

Boab Metals Ltd

(BML \$0.17) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Mike Millikan	1 st July 2022	\$0.75/sh

EPA approves amendments to site establishment at Sorby Hills

Key Points

- The Environmental Protection Agency (EPA) has approved amendments to Boab Metals' (BML) proposed Sorby Hills development, which includes: an increase of the overall development footprint, new all-weather access road and construction of an accommodation village at site.
- Progress continues to be made towards development of the Sorby Hills Lead-Silver Project (75% BML), located 50km from Kununurra, East Kimberley, WA.
- Approved amendments made to the Sorby Hills EPA submission paves the way for final clearance from the WA Department of Mines and Industry Regulations and Safety (DMIRS) to approve the mining proposal, site establishment and commencement of early works for the project development. **These final approvals are anticipated in the coming weeks.**
- Latest amendments to the EPA approvals includes:
 - Early establishment of an all-weather road into site;
 - An expansion of the site lay-out to accommodate larger processing infrastructure and associated infrastructure; and
 - Construction of an accommodation village at site.
- BML recently delayed the release of the Sorby Hills Definitive Feasibility Study (DFS) to enable the Company to complete mining contract tenders for more accurate pricing points for the study, and an opportunity to integrate of the power connection study for cheaper (~20% savings) and cleaner hydro-electric power from the Ord River. The DFS is now due for release this half (2H) CY22.
- Sorby Hills has a large resource base to convert for increased reserves in the DFS and is expected to justify a project scale increase to +2Mtpa over time, in the process lowering costs by improved scale of economy and reduced power cost inputs.
- BML is already in discussions with NAIF and EFA (Federal government agencies) to provide debt financing for the project development; with preliminary discussion also underway with a suite of commercial banks for additional debt funding (though subject to the DFS outcomes).
- Strong offtake demand reaffirmed for BML's share of the lead-silver concentrates, with interested parties (local and international) shortlisted and tender process expected to be completed 2HFY22, following the release of the DFS.
- BML estimated cash of -A\$6.5m.
- Speculative Buy.

Investment Thesis

The approved EPA amendments enables the last of the DMIRS approvals for final permitting. The Sorby Hills DFS is due 2HCY22, providing more accurate cost inputs on the mining contract (as completed for the EPC contract), integrate the power study and ultimately deliver more competitive prices (prudent in this current high inflationary environment). The potential increase in processing capacity also appears justified and equates to higher attributable production levels (lead and silver), better scale of economy benefits for lower costs, but will likely have the trade-off of higher capital costs. Key catalysts include DFS release, financing and FID hopefully before CY22 end. BML retains primary exposure to base metals (lead) but also offers leverage to silver price movements. Speculative Buy retained.

Boab Metals Ltd (BML)

Share Price	0.17	A\$/sh
Price Target	0.72	A\$/sh
Valuation	0.75	A\$/sh
Shares on issue	155	m(dil)
Market Capitalisation	26	A\$m

Enterprise Value	20	A\$m
Debt	0	A\$m
Cash est	6.5	A\$m
Largest Shareholder	Villiers QLD	10.5%

Share Price Chart



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