



11 July 2022

## Quarterly Activities and Cashflow Report for the period ending 30 June 2022

Boab Metals Limited (ASX: **BML**) (“**Boab**” or “**Company**”) is pleased to provide the following activity and cashflow report for the quarter ending 30 June 2022. During the quarter, the Company progressed toward a Decision to Mine at its 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 to supply **Cleaner and Cheaper Power for Sorby Hills**.
- Key Indicative Terms of the **Heads of Agreement with Horizon Power** 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.
- **Competitive EPC tenders received** from a suite of highly experienced engineering firms.
- **Amendments to the Sorby Hills EPA Approval have been received** a key regulatory prerequisite for the commencement of Site Establishment and Early Works.
- **The Company has a cash balance of A\$6.4M as at 30 June 2022** and is well funded to continue progressing Sorby Hills to a Final Investment Decision (“**FID**”).

### Boab Managing Director and CEO, Simon Noon, stated:

*“During the quarter we have achieved key objectives with respect to Project Execution, including the receipt of a highly competitive set of EPC tenders and progression of our multi-stream approvals strategy to further de-risk the Project development timeline.*

*In particular, we are extremely excited by the work completed with Horizon Power and the opportunity to secure a clean, cheap and reliable power solution for the Sorby Hills Project.*

*With over A\$6 million in the bank and a supportive and contributing Joint Venture partner, we are well funded to continue to deliver our Project Execution objectives over the coming 6 months and progress toward a Decision to Mine at Sorby Hills.*

**Managing Director**  
Simon Noon  
**Company Secretary**  
Jerry Monzu

**Directors**  
Gary Comb (Chairman)  
Richard Monti  
Andrew Parker

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## **Cleaner and Cheaper Power for Sorby Hills**

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.

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 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.

## **EPC Contract Tender**

The Sorby Hills DFS has investigated an expanded process plant capacity at Sorby Hills versus the 1.5Mpta incorporated in the Pre-Feasibility Study. Tenders for the EPC Contract covering the process plant and non-process infrastructure have been received from a range of experienced engineering firms. The quality of the tenders received, and the pricing of the EPC Contract has been extremely competitive and in line with expectations.

The Company is currently working with a short-list of tenderers to refine their submissions ahead of commencing contract formation with the preferred party. The tendered pricing will underpin capital costs included in the DFS, thus providing a higher level of accuracy.

## **Permitting**

Throughout the Sorby Hills Definitive Feasibility Study, Boab has adopted a multi-stream approvals strategy to de-risk the Project execution schedule. Specifically, Site Establishment and Early Works approvals streams have been decoupled from the Main Works approval stream to afford Boab flexibility to commence and complete on-site pre-construction work.

Subsequent to quarter end, Boab received confirmation that the Western Australian Environment Protection Authority ("**EPA**") had approved amendments to Boab's existing EPA approval, a key regulatory prerequisite for the commencement of Site Establishment and Early Works.

Subject to final regulatory clearances granted under the Biodiversity Conservation Act 2016 and by Western Australian Department of Mines, Industry Regulation and Safety ("**DMIRS**"), both of which are anticipated to be received over the coming weeks, Boab will move ahead with the competitive tender process to award contracts related to Site Establishment and Early Works packages.



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

### Joint Venture Discussions

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 over 10 years so far, during which time it has continually contributed its pro-rata share of Joint Venture exploration and development costs.

During the quarter, Managing Director and CEO Simon Noon met with Yuguang's newly appointed Australian representative to discuss the Project status, Mining Joint Venture Agreement, Project Financing and appetite for concentrate in addition to Yuguang's 25% interest under the Joint Venture. During the discussions, Yuguang reaffirmed their strong commitment to the Project and willingness to work constructively with Boab to ensure the Project is bankable and fully financed.



On their commitment to the Project, Yuguang's Head of Investment, Mr. Miao stated:

*"Yuguang is pleased to reaffirm our continued commitment to the Sorby Hills Joint Venture and to provide our support to reach a Final Investment Decision on the Project.*

*In particular, we are excited by the Joint Venture's opportunity to source clean energy for Sorby Hills from the Ord River Hydroelectric Plant. Yuguang prides itself as one of the world's cleanest lead and silver producers, largely made possible by our technological innovation. Securing concentrate feedstock produced using renewable energy sources aligns with our values and further strengthens our position as an industry leader in ESG-conscious metal smelting.*

*We look forward to playing our role to ensure the Project is fully funded and built on schedule."*

Yuguang is a world-renowned lead smelting and refining group. It is Asia's largest electrolytic lead producer and China's largest silver producer, producing in excess of 400,000 tons per annum of lead and 1,000 tons per annum of silver, together with other commodities such as gold and copper. Yuguang is a technologically advanced, low emissions industry leader with a demonstrated commitment to environmental protection, with a core focus to increase energy-saving emission reduction efforts to develop low-carbon economy. Yuguang is listed on the Shanghai Stock Exchange with a current market capitalisation of approximately A\$1.3 billion<sup>1</sup>.

### **Definitive Feasibility Study**

In light of the ongoing project execution workstreams and the spread of COVID in Western Australia impacting the delivery of key Definitive Feasibility Study ("**DFS**") inputs, Boab expects completion of the DFS in 2H 2022. The updated timing will afford Boab the opportunity to incorporate contracted pricing and advanced design work into the DFS making for a more robust result.

### **Financial and Corporate Overview**

The consolidated cash balance of the Company as at 30 June 2022 was A\$6.4 million. During the period, the Company paid \$80k to related parties. These payments were made to Directors of Boab Metals Limited in relation to salaries and directors' fees, on normal commercial terms.

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The Board of Directors have authorised this announcement for release to the market.

#### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

**Simon Noon**

**Managing Director & CEO**

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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.

## Compliance Statements

Information included in this announcement relating to Exploration Results has been extracted from the ASX Announcements titled “High Grade Lead Silver confirmed at Beta Deposit” dated 1 February 2022 and available to view at [www.boabmetals.com.au](http://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 original market announcement. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original announcements.

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1. As at 23 June 2022 based on an exchange rate of 4.62 AUD:RMB

## APPENDIX 1

### INTERESTS IN TENEMENTS

Farm-In Agreements/ Projects/Tenements	Location	Held at Start of Quarter	Held at End of Quarter
<b>Sorby Hills Project</b> M80/196 M80/197 M80/285 M80/286 M80/287 E80/5317	WA, Australia	75% 75% 75% 75% 75% 100%	75% 75% 75% 75% 75% 100%
<b>Borroloola West Project</b> EL31354 EL26938 EL26939 EL28508 EL28658 EL30305 MLN624	NT, Australia	100% 51% 51% 51% 51% 51% 51%	100% 51% 51% 51% 51% 51% 51%
<b>Manbarrum Project</b> EL24395 MA24518 MA26581	NT, Australia	100% 100% 100%	100% 100% 100%
<b>Urrao Project</b> 2791	Colombia	100%	100%

## APPENDIX 5B

### Mining Exploration Entity or Oil and Gas Exploration Entity

#### Quarterly Cash Flow Report

<b>BOAB METALS LIMITED</b>				
ABN 43 107 159 713		Quarter ended (“current quarter”)		
		June 2022		
Consolidated statement of cash flows		Current quarter	Year to date (12 months)	
		\$A'000	\$A'000	
<b>1</b>	<b>Cash flows from operating activities</b>			
1.1	Receipts from customers	-	-	
1.2	Payments for			
	(a) exploration & evaluation (if expensed)	(814)	(4,909)	
	(b) development	-	-	
	(c) production	-	-	
	(d) staff costs	(187)	(958)	
	(e) administration and corporate costs	(173)	(1,019)	
1.3	Dividends received (see note 3)	-	-	
1.4	Interest received	2	18	
1.5	Interest and other costs of finance paid	-	-	
1.6	Income taxes paid	-	-	
1.7	Government grants and tax incentives	-	-	
	Other			
	Recharge of staff costs and other administration costs to the Sorby JV	39	295	
1.8	Stamp Duty Paid	-	(24)	
	Bank Refund (Remediation Campaign)	-	18	
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,133)</b>	<b>(6,579)</b>	
<b>2</b>	<b>Cash flows from investing activities</b>			
2.1	Payments to acquire:			
	(a) entities	-	-	
	(b) tenements	-	-	
	(c) property, plant and equipment	(10)	(16)	
	(d) exploration & evaluation (if	-	-	
	(e) investments	-	-	
	(f) other non-current assets	-	-	
2.2	Proceeds from the disposal of:			
	(a) entities	-	-	
	(b) tenements	-	-	
	(c) property, plant and equipment	-	-	
	(d) investments	-	-	
	(e) other non-current assets	-	-	
2.3	Cash flows from loans to other entities	-	-	
2.4	Dividends received (see note 3)	-	-	
2.5	Other (provide details if material)	-	-	
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(16)</b>	

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the</b>		
4.1	Cash and cash equivalents at beginning of	7,500	12,952
4.2	Net cash from / (used in) operating activities	(1,133)	(6,579)
4.3	Net cash from / (used in) investing activities	(10)	(16)
4.4	Net cash from / (used in) financing activities	-	-
4.5	Effect of movement in exchange rates on cash	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,357</b>	<b>6,357</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	6,309	7,411
5.2	Call deposits	48	89
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,357</b>	<b>7,500</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b>
		<b>\$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(80)*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		
*(Salaries and Director fees paid on normal commercial terms.)		



	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
<b>7</b>	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>	<b>\$A'000</b>	<b>\$A'000</b>
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8</b>	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,133)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	<b>(1,133)</b>
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,357
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	<b>6,357</b>
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by</b>	<b>5.61</b>
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

Date: 11 July 2022

Jerry Monzu (Company Secretary)

Authorised for release by the Board of Directors of Boab Metals Limited

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee* – e.g. *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.