

Update post consolidation

PMY ASX \$0.018* TARGET PRICE \$0.035*

75% owned Sorby Hills Lead Silver Project in WA has a completed a Preliminary Feasibility Study and is moving towards financial close in November 2021 and then construction. Production planned to be 47Ktpa lead and 1.4Mozpa silver in concentrate for 10 years.

Resources

BUY

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Momentum building towards project delivery

Positive initial results from 58 hole drill program

The 58 hole drill program is reporting initial results. While assays for most of the holes drilled to date are still pending, the mineralisation in the cores observed to date suggest that the Omega and B deposits at least could be substantially larger, and there is a substantial amount of inferred to be converted.

Pacifico fully funded to completion of DFS

Pacifico has raised A\$10.3M via a placement and SPP, and a further A\$4.9M from the recent option conversion, giving the company A\$16.5M to fund the current and next drilling programs and delivery of the DFS by December 2021.

NAIF could provide substantial part of project funding

The Northern Australia Infrastructure Facility is currently completing due diligence on the Sorby Hills project after an initial favourable review. The fund has lent up to A\$160M to comparable projects. The initial capex for 100% of Sorby Hills is currently A\$183-226M.

A 1 for 25 share consolidation does not change project value, but is likely to improve the company's share market liquidity

We will continue to quote per share metrics on a pre consolidation basis until the ASX quotation changes.

12 month target remains 3.5cps or 25x that post consolidation

Our price target of 3.5cps is in the middle of our valuation ranges based on NPV or PER multiples. Key drivers for achieving this target include:

1. Rising commodity prices in post COVID 19 recovery. A change of A\$0.01/lb lead price or A\$1/oz silver price changes the Net Present Value of Pacifico by 0.1cps.
2. Exploration success from current program increasing annual production and mine life.
3. DFS derisking project with clarity on costs and financing.

* On a post-consolidation basis PMY's current share price becomes 45c and Rawson Lewis' Target Price becomes 87.5c.

Company Data

| | |
|--|-------|
| Shares Outstanding (M) | 3804 |
| Price (\$/sh) | 0.018 |
| Market Capitalisation (\$M) | 68.5 |
| Free Float (%) | 100% |
| Free Float Market Capitalisation (\$M) | 68.5 |
| 12 Month Low (\$/sh) | 0.002 |
| 12 Month High (\$/sh) | 0.030 |
| Average Daily Volume ('000) | 11180 |

Data Source: ASX, Company, Rawson Lewis est.

| Earnings Summary (A\$M) | | | | |
|-------------------------|------|------|------|--------|
| Year end June | FY21 | FY22 | FY23 | FY24 |
| Sales revenue | 0 | 0 | 0 | 194.15 |
| EBITDA | -3 | -2 | -3 | 108 |
| PBT | -3 | -1 | -7 | 74 |
| Underlying NPAT | -2 | -1 | -5 | 52 |
| Reported NPAT | -2 | -1 | -5 | 52 |
| Reported EPS (c) | -0.1 | 0.0 | -0.1 | 1.25 |
| Underlying EPS (c) | -0.1 | 0.0 | -0.1 | 1.3 |
| DPS (c) | 0 | 0 | 0 | 0 |
| PER | na | na | na | 1.4 |
| Franking (%) | na | na | na | na |
| Dividend Yield (%) | na | na | na | na |
| Gross Yield (%) | na | na | na | na |

Price Graph to 30/11/20



Source: IRESS

Directors & Management

| | |
|---------------|------------------------|
| Gary Comb | Chairman |
| Simon Noon | Managing Director |
| Richard Monti | Non-Executive Director |
| Andrew Parker | Non-Executive Director |

Shareholders at Sept. 2020

| | |
|-----------|-------|
| Villiers | 12.3% |
| Directors | 1.6% |

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| | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|
| Share Price A\$/sh | | | | 0.018 |
| Price Target A\$/sh | | | | 0.035 |
| PROFIT AND LOSS A\$M | FY21F | FY22F | FY23F | FY24F |
| Total Revenue | 0.0 | 0.0 | 0.0 | 194.2 |
| COGS | 0.0 | 0.0 | -1.8 | -84.3 |
| Gross Profit | 0.0 | 0.0 | -1.8 | 109.9 |
| Gross Profit Margin | na | na | na | 56.6% |
| SG&A | -3.0 | -1.5 | -1.5 | -1.5 |
| EBITDA - Reported | -3.0 | -1.5 | -3.3 | 108.4 |
| D&A | 0.0 | 0.0 | 0.0 | -27.4 |
| EBIT - Reported | -3.0 | -1.5 | -3.3 | 81.0 |
| Total Financial Income | 0.0 | 0.1 | -3.7 | -7.0 |
| PBT | -3.0 | -1.4 | -7.0 | 74.0 |
| Tax Expense | 0.9 | 0.4 | 2.1 | -22.2 |
| NPAT | -2.1 | -1.0 | -4.9 | 51.8 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 |
| Earned for Ordinary | -2.1 | -1.0 | -4.9 | 51.8 |
| EPS A cps | -0.05 | -0.02 | -0.12 | 1.25 |
| Ordinary shares M | 3804 | 4134 | 4134 | 4134 |
| Dividend A cps | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA Margin % | na | na | na | 55.8% |
| Return on Equity: | na | na | na | 48.5% |
| Return on Invested Capital: | na | na | na | 39.6% |
| PER | na | na | na | 1.44 |
| Price/Book | 6.36 | 1.66 | 1.87 | 0.81 |
| Book value A\$/sh | 0.00 | 0.01 | 0.01 | 0.02 |
| VALUATION (NPV) | FY21F | FY22F | FY23F | FY24F |
| Sorby Hills 2020 PFS | 77.1 | 85.2 | 178.1 | 188.1 |
| Exploration | 53.5 | 53.5 | 53.5 | 53.5 |
| Corporate Overhead | -7.2 | -6.9 | -6.6 | -6.2 |
| Cash on hand | 4.1 | 27.3 | 32.9 | 65.6 |
| Debt | 0.0 | 0.0 | -100. | -80.0 |
| Net Working Capital | 0.2 | -1.5 | -11.0 | 6.5 |
| Valuation A\$M | 127.7 | 157.7 | 147.0 | 227.5 |
| Valuation A\$/sh | 0.034 | 0.038 | 0.036 | 0.055 |
| Discount Rate | 10.5% | | | |
| OPERATING DATA (PMY 75%) | FY21F | FY22F | FY23F | FY24F |
| Ore Processed Kt | 0 | 0 | 0 | 1775 |
| Lead Grade % | 0.0% | 0.0% | 0.0% | 5.4% |
| Silver Grade g/t | 0.0 | 0.0 | 0.0 | 53.4 |
| Lead Contained Kt | 0 | 0 | 0 | 95 |
| Silver Contained Koz | 0 | 0 | 0 | 3045 |
| Lead Recovery | 0.0% | 0.0% | 0.0% | 91.1% |
| Silver Recovery | 0.0% | 0.0% | 0.0% | 81.3% |
| Recovered Lead Kt | 0.0 | 0.0 | 0.0 | 86.6 |
| Recovered Silver Koz | 0 | 0 | 0 | 2475 |
| Conc Grade Lead | 0.0% | 0.0% | 0.0% | 62.0% |
| Conc Grade Silver | 0 | 0 | 0 | 551 |
| Concentrate Prodn Kt (dry) | 0.00 | 0.00 | 0.00 | 139.64 |
| Sales | | | | |
| Concentrate Sold Kt | 0 | 0 | 0 | 137 |
| Lead Contained Kt | 0.0 | 0.0 | 0.0 | 84.8 |
| Silver Contained Koz | 0 | 0 | 0 | 2458 |
| Lead Payable Mlb | 0.0 | 0.0 | 0.0 | 177.0 |
| Silver Payable Moz | 0.00 | 0.00 | 0.00 | 2.33 |
| Lead Revenue A\$M | 0.0 | 0.0 | 0.0 | 239.2 |
| Silver Revenue A\$M | 0.0 | 0.0 | 0.0 | 57.0 |
| Treatment Charges A\$M | 0.0 | 0.0 | 0.0 | -37.3 |
| PMY Share of Net Revenue A\$M | 0.0 | 0.0 | 0.0 | 194.2 |

PMY-ASX

| | | | | |
|------------------------------|--------------|--------------|--------------|--------------|
| CASH FLOW YE June | FY21F | FY22F | FY23F | FY24F |
| Receipts from customers | 0.2 | 0.0 | 0.0 | 190.4 |
| Payments to Suppliers | -3.7 | 0.2 | 6.2 | -99.5 |
| Interest (Paid) / Received | 0.0 | 0.1 | -3.7 | -7.0 |
| Tax (Paid) | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating cashflow | -13.5 | -4.7 | 2.5 | 83.9 |
| Capital expenditure | 0.0 | -12.0 | -96.9 | -28.3 |
| Asset Sales | | | | |
| Acquisitions | | | | |
| Divestments | | | | |
| Other Investing | | | | |
| Investing cashflow | 0.0 | -12.0 | -96.9 | -31.2 |
| Free Cash Flow | -13.5 | -16.7 | -94.5 | 52.7 |
| Net Equity Raisings | 15.4 | 40.0 | 0.0 | 0.0 |
| Proceeds from Pre Sales | 0.0 | 0.0 | 0.0 | 0.0 |
| Shares Repurchased | | | | |
| Net Borrowing | 0.0 | 0.0 | 100.0 | -20.0 |
| Ordinary Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | -0.8 | 0.0 | 0.0 | 0.0 |
| Financing cashflow | 14.6 | 40.0 | 100.0 | -20.0 |
| Exchange rate adjustment | 0.0 | 0.0 | 0.0 | 0.0 |
| Net change in cash | 1.1 | 23.3 | 5.5 | 32.7 |
| BALANCE SHEET YE June | FY21F | FY22F | FY23F | FY24F |
| Cash | 4.1 | 27.3 | 32.9 | 65.6 |
| Receivables | 0.0 | 0.0 | 0.0 | 3.7 |
| Inventories | 0.5 | 0.0 | 0.0 | 15.3 |
| Total Current Assets | 4.6 | 27.3 | 32.9 | 84.6 |
| PP&E | 0.0 | 12.0 | 109.0 | 109.9 |
| Intangibles | | | | |
| Expln & Mine Devt | 5.3 | 5.3 | 5.3 | 8.1 |
| Deferred Tax Asset | 1.8 | 2.3 | 4.4 | 4.4 |
| Total Non Current Assets | 7.1 | 19.5 | 118.6 | 122.4 |
| Total Assets | 11.7 | 46.9 | 151.5 | 207.0 |
| Trade Payables | 0.3 | 1.5 | 11.0 | 12.5 |
| Prepaid Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| Borrowings | 0.0 | 0.0 | 100.0 | 80.0 |
| Leveraged Leases | | | | |
| Current Tax Liabilities | 0.0 | 0.0 | 0.0 | 22.2 |
| Deferred Tax Liabilities | 0.2 | 0.2 | 0.2 | 0.2 |
| Provisions | 0.4 | 0.4 | 0.4 | 0.4 |
| Total Liabilities | 0.9 | 2.1 | 111.6 | 115.3 |
| Net Assets | 10.8 | 44.8 | 39.9 | 91.7 |
| Issued Capital | 48.4 | 88.4 | 88.4 | 88.4 |
| Reserves | 1.6 | 1.6 | 1.6 | 1.6 |
| Retained Profits | -29.0 | -30.0 | -35.0 | 16.8 |
| Shareholder Equity | 20.9 | 59.9 | 55.0 | 106.8 |
| ASSUMPTIONS | FY21F | FY22F | FY23F | FY24F |
| Lead Price US\$/lb | 0.00 | 0.95 | 0.96 | 0.97 |
| Silver Price US\$/oz | 0.00 | 17.23 | 17.40 | 17.58 |
| AUSUSD | 0.00 | 0.72 | 0.72 | 0.72 |
| Cost Inflation | 0.0% | 1.0% | 1.0% | 1.0% |
| Unit Costs | | | | |
| Mining A\$/lb Lead | | | | 0.19 |
| Processing G&A A\$/lb | | | | 0.26 |
| Selling Costs A\$/lb | | | | 0.37 |
| Byproduct A\$/lb | | | | -0.30 |
| C1 costs A\$/lb | | | | 0.51 |
| Sustaining Capex A\$/lb | | | | 0.02 |
| AISC A\$/lb | | | | 0.54 |

What is new?

1. Funding to DFS complete, including placement, SPP and exercise of options,
2. positive results from drilling,
3. NAIF due diligence underway, and
4. share consolidation to improve liquidity to attract institutional investors.

Following the exercise of options, the company now has around \$15M in cash on hand

Between 20 October and 19 November, option holders exercised 323M options at A\$0.015/sh adding A\$4.85M cash to the account of the company. The cash on hand at 30 September 2020 was A\$11.69M, so with the option exercise cash, plus the A\$0.24M from the SPP completed on 9 October 2020, the total cash on hand is around A\$16.53M prior to the spend in the December quarter. The current cash balance would be around A\$15M. The company has stated that it is now fully funded to the completion of the current drill program, the next drill program after the wet season, and the Definitive Feasibility Study planned for December 2021.

Pacifico has a history of adding metal with each successive drilling program

Table 1 Pacifico drilling programs and related Measured and Indicated Resource increases

| Measured and Indicated at 1% Pb cut off | Lead Increase Kt | Silver Increase Moz | Drilled m | Lead Incr t/metre | Silver Incr Koz/metre |
|---|------------------|---------------------|-----------|-------------------|-----------------------|
| Acquisition to Mar 2019 | 140 | 5.0 | 5372 | 26.11 | 0.92 |
| Mar 2019 to Oct 2019 | 208 | 4.8 | 6000 | 34.61 | 0.79 |
| Oct 2019 to June 2020 | 127 | 5.9 | 3265 | 38.77 | 1.79 |
| Current Program 58 hole | | | 5200 | | |

Source: resource updates 26 June 2018, 7 March 2019, 31 October 2019, 26 June 2020

The current and just completed drilling program and the follow up program next year after the wet season have the potential to add significantly more reserves than previous programs, judging by the company releases to date. We discuss this program later in this report, but the ultimate outcome could be as much as a doubling of the Reserve. Table 1 focusses on M&I because those categories feed into the Reserve estimate.

North Australia Infrastructure Fund could be a source of over 50% of the initial capex

Table 2 Resource projects which have approved funding from NAIF

| Company | Project | A\$M | Benefit A\$M | Period yrs | Const. Jobs | Op Jobs |
|---------------|-------------------|------|--------------|------------|-------------|---------|
| Metro Mining | Offshore Terminal | 46 | 510 | 16 | | 60 |
| Genex | Pump Storage | 610 | 814 | | 510 | 20 |
| Strandline | Coburn Project | 150 | 922 | 25 | 315 | 190 |
| Kalium Lakes | SOP Project | 74 | 169 | 30 | 150 | 60 |
| Sheffield Res | Project | 95 | 487 | 42 | 400 | 200 |
| Pacifico | Sorby Hills | ? | ? | 10+ | 163 | 186 |

Source: NAIF website, company release 14 September 2020

NAIF involvement in mining projects can range from providing specific infrastructure, such as the A\$74M to Kalium Lakes for gas pipeline and power generation to general project funding as in the case of Sheffield and Strandline.

Strandline's Coburn Project has an initial capex of A\$260M, with NAIF providing A\$150M. Commercial lenders are close to offering A\$100M, leaving equity of A\$10M plus working capital.



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Sheffield's Thunderbird Project has an initial capex of A\$348M, with NAIF providing A\$95m for port, roads, mine site accommodation, and power generation, while Taurus provided US\$175M senior secured loan.

By comparison, Sorby Hills initial capex is A\$183-226M per the 2020 PFS, depending on whether the Dense Media Separation circuit was included. The size of the operating workforce is similar to that of Strandline and Sheffield.

NAIF is progressing Stage Two of its four stage evaluation process. On the basis of comparison with the other projects funded by NAIF, it would be reasonable to conclude that NAIF would fund between A\$90-140M of the project capex. That would leave A\$43-86M to be funded by a mix of commercial debt and equity.

Pacifico owns 75% of the project, so its funding requirement would be A\$32-65M.

Share consolidation has no impact on valuation, but should improve liquidity

On 24 October 2020, Pacifico announced a 1:25 share consolidation, and a name change to Boab Metals Limited. We will retain the use of Pacifico until the name change is recognised by the ASX.

Our valuation of PMY is based on the project value in A\$M divided by the number of shares on issue, so post consolidation, there will be 1/25th the number of shares worth 25x the pre consolidation value. We will continue to refer to our unconsolidated valuation per share until it changes in the ASX.

The consolidation has a very practical purpose. The history of other consolidations is that A\$M turnover increased by over 40%, and this is important for attracting the institutional support required to fund the project.

Table 3 Shares on issue before and after consolidation

| | New | Current |
|-----------------------|--------|---------|
| Ordinary Shares M | 152.18 | 3804.45 |
| Options 16 Oct 2021 M | 0.40 | 10.00 |
| Performance Rights M | 1.74 | 43.50 |
| Diluted M | 154.32 | 3857.95 |

Source: company release 24 November 2020

Table 4 Key dates for the share consolidation

| Event | Date |
|--|-----------|
| Record Date | 31-Dec-20 |
| Date of Meeting | 23-Dec-20 |
| Effective Date of Consolidation | 24-Dec-20 |
| Last Day of Trade of Unconsolidated shares | 29-Dec-20 |
| Trading on T2 basis Starts | 11-Jan-21 |

Source: company release 24 November 2020

The consolidation will mean that the market can more finely price that company. At the company's current share price of 1.8cps, the minimum price change increment is 0.1cps, or 5.5% share price change. That means that anyone seeking to bid the price up a little to encourage existing holders to sell has to be accept paying 5.5% more.

Post consolidation, the 1.8cps share price becomes 45cps, and the minimum price change increment becomes 0.5cps, or 1.1% change. While this is still a large move, it means that the market can price

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the shares to within 1% of fair value vs within 5% of fair value, and can buyers can bid up the price by 1% to encourage turnover rather than 5%.

This has historically added substantial liquidity to the trading volume (in A\$M) and institutions value the additional liquidity.

Valuation remains 2.5-4.2cps, target still 3.5cps, or 25x that post consolidation

The valuation of the company remains highly sensitive to the lead and silver prices and the AUDUSD rate assumed, as well as discount rate and exploration success.

In our previous research, we had indicated a range and chosen a valuation at the mid point of that range.

This time we have shown some selected assumptions and valuations. Our starting point is the three year average, which delivers a valuation of 2.7cps at a 7% discount rate, which is the rate we estimate based on the Capital Asset Pricing Model. However, our current base case discount rate is 50% higher at 10.3%, generating 2.0cps reflecting the risk of basing earnings on a PFS. We would expect the discount rate to migrate to 7% as the company goes into production.

We discuss the exploration potential below, but assuming a 50% increase in reserves, the NPV increases at the 10.3% discount rate to 3.3cps, and if we run the same case at last Fridays spot prices, we generate a NPV of 4.0cps. Every additional 1mt of reserves adds 0.2cps to the valuation at the 3 year average assumptions. We believe this mix is supportive of our 3.5cps price target.

If we were to value the company at 7x the average earnings of the first 5 years, we end up with a 3.6cps valuation at the 3 year average, or 5.0cps at last Friday's spot prices.

Table 5 Valuation before and after consolidation – A\$M valuation unchanged

| | Lead US\$/lb | Silver A\$/oz | AUDUSD | NPV @ 10.3% | NPV @ 7% | 5yr Ave EPS | EPS x 7 |
|--------------------------------|-----------------|------------------|--------|----------------|--------------|-------------------|--------------|
| 3yr Ave | 0.94 | 17.04 | 0.72 | 0.020 | 0.027 | 0.0051 | 0.036 |
| 3yr Ave + 50% reserve increase | 0.94 | 17.04 | 0.72 | 0.033 | 0.049 | 0.0051 | 0.036 |
| Spot + 50% reserve increase | 0.95 | 22.55 | 0.74 | 0.040 | 0.057 | 0.0071 | 0.050 |

Source: Rawson Lewis estimates

The 3 year average assumptions are similar to those of the last 3 months, and not reflective of a recovering global economy. The higher current spot prices are supportive of this view.

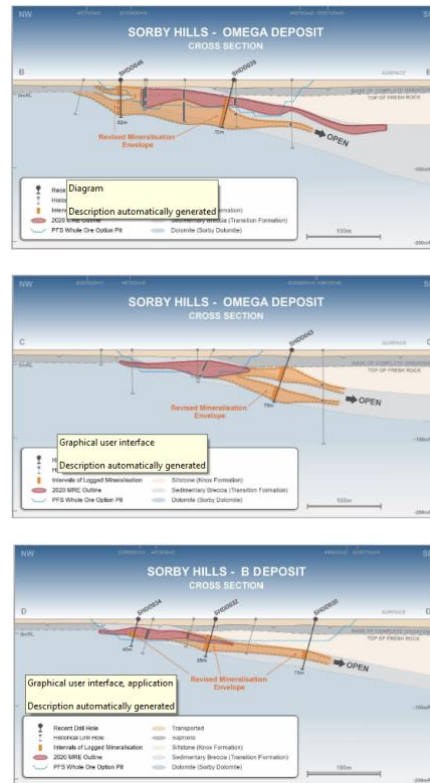
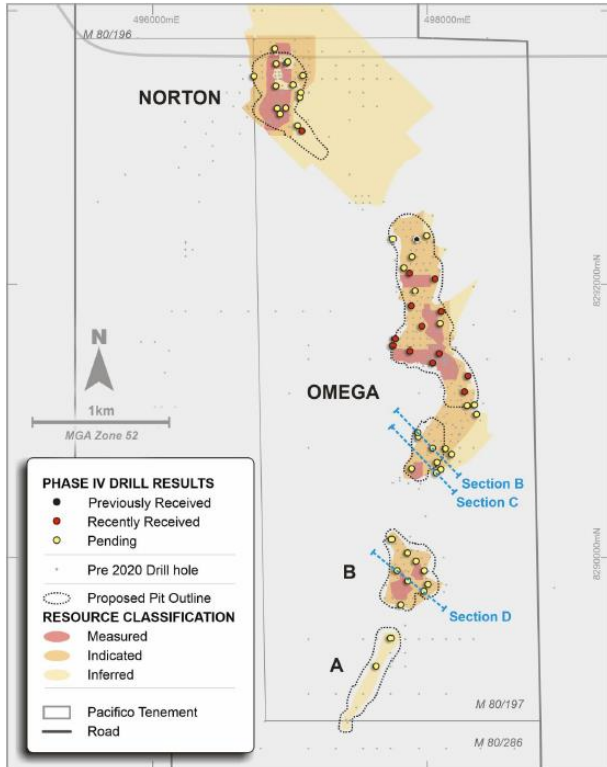
Table 6 Sensitivity: Valuation in A\$/sh at various A\$ lead and silver prices

| Lead Price A\$/lb | 1.20 | 1.40 | 1.60 | 1.80 |
|--------------------------------|-------|-------|-------|-------|
| Silver Price A\$/oz | | | | |
| 25 | 0.018 | 0.032 | 0.047 | 0.062 |
| 35 | 0.028 | 0.043 | 0.058 | 0.073 |
| 45 | 0.038 | 0.053 | 0.068 | 0.083 |
| Plus 50% Mine Extension | | | | |
| 25 | 0.026 | 0.043 | 0.061 | 0.078 |
| 35 | 0.037 | 0.055 | 0.072 | 0.089 |
| 45 | 0.049 | 0.066 | 0.083 | 0.101 |

Source: Rawson Lewis estimates

Resource increase potential in more detail

Figure 1 Current Drill Program



Source: Company Release 20 November 2020

The project is likely to generate additional reserves from four sources

1. The infill drilling of existing inferred resources (particularly Norton and A deposits)
2. Extending the existing deposits (in the current drilling Omega and B deposits)
3. Discovery of new deposits
4. Conversion of open pit waste into ore using Dense Media Separation upgrading

The current mine plan (2020 PFS) mines 14.7Mt of ore containing 537Kt lead and 18.8Moz silver, based on Reserves of 13.6Mt containing 494Kt lead and 54Moz silver. The reserves represent a 65% conversion of Measured and Indicated Resources into Reserves.

If 65% of the current Inferred Resources were converted into Reserves, the reserves would almost double. Given 68% of the Inferred material is the lower 2.6% Pb, such a high conversion is unlikely, but even at a much lower conversion, the additional tonnes could be very material. For some of this metal to be included in reserves, the approved environmental footprint will have to be increased.

In addition, the extensional drilling could add more. The Omega hosts 15.8Mt containing 553Kt lead and 16Moz silver. If, when the assays are received, the grades on the deposit extensions noted in Figure 1 are consistent with existing grades, then 20-30% of the deposit strike could double in size, increasing metal content by 20-30%. At 65% Resource to Reserve conversion, this would add 70-100Kt

of lead and 2-3Moz of silver to the mine plan. The smaller B Deposit could add material ore and metal to the project also.

Any estimate of how much the mine plan will grow by is entirely speculative until the results of the drilling are to hand, but it is clear that this program has the potential to add significant tonnage to the project.

| Resources | Mt | Lead % | Silver g/t | Lead Kt | Silver Moz |
|-------------------------|--------------|-------------|------------|-------------|------------|
| 26-Aug-18/8-Apr-14 | | | | | |
| M&I (D&E deposits only) | 6.9 | 4.1% | 50 | 283 | 11.1 |
| Inferred | 22 | 3.2% | 37 | 704 | 26.2 |
| Total | 28.9 | 3.4% | 40 | 987 | 37 |
| Probable Reserve (D+E) | 2.4 | 5.0% | 54 | 120 | 4.2 |
| Conversion (D+E) | 87.3% | | | 75.2% | 77.3% |
| 7-Mar-19 | | | | | |
| M&I | 10.85 | 3.9% | 46 | 423 | 16.0 |
| Inferred | 19.13 | 3.6% | 42 | 689 | 25.8 |
| Total | 29.98 | 3.7% | 43 | 1112 | 42 |
| 31-Oct-19 | | | | | |
| M&I | 16.6 | 3.8% | 39 | 631 | 20.8 |
| Inferred | 23.3 | 3.1% | 37 | 726 | 27.7 |
| Total | 39.9 | 3.4% | 38 | 1357 | 49 |
| 2-Jun-20 | | | | | |
| M&I | 20.8 | 3.6% | 40 | 757 | 26.7 |
| Inferred | 23.4 | 3.0% | 36 | 702 | 27.1 |
| Total | 44.2 | 3.3% | 38 | 1459 | 54 |
| Probable Reserve | 13.6 | 3.6% | 40.2 | 494 | 17.6 |
| Conversion | 65.4% | | | 65.2% | 66.0% |

Sources: KBL release 8 Apr 2014, PMY releases on dates shown in table

Resource to Reserve conversion significantly over 65%

This orebody has a history of high conversion rates from Measured and Indicated Resource to Reserve. The D and E deposits converted to Reserve in 2014 at over 70%, and the current reserve globally has converted at over 65%, but that includes resources that are currently outside the environmentally approved project footprint. On a like for like basis, the conversion is likely to be much higher than 65%.

Basic Project Metrics

The current project is based on choosing one of two options. The first is to process all the ore mined by crush, grind, and float into a concentrate. The other it to mine the same amount of material, but to classify 2Mt of waste into ore, crush and pre-treat in a Dense Media Separator around 6mt with 10Mt bypassing the DMS, and going straight to grind and float. The metal produced by these two paths is the same on the current plan.

However, it may be that additional drilling will identify more mineralised waste that can be processed, in which case, the economics of the DMS will improve.

Figure 2 PFS project metrics for the two processing options

| | Whole Ore Option | DMS Option |
|----------------------------------|------------------|------------|
| Material Mined Mt | 46.46 | 46.46 |
| Strip Ratio | 3.15 | 2.78 |
| Total Ore Processed Mt | 14.76 | 16.74 |
| Lead % | 3.6% | 3.4% |
| Silver g/t | 39.5 | 36.5 |
| DMS Feed Processed Mt | | 6.2 |
| Lead % | | 1.78 |
| Silver g/t | | 19.9 |
| DMS Product Mt | | 1.86 |
| Lead % | | 4.81 |
| Silver g/t | | 48.4 |
| Direct Flotation Feed Mt | 14.76 | 10.54 |
| Lead % | 3.63 | 4.29 |
| Silver g/t | 39.5 | 46.3 |
| Total Flotation Feed Mt | 14.76 | 12.4 |
| Lead % | 3.6% | 4.4% |
| Silver g/t | 39.5 | 46.6 |
| Concentrate Produced (63% Pb) Kt | 806.8 | 814 |
| Contained Lead Kt | 500.2 | 504.7 |
| Contained Silver Koz | 15.1 | 14.9 |
| Lead Revenue | 1422.3 | 1434.9 |
| Silver Revenue | 431.1 | 427.4 |
| Royalties | -69.5 | -70.3 |
| TC/RC & Logistics | -290.3 | -283.4 |
| Site Operating Costs | -746.3 | -696.94 |
| Extra crushing + DMS | | -16.36 |
| Operating Cash Flow | 747.3 | 795.3 |
| Pre-production Capex | -182.8 | -182.8 |
| DMS Capex | | -43.5 |
| Sustaining Capex | -32.2 | -25 |
| LOM Free Cash Flow | 532.3 | 544.00 |
| Annual Ave Cash Flow | 44.4 | 68.0 |

Source: Company PFS release 25 August 2020

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