmed their strong appetite for the Sorby Hills Lead-Silver concentrate; and**
- **Yuguang has confirmed their commitment to the development of the Project and working constructively with Boab to ensuring the Project is bankable and fully-financed.**

Sorby Hills is a joint venture between Boab (75% interest) and Henan Yuguang Gold and Lead Co., Ltd (25% interest), the largest Lead smelting company and Silver producer in China. Yuguang’s interest in the Project extends nearly 10 years so far, during which time it has continually contributed its pro-rata share of Joint Venture exploration and development costs.

With COVID-19 travel restrictions in place since March 2020, the recent meeting between Boab and Yuguang, whose Australian office is based in Melbourne, represented the first opportunity for the Joint Venture partners to meet face-to-face since the release of the Pre-Feasibility Study (“**PFS**”) in August 2020.

**On its commitment to the Project, Yuguang Australia’s General Manager, Mr. Li stated:**

*“The ongoing co-operation between Yuguang and Boab has resulted in an outstanding Pre-Feasibility Study that reaffirms our continued interest in the Sorby Hills Project and the Lead-Silver concentrate that will be produced.*”

**Managing Director**

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*We have full confidence in the ability of the Boab team to deliver a high-quality Definitive Feasibility Study and we look forward to providing our support and assistance to ensure the Project is fully-funded and built on schedule.”*

**Boab Metals Managing Director Simon Noon commented:**

*“Yuguang’s support of the Project has been unwavering and their financial contribution toward the DFS work program will allow the Company to fully leverage the cash that has been raised to date into value-adding activities such as extension drilling and, potentially, early capital works.*

*To have a partner of Yuguang’s stature continuing to back the Project not only provides us with immense confidence as we move towards a decision to mine but sends a strong signal to potential financiers that the interests of the Project owners and Project customers are deeply aligned.”*

**Sorby Hills Lead-Silver concentrate Offtake**

As part of the Joint Venture discussions, Yuguang has expressed their strong appetite for the Sorby Hills Lead-Silver concentrate and potentially increasing their offtake participation above that which they are currently entitled by virtue of their 25% joint venture interest in the Project.

The Sorby Hills PFS 10-year production schedule delivers an average 81,000 dry metric tonnes per annum of 62% Lead Concentrate, containing 50kt of recovered Lead and 1.5Moz recovered Silver.

Over the upcoming months, the Company intends to run an offtaker selection process to allocate the offtake right to Boab’s 75% interest in Sorby Hills production. The Company has begun this process by undertaking a preliminary sounding with a range of well-credentialed potential offtake partners, including Yuguang, to gauge their interest. The offtaker selection process will be managed by the Company’s financial advisers, BurnVair Corporate Finance.

The Company looks forward to providing the market with updates as the offtake process progresses.

**About Joint Venture partner Henan Yuguang Gold and Lead Co., Ltd**

Yuguang is the largest Lead smelting company and Silver producer in China with an annual production output of approximately 400,000t Lead and 700t Silver and over 3,500 employees across [18] subsidiaries. Listed on the Shanghai Stock Exchange since 2002 (SHA: 600531), Yuguang reported in 2019 ~A\$3.8 billion<sup>1,2</sup> revenue and assets of ~A\$2.2 billion<sup>1,2</sup>.

Yuguang branded Lead and Silver are approved for delivery against contracts by the London Metal Exchange and London Bullion Metals Association respectively.

More information can be found on the Yuguang website: <http://www.yggf.com.cn/en/>

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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 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.

Sorby Hills is located 50km from the regional center of Kununurra in the East Kimberley and has 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 production.

## **Compliance Statements**

*Information relating to Production Targets and Financial Forecasts is sourced from ASX announcements titled “[Sorby Hills PFS Delivers Outstanding Results](#)” and “Amended Announcements” released on 25<sup>th</sup> August 2020 and available at [www.BoabMetals.com](http://www.BoabMetals.com). The Company confirms that all material assumptions underpinning the Production Targets and Financial Forecasts included in these announcements continue to apply and have not materially changed.*

1. Source: Bloomberg
2. 1AUD = 4.8CHY = 2019 average exchange rate