

22 April 2022

Heads of Agreement executed to Supply Cleaner and Cheaper Power to the Sorby Hills Project

Boab Metals Limited (ASX: **BML**) (“**Boab**” or “**Company**”) is pleased to announce it has entered into a Heads of Agreement with Horizon Power with respect to a future Power Purchase Agreement to supply electricity to the Company’s 75% owned Sorby Hills Lead-Silver-Zinc Project (“**Sorby Hills**” or “**the Project**”), located in the Kimberley Region of Western Australia.

HIGHLIGHTS

- **Heads of Agreement executed with Horizon Power** with respect to a future Power Purchase Agreement to supply electricity to Sorby Hills.
- **Key Indicative Terms** of the Heads of Agreement include:
 - Delivery of **firm power over a 10-year term** with an option for Boab to extend;
 - **Cleaner, cheaper electricity sourced from Ord River hydroelectric plant** to provide majority of the energy demand of the Project; and
 - On-site diesel plant to provide **100% back-up power**.
- Preliminary supply modelling indicates that the integrated hydro-diesel power solution will provide **material economic benefit to the Project** versus the Build Own Operate “**BOO**” diesel power solution contemplated in the Sorby Hills Pre-Feasibility Study.

Boab Managing Director and CEO, Simon Noon, stated:

“The Heads of Agreement represents the culmination of ongoing technical and commercial discussions between Boab and Horizon Power over the past 12 months. We are extremely excited by the prospect of incorporating a one-stop solution that simultaneously provides secure power, positive environmental outcomes and economic benefit to the Sorby Hills Project.”

We are committed to working closely with Horizon Power to finalise a formal Power Purchase Agreement ahead of a Decision to Mine at Sorby Hills in mid-2022.”

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Background

Boab's Sorby Hills Project is located in the north-eastern portion of Western Australia's Kimberley Region, 50km northeast of Kununurra and 75km north of the Argyle Dam and the Pacific Hydro Australia owned and operated Ord River Hydroelectric Plant ("**Hydro Plant**") (Figure 1).

Electricity from the 30MW Hydro Plant is presently supplied throughout the townships of Kununurra and Wyndham via Horizon Power's East Kimberley transmission network and direct to the Argyle Diamond Mine. The ongoing closure of the Argyle Diamond Mine has provided an opportunity for Sorby Hills to access the latent capacity from the Hydro Plant.

Heads of Agreement

The Heads of Agreement executed between Sorby Management Pty Ltd (a wholly owned subsidiary of Boab) and Horizon Power contemplates the delivery of firm power to Sorby Hills over a 10-year term via a combination of the Hydro Plant and an on-site diesel plant. Whilst the majority of electricity over the Project life is expected to be sourced from the Hydro Plant, the diesel power plant will provide back-up power for up to 100% of the required demand in the case the Hydro Plant is unable to meet Sorby Hills full requirement at any point in time.

Boab's Sorby Hills 2020 Prefeasibility Study assumed a BOO diesel arrangement for power at an all-in cost of A\$0.24/kWh. Preliminary supply modelling indicates that the integrated hydro-diesel solution will provide an improved electricity pricing, including the incorporation of capital costs associated with power line extensions and the diesel power plant.

Boab and Horizon Power will continue to advance technical and commercial discussions with a view to executing a formal Power Purchase Agreement prior to a Decision to Mine at Sorby Hills. The terms and conditions of the Heads of Agreement will remain non-binding until the parties have finalised their negotiations and reflected the agreed terms and conditions in the fully formed Power Purchase 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 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 centre 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.



Figure 1: Location of Sorby Hills relative to Kununurra and the Ord River Hydroelectric Plant