

## Boab Metals Limited (ASX: BML) – Initiation of Coverage

### Sorby Hills Mine Financing Underway – Eyes Now On Main Debt Decision

#### Company Statistics

Key Items	Latest
Rating	Spec Buy
Last price	\$0.12
Price Target	\$0.48
12 Month Range	\$0.08 - \$0.20
TSR (%)	300%
Market Cap (undiluted)	28.0
Enterprise value (\$m)	24.5
Listed shares (m)	233.0
Perf rights (m)	7.6
Cash balance (est \$m)	2.5
Debt (\$m)	0.0
Currency	AUD
Sector	Mining

#### Board And Management

Mr Gary Comb	Chairman
Mr Simon Noon	Managing Director & CEO
Mr Richard Monti	Non Executive Director
Mr Andrew Parker	Non Executive Director

#### Major Shareholders

Villiers Queensland PL	7.6%
Zero Nominees Pty Ltd	4.1%
Acuity Capital Investment	3.3%
Citicorp Nominees Pty Ltd	3.1%
BNP Paribas Nominees Pty Ltd	2.6%

Financials	FY27f	FY28f	FY29f
Payable Pb (kt)	109	110	126
Payable Ag (Koz)	70	72	80
Total revenue (A\$m)	278	288	380
EBITDA (A\$m)	136	133	171
NPAT (A\$m)	58	66	99

#### One-year share price performance



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Rating	Price target	Last price	Mkt cap/EV	Risk
Spec Buy	\$0.48	\$0.12	\$28m/\$25m	High

#### Event

**We initiate coverage on Boab Metals (BML) with a Speculative Buy recommendation and \$0.48 per share Price Target.** Our valuation is based on a risk weighted NAV valuation taking into consideration final funding requirements still needing to be locked down and confirmed.

#### Investment Overview

- A Historically Overlooked Quality Base Metal Project in an Uncrowded Commodity Space** – BML is a Perth headquartered resources junior committed to the near-term development of the Sorby Hills lead-silver project located in the Kimberley region of northern WA. Despite its remarkably close proximity to Wyndham, a resources port and associated infrastructure that has well served a number of successful mining projects over time, Sorby Hills remains one of Australia's largest known undeveloped near surface lead-silver deposits. We believe BML is about to change that. Front-End Engineering Design (FEED) figures released in mid-2024 refined and upgraded from the 2023 DFS has demonstrated the project to have robust economics with an initial 8.5 year 2.25Mtpa open cut operation producing 64ktpa lead and 2Mozpa silver at estimated cash costs of US\$0.36/lb (lowest cost quartile compared to peers). The FEED figures support a pretax NPVs of \$411m, IRR 37%, EBITDA \$126mpa using a lead price of US\$1.06/lb silver price of US\$27.4/oz and FX of A\$:US\$ 0.68. Capex has been set at \$264.5m with payback <3 years. It is noted that BML is targeting a Final Investment Decision at Sorby Hills in H2 2025. Assuming financing outcomes are successful, we anticipate construction commencing late CY2025/early CY2026 with first concentrate production slated for early/mid CY2027.
- Binding Offtake with Trafigura Signals Project's Attractiveness on an International Stage** - In December 2024 BML announced that it had finalised a binding offtake agreement with renowned commodities trader Trafigura for the sale of 75% of the projects lead silver concentrate (min 531kt) over a 7 year period benchmarked on the LME settlement price averaged over the quotational period. We view this as an excellent outcome contributing a substantial derisking element to the project and note that the remaining 25% of production remains unencumbered for further offtake agreements or spot sales.
- US\$30m Pre-payment Financing Facility Accompanying Offtake Agreement, A Solid Initiating Cornerstone to the Debt Financing Component** – Accompanying the offtake agreement is a US\$30m prepayment facility which is structured with a SOFR, 5% interest, a 5-year term from first drawdown and an 18-month interest only period. In addition to the offtake of concentrate, this competitively structured facility designed to be used towards plant and infrastructure development of Sorby Hills, signals to us the project's attractiveness on a global stage. It has also very importantly signalled to the market that the debt side of project financing has commenced, with this initial US\$30m seen as a solid initial cornerstone commitment from a leading international commodities trading house.
- Agreed Exit of Minority JV Partner Has Opened Up New Financing Avenues Previously Off limits** – BML (75%) has recently reached an agreement with JV partner Henan Yuguang (HY) to acquire HY's 25% stake in Sorby Hills. Under the agreement BML will pay a total of \$23m in agreed tranches being the first \$12.5m on FID, \$5.5m within 12 months of first concentrate and a final \$5.0m within 18 months of first concentrate sales. Whilst HY (China's largest lead smelting company) has been a very supportive JV partner, the planned controlled exit is viewed positively in that by BML moving to 100% ownership, this makes the prospect of financing Sorby Hills simpler. More importantly however, it also opens up new avenues of both equity and debt financing, previously deemed off limits due to the involvement of a foreign entity. In particular, the shift to 100% Australian ownership now qualifies the project as a prime candidate for the Australian Federal Government's Northern Australia Investment Fund (NAIF) for the majority debt financing component. Any additional announcements relating to financing leading into a Final Investment Decision would be seen as a catalyst to a share price re-rating.
- Potential for Substantial Reduction in Capex Savings if the DeGrussa Mill can be Secured** Currently pre-production capital requirements has been stated at \$264.5m. Whilst in our view this figure appears standard for a startup project of this size, it is nevertheless still a significant amount of financing to raise for a sub \$50m market cap junior. In recognition of this, BML management have identified Sandfire Resources' mothballed DeGrussa process plant as an acquisition target of interest that has the potential to reduce capex substantially. We are strongly encouraged by this initiative to pursue this high quality mill.

#### Call to Action

We rate BML a Speculative Buy with High Risk.

Catalysts include: **1)** Financing decision from NAIF and/or Other competing lenders, **2)** News on the potential DeGrussa plant acquisition, **3)** Re-rate versus peers, **4)** Continued expectation both the lead and silver markets will continue to climb **5)** Further exploration upside from nearby prospects.

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## Section 1: Company Summary & Investment Thesis

### 1.1 Company Summary

Boab Metals Limited (“ASX: BML”, “Boab” or “the Company”) is an established Perth domiciled resources explorer/developer aspiring to be a near term producer of lead-silver concentrate from its flagship Sorby Hills Project (BML 75% moving to 100%) located in the Kimberley Region of Western Australia.

Figure 1: Sorby Hills Lead-Silver Project Location



Source: BML Company report, UCPS

With a market capitalisation of circa \$40m, we strongly believe, with a swelling crowd of investors, that BMLs current low capitalisation is at odds to the recent achievements of management in the progress towards the development of Sorby Hills as a near term domestic lead-silver producer. With a great deal of the standard boxes now ticked, including DFS and FEED studies demonstrating robust economics, tier 1 commodities trader Trafigura signed up for 75% of concentrate offtake including a US\$30m prepayment facility and a move towards 100% ownership, BML is now moving towards its final financing milestone. We therefore flag to the reader at this conjecture that we believe the Company is starting to shape up to become institution investment grade.

We envisage strong potential for a market rerating of the Company’s share price as we head into 2025 as clarity surrounding project financing is provided some time in 2HCY2025, news of final mining approval is released and news on construction is disseminated to the market.

Despite this report being an initiating coverage piece, BML is not new to us. We have been closely following the Company for a considerable time and have successfully participated in past capital raisings on that strong belief that the Company in the near term should realise and unlock substantial value from Sorby Hills in the coming months.

We view BML with its Sorby Hills project as a rare substantially de-risked domestic base metal development investment opportunity that investors can still invest in at relative low cost. We see the project as having realistic aspirations of being able to achieve a strong revenue stream from near term lead-silver concentrate production as well as potential for substantial leverage upside from additional near mine and district exploration success.

We take a view that whilst there are an exhaustive number of junior base metal companies listed on the ASX with exposure to both lead and silver, very few are currently able to take advantage of current and near term future forecasted growth in lead and silver prices by producing physical metal sulphide concentrate in the near term and in addition have the advantageous support of a tier-1 offtake partner such as Trafigura.

Additionally, even less of these companies have such an advantageous geographical location as BML (coastal Kimberley on the northern coast of Australia) with Sorby Hills situated near to existing infrastructure capable of supporting the rapid establishment of a district scale processing plant which, when established, will undoubtedly open up other additional corporate and commercial opportunities in the Kimberley region.

### 1.2 Sorby Hills An Overlooked Project Despite Envious Proximity to Excellent Underutilised Port Facilities & Associated Infrastructure

It is our view that Sorby Hills has been somewhat overlooked by the markets, despite an enviable proximity to a quality port and associated infrastructure. Why this was the case until now, we are not sure, other than we put it down to a historical perception that lead-silver as commodities didn't have the same appeal to investors as much as gold, iron ore and nickel (all mined in the district in the recent past) and so those commodities took centre stage. We have seen this with base metals time and time again and yet time has proven both commodities have performed exceptionally well with lead in particular demonstrating steady growth over time without the unwelcome radical price fluctuations seen in other base and precious metals which can be challenging to navigate when operating a mine selling commodities internationally.

Sorby Hills is favourably located on sealed bitumen roads only 50km NE of the township of Kununurra and 150km east of the privately managed port of Wyndham. The district, particularly around the port area, has in recent times seen substantial government investment in the form of upgrading wharf infrastructure and hinterland roads. This BML will be able to take full advantage of as planned concentrate production from Sorby Hills will be taken by truck on the sealed roads to Wyndham for export.

Figure 1.2: Port of Wyndham Jetty

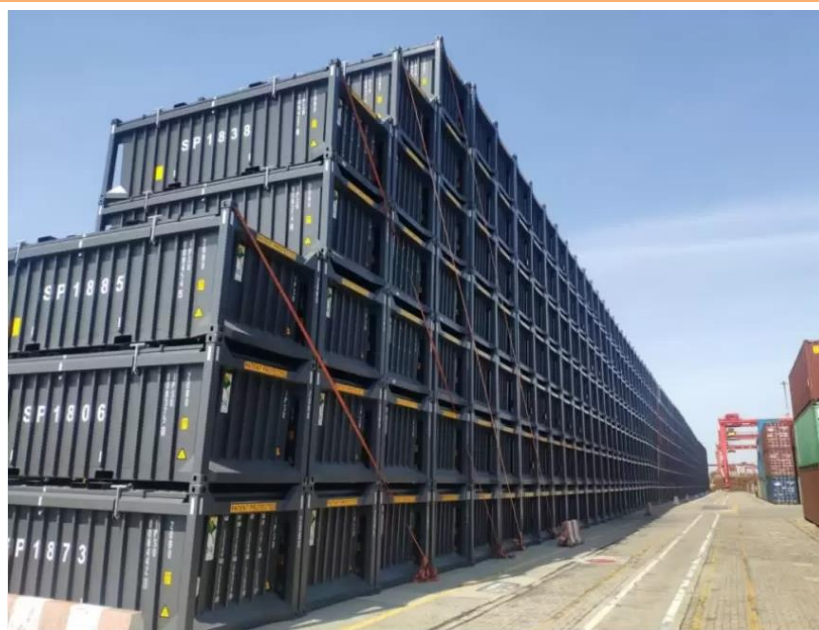


Source: Company report, UCPS

The port of Wyndham, the only deep-water port between Broome and Darwin, which has been in operation since 1886 is, in our opinion, a significantly underrated and underutilised facility. We know this as we have had the opportunity to visit the facility in the mid 2000s as part of a previous successful mine financing due diligence trip. Originally constructed for cattle, timber and agricultural export, the port has over time been upgraded and expanded to encompass the export of mineral commodities.

Indeed, the future movement of Sorby Hills base metal concentrates is not the first time that base metal concentrates have passed through the port. Several mines including BHP's Cadjebut operation located on the Lennard Shelf successfully exported base metal concentrate from its jetty. More recently the port proved its worth for Sally Malay Mining Limited (Now Panoramic Resources) for the export of nickel concentrates. We understand that whilst there are two ageing loaders on the jetty, they will not be used. Sorby Hills will instead transport its lead-silver concentrate to the port in custom built rotainers which will be stacked on the quay side in preparation for a visiting freighter. The rotainers are then individually picked up by the ships cranes, taken onboard over the open hold, then rotated to allow the concentrate to be discharged into the hold. The empty retainer is then placed back on the wharf for collection by truck to be taken back to the mine site for refilling.

**Figure 1.3: Custom Built Stacking Concentrate Rotainers**



Source: Retainer Company Website, UCPS

## Section 2 Geology of Sorby Hills

### 2.1 Regional Kimberley

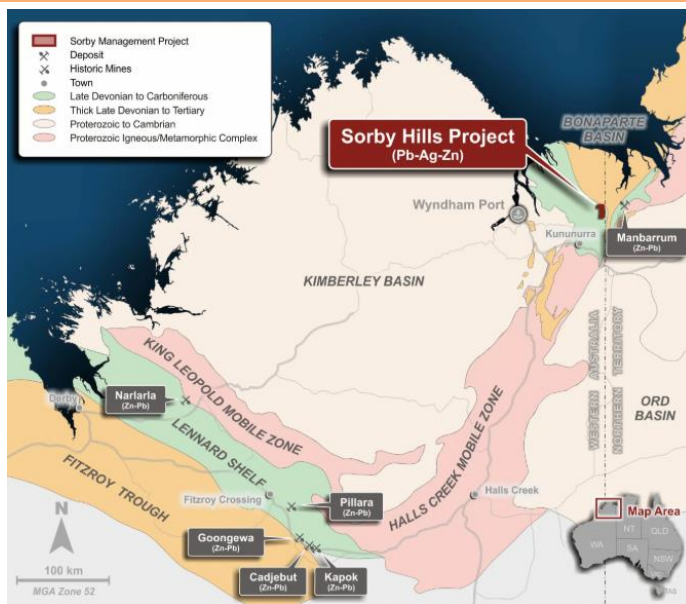
The rocks within BML's Sorby Hills licence are part of the sediments that make up the Devonian Carboniferous age Bonaparte Basin. The Bonaparte Basin is widely believed to be the time equivalent of the more well-known Leonard Shelf, another similar basin located between Fitroy Crossing and Halls Creek. Both basins are located on the margins of the older Kimberley Craton.

Leonard Shelf is host to several base metal deposits which have been studied and classified as of the Mississippi Valley Type (MVT). They are typically zinc-lead +-silver rich sulphides which are deposited in carbonates derived from warm low temperature basinal brines ascending deep basin faults.

### 2.2 Local Sorby Hills Geology

Sorby Hills geology, exhibiting characteristically similar traits, is also believed to be an MVT mineralisation occurrence like that of the Leonard Shelf, but with some subtle differences. Sorby Hills is a shallower occurrence and appears to us from testwork to exhibit an ability to produce a cleaner concentrate with higher recoveries than the Leonard shelf deposits. We also note Sorby Hills has an advantageously unusual higher tenure of silver as a secondary product which clearly bodes well for project economics, as too is the projects closer proximity to port (discussed earlier).

Figure 2: Sorby Hills in the Context of Kimberley Regional Geology



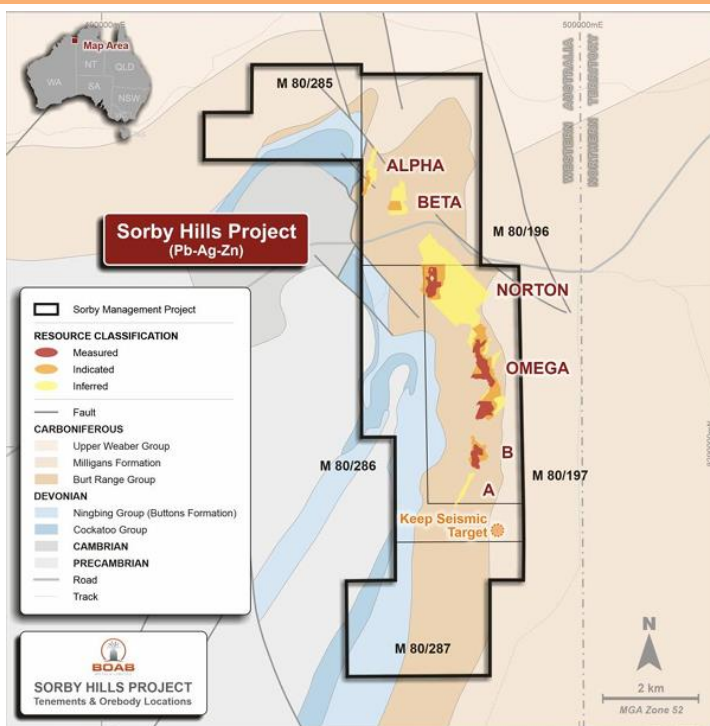
Source: Company report, UCPS

2.3 Sorby Hills 7 Individually Discrete Deposits

The Sorby Hills MVT deposit is not simply a single base metal occurrence, but consists of a series of +6 known discrete deposits (A, B, Omega, Norton, Alpha & Beta) found within a 10-20m wide linear brecciated dolomite horizon of transitional facies between the Knox Siltstone in the hanging wall and the Sorby dolomite of the footwall. The intense dolomitisation and reworking in the horizon is believed to be associated with the mineralising event.

A recently discovered ‘blind’ prospect named “Keep” occurring along strike to the south, initially identified by seismics, is most likely a 7<sup>th</sup> deposit. The discrete geological nature of the deposits has dictated the approach that both the DFS and FEED studies have taken. i.e. each deposit has been investigated drilled (RC & Diamond) and reported on separately and then incorporated into a mining schedule taking advantage of the deposits grades and metallurgical differences to optimise the order in which the deposits will be mined.

Figure 2.2: Sorby Hills Tenements & Orebody Locations



Source: BML Company report, UCPS

## 2.4 Reserves & Resources

The current mineral resource estimate totalling 47.3Mt grading 3.1% Pb, 0.4% Zn and 35gpt Ag for 1.465Mt contained Pb, 207kt Zn and 53Moz Ag was released in December 2021 is detailed below.

Figure 2.3: Sorby Hills Mineral Resources

Deposit	Tonnes (Mt)	Grade				Contained Metal		
		Pb %	Zn %	Ag g/t	PbEq <sup>1</sup> %	Pb kt	Zn kt	Ag koz
A	0.6	5.3%	0.1%	23	6.1%	31	6	427
B	2.7	3.6%	0.3%	20	4.3%	97	8	1,720
Omega	17.2	3.3%	0.4%	34	4.5%	566	71	18,948
Norton	21.1	2.8%	0.4%	34	4.0%	590	96	24,090
Alpha	1.5	3.1%	0.9%	64	5.3%	45	13	2,975
Beta	4.2	3.6%	0.4%	43	5.1%	151	17	5,856
Measured	12.6	3.5%	0.4%	43	5.0%	444	45	17,521
Indicated	11.0	3.4%	0.4%	34	4.6%	377	46	12,114
Inferred	23.6	2.7%	0.5%	31	3.8%	645	117	23,406
<b>Total</b>	<b>47.3</b>	<b>3.1%</b>	<b>0.4%</b>	<b>35</b>	<b>4.3%</b>	<b>1,465</b>	<b>207</b>	<b>53,042</b>

Source: BML Company report, UCPS

An updated ore reserve statement (the current one) is provided below

Figure 2.4: Sorby Hills Reserves

Ore Reserve Category	Ore (Mt)	Grade		Contained Metal	
		Pb (%)	Ag (g/t)	Pb (kt)	Ag (Moz)
Proved	10.4	3.5%	42	358	14.1
Probable	4.9	3.5%	32	172	5.0
<b>Total Ore Reserve</b>	<b>15.2</b>	<b>3.5%</b>	<b>39</b>	<b>531</b>	<b>19.1</b>

Source: BML Company report, UCPS

## Section 3: Robust DFS & FEED Outcome Has Provided a Compelling Reason to Establish a Sulphide Concentrate Processing Plant Within a 12 Month Time Frame From FID

Following the delivery of a robust Definitive Feasibility Study (DFS) released in January 2023, BML subsequently undertook a Front End Engineering & Design (FEED) study which was released in June 2024. Whilst importantly this was not designed to replace the DFS, the FEED study “identified clear opportunities to optimise and de-risk the project both technically and economically and augment and enhance the DFS.”

What came out of the FEED study was overall very encouraging. Highlights include;

- A reported increase of \$73m in Net Cash flow and \$41m NPV<sub>8</sub> (compared to DFS)
- Whilst Up front CAPEX increased to \$264.5m, average C1 costs reduced to US\$0.36/lb payable lead (including silver credits) (down from US\$0.39/lb payable in the DFS)
- With the new figures and improved net cash flows and improved EBITDA to \$126m, a Base Case pre-tax NPV<sub>8</sub> \$411M, IRR of 37% was announced

- An updated mining schedule which saw the bringing forward of the mining of the higher-grade Norton deposit
- Updated metal recovery and concentrate grades for the Norton deposit based on newly attained metallurgical testwork
- Updated pricing for the mining and earthworks contracts (now bundled and based on newly optimised site layout and mining schedule)
- A fundamental change in tailings disposal moving away from in-pit disposal towards above-ground methods

**Figure 3.1: Sorby Hills Life of Mine Physicals**

PHYSICALS SUMMARY	Unit	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
ROM Mined	Mt	18.3	-	0.4	2.1	2.3	2.4	2.5	2.3	2.0	1.1	3.0	0.3	-
Waste Mined	Mt	134.6	-	3.8	11.7	14.3	25.7	25.4	21.0	17.3	13.0	4.2	0.2	-
% Measured	%	56.7%	-	67.3%	91.7%	64.7%	72.0%	89.7%	71.8%	47.7%	16.6%	-	-	-
% Indicated	%	26.5%	-	32.7%	8.3%	35.3%	27.2%	8.9%	26.7%	49.7%	30.6%	31.1%	-	-
% Inferred	%	16.8%	-	-	-	-	0.9%	1.4%	1.5%	2.7%	52.8%	68.9%	100.0%	-
Lead Grade	%	3.4%	-	3.8%	4.1%	3.2%	3.8%	3.3%	3.1%	3.1%	3.6%	3.4%	2.9%	-
Silver Grade	g/t	39	-	24	39	28	60	50	22	27	42	41	50	-
Processed Tonnes	Mt	18.3	-	-	1.39	2.25	2.26	2.25	2.25	2.25	2.26	2.25	1.11	-
Lead Grade	%	3.4%	-	-	5.5%	3.4%	4.0%	3.5%	3.1%	3.0%	2.5%	3.5%	3.0%	-
Silver Grade	g/t	39	-	-	47	30	59	54	24	27	30	41	41	-
Lead Recovery	%	91.6%	-	-	90.9%	94.1%	90.0%	88.0%	92.7%	94.7%	93.8%	90.3%	90.3%	-
Silver Recovery	%	81.7%	-	-	87.2%	86.2%	82.2%	81.4%	86.9%	86.9%	85.7%	70.4%	70.3%	-
Concentrate Produced	kt	873	-	-	109	110	126	112	99	98	80	97	42	-
Lead Grade	%	65.8%	-	-	64.2%	65.6%	63.5%	62.4%	65.9%	66.0%	65.7%	72.2%	72.3%	-
Silver Grade	g/t	664	-	-	529	532	860	878	479	535	730	677	770	-
Payable Lead	kt	546	-	-	61	69	79	65	63	63	50	68	30	-
Payable Silver	Moz	17.2	-	-	1.5	1.7	3.2	3.0	1.4	1.5	1.8	2.0	1.0	-

Source: BML FEED ASX Announcement, UCPS.

**Figure 3.2: Sorby Hills Life of Mine Cashflows**

FINANCIAL SUMMARY	Unit	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Lead Revenue	A\$M	1,803	-	-	198	225	260	215	207	208	165	226	98	1,803
Silver Revenue	A\$M	693	-	-	59	69	131	121	57	62	71	82	40	693
Total Revenue	A\$M	2,496	-	-	257	295	392	337	264	269	236	308	138	-
TR/RCs	A\$M	(191)	-	-	(21)	(23)	(30)	(26)	(21)	(21)	(18)	(22)	(10)	-
Royalties	A\$M	(95)	-	-	(10)	(11)	(14)	(12)	(10)	(10)	(9)	(12)	(5)	-
Net Revenue	A\$M	2,209	-	-	227	260	347	299	233	238	210	274	123	-
Logistics	A\$M	(117)	-	-	(14)	(15)	(17)	(15)	(13)	(13)	(11)	(13)	(6)	-
Mining	A\$M	(547)	-	-	(51)	(62)	(94)	(93)	(81)	(71)	(54)	(36)	(4)	-
Processing	A\$M	(388)	-	-	(38)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(24)	-
G & A	A\$M	(88)	-	-	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(5)	-
Operating Cash Flow	A\$M	1,069	-	-	114	126	180	134	81	96	88	167	84	-
Pre-production Capex	A\$M	(264)	(131)	(133)	-	-	-	-	-	-	-	-	-	-
Sustaining Capex	A\$M	(26)	-	-	(12)	(1)	(3)	(1)	(0)	-	-	-	(5)	(4)
Project Cash Flows	A\$M	778	(131)	(133)	101	125	177	133	81	96	88	167	78	(4)
NPV <sub>8</sub>	A\$M	411												
IRR	%	37												
Average EBITDA	A\$M	126												

Source: BML FEED ASX Announcement



### 3.1 CAPEX

Figure 3.3: Sorby Hills Up Front Capital Requirements

Item	Pre-Production (A\$M)	Sustaining (A\$M)	Total (A\$M)
EPC Contract	134.9	-	134.9
Site Est / Bulk Earthworks	31.9	4.9	36.9
Water Management	8.1	11.7	19.8
Accommodation Village	11.5	-	11.5
Other Infrastructure	8.5	0.6	9.1
Owners Costs	32.0	-	32.0
Contingency	22.7	-	22.7
Pre-Production Opex	15.0	-	15.0
Closure Costs	-	9.3	9.3
<b>Total Capital Costs</b>	<b>264.5</b>	<b>26.5</b>	<b>290.9</b>

Source: BML FEED ASX Announcement

### 3.2 OPEX

Whilst upfront capital requirements increased slightly by circa 8% in the FEED study to \$264.5m, Operating costs reduced, with C1 costs lowered from US\$0.39/lb to USD\$0.36/lb.

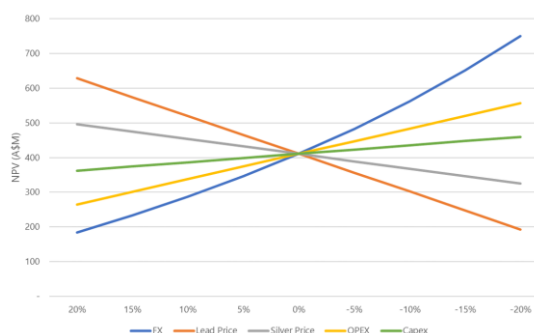
Figure 3.4: Sorby Hills Operating Costs

Item	Total (A\$M)	Unit Costs	
		A\$/t ore	US\$/lb payable Pb
Logistics	117	6.4	0.07
Mining	547	30.0	0.31
Processing	388	21.3	0.22
G & A	88	4.8	0.05
Lead Treatment	160	8.8	0.09
C1 Costs (ex-Credits)	<b>1,300</b>	<b>71.2</b>	<b>0.74</b>
Net Silver Credits	(661)	(36.2)	(0.37)
<b>C1 Costs</b>	<b>639</b>	<b>35.0</b>	<b>0.36</b>
Royalties	95	5.2	0.05
Sustaining Capital	26	1.4	0.01
<b>AISC</b>	<b>760</b>	<b>41.6</b>	<b>0.43</b>

Source: BML FEED ASX Announcement

### 3.3 Sensitivity Analysis

Figure 3.5: Sorby Hills FEED Sensitivity Analysis



Source: BML FEED ASX Announcement

### 3.4 Project Development Highlights Summary

In summary the outcome of the FEED study has stipulated Sorby Hills as:

- A 2.25Mtpa Open Cut Scenario
- 18.3Mt grading 3.4% Pb, & 39gpt Ag will be mined from 6 pits (detailed below)
- Life of Mine (LOM) initially 8.5years but expected to increase
- Production: 64ktpa lead and 2Mozpa silver

- CAPEX: Up front Capex \$264.5m with a further \$26m Sustaining Capex during LOM
- OPEX: C1 costs US\$0.36/lb payable Pb
- Final Investment Decision and Decision to Mine anticipated in 2HCY2025
- Payback <3 years
- Company's pre-tax NPV<sub>8</sub> \$411m, pretax IRR 37%,
- EBITDA (assuming 100% of project) \$160mpa
- Sensitivities confirm project is highly sensitive to the lead price and foreign exchange rates

**Figure 3.6: Sorby Hills FEED Study Production Target Per Pit**

Pit	Total (Mt)	Waste (Mt)	ROM (Mt)	Pb (%)	Ag (g/t)	PbEq (%)	Strip Ratio
Pit A	4.1	3.7	0.5	3.7	16.4	4.3%	8.1
Pit B	14.8	12.6	2.3	3.2	17.4	3.8%	5.5
Omega South	21.1	18.3	2.8	2.9	29.5	3.9%	6.5
Omega Main	57.7	50.3	7.4	3.6	38.7	5.0%	6.8
Norton	21.4	19.5	1.9	4.0	78.5	6.8%	10.0
Beta	35.6	32.2	3.4	3.3	41.5	4.8%	9.5
<b>Total Production</b>	<b>154.8</b>	<b>136.5</b>	<b>18.3</b>	<b>3.4</b>	<b>38.8</b>	<b>4.8%</b>	<b>7.5</b>

Source: BML FEED ASX Announcement

## Section 4: US\$30m Prepayment Term Sheet & Binding Offtake With Trafigura Highlights the Projected Quality of Sorby Hills Concentrate & its Attractiveness to Participants in the International Base Metal Markets

### 4.1 Sorby Hills Offtake Agreement

In December 2024 BML announced that it had executed a binding concentrate offtake agreement with Trafigura Asia Trading Pte Ltd, a division of internationally renowned commodities trader Trafigura. The agreement secures the sale of 75% of concentrate produced from Sorby Hills over an initial 7-year term which equates to 531kt.

**Figure 3: Sorby Hills Key Offtake Terms**

<b>Seller</b>	Sorby Hills Pty Ltd ("SHPL") (100% subsidiary of Boab)
<b>Buyer</b>	Trafigura Asia Trading Pte. Ltd.
<b>Volume</b>	<p>If Financial Close on the Prepayment Facility is achieved, the offtake will be for 75% of lead-silver concentrate produced at Sorby Hills, (minimum 531,000 tonnes, ~7 years based on the FEED Study production schedule).</p> <p>If Financial Close on the Prepayment Facility is not achieved, the offtake will be for 25% (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 177,000 tonnes) provided that if Boab exercises its option to terminate the Prepayment Term Sheet or obtains alternative financing for development and construction of the Project, the offtake will be for 50% (or greater, at SHPL's discretion) of lead-silver concentrate produced at Sorby Hills (minimum 354,000 tonnes).</p>
<b>Metal Pricing</b>	For Lead: LME Cash Settlement price averaged over the relevant quotational period. For Silver: the official LBMA Silver price averaged over the relevant quotational period.
<b>Payables</b>	Typical payabilities for Lead and Silver
<b>Treatment Charge</b>	Benchmark linked Lead Treatment Charge reverting to a simple average of the Benchmark and Spot Lead Treatment Charge if Financial Close is not achieved on the Prepayment Facility

Source: BML Company report, UCPS

### 4.2 US\$30m Prepayment Facility

In conjunction with the concentrate offtake agreement, Trafigura has also agreed to and executed with BML a term Sheet detailing a US\$30m prepayment facility. Subject to Trafigura's satisfaction of certain conditions precedent, this competitively structured facility will allow BML draw on to contribute towards project construction and development expenditure.

**Figure 4.2: Sorby Hills Key Prepayment Facility Terms**

<b>Seller</b>	SHPL
<b>Guarantor</b>	Boab
<b>Buyer</b>	Trafigura Asia Trading Pte. Ltd.
<b>Facility Limit</b>	US\$ 30 million
<b>Term</b>	5 years from first drawdown
<b>Interest Rate</b>	3-month Term SOFR <sup>1</sup> + 5% p.a.
<b>Grace Period</b>	18 months interest only period (option to capitalise interest)
<b>Repayment</b>	42 monthly instalments following the Grace Period
<b>Security</b>	1 <sup>st</sup> ranking security over SHPL's assets and 1 <sup>st</sup> ranking security over the Company's shareholding in SHPL
<b>Financial Close</b>	To be achieved within 18 months of execution of the Prepayment Term Sheet, unless mutually extended, and subject to conditions precedent to financial close and drawdown.

Source: BML Company report, UCPS

### 4.3 Offtake & Prepayment Finance Our Take

We view both the offtake agreement and the \$30m prepayment facility extremely favourably for several reasons and the achievement to attract a quality offtake partner as the passing of a significant key milestone for the project.

- Firstly, securing 75% of concentrate offtake sale for the first 7 years to Trafigura substantially de-risks the projects future revenue stream.
- Secondly, the offtake agreement favourably allows BML to undertake a second offtake with another party or if more desirable sell the remaining 25% into spot.
- Thirdly, to attract such a renowned tier 1 offtake partner such as Trafigura demonstrates the expected quality of the Sorby Hills concentrate (65.8%Pb & 664gpt Ag).
- Fourthly something overlooked by most would be the offtake agreement reflects Sorby Hills geographical location as being extremely attractive. One has to remember that matching a commodity seller with a buyer is only part of the transaction for Trafigura. The commodities trader also must deal with logistics in getting the concentrate from the seller to the buyer. We are therefore also without doubt that Sorby Hills attractive geographical location in coastal Northern Australia, proximal to a deepwater port (Wyndham) which has a strong track record of successful shipments played an important part in the decision making.
- Fifthly, with Trafigura firmly committed to the project in both offtake and prepayment financing and BML's JV partner agreeing to exit (discussed in the next section) this has placed BML in a very strong position to be able to re-engage discussions with the Federal Government's Northern Australia Investment Fund (NAIF) and other lenders to apply for a significant portion of the remaining debt financing.

### Section 5: Agreement with JV Partner For BML To Move to 100% Viewed as a Positive to Opening up New Avenues of Financing Previously Off Limits

Currently Sorby Hills is 75% owned by BML with Joint Venture Partner Henan Yugang (HY) (China's largest lead smelting company) holding the remaining 25%. In mid-2024 BML approached HY and successfully negotiated an agreement which will see BML acquire HYS 25% in a structured option agreement.

Subject to BML reaching a Final Investment Decision (FID) on Sorby Hills within 12 months, BML will be able to exercise an option to acquire HY's 25% stake by undertaking a series of Tranche payments to HY totalling \$23m.

- Tranche 1; Upon exercise of the option and the concurrent acquisition of HY's 25% Joint Venture interest BML will pay HY \$12.5m;
- Tranche 2; BML to pay HY \$5.5m no later than 12 month from the commencement of concentrate production at Sorby Hills; and
- Tranche 3; BML to pay HY a final \$5.0m no later than 18 months from the commencement of concentrate production at Sorby Hills

Whilst we understand HY has been a supportive JV partner for BML, the partnership has also been not without restrictions. HY being a foreign entity, has placed some avenues of equity and debt financing off limits for Sorby Hills. In particular, we believe Australian Federal Government agencies such as NAIF and Export Finance Australia (EFA), would likely prefer projects without substantial foreign ownership. This new agreement seeing HY exit in addition to the offtake and prefinancing agreement with Trafigura has now very importantly allowed BML to re-kindle discussion with lenders (including NAIF and EFA) on the basis of 100% project ownership.

**We see this as an excellent outcome and it certainly contributes positively towards the FID which we anticipate will occur in Q42025.**

### Section 6: Potential Acquisition of the DeGrussa Processing Plant & Its Relocation to Sorby Hills Could Substantially Reduce Upfront Capex Requirements

Following the release of the FEED Study mid 2024 which provided detailed confirmation that the Sorby Hills upfront capital cost was \$264.5m, BML embarked upon an initiative to seek out potential cost reduction opportunities and explore them. The aim of the initiative was to reduce that upfront capital cost figure and lower project implementation risk. Undoubtedly the largest of those initiatives would be to seek out the potential to acquire an available, technically suitable, second-hand processing plant.

In October 2025 the Company in its quarterly report announced to the market that it had engaged the services of EPC Contractor GR Engineering Service (GRES) to assist it in undertaking a thorough review of Sandfire Resources' DeGrussa process plant. As part of the mandate GRES is also assisting BML to assess not just the technical aspects of the mill but also the magnitude of the economic benefit to Sorby Hills if it was acquired.

Figure 4: Photo of Sandfire Resources' DeGrussa Processing Plant



Source: BML Company report, UCPS

The DeGrussa process plant, located 900km NE of Perth, was purpose built from new to process the DeGrussa copper-gold orebody which was a world class VMS discovery for Sandfire at that time. Built in 2010-11 it operated between 2011 and May 2023 producing quality copper-gold concentrates which were transported to port in rotainers. Since May 2023 the plant has been on care & maintenance. The plant which comprises of a conventional crushing milling, flotation, dewatering and filtration circuit has been identified as being a potentially good fit to what would be required at Sorby Hills.

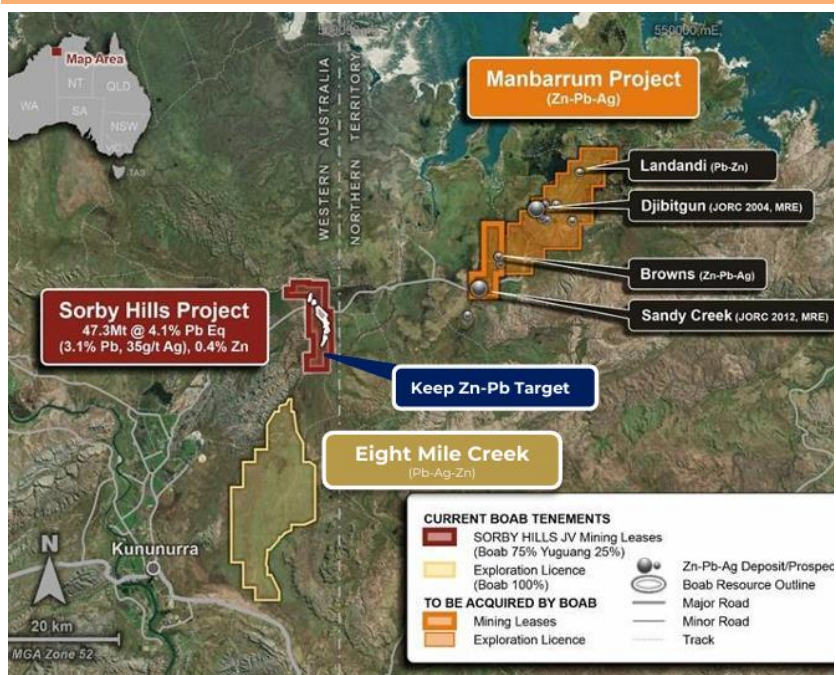
We are watching this initiative with strong interest and fully support the undertaking the due diligence exercise. Processing plants of this quality are not easy to come by and its acquisition if purchase cost and the outcome of the study made sense, then we would welcome it as a real positive. Largely because the DeGrussa deposit was considered a world class orebody, Sandfire had no issues in raising sufficient capital for the project. The quality of the plant reflects this which we understand has been well engineered and maintained to high standards.

We always remind ourselves however though, that the teardown transport and reassemble costs are not a cheap exercise and the acquisition and relocation of the mill from Midwest WA to the Kimberley would have to make economic sense. We now wait on news of the outcome of the due diligence process and discussions with Sandfire management. At this stage our modelling does not take into consideration any CAPEX reduction from the acquisition of a second-hand plant.

**Section 7 Additional Near Mine and District Exploration Prospects Provide Strong Potential Well Beyond the Initial modelled 8.5Years**

BMLs current modus operandi is understandably to direct almost all of its time and capital on establishing Sorby Hills as a near term mining operation capable of producing a strong revenue stream from the production and sale of quality base metal concentrate. Whilst this is certainly the case, the Company is however encouragingly still very much aware of what other potential future growth opportunities are present within the district and in particular within perceived economic trucking distance of the proposed future Sorby Hills processing plant.

Figure 7.1: District Opportunities in The East Kimberley



Source: BML Company report, UCPS

We take a view similar to BML that with an initial slated mine life of 8.5years, recognising key opportunities whether they be *organic* (exploration success), *corporate* (acquiring ground with existing resources by M&A activities) or simply *transactional* (where a future toll treatment opportunity presents itself with a third

party) all opportunities should be considered to extend the life of the operation. With that in mind BML has identified some exciting prospects notably:

**The Keep Near-Mine Target (BML 75% moving to 100%):** A review of existing geophysics (seismics) has picked up mineralisation associated with along strike extensional faulting within the Sorby Hills main mining lease. This ‘blind’ target recently drilled by BML has returned some encouraging high-grade intercepts including:

- 9.6m grading 2.59% Pb, 2.26% Zn & 17.6gpt Ag (5.1% PbEq) from 243m
- 2.0m grading 1.23% Pb, 5.86% Zn & 36.7gpt Ag (7.73% PbEq) from 303m

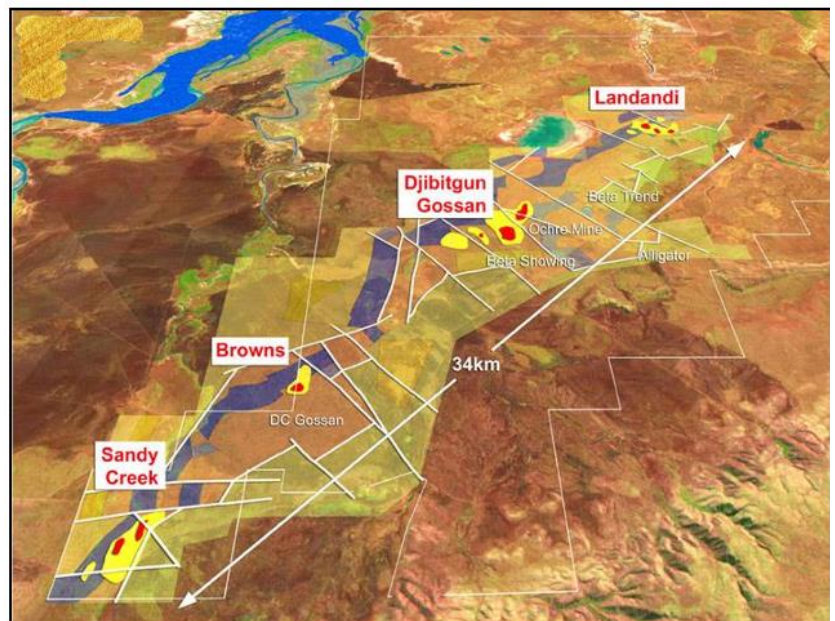
We view Keep as having strong potential to become a ‘bolt on’ resource addition to the current projects resource inventory which in turn has potential to extend the project’s current mine life.

With the nature of these MVT occurrences, we would also not be overly surprised if additional mineralised targets like Keep were discovered and announced to the market if a dedicated exploration program were to be initiated in the future.

**Eight Mine Creek Project (BML 100%):** Encouraged by the exploration success achieved to date at Keep, BML has secured this sizeable tenement . Geologically we can see it as 30km of very similar (if not the same) highly prospective geology located along strike from Sorby Hills. We certainly see the logic in investigating this tenement further.

**Manbarrum Zinc-Lead-Silver Project (BML 100%):** Acquired from Todd River Resources Limited in July 2021, the Manbarrum Zinc-lead-silver project is located only 25km east of Sorby Hills. Advantageously the project benefits considerably by the existence of a bitumen highway running between it and Sorby Hills. Manbarrum is considered a strategically advanced project consisting of a collection of tenements totalling 175km<sup>2</sup> in area, two being granted mining leases that overlay geology closely related to that at Sorby Hills. At least 4 mineralised deposits/prospects are recorded being: Landani, Djibitgun, Browns and Sandy Creek.

**Figure 7.2: Prospects/Deposits, Manbarrum Zinc-Lead-Silver Project**



Source: Todd River Resources Tenement Surrender Report 2019, UCPS

Two prospects, Sandy Creek and Djibitgun on the mining leases have historical JORC mineral resources reported which are dominant in zinc and silver. Furthermore, conceptual open pit studies were undertaken and completed by CSA Global mining consultants in 2018.

At this current time BML has chosen not to report on the resources as the Company needs to verify them. However, our investigations and readings independent of BML relating to TRR's releases and annual reports are encouraging with reports stating the historical mineral resources as:

- Sandy Creek Mineral Resource is 22.5Mt @ 1.8% Zn, 0.5% Pb, and 4.6g/t Ag (reported in accordance with JORC 2012), and
- Djibitgun historical Mineral Resource of 6.7Mt @ 1.8% Zn, 0.6% Pb and 14g/t Ag (reported in accordance with JORC 2004).

Whittle software open pit mining studies undertaken by CSA Global using then zinc and lead prices at that time reported the project as being marginal from a perspective of scale, grade and then commodity prices. However, we understand CSA at that time flagged that should Sorby Hills be developed in the future, then this had the potential to become an important satellite source of additional feed for a future processing plant at Sorby Hills. With commodity process having substantially increased since 2018 we are cautiously encouraged with CSA's comments and clearly see Manbarrum as a very strategic acquisition for BML with a great deal of potential. We look forward to further news releases relating to this project.

#### **Further Opportunities Likely to Emerge**

With all of these opportunities it is not unreasonable to envisage Sorby Hills becoming a key processing hub for other deposits in the district once Sorby Hills orebodies are exhausted.

#### **Section 8 Valuation**

We have undertaken a valuation exercise on BML based on the assumption that the Company does proceed to 100% ownership of Sorby Hills. The reader should note that this exercise has been done as much to broadly demonstrate how significantly undervalued BML's current share price is, even at this predevelopment phase rather than attempting to attain a specific highly precise share price figure based on complex modelling.

Our valuation and share price targets are based on a post-tax fully diluted basis to mine commissioning. I.e. we have built into our modelling our best estimates based on the company's FEED outputs what additional capital will be required and in what form it will be in. This involves our assumption that \$280m will be required in pre-production and sustaining capital. Of that required capital it has been assumed that \$80m will be sourced from the equity markets and the remaining \$200m from agreed debt facilities. The reader should note that this equity debt ratio is likely subject to change.

To attain a meaningful valuation figure which we believe would be suitable to be used as a share price target guide we have conveniently divided the exercise into 3 main parts, these being

- 1) The undertaking of a discounted post tax NPV<sub>8</sub> cashflow model for the production of a lead-silver concentrate from Sorby Hills processing plant with ore sourced from the Sorby Hills open pits
- 2) An assessment of the potential to further access additional ore from the remaining Sorby Hills resources outside of the reserves and resources outlined for mining in the FEED study
- 3) A heavily discounted nominated valuation estimate for the potential of any exploration prospects outside of Sorby Hills

#### **Lead-Silver Price assumptions in the modelling**

Prior to our modelling and the release of this paper we assessed a number of currently available sources for lead and silver price charts and forecasts. From that exercise we came to our own conclusion what we believe we should conservatively use as a lead and silver price for our modelling. All sources of lead pricing at the time of the release

of this paper have the commodity price increasing steadily out to at least 2030. As such we decided to use a conservative starting 2025 price of US\$1800/tonne increasing by 1% per annum. At the time of release of this paper the LME spot price for Lead was US\$2074 per tonne. For silver we have used a conservative price of US\$25 per oz in year 1 increasing at 1% per annum. Current price for silver is US\$33.80 per oz.

### Sorby Hills Operations Model Assumptions

With the need to establish parameters for modelling purposes we have relied heavily on the FEED outputs released by the Company in mid 2024. Our NPV model simulates all ore mined processed through Sorby Hills processing plant which will have an initial LOM of 8.5 years with feed outlined from the FEED model being 18.3Mt mined (See Fig 3.6 and 3.7 for tonnage and grade). For simplicity we have not taken into consideration in our modelling any additional production and revenue from zinc as a potential by product.

Whilst we have a high level of confidence that the Company will extend mine life well beyond the official 8.5 years from a combination of accessing additional ore from remaining resources at Sorby Hills and expected further exploration upside success from in-mine, near mine and accessing additional feed from other external projects e.g. Manbarram, we have chosen to refrain from building any further upside into the NPV model at this time until clarity is provided as to the future source of that potential additional production.

	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11
	FY 2025	FY 2026f	FY 2027f	FY 2028f	FY 2029f	FY 2030f	FY 2031f	FY 2032f	FY 2033f	FY 2034f	FY 2035f
<b>SORBY HILLS MINING SCHEDULE</b>											
Capex (AUD\$M)	0.0	264.5	12.0	1.0	1.5	1.0	0.0	0.0	0.0	0.0	0.0
Ore Mined (Mt)	0	0.4	2.1	2.3	2.4	2.5	2.3	2	1.1	3	0.3
Waste (Mt)	0	3.8	11.7	14.3	25.7	25.4	21	17.3	13	4.2	0.2
Total Mined (Mt)	0.0	4.2	13.8	16.6	28.1	27.9	23.3	19.3	14.1	7.2	0.5
<b>SORBY HILLS PROCESSING PLANT</b>											
Ore Processed (Mt)			1.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	1.1
Lead Grade (%)			5.5%	3.4%	4.0%	3.5%	3.1%	3.0%	2.9%	3.3%	3.0%
Silver Grade (gpt)			47.0	30.0	59.0	54.0	24.0	27.0	30.0	41.0	41.0
Concentrate Produced (kt)			109.0	110.0	126.0	112.0	99.0	98.0	80.0	97.0	42.0
Payable Lead (kt)			70	72	80	70	65	65	53	70	30
Payable Silver (Moz)			1.85	1.88	3.48	3.16	1.52	1.69	1.88	2.11	1.04
<b>REVENUE</b>											
Lead Revenue	203.0	211.4	236.8	208.9	197.0	197.0	197.2	161.9	217.8	95.4	
Silver Revenue	74.7	76.6	143.2	131.3	63.9	71.4	80.3	80.3	51.2	45.4	
<b>Total Revenue (AUDm)</b>	<b>277.7</b>	<b>288.0</b>	<b>380.0</b>	<b>340.2</b>	<b>260.9</b>	<b>268.4</b>	<b>268.6</b>	<b>242.2</b>	<b>309.1</b>	<b>140.8</b>	
Smelter Treatment & Refining Costs (Est) - Lead AUD/tonne	21.5	21.7	24.9	22.1	19.6	19.4	15.8	19.2	8.3		
Smelter Treatment & Refining Costs (Est) - Silver AUD/oz	3.7	3.7	5.9	6.2	3.0	3.3	3.7	4.2	2.1		
Royalties	10.0	11.0	14.0	12.0	10.0	11.0	9.0	12.0	5.0		
<b>Net Revenue (AUDm)</b>	<b>242.5</b>	<b>251.6</b>	<b>334.2</b>	<b>299.8</b>	<b>228.3</b>	<b>234.9</b>	<b>213.7</b>	<b>223.7</b>	<b>125.4</b>		
Pit Mining Costs incl Drill & Blast & Grade Control (AUD)	49.7	59.8	101.2	100.4	83.9	69.5	50.8	25.9	1.8		
Processing Costs (Crushing Milling, Float & Conc Plant) (AUD)	45.2	49.5	51.6	53.8	49.5	43.0	23.7	64.5	6.5		
Transport & Handling Costs Sulphide con to Port Wynndham (AUD)	4.4	4.4	5.0	4.5	4.0	3.9	3.2	3.9	1.7		
Port Handling Logistics (AUD)	4.4	4.4	5.0	4.5	4.0	3.9	3.2	3.9	1.7		
G & A (Project Only) Not Corporate Costs (AUD)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0		
<b>Operating Cash Flow (EBITDA) (AUDm)</b>	<b>136.0</b>	<b>133.6</b>	<b>171.4</b>	<b>136.7</b>	<b>87.1</b>	<b>114.6</b>	<b>132.9</b>	<b>175.5</b>	<b>113.8</b>		
<b>NPAT (AUDm)</b>	<b>46.3</b>	<b>58.4</b>	<b>65.7</b>	<b>98.9</b>	<b>79.7</b>	<b>49.0</b>	<b>71.2</b>	<b>86.3</b>	<b>117.8</b>	<b>79.7</b>	

### Sorby Hills Resources Outside of the Current Mining Reserve Boundaries

As previously indicated the Sorby Hills current reserves and resources delineated for mining in the FEED study account for <40% of the projects currently defined resources. We believe that an overall NAV valuation of the Company needs to take into consideration some monetary recognition of the substantial in-ground resources which lie outside of the current pit boundaries as it is extremely likely that at least some of these resources (we have assumed 50%) will be converted to additional mining reserves in the future. As such we have calculated and assigned a value to them aligned with observed discounts in the market for ASX listed junior base metal focussed peer resources.

We decided to calculate an in-ground value based on lead and silver by initially calculating a contained copper value using our discounted model lead and silver prices on our generalised estimate of remaining resources. We then applied a 97.5% discount rate to this valuation figure.

Resource Type	Tonnes (m)	Pb Grade (%)	Ag Grade (gpt)	Contained Pb (kt)	Contained Ag (Moz)	Recoverable Pb 50% (kt)	Recoverable Ag 50% (Moz)	Inground Val \$m	Discount Applied %	Discounted Val \$m
Sorby Hills Resources Outside Mine Plan	29	2.5%	25	725	23	363	12	1,814	97.5%	45.35
Other Exploration Assets										20.00

The table above sets out the discounted in-ground calculated value we have arrived at. Whilst we are first to acknowledge that this is a somewhat crude methodology of how to value in-ground resources, it nevertheless allows us to at least arrive at a valuation that we can include in the overall NAV valuation to attain a sensible defensible price target.



### Sorby Hills NPV Modelling Results

Assuming BML moves to 100% ownership, applying a discounted NPV methodology we arrive at an after tax NPV<sub>8</sub> on production from Sorby Hills of \$346m.

It is very important to note that whilst we have attempted a post tax NPV valuation and assumed the Company will be paying tax from day 1 of the operations life, we acknowledge this will not be the case as the Company will have expenditure liabilities it can offset when it comes to paying tax. At this point however we have had to assume tax paid from day 1 as it is unclear at this point which year the company will start paying corporate tax.

### Concluding Valuation & Recommendation

The table below summarises our significantly discounted NAV valuation breakdown for BML. We believe this valuation to be conservative in nature and we have provided an undiluted and fully diluted price target.

Asset/Liability	Val (\$m)	Undil Per Share (\$)	Fully Dil Per Share (\$)
Sorby Hills (BML assumed 100%) NPV val	346.00	1.48	0.61
Sorby Hills Reserves & Resources Outside of Mine Plan	45.35	0.19	0.08
Other Exploration Outside of Sorby Hills	20.00	0.09	0.04
Est. cash at time of commencement of construction	82.50	0.35	0.14
Est. debt assumed at time of commencement of construction	- 200.00	- 0.86	- 0.35
Corporate Costs	- 20.13	- 0.09	- 0.04
<b>TOTAL NAV</b>	<b>273.72</b>	<b>1.17</b>	<b>0.48</b>
<b>PRICE TARGET</b>			<b>0.48</b>

Based on this outcome of this valuation exercise we recommend BML as a “Speculative Buy” with a fully diluted (including taking into consideration future capital raisings) Price Target of \$0.48 per share.

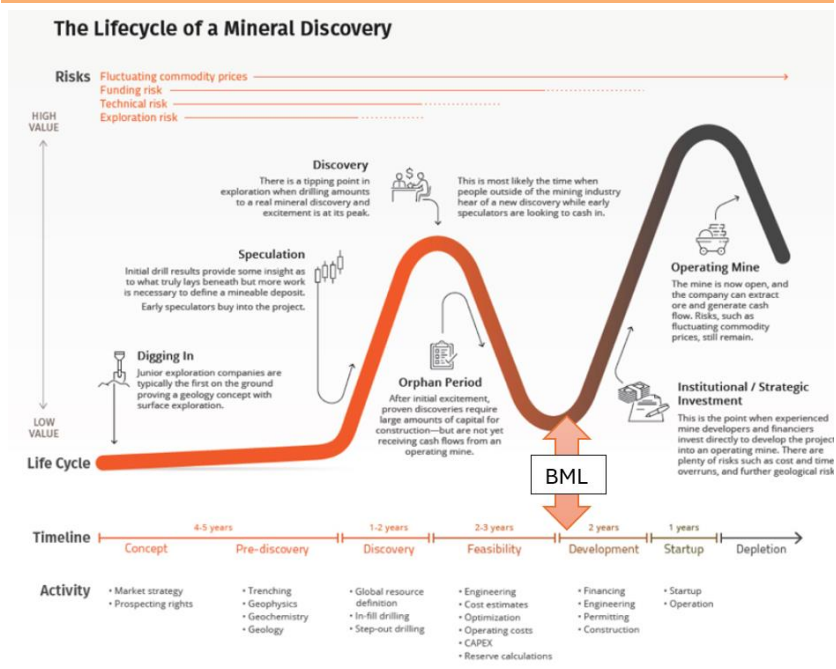
Our reasoning why we have assigned a “Speculative Buy” to BML and not a “Buy” Recommendation is purely a function of the uncertainty around the outcome of the final financing (debt & equity) of Sorby Hills. Once that financing is confirmed and locked down and disseminated to the market we would seek to review our recommendation.

### Section 9 BML’s Current Position on the Lasonde Curve Strongly Signals that Institutional Investors Should Now Consider Involvement

In Section 1.1 we mentioned that BML had achieved the majority of its key milestones, examples being DFS & FEED. As such in addition to Trafigura now firmly on board with offtake for 75% of production and a market competitive US\$30m in prepayment facility, the majority of those standard de-risking boxes are now ticked. Precipitating from that, we now believe that the Company is starting to shape up to become institution investment grade.

To further highlight this, we flag to the reader a schematic representation of the Lasonde Curve (below). If we make the broad assumption that the Life Cycle line is the Company’s share price/capitalisation, we can see that the curve indicates that BML is now poised for a share price re-rating. With the Company now entering the final financing and development stage we have marked with the arrow, we can see this highlights a compelling strong signal to Institutional investors and debt financiers that they should seriously consider involvement at this point.

Figure 9.1: BML's Position on the Lasonde Curve Provides a Strong Signal to Institutional Investors That NOW is the Time to Consider Involvement



Source & Acknowledgement: Pierre Lasonde, UCPS

### Section 10 Market Peers

Figure 10.1: Comparable Peers

Project	Commodity	Tick	Company	Proved	(g/t)	Probable	(g/t)	Total	(g/t)	Measured	(g/t)	Indicated	(g/t)	Inferred	(g/t)	Total	(g/t)	Source
Bowdens	Silver	SVL	Silver Mines Limited	32	69	1	51	33	68	100	42	43	21	36	14	179	31	Resource Report – 10 January 2025
Admiral Bay	Zinc	ARI	Arika Resources Limited	-	-	-	-	-	-	-	-	-	-	170	25	170	25	2023 Annual Report
Maronan	Silver	MMA	Maronan Metals Limited	-	-	-	-	-	-	-	2	155	30	104	32	107	107	Resource Report – 12 March 2024
Walford Creek	Copper	AML	Aeon Metals Limited	-	-	-	-	-	-	17	23	28	25	28	35	73	28	Resource Report – 15 March 2023
Peterlumbo	Silver	IVR	Investigator Resources Limited	-	-	-	-	-	-	-	-	17	75	7	67	24	73	2024 Annual Report
<b>Sorby Hills</b>	<b>Lead</b>	<b>BML</b>	<b>Boab Metals Limited</b>	<b>10</b>	<b>42</b>	<b>5</b>	<b>32</b>	<b>15</b>	<b>39</b>	<b>13</b>	<b>43</b>	<b>11</b>	<b>34</b>	<b>24</b>	<b>31</b>	<b>48</b>	<b>35</b>	<b>Resource Report – 17 December 2021</b>
Wonawinta	Silver	MKR	Manuka Resources Limited	1	51	4	54	5	54	1	47	12	46	25	39	38	41	Pre-Feasibility Study - 29 October 2024
Kempfield	Silver	ARD	Argent Minerals Limited	-	-	-	-	-	-	-	-	23	43	16	24	39	34	2024 Annual Report
Mt Mulgine	Tungsten	TGN	Tungsten Mining NL	-	-	140	6	140	6	-	-	183	5	76	5	259	5	Pre-Feasibility Study - 29 January 2021
Caravel	Copper	CVV	Caravel Minerals Limited	-	-	-	-	-	-	-	-	681	1	574	1	1255	1	Resource Report – 13 November 2023
Elizabeth Creek	Copper	COD	Coda Minerals Limited	-	-	-	-	-	-	-	-	57	14	9	6	66	13	Scoping Study - 3 December 2024
Jervois	Copper	KGL	KGL Resources Limited	10	-	1	-	11	30	4	38	13	31	11	15	28	25	Resource Report 25 November 2024
Nimbus	Silver	HRZ	Horizon Minerals Limited	-	-	-	-	-	-	4	102	3	47	5	21	12	52	Company Announcement – 28 August 2024
Stockman	Copper	AIS	Aeris Resources Limited	-	-	-	-	-	-	-	-	13	37	2	32	16	36	Company Presentation – 7 August 2024
Hayes Creek	Zinc	PTN	Patronus Resources Limited	-	-	-	-	-	-	-	-	3	137	1	52	4	124	PNX 2023 Annual Report
Whitewash	Molybdenum	AML	Aeon Metals Limited	-	-	-	-	-	-	-	-	185	2	56	2	242	2	Resource Report – 30 May 2011
Lewis Ponds	Zinc	GRL	Godolphin Resources Limited	-	-	-	-	-	-	-	-	-	-	6	80	6	80	2024 Annual Report
Wagga Tank	Zinc	PEX	Peel Mining Limited	-	-	-	-	-	-	-	-	4	68	3	55	7	62	2024 Annual Report
Sulphur Springs	Copper	DVP	Develop Global Limited	-	-	9	21	9	21	-	-	15	21	3	29	18	22	Company Presentation – 6 September 2024
Earahedy	Zinc	RTR	Rumble Resources Limited	-	-	-	-	-	-	-	-	-	-	94	4	94	4	Company Presentation – 6 August 2024

Source: BML Reports Company data, UCPS.

### Section 11 Brief Commentary on The Lead & Silver Market

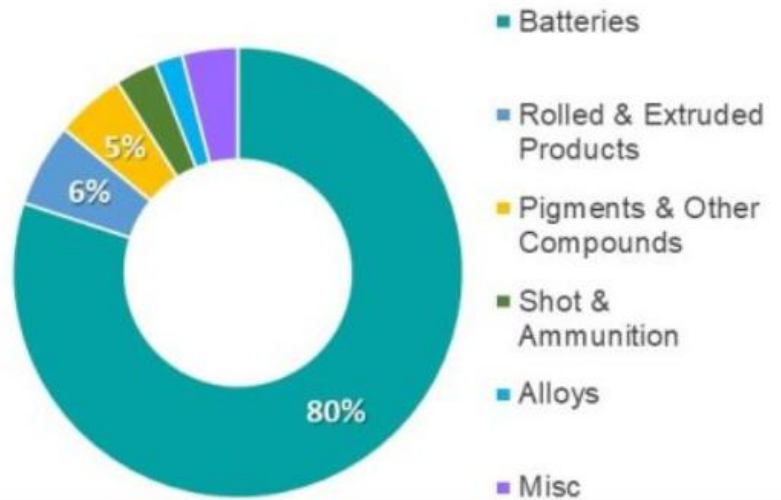
We make only brief commentary on the current lead and silver market in this paper. It is assumed that the reader and prospective investor has access to a reasonable level of market intelligence relating to past, current and forecast lead and silver, supply and demand and pricing to allow themselves to form their own informed view. We do however make some broad comments.

#### 11.1 lead – Still the Cheapest Source of Energy Storage if Weight isn't A Problem

There is an unwritten saying in the resources industry that the 'boring' commodities are usually some of the best solid performers over time for investors. We firmly take that view with lead. Whilst lead does not attract the glitzy headlines of gold and the other precious metals, for those that are *in the know*, the metal is still very much centre stage in multiple industrial uses. Its dense malleable and electrical conductivity characteristics make it ideally suited for a plethora of uses including batteries (lead-

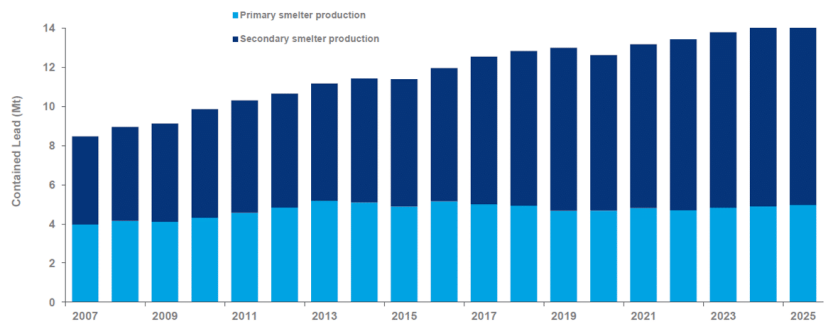
acid type), construction, ammunition, radiation shields, electrical solder, Alloys pigments & chemical compounds and weights.

**Figure 5.1: Current Global Lead Usage**



Source: International Lead & Zinc Study Group Website

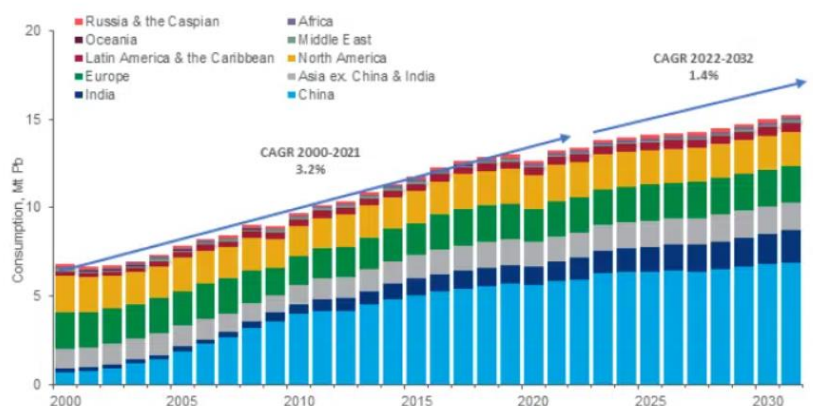
**Figure 6.2: Primary & Secondary Lead Production Past, Current & Forecast**



Source: BML Website, Wood Mackenzie

Whilst lithium-ion batteries currently take centre stage in the media, lead-acid batteries still do the ‘heavy lifting’. Importantly, if weight is not a critical factor in the application, then lead acid batteries are in most cases still the cheapest form of energy storage available. This explains why demand for lead is still so strong for batteries which makes up approximately 80% of total demand for the metal. Furthermore, it should be noted that contrary to belief that lead is a ‘yester-year’ commodity in decline, demand for the metal has actually consistently steadily risen and is expected to continue on this trajectory for the foreseeable future beyond 2030.

**Figure 11.3: Global Lead Demand BY Country/Region Past, Current & Forecast**



Source: BML Website, Wood Mackenzie

### 11.2 Silver – Demand from Solar Panel Producers & Buying in Conjunction with a Rising Gold Price

On an upward trajectory since 2022, the silver price has seen some noticeable gains particularly in recent times. Since the beginning of 2024 the metal has rallied strongly and has not only punched through US\$30/oz but has for the most part largely stayed above that price level. That substantial price increase is believed to be a function of plateauing mine production and increased demand from two main factors.

- Firstly, industrial demand continues to increase which can be attributed to the substantial increase in the production of solar panels and photovoltaic cells powered by the global energy transition.
- Secondly, silver has traditionally tracked the gold price and it is not unreasonable to take a view that continued ‘sympathy buying’ tracking the buoyant gold price has continued with vigour.

Figure 7.4: 5 Year Silver Price (US\$/oz) vs 5 Year Gold Price (US\$/oz)



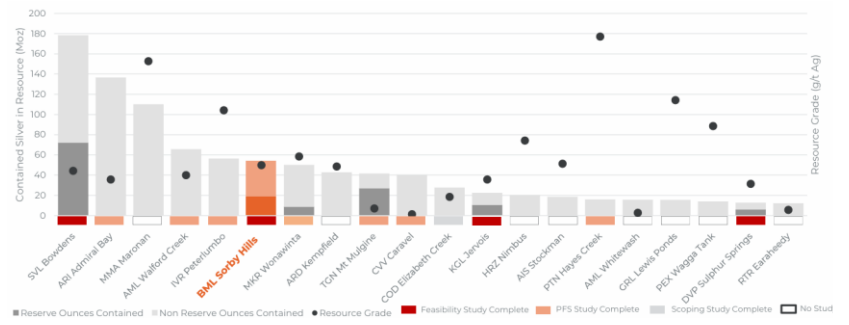
Source: Kitco, UCPS

### 11.3 Sorby Hills: Significant Domestic Silver Resource For Investors Wanting Exposure to Australian Silver Opportunities

Whilst Sorby Hills is undoubtedly a lead project with secondary metals being silver and zinc, the project has nevertheless gained noticeable interest in recent times from investors seeking exposure to the increasingly buoyant silver price. Sorby Hills total mineral resource of 53Moz Ag, whilst not considered large on a global scale, it is nevertheless quite a significant sized silver resource within Australia. Below is a peer group comparison chart released by the Company highlighting this significance.

What is attractive about Sorby Hills to us in relation to silver is that economically the project has been demonstrated to be exceptionally robust on lead production alone and doesn't need to rely on income from secondary metals. This places the project in a very interesting place in that investors are therefore highly leveraged to the silver price whilst having their investment have a solid floor through consistent revenue from lead production. Theoretically the project therefore is not under pressure to take the first offer received for its silver and can theoretically sell into spot when prices are deemed favourable.

**Figure 8.5: Comparison of Contained Silver in Undeveloped Australian Silver Deposits**



Source: BML Company report, UCPS

## Section 12 Board and Management

### **Mr Gary Comb – Independent Chair**

Mr Comb is a respected mining engineer within the West Australian mining community and has had a distinguished career with over 30 years of experience in Australian Mining Industry. Highly relevant to BML, Gary has a strong track record of being involved with the development, commissioning and operating of base metal mines. He was previously Chair of Flinders Resources Limited between 2013 up to 2018 when the company was taken over. Other notable past roles include Managing Director of Jabiru Metals Limited and CEO of BGC Contracting Pty Ltd.

### **Mr Simon Noon – Managing Director and Chief Executive Officer**

Mr Noon was appointed as Managing Director in October 2013 following the acquisition of West Rock Resources Limited. West Rock was a company Simon co-founded as Managing Director that held Sorby Hills Base metal project at that time. At West Rock Simon managed a number of joint ventures and strategic alliances with mid and top tier mining companies.

Prior to his ventures at West Rock Simon was Managing Director of Groote Resources Limited where he spearheaded the team that grew the company from a market capitalisation of \$10m to over \$200m.

Simon brings to BML a strong background in strategic management, business planning, finance and capital raising abilities. In addition he has strongly proven his worth in project management overseeing all aspects of the Sorby Hills project from mineral resource estimates to PFS, DFS and FEED through to forging and managing relationships with government and local community including involvement in supporting various local community initiatives.

### **Mr Richard Monti – Independent Non-Executive Director**

Mr Monti is an experienced geologist with over 30 years of experience in the international mining industry. Richard has a wealth of experience at the board level, bringing strong strategic planning capabilities and broad industry knowledge as well as past experience managing sizeable teams. He has served as a director on numerous company boards, ranging from unlisted micro caps through to listed mid tier miners. Between 2005 and 2015 he was the principal of corporate advisory firm Ventnor Capital Pty Ltd and is currently principal of Terracognita another corporate advisory firm servicing the mining industry. Mr Monti was recently Chair of ASX listed Zinc Ireland (ASX:ZMI). He currently holds Non Executive directorships at Alto Metals Limited (ASX:AME) and Caravel Minerals Limited (ASX:CVV).

### **Mr Andrew Parker – Independent Non-Executive Director**

Andrew a lawyer with over 25 years' experience in the exploration and mining industry. Andrew brings to BML a wealth of expertise in corporate advisory, strategic consultancy and capital raisings.

Prior to joining BML, Andrew was a director of Strata Capital and a founding partner of Trident Capital, a successful corporate advisory and venture capital firm in Perth where he was Managing Director until 2008.

Andrew has also held senior legal roles such as General Counsel for previously listed B Digital Limited and was Senior Associate for Price Sierakowski Lawyers and Senior Associate for Summers Partners.

He is currently the Executive Chairman of gold and nickel explorer WIN Metals Limited (ASX:WIN),

### Section 13 Key Risks

Key Risks to our investment thesis are outlined below, which should be considered non-exhaustive and read in conjunction with our Recommendation, Risk rating and entire report.

- **Resource risk:** Resource estimates are expressions of judgement based on knowledge, experience and industry practice. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Furthermore, resource estimates may alter significantly when new information or techniques become available.
- **Mining & Processing risk:** A reduction in plant throughput or mine production would result in reduced revenue.
- **Cost risk:** an increase in operating costs, management and Labour will reduce the profitability and free cash generation of the project.
- **Commodity price risk:** Negative movements and sentiment on lead and silver prices expose the revenues of BML to commodity price risk. Lead and silver in particular are affected and fluctuate by factors beyond the control of BML, such as supply and demand fluctuations, technological advancements and macro-economic factors.
- **Geological risk:** Ore deposits can differ significantly from earlier interpretations.
- **Metallurgical risk:** Ore metallurgy can vary from deposit to deposit and even within deposits. In BML's case sufficient metallurgical test work is required to avoid costly issues during production which occurred to BHP in the 1980s at the nearby Cadjebut base metal mine in the Leonard Shelf WA where poor metallurgical understanding lead to the build up of slimes in the ball mill reducing base metal recoveries.
- **Exchange Rate risk:** BML's future revenue will come from the sale of base metal concentrates at a USD exchange rate and as such exposes the potential income to exchange rate risk. International prices of base metals are denominated in United States dollars, whereas the financial reporting currency of BML is the Australian dollar, exposing the Company to the fluctuations and volatility of the rate of exchange between the USD and the AUD as determined by international markets.
- **Geopolitical risk:** Whilst BML's core focus is on Sorby Hills located in Western Australia the Company does have a portfolio of interests in Colombia in Latin America and is therefore exposed to its political, economic and social landscape and the broader bilateral relationship between Colombia, Australia and major trading countries. Political and economic tensions may adversely impact BML's operations in Colombia from time to time.
- **Safety:** It is key for BML to focus on the health and safety of its staff to maintain its reputation. Safety issues or other adverse scenarios may result in litigation against the Company, or its ability to retain and be awarded/retain contracts/tenements.
- **Liquidity:** In general, BML has lower levels of liquidity than the broader market, which can lead to higher volatility and variation of returns.
- **Management:** BML's management team has duration in the broader space in which it operates. Failure to attract, retain and grow talent may result in adverse performance.
- **Regulatory risk:** The Group is subject to Colombian and Australian regulations including Environment and Safety requirements. Changes to either of these may restrict BML's operations.
- **Macroeconomic risk:** Factors outside of BML's control including but not limited to inflation, unemployment, economic growth and the cash rate significantly impact the group's supply and demand drivers. Volatility or changes in these factors may impact the group's financial performance.
- **Balance sheet and capital requirements:** While BML has no debt on its balance sheet, the group is reliant on broader capital requirements to fund its operations, and there is no guarantee that the group will be able to access capital required to execute on its future operations.

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## Rating Categories

Rating	Expected TSR Range
Buy	>10% TSR
Accumulate	0% to 10% TSR
Hold	-10% to 10% TSR
Sell	< -10% TSR
Not Rated	General research issued without formal recommendation

## Risk Rating Categories

Risk Rating	Explanation
High	Risk is higher than market/general peer set
Medium	Risk is slightly higher than market/general peer set
Low	Risk is in line to lower than market/general peer set

Note: Whilst caution should be exercised when considering or undertaking investment in any security, clients should exercise greater levels of caution for companies deemed to be High Risk. Clients should determine, with the assistance of their independent adviser or other professional, whether investing in the security/s mentioned within this report is consistent with their individual financial objectives.

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## Analyst Qualifications

The author of this research Mr Ian Spence has over 30 years of proven international commercial strategic and operational leadership, technical and financial analytical skills and extensive varied 'Hands -On' mining industry experience in the resources and resource related capital markets sectors.

Ian has held numerous highly successful high value generating senior management, C-suite and directorship roles (public and private) in multiple commodity open cut and underground miners, resource development projects, as well as exploration. He has >10 years of experience in mining analytical and corporate advisory roles for domestic and international capital firms, merchant banks and resource companies.

Ian holds a Joint Honors bachelor's degree in Geology & Petroleum Geology from the University of Aberdeen, a master's degree in Mineral Exploration & Mining Geology from the University of Leicester and an Master of Business Administration from the Graduate School of Management at the University of Western Australia.

Particularly relevant to the compilation of this paper the author has had the opportunity to visit Wyndham port and associated infrastructure on a previous successful mine financing due diligence fieldtrip. Additionally, the author has had firsthand market experience in being an instrumental participant in bringing a large, advanced exploration lead-silver project to listing in Australia. That entity was later the subject of a takeover by an international group and subsequently developed into a mining venture.



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