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Development of Boab's Sorby Hills is looking increasingly likely



Boab is getting closer to giving the thumbs up for its Sorby Hills lead-zinc project. Pic: Top Gun, Paramount Pictures

Special Report: Development of Boab's Sorby Hills lead-silver project in WA's Kimberley region is well within reach with significant progress made during the March 2021 quarter.

There are many reasons why, beginning with the company noting in March that there is strong demand for high quality lead-silver concentrate sourced from Sorby Hills, with initial offtake term sheets received from potential customers offering attractive terms.

Boab Metals (ASX:BML) has also received a letter of support from Export Finance Australia ("EFA") for potential debt funding that will provide greater certainty for other financiers and increased measured resources by 56 per cent by 4Mt to 11.1Mt grading 3.6 per cent lead, 0.3 per cent zinc and 45 grams per tonne (g/t) silver.

The company has started metallurgical test work for the Sorby Hills definitive feasibility study while its 25 per cent joint venture partner Henan Yuguang Gold and Lead Co., Ltd has **agreed** to accelerate the finalisation of the Sorby Hills development and operations agreement to facilitate engagement with project financiers.

"The completion of a Phase IV drilling program, the commencement of the DFS metallurgical test work program and a material increase in the quantity of measured resources, all demonstrate a systematic de-risking of the Sorby Hills project," managing director Simon Noon said.

He added the EFA support, positive feedback from potential offtake partners and acceleration of the development and operations agreement with its partner provides the company with the confidence that it is well-positioned to attract project financing following delivery of the DFS – due in Q1 CY 2022.

Boab will soon start the 6,000m Phase V drilling program to expand the [Sorby Hills](#) mining inventory.

This program will target zones of mineralisation adjacent to current open pit designs, underexplored mineralisation pods, satellite exploration targets, possible extensions of known mineralisation trends and geophysical targets within the Eight Mile Creek tenement.

Alongside promising discussions with EFA regarding competitively-priced funding, Boab is also progressing through the initial review stage of the Northern Australia Infrastructure Facility's debt financing assessment and approval process. NAIF is a federal government organisation with a mandate to deploy an aggregate \$5b in debt to advance projects in Northern Australia which generate public benefit.

Sorby Hills

Following the recent interim resource estimate that incorporates the results from the Phase IV drilling, the Sorby Hills project 50km outside of Kununurra currently has an overall resource of 44.9Mt at 3.2 per cent lead, 0.5 per cent zinc and 37g/t silver.

The project's lead and silver resource is high quality and close to the surface with mineable ore from just 20m from surface and completely flat ground making it easy to mine.

The Sorby Hills pre-feasibility study, released in August 2020 describes a technically straightforward project with strong net present value (NPV) and internal rate of return (IRR) of \$303m and 46 per cent respectively and payback expected within 1.6 years.

Both NPV and IRR are measures of a project's profitability and reflect financial returns on invested capital.

It is expected to deliver earnings before interest, taxes, depreciation, and amortisation (EBITDA) of about \$75m per annum - including \$127m EBITA per annum over the first two years of operations - from annual production of 50,000t of lead and 1.5 million ounces of silver while pre-production expenditure is estimated at \$183m.

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