Sorby Hills Gains Momentum with Strategic DeGrussa Plant Acquisition

Metals & Mining

We resume our coverage of Boab Metals Limited (ASX: BML) with an updated 12-month target price of A$0.57, representing a 370% upside potential to the current share price of A$0.12. BML is focused on developing the Sorby Hills Lead-Silver Project in the tier-1 mining jurisdiction of Western Australia (WA). Sorby Hills has one of Australia's largest undeveloped, near-surface lead-silver deposits. With the robust economics demonstrated in the Definitive Feasibility Study (DFS) and a subsequent FEED Study, as well as and the projections of solid demand for lead and soaring silver demand and price, we think BML is becoming an increasingly attractive speculative investment opportunity as the company is hitting significant milestones one after another.

DeGrussa Processing Plant acquisition to reduce capex at Sorby Hills

Boab has signed a binding Sale & Purchase Agreement with Sandfire Resources to acquire the DeGrussa Processing Plant for the Sorby Hills Project. This acquisition, priced at A$10.0 million (paid in three tranches), is expected to significantly reduce pre-production capital costs and accelerate development timelines. The plant, previously serving the DeGrussa and Monty Copper-Gold Mines, has been maintained in excellent condition. Boab, with GR Engineering Services, confirmed its suitability for Sorby Hills. The equipment will be integrated into Sorby Hills' process flowsheet, with GR Engineering overseeing the design and competitive tender process for relocation and refurbishment.

Binding offtake agreement with a US$30m prepayment facility in place

In December 2024, BML signed a binding offtake agreement with Trafigura, securing sales of 75% of Sorby Hills' lead-silver concentrate, totalling at least 531,000 tonnes over seven years. This partnership with Trafigura, a leading commodities trader, ensures a reliable revenue stream and highlights the high quality of Sorby Hills' concentrate. The agreement includes a US$30 million prepayment facility, providing immediate liquidity and reducing reliance on equity markets. This facility, with favourable repayment terms, supports Sorby Hills' development without imposing financial strain during early production stages.

Valuation range of A$0.54–0.59 per share

Our DCF-based valuation across base-case and bull-case scenarios yields a target price range of A$0.54-0.59 per share, considerably higher than our last valuation range of A$0.47-0.51 in December 2024, mainly due to the rallying silver prices in the last few months. We see a potential announcement of an FID in 2H CY2025 as the biggest catalyst for a re-rating in the share price towards our valuation range. Our valuation does not take into account the possible value-unlocking from non-core assets. The key risks include funding risk, project delays and commodity price risk. We believe the substantial silver deposits at Sorby Hills enhance its appeal significantly due to the bullish outlook for silver prices on the back of the metal's increasing demand for solar panel manufacturing. Sorby Hills, with one of the largest undeveloped silver deposits in Australia, has also completed advanced feasibility studies. Approximately 30% of its forecasted revenue in the DFS come from silver credits, which rises to 40% at current lead and silver prices. This effectively positions Boab as an ASX silver play with substantial upside potential.

Year-end (A$m)	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e
Revenue	0.2	0.3	301.8	324.0	447.1
NOPAT	(6.3)	(5.8)	76.7	61.1	98.9
FCF	(5.9)	(193.0)	29.5	82.8	113.2

Current Price (A$)	0.12
Target Price (A$)	0.54-0.59
Price / NAV (x)	0.21x
Market Cap (A$m)	28.0
52-week H/L (A$)	0.08 / 0.20
Free Float (%)	79.7%
Bloomberg	BML AU
Reuters	BML.AX

Price Performance (in A$)

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

Disclaimer - Directors of East Coast Research hold shares in Boab Metals Limited (ASX: BML).

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Investment Rationale

Boab Metals (ASX:BML) is a base and precious metal explorer and mine developer based in Perth, Western Australia (WA). The company's flagship asset is the Sorby Hills lead-silver Project, located in the East Kimberley region of WA. BML owns a 75% stake in the project, and the remaining 25% is owned by the joint venture (JV) partner, Henan Yuguang Gold and Lead Co. Ltd. Boab has executed an option agreement with Henan to acquire its 25% share in the Sorby Hills Project for A$23m. The company has one more core asset, the Manbarrum project, located within the same geology of Sorby Hills. In addition, BML owns a portfolio of non-core assets, both in Australia and overseas in Colombia. Currently, BML is focused on developing the Sorby Hills project and has kept all other non-core assets on hold.

Sorby Hills presents a compelling investment opportunity

Sorby Hills is a low-risk project with open-pitable and high-grade resources, existing infrastructure and in-place regulatory approvals.

Boab completed a DFS for its Sorby Hills Lead-Silver Project in January 2023 and later made improvements in the processing design through a FEED Study conducted by GR Engineering which led to considerable improvements to the DFS outcome. Feasibility studies have demonstrated the economic robustness of the Project. Sorby Hills deposits are high-grade and amenable to open pit mining with substantial silver content. Most of Sorby Hills defined resources are in the higher confidence categories of Measured and Indicated Resources and 2/3 of them are proven reserves. The project has one of Australia's largest undeveloped deposits with total resources estimated at 1.5 million tonnes (Mt) of lead and 53 million ounces (Moz) of silver. Additionally, metallurgical testwork conducted at all deposits has returned strong average recovery rates of 91% for lead and 82% for silver, using conventional floatation processes. Boab has granted mining leases and an EPA (Environmental Protection Authority) approval in place. There's a sealed road from Sorby Hills to Wyndham Port for future Concentrate sale. Wyndham Port is Australia's closest port to Asia and is only 150km away from Sorby Hills. The company has signed a Heads of Agreements (HOA) with the local shire to construct a Kununurra-based accommodation facility, 50km from Sorby Hills. It has also executed an HOA to secure clean energy from the Ord River Hydroelectric Plant.

DFS and FEED Studies have demonstrated strong project economics

Following the Definitive Feasibility Study (DFS), Boab identified several opportunities to optimise and de-risk the Sorby Hills Project both technically and economically. The company has successfully capitalised on these opportunities while completing Front-End Engineering & Design (FEED) for the Process Plant in collaboration with GR Engineering Services (GRES), resulting in significant project improvements. Key highlights of the June 2024 FEED study Base Case include: • Upfront capital expenditure of A$264 million (A$245m in the DFS) • Average C1 cost of US$0.36 per pound of payable lead, including silver credits (US$0.39/lb in the DFS), making Sorby Hills one of the lowest cost lead producers on a global scale • Pre-tax NPV_8 of A$411 million (A$370m in the DFS), with a pre-tax IRR of 37% (35% in the DFS) • Average annual EBITDA of A$126 million (A$119m in the DFS).

Acquisition of the DeGrussa Processing Plant to reduce capex at Sorby Hills

BML has signed a binding offtake agreement with Trafigura for 75% of Sorby Hills concentrate product and the agreement is accompanied by a much valuable US$30m prepayment facility which can be used to fast track the development of the Project.

Boab has signed a binding Sale & Purchase Agreement (SPA) with Sandfire Resources to acquire the DeGrussa Processing Plant for the Sorby Hills Project. This acquisition is expected to significantly reduce pre-production capital costs, estimated at A$264 million, and accelerate development timelines. The DeGrussa Processing Plant, located in Western Australia, previously served the DeGrussa and Monty Copper-Gold Mines and has been maintained in excellent condition for potential divestment. Boab, with GR Engineering Services, confirmed the plant's suitability for Sorby Hills. The acquisition, priced at A$10.0 million, comprises 3 staged payments (see page 14). The plant's equipment will be integrated into Sorby Hills' process flowsheet, with GR Engineering overseeing the design and competitive tender process for its relocation and refurbishment. Boab will cover ongoing care and maintenance costs until dismantling begins.

A binding offtake agreement with a US$30m prepayment facility in place

In December 2024, BML signed a binding offtake agreement with Trafigura, securing sales of 75% of Sorby Hills' lead-silver concentrate, totaling at least 531,000 tonnes over seven years. This

partnership with Trafigura, a leading commodities trader, ensures a reliable revenue stream and highlights the high quality of Sorby Hills' concentrate. The agreement includes a US$30 million prepayment facility, providing immediate liquidity and reducing reliance on equity markets. This facility, with favorable repayment terms, supports Sorby Hills' development without imposing financial strain during early production stages.

Demand for lead and silver growing on the back of energy transition

The onset of the pandemic and the subsequent stringent regulations by governments across countries have been compelling road users to shift towards sustainable mobility, i.e. hybrid vehicles, EVs, etc. Despite the availability of alternative battery technologies (the most common one being lithium-ion batteries), we believe lead-acid batteries are not going to lose their charm. The Hybrid EVs (with a forecast of 28.9% CAGR over 2022-30) still need lead-acid batteries for ignition and other ancillary functions. In addition, as a result of technological advancements, lead continues to be extensively used in renewable energy storage batteries, telecom tower power batteries, etc.

Similarly, despite the global economy facing headwinds, technological advancement is supporting the industrial utility of silver. In addition to the traditional usage of the precious metal in jewellery and ornaments, silver is increasingly used in new-age industries of jet engines, solar panels, electronic devices, water purification, etc. Silver prices are currently trading above the US$33/ounce mark, well above the levels assumed in the Sorby Hills DFS. We expect silver's strength to persist in the near to mid-term due to limited investment in new mine developments over the past 2-3 years. As a result of the persisting poor sentiment over the entire commodity sector, higher commodity prices don't automatically result in increased investment in new mine developments. With rising demand and constrained supply, the natural outcome is likely to be further increases in commodity prices, including lead and silver.

The DCF Valuation approach indicates substantial upside Potential

Given the low-risk nature of the Sorby Hills project and the significant milestones achieved at Sorby Hills, we believe that BML is highly undervalued. Additionally, we believe the exposure to the silver market further increases the attractiveness of BML. Our DCF-based valuation across base-case and bull-case scenarios at a discount rate (WACC) of 13.6% yields a target price range of A$0.54-0.59 per share. It is imperative to note that the value-unlocking from non-core assets is not included in this valuation. Our DCF model for the Sorby Hills Project is broadly based on the assumptions of the 2023 DFS and FEED Study released in June 2024.

While we see substantial potential upside to investment in BML, there are key risks associated with investment in BML which include commodity price risks, funding risks, and execution risks.

We have assumed an FID will be reached in FY26 and production to start in FY27. The acquired DeGrussa processing plant is assumed to accelerate development timelines post funding. In the base case we have assumed a lead metal price range of US$2,000-2,250 per tonne, which is in line with the metal's prices in the last 10 years. Our base case also includes a silver price range assumption of US$30-38 per ounce. Given the current silver prices of over US$33 and our bullish view on the metal's prices in the long-term, we think our silver price assumptions remain conservative.

Key risks to our investment thesis include a worsening inflation situation and economic uncertainty, which could hurt economic growth across industries globally. In addition, the uncertainty around the financial markets might restrict the company's ability to successfully close the funding plan on preferable terms, negatively impacting investor's potential return. Please see page 28 for more explanation on risks to investment in BML.

Substantial silver deposits at Sorby Hills enhance its appeal significantly

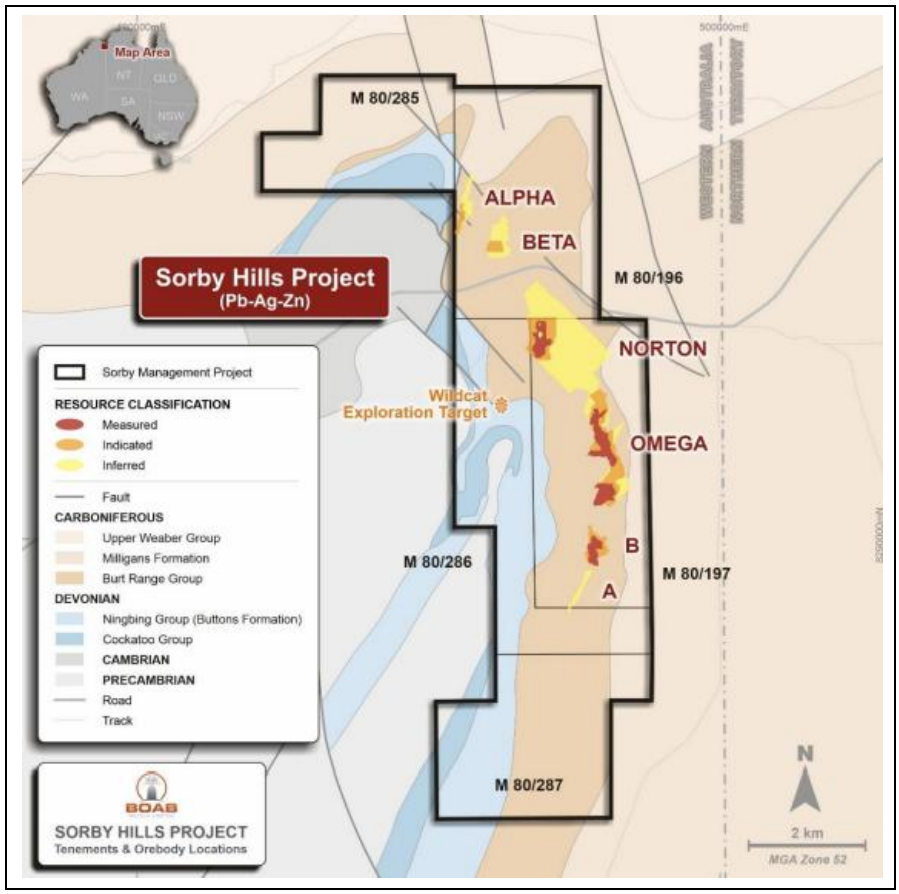
Lead is often produced as a by-product of zinc mining, as both metals are commonly found together in ore deposits. Projects with lead-silver deposits, like Sorby Hills, have an economic advantage due to the bullish outlook for silver prices compared to zinc. Recent declines in zinc prices have led to mine closures, while silver prices have been on an uptrend, driven by industrial demand and the metal's role in solar panels. Sorby Hills, with one of the largest undeveloped silver deposits in Australia, also has completed advanced feasibility studies. Approximately 30% of its forecasted revenue in the DFS come from silver credits, rising to 40% at current lead and silver prices. This effectively positions Boab as an ASX silver play with substantial upside potential.

Sorby Hills — Boab Metals' flagship project

The Sorby Hills project is the largest undeveloped, near-surface lead-silver-zinc deposit in Australia. BML acquired a 75% stake in the project in October 2018. The remaining 25% is owned by Yuguang (Australia) Pty Ltd., a wholly owned subsidiary of Henan Yuguang Gold and Lead Co. Ltd. (China's largest lead smelter and silver producer). BML, however, has executed an option agreement with Henan to acquire its share in Sorby Hills for A$23, subject to BML reaching a Final Investment Decision (FID) on the Sorby Hills Project within the next 6 months. Sorby Hills comprises granted mining leases covering six lead-silver-zinc deposits in the East Kimberley region, WA (Figure 1).

Sorby Hills is one of the largest undeveloped, near-surface lead-silver-zinc deposits in Australia

Figure 1: Sorby Hills project



Source: Company

Strategic benefits of the Sorby Hills project

Sorby Hills project offers a multitude of advantages, i.e. favourable geology, proximity to infrastructure, high quality resource base, etc, making BML a low-risk high potential play.

I. Favourable geology

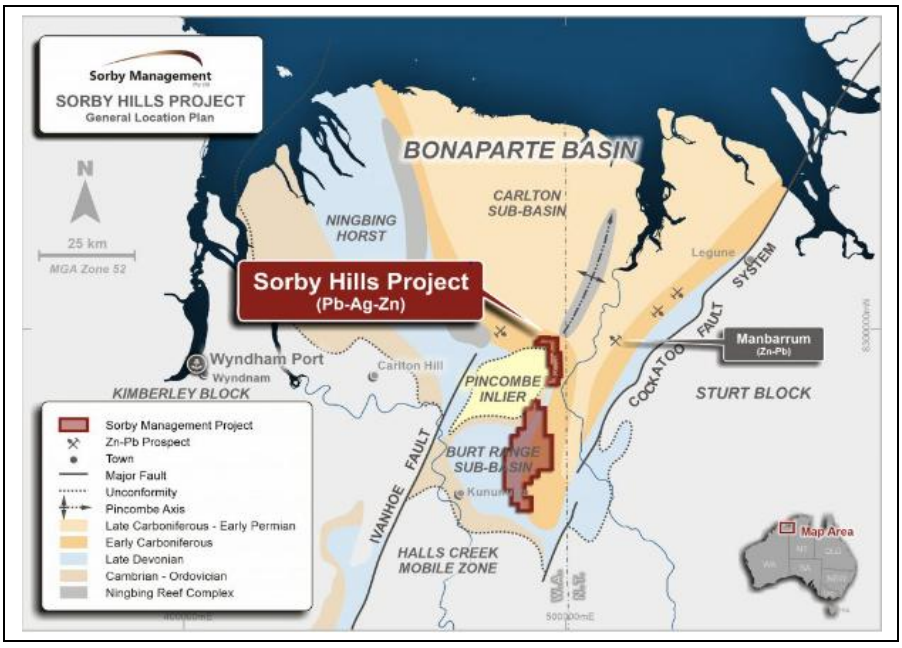
Sorby Hills enjoys favourable regional geology as it is part of the onshore Bonaparte Basin, which is an under-explored mineral province prospective for zinc-lead-silver mineralisation (Figure 2).

The Sorby Hills mineralisation is classified as Mississippi Valley Type (MVT), indicating replacement of carbonate and mixed carbonate siliciclastic rocks by Pb-Ag-Zn-Fe1 sulphides. MVT mineralisation is also referred to as carbonate-hosted zinc-lead (silver) mineralisation and is globally known to form mineral districts hosting millions of tonnes of base metals. Exploration across the globe has vindicated that most MVT districts include multiple deposits ranging from 0.5 Mt to 10 Mt. The smaller Burt Range Sub-basin within the Bonaparte Basin is analogous to global MVT districts in terms of size, source of metals, pathways for the expulsion of mineralisation and trap sites for mineralisation. BML's exploration team takes the view that the Burt Range Sub-basin is highly prospective for MVT deposits and has significant remaining exploration potential.

Recent geological assessment has refined this to a sediment-replacement system, with mineralisation focused within an interval below the base of the Knox Sediments and the Sorby Dolomite (Transition Facies).

The mineralisation is largely stratabound and hosted mainly in the Transition Facies, an interval of about 20-25m. A massive micritic fossiliferous dolomite interval is located in the hanging wall. Strata generally dip shallowly, but variably to the east, southeast and northeast. The deposits form a curvi-linear north-trending belt extending over 7km, sub-parallel to the eastern margin of the Precambrian Pincombe Inlier with sub-economic mineralisation linking all deposits.

Figure 2: Geology of Sorby Hills project



Source: Company

WA remains one of the most attractive regions for mining investment In Australia

II. Favourable location and infrastructure

The Sorby Hills project is strategically located and is only 50 km away from the regional centre of Kununurra and 150 km from the Wyndham port (**Figure 3**) in the East Kimberley region in WA. Resource-rich WA is the most attractive region for mining investment, replacing the US state of Nevada, which fell to third place in the 2021 annual survey of mining companies released by the Fraser Institute[2]. The region has a rich mining and exploration history and is one of the world's largest exporters of raw materials such as iron ore, gold, lithium, copper, lead, and zinc.

[1] Pb is the symbol for lead, Ag is the symbol for silver, Zn is the symbol for zinc and Fe is the symbol for iron.

[2] https://www.mining.com/western-australia-is-worlds-new-top-mining-destination/

The project has much of the required infrastructure in place, which includes the following:

- **Port access and services agreement:** Agreement in place with Cambridge Gulf for access and stevedoring services at Wyndham port until April 2034 (**Figure 4**). Wyndham port is the only deep-water port between Broome and Darwin and serves as an important link within Northern Australia's primary and secondary industries' supply chains. The company believes that this agreement will secure a path to market for the concentrates that it will produce from Sorby Hills.
- **Power:** Heads of agreement (HOA) executed with Horizon Power to secure c.90% of the annual electricity the project consumes. Sorby Hills will be supplied with low-cost, clean renewable energy from the Ord River Hydroelectric Power Plant for a period of 10 years.
- **Accommodation camp:** BML has purchased a second-hand 178-person accommodation camp to house project employees and contractors on the project site. The camp comprises 33 four-room buildings and 23 two-room buildings and four laundry buildings. In July 2023, BML executed a Heads of Agreement (HOA) with the Shire of Wyndham and East Kimberley (SWEK) for the construction and long-term lease of a new 180-person accommodation facility located in Kununurra, 50km away from the Sorby Hills Project. Under the HOA, BML will fund pre-construction work, including approvals and conceptual design, in return for securing a 10-year lease for the facility with an option to extend for a further 5 years. BML's pre-construction costs will be rebated against leasing costs. SWEK will fund and oversee the detailed design and construction of the facility, indicating the economic importance of the Sorby Hills Project for the region. BML intends to use the previously acquired second-hand accommodation camp during the construction phase of the Project and transfer its workforce into the new facility once operations commence. The second-hand camp would be resold once construction is complete.
- **On-site infrastructure facilities to be constructed:** a tailings storage facility, mine water settling pond, water storage facility, evaporation ponds and a water treatment plant.
- **Off-site infrastructure facilities include:** Accommodation and messing facilities in Kununurra (operations phase), road infrastructure, a concentrate container storage area and a container wash-down station at Wyndham Port.

Figure 3: Sorby Hills transport route

Figure 4: Wyndham port

Source: Company

III. High-quality mineral resource base

Successful drilling programs at Sorby Hills revealed substantial resources of **47.3Mt at 4.1% of lead equivalent (3.1% Pb, 35g/t Ag) and 0.4% Zinc (Figure 5) containing 1.5Mt Pb, 53 Moz Ag and 0.21Mt Zn.** As per the DFS, there has been a 14% increase in measured and indicated resources versus the pre-feasibility study's indicated resources. BML also reported a 78% increase in measured resources and the project's ore reserves saw a 12% increase and reached 15.2Mt.

Figure 5: Total mineral resource estimate

Deposit	Classification	Tonnes	Grade				Contained Metal		
		(Mt)	Pb %	Zn %	Ag g/t	PbEq[1] %	Pb kt	Zn kt	Ag koz
A	Inferred	0.6	5.3%	1.0%	23	6.1%	31	6	427
	SubTotal	**0.6**	**5.3%**	**0.1%**	**23**	**6.1%**	**31**	**6**	**427**
B	Measured	1.4	3.8%	0.3%	19	4.5%	52	4	859
	Indicated	1.3	3.4%	0.3%	21	4.1%	44	4	862
	SubTotal	**2.7**	**3.6%**	**0.3%**	**20**	**4.3%**	**97**	**8**	**1,720**
Omega	Measured	8.5	3.3%	0.4%	37	4.6%	279	32	9,995
	Indicated	5.8	3.5%	0.4%	34	4.7%	205	25	6,331
	Inferred	2.9	2.7%	0.4%	26	3.6%	76	13	2,414
	SubTotal	**17.2**	**3.3%**	**0.4%**	**34**	**4.5%**	**566**	**71**	**18,948**
Norton	Measured	2.8	4.1%	0.3%	75	6.7%	112	9	6,668
	Indicated	2.1	3.2%	0.5%	38	4.5%	68	11	2,617
	Inferred	16.2	2.5%	0.5%	27	3.4%	402	75	14,039
	SubTotal	**21.1**	**2.8%**	**0.4%**	**34**	**4.0%**	**590**	**96**	**24,090**
Alpha	Indicated	0.7	2.6%	0.5%	41	4.0%	18	4	923
	Inferred	0.8	3.6%	1.2%	86	6.6%	27	9	2,052
	SubTotal	**1.5**	**3.1%**	**0.9%**	**64**	**5.3%**	**45**	**13**	**2,975**
Beta	Indicated	1.0	4.1%	0.2%	42	5.6%	42	2	1,382
	Inferred	3.2	3.4%	0.4%	43	4.9%	109	14	4,474
	SubTotal	**4.2**	**3.6%**	**0.4%**	**43**	**5.1%**	**151**	**17**	**5,856**
Total Resource	**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**
	Total	**47.3**	**3.1%**	**0.4%**	**35**	**4.3%**	**1,465**	**207**	**53,042**

Source: Company

After the release of Sorby Hills Definitive Feasibility Study in January 2023, BML completed a phase VII drilling program at the Project for resource and reserve expansion as well as metallurgical purposes. The assay results released in November 2023 indicated several drill hole intercepts of exceptional grade and composition at the Norton Ore body, including 11.05m at 17.63% PbEq (10.98% Pb & 189 g/t Ag) from 81.95m and 11.60m at 20.23% PbEq (8.78% Pb & 325 g/t Ag) from 74.40m. BML is now undertaking metallurgical testworks on the samples from the Norton deposit to establish the uniformity of the deposit's metallurgy with other ore domains of the Sorby Hills deposit.

Exploratory drill holes targeting the periphery of the known mineralisation with emphasis on the areas of lower confidence in the ore distribution also returned significant intercepts, including 6m at 9.92% PbEq (3.92% Pb & 170 g/t Ag) from 101m. But the most exciting of all was the result of the drilling at the Keep Seismic Target.

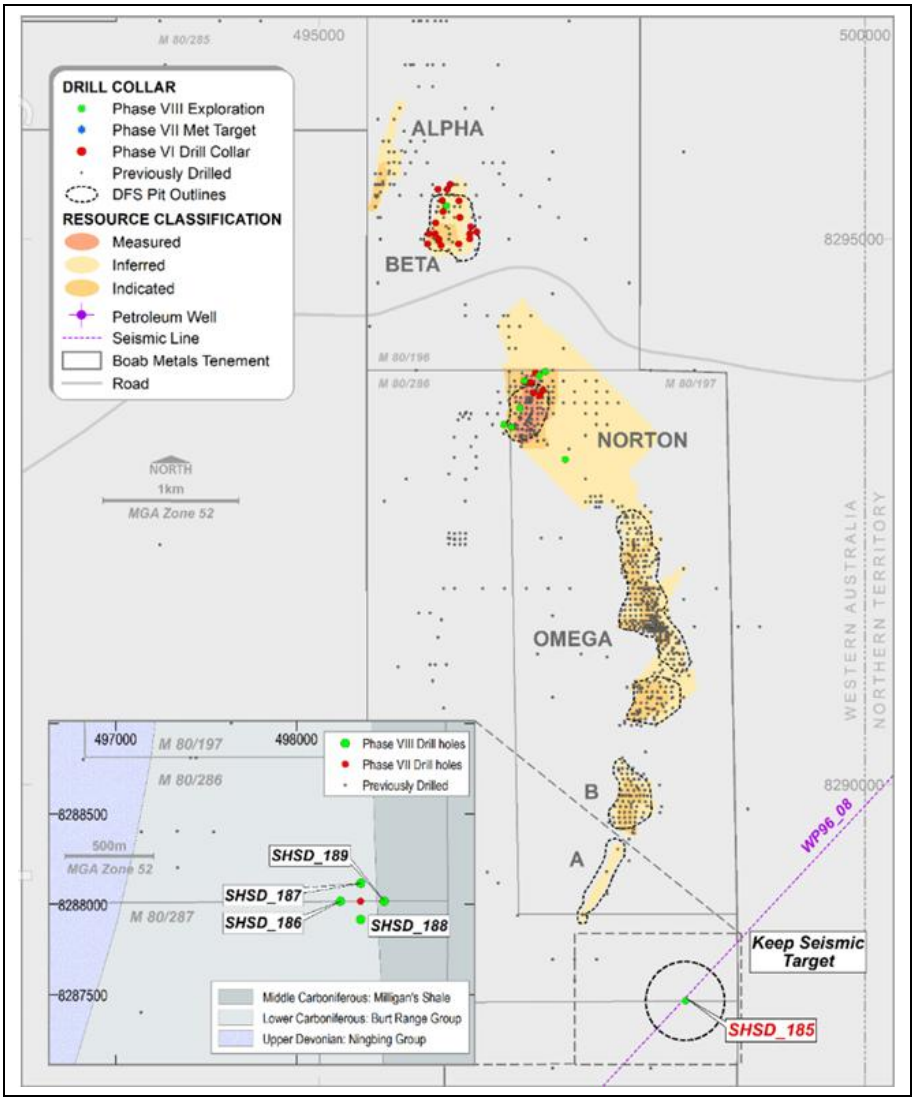
The recent results from a Phase VIII drilling program at Sorby Hills, targeting the Keep Seismic Prospect, indicate the high exploration potential at the Project.

The Keep Seismic Target resulted from BML's interpretation of seismic data from petroleum exploration across the Burt Range Sub-Basin. The significant intercepts from the first drill hole into this target are particularly exciting given the conceptual nature of the target and its location in an area where no mineralisation had intersected before. The location of the drill hole sits around 2km away from the closest ore reserves at Sorby Hills and will be a catalyst for further exploration within BML's mining tenements. This will be in addition to the existing exploration potential at Sorby Hills as the step out drill holes at Norton and Beta also confirmed the continuity of mineralisation at those deposits.

The first drill hole into this conceptual target intercepted significant base metal mineralisation, including 9.55m at 5.10% PbEq (2.59% Pb & 2.26% Zn & 17.6 g/t Ag) from 242.55m. A Phase VIII drilling program was consequently completed at the project comprising 4 deep sonic/diamond holes at the Keep Seismic Target for a total of 1,352m. The results confirmed the high prospects of Keep Target for a potential lead-zinc-silver

discovery. The significant returns included 2m at 7.73% PbEq from 303m at SHSD_189 (see Figure 6).

Figure 6: Plan view of the Sorby Hills Project showing the locations of completed drill holes for Phase VIII with respect to previous drilling, the Mineral Resource and DFS open pit outlines



Source: Company

IV. Significant regional exploration potential

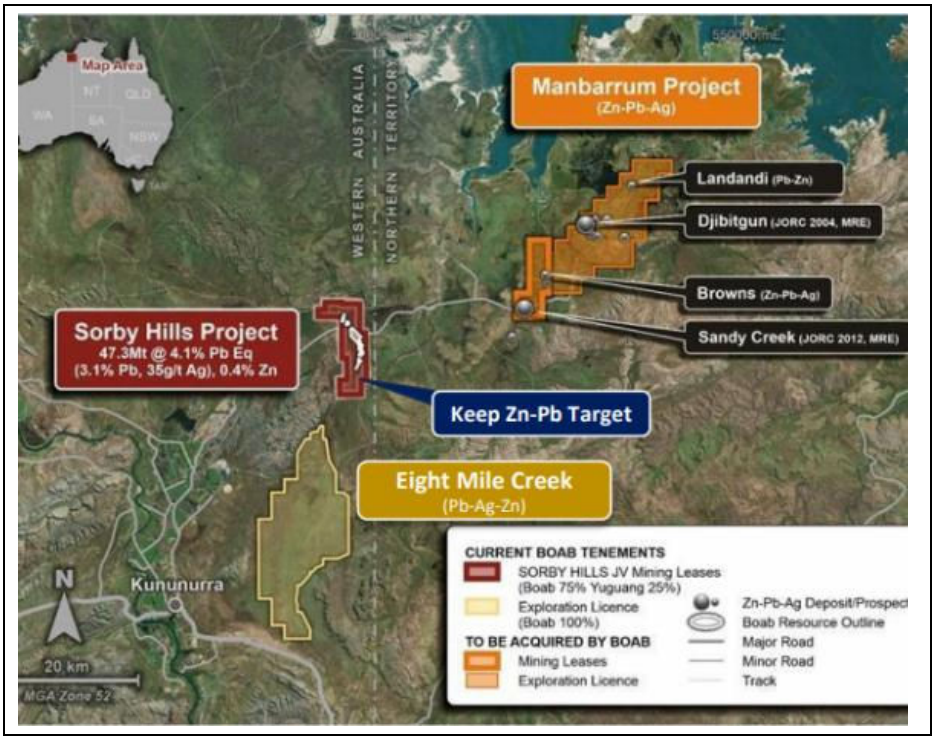
Strategic acquisitions of Eight Mile Creek and Manbarrum projects are indicative of the management's intention to enhance the regional exploration potential.

The Eight Mile Creek project is a 100% BML owned tenement and covers 206 sq km of underexplored tenure immediately south of Sorby Hills (Figure 7). The project has 30km of geology, prospective for deposits similar to those found at Sorby Hills.

BML's 100% owned Manbarrum Project, located just 25 km east of Sorby Hills, also represents a compelling prospect for exploring zinc and silver. The 175 km² tenement package includes two granted mining leases, with prior conceptual studies highlighting the potential for open-pit mining operations. CSA Global conducted conceptual open-pit mining studies in 2018, wherein CSA Global identified the opportunity to improve project economics via toll treating at a future plant located at Sorby Hills.

BML intends to leverage its operational and geological synergies to create a regional mining camp in order to establish BML as a long-term mineral producer.

Figure 7: Growth opportunities in the East Kimberley Region



Source: Company

V. Deep roots within the Kimberley community

Consistent engagement with local community is highly important for mitigating social risks and BML is following the pattern

BML understands the importance of establishing and maintaining relationships with the communities in which they operate. That's why the company has become the Naming Rights Sponsor of the Ord Valley Muster for 2023 and beyond (**Figure 8**). The Ord Valley Muster is an annual festival of music, art and culture. It attracts thousands of visitors to Kununurra to experience the stunning landscape, cultural diversity and Kimberley hospitality for the last 20 years. The sponsorship is an indication of the company's commitment to the town of Kununurra and the Kimberley community.

Also, through BML's partnership, the Teach Learn Grow rural programme reached the children of the East Kimberley community for the first time in 2021. BML supports the local communities in a wide range of areas, it seeks to negotiate an agreement with the MG Corporation to provide employment, contracting opportunities and other benefits through the Sorby Hills project to Miriuwung and Gajerrong people.

Figure 8: Ord Valley Muster

Source: Company

VI. Substantial leap forward with key amendments received to Sorby Hills EPA approval

EPA approval is a breakthrough as it paves the way for clearance of the Biodiversity Conversation Act 2016 and to begin with early works

In December 2024, BML received its amended EPA (Environmental Protection Authority) approval for an increase to the open pit depth and mining production rate in line with the Project's FEED study.

The amendments also provide the opportunity for Boab to further reduce capital expenditure through an optimisation of the proposed water management strategy and rationalisation of associated infrastructure.

This will enable the company to commence the implementation of the Sorby Hills Project and prepare the site to accommodate all-weather access to the project, develop a materials laydown and hardstand area to facilitate the construction of its expanded processing plant, and permits the establishment of the accommodation village.

With all necessary EPA amendments now secured for the commencement of Sorby Hills mining operations, the Company will focus on finalizing the remaining regulatory approvals. This includes completing and updating documentation required under the federal Environmental Protection and Biodiversity Conservation Act (EPBC) due to the expanded scope of the Project since its initial assessment in 2013. Additionally, EPA approval for mining the Beta Pit, which is planned for the end of the current Project mining schedule, will be sought after operations have begun.

DFS depicts robust project economics

The company released its DFS in January 2023. The main highlights of the study are:

- Open-pit production target stands at 18.3Mt at an average grade of 3.4% lead and 39g/t silver supported 83% by ore reserves, including 10.4Mt proved ore reserves.
- 2.25Mtpa capacity conventional flotation process plant producing an average of 103ktpa of lead-silver concentrate containing 67kt of lead and 2.2 Moz of silver.
- Impressive project financials, including a net cash flow of A$705m and an NPV_8 of A$370m. An average annualised EBITDA of A$119m with an internal rate of return (IRR) of 35%.
- In terms of costs, a pre-production capital expenditure (CAPEX) of A$245m is required to put Sorby Hills into production.
- As per the study, more than 50% of capex will go into the processing plant's engineering, procurement, and construction (EPC); A$ 40m has been set aside for early works and related infrastructure and A$21m has been set aside for contingency.
- C1 cash cost of US$0.39/lb of payable lead, including a net silver credit of US$0.38/lb payable lead, delivering an average operating margin of 41%.

The DFS proposes open-pit mining over an initial period of 8.5 years and processing 18.3Mt of ore from five of the six deposits, namely Omega, A, B, Beta and Norton. Mined ore will be treated via a simple crush-mill-flotation circuit at an initial rate of 1.5Mtpa (will expand to 2.25Mtpa after the first year of production) to deliver an average 103ktpa of concentrate containing 64ktpa of payable lead and 2Moz pa of payable silver. Concentrate produced at the project will be transported via road in sealed half-height containers to Wyndham Port from where it will be shipped to end users.

Positive FEED results have enhanced Sorby Hills Project's economics

Following the Definitive Feasibility Study (DFS), Boab identified several opportunities to optimise and de-risk the Sorby Hills Project both technically and economically. The company has successfully capitalised on these opportunities while completing Front-End Engineering & Design (FEED) for the Process Plant in collaboration with GR Engineering Services (GRES), resulting in significant project improvements.

Key highlights of the June 2024 FEED study Base Case include:

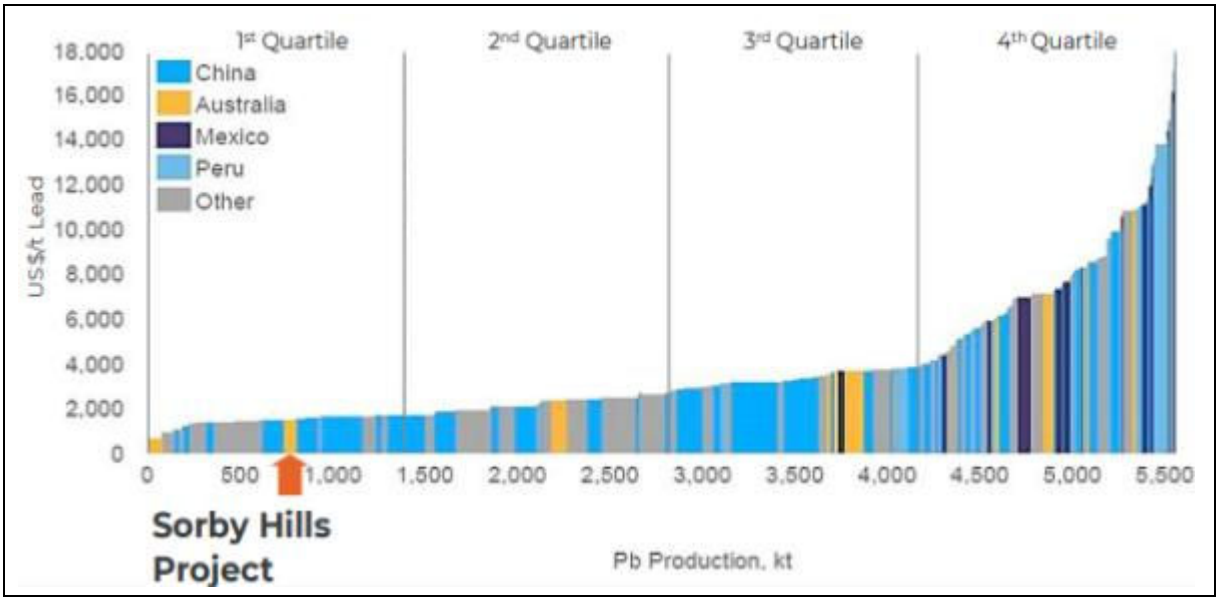
- Upfront capital expenditure of A$264 million (A$245m in the DFS).
- Average C1 cost of US$0.36 per pound of payable lead, including silver credits (US$0.39/lb in the DFS).
- Pre-tax NPV_8 of A$411 million (A$370m in the DFS), with a pre-tax IRR of 37% (35% in the DFS).
- Average annual EBITDA of A$126 million (A$119m in the DFS).

These metrics reflect project updates alone, excluding any changes in macroeconomic assumptions or lead and silver prices, and delivered an increase of +A$73 million in net cash flow and +A$41 million in NPV_8 compared to the DFS. Notably, the net change to pre-production capital expenditure remained limited despite inflationary pressures since the DFS was released in December 2022, while project pre-tax cash flows over the first five years of production improved by +A$150 million.

Sorby Hills Project is a low-cost Lead producer

The Sorby Hills Project has been independently confirmed as a first-quartile cost producer on the global lead cost curve, demonstrating its strong cost competitiveness. Within its FEED Study, it projects C1 cash costs of just US$0.36/lb payable lead, supported by silver credits. The project benefits from shallow, high-grade ore and efficient open-pit mining methods. This low-cost base ensures strong margins and rapid payback, positioning Sorby Hills as one of the most cost-effective lead projects globally and reinforcing its appeal to investors.

Figure 9: Sorby Hills 2027 Lead Cost Curve



Source: Company

Project financiers typically seek a substantial margin of safety in relation to the assumptions and outcomes of the DFS. In our view, the updated DFS figures offer an increased margin of safety for the project's economics and present a stronger financial profile to support debt financing.

Strong binding offtake agreement with a US$30m prepayment facility in place

BML has signed a binding offtake agreement with Trafigura for 75% of Sorby Hills concentrate product and the agreement is accompanied by a much valuable US$30m prepayment facility which can be used to fast track the development of the Project.

In December 2024, BML announced it signed a binding offtake agreement with Trafigura[3] which secures sales of 75% of Sorby Hills' lead-silver concentrate, covering a minimum of 531,000 tonnes over an initial seven-year term, consistent with the project's production schedule as outlined in the FEED Study. Trafigura's global standing as one of the largest independent commodities traders, with expertise in lead and silver markets, underscores the strategic importance of this partnership. This agreement ensures a reliable revenue stream for Boab and reinforces the premium quality of Sorby Hills' concentrate, which averages 65.8% lead and 664 g/t silver. The concentrate's high grade and clean composition enhance its marketability, offering Boab a competitive edge in securing attractive commercial terms.

Accompanying this agreement is a US$30 million prepayment facility, a cornerstone component of Boab's financing strategy for Sorby Hills' development. This facility, structured with an interest rate of SOFR + 5% and a five-year term, includes an 18-month repayment grace period followed by equal monthly repayments over the subsequent 42 months. By aligning repayments with expected production cashflows, the facility provides Boab with immediate liquidity without imposing undue financial strain during the early stages of production. This arrangement significantly reduces Boab's reliance on equity markets, mitigating potential shareholder dilution and providing flexibility to explore additional funding sources to meet the project's capital requirements.

Boab to become Sorby Hills 100% owner

Boab Metals has signed an option agreement with joint venture partner Henan Yuguang Gold & Lead Co. Ltd ("Yuguang") to acquire their 25% stake in the Sorby Hills Lead-Silver-Zinc Project. The option can be exercised if Boab reaches a Final Investment Decision (FID) on the Sorby Hills Project within the next 6 months. If the option is exercised, Boab will make the following payments to Yuguang:

- Tranche 1: A$12.5 million upon exercising the option and acquiring Yuguang's 25% joint venture interest.
- Tranche 2: A$5.5 million, payable within 12 months of commencing concentrate production at Sorby Hills.
- Tranche 3: A$5.0 million, payable within 18 months of commencing concentrate production at Sorby Hills.

It is important to note that the option agreement requires no immediate payment to Yuguang and allows for Tranche 1 payment to be met with funds raised at FID.

Boab's full ownership of the project, along with the elimination of direct Chinese ownership, is likely to enhance access to Australian government funding sources, such as the Northern Australia Infrastructure Facility (NAIF), for the project's development.

[3] Trafigura is a multinational commodities trading company, founded in 1993 and headquartered in Singapore. It is one of the world's largest private metal and oil traders. Trafigura connects producers and consumers of minerals, metals, and energy, leveraging its global network to make supply chains more efficient. The company has a significant presence in various regions, including Geneva, Houston, Montevideo, and Mumbai and it has built or acquired stakes in pipelines, mines, smelters, ports, and storage terminals1.

The acquisition of the DeGrussa Processing Plant to reduce capex at Sorby Hills

Boab has recently signed a binding Sale & Purchase Agreement (SPA) with Sandfire Resources (ASX: SFR) to acquire the DeGrussa Processing Plant for use at Boab's Sorby Hills Project. This acquisition has the potential to significantly reduce the project's pre-production capital costs, estimated at A$264 million, while accelerating development timelines.

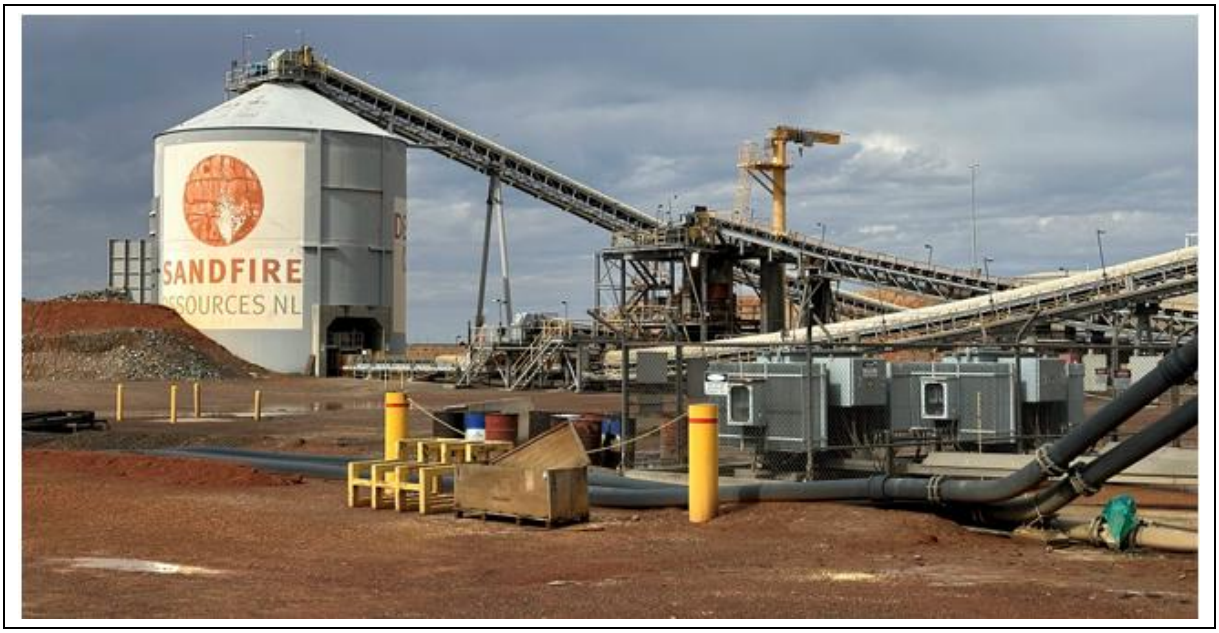
Located 900km north-east of Perth in Western Australia, the DeGrussa Processing Plant previously served the high-grade DeGrussa and Monty Copper-Gold Mines. Mining operations commenced in 2011 and ceased in October 2022, with processing continuing until late May 2023, following a period of stockpile processing. The final concentrate shipment was completed in the first half of FY24. Since then, the plant has been maintained in excellent condition by Sandfire for potential divestment opportunities.

Boab, in collaboration with GR Engineering Services (GRES) consultants, conducted due diligence and confirmed the plant's suitability for the Sorby Hills Project. This acquisition, priced at a total of A$10.0 million, is expected to create substantial value for the project.

- A$1.5M deposit of which A$0.5m is payable in cash and A$1.0m to be paid in cash or shares (at Boab's election);
- A$6.0m upon Boab reaching a Final Investment Decision (FID) on the Sorby Hills Project.
- A$2.5m payable in cash on or before the date that is 12 months from the sale of first concentrate from the project.

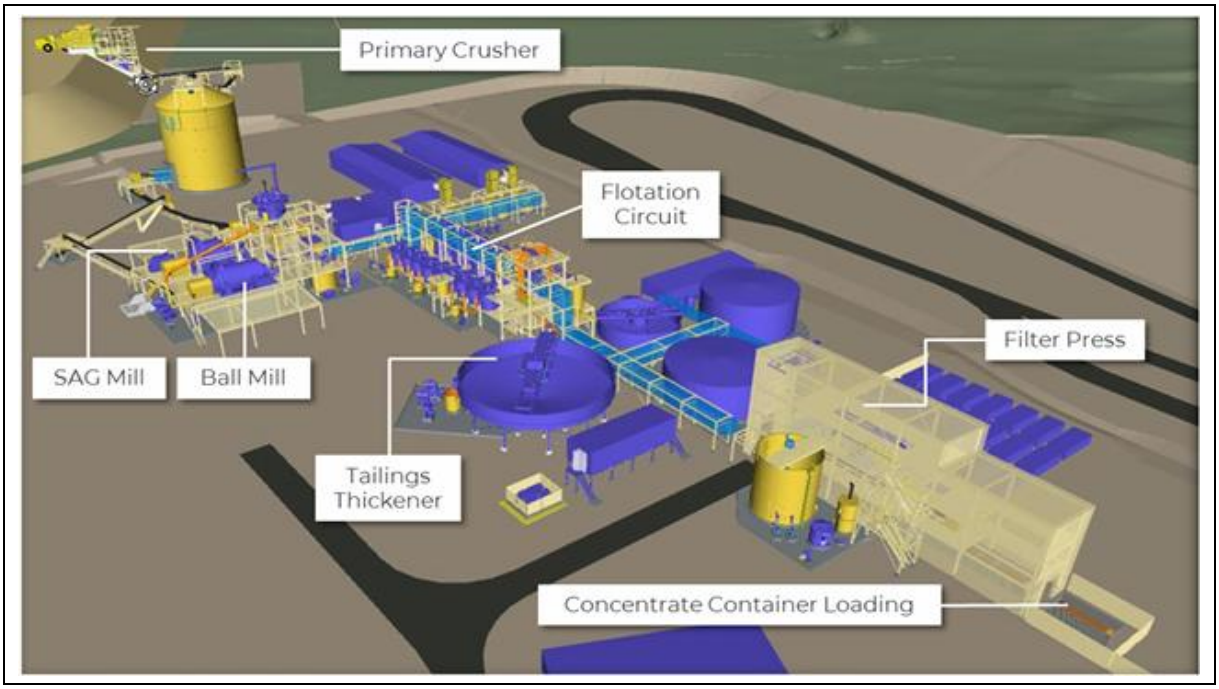
The DeGrussa Processing Plant includes, among other things, a primary crusher, ball mill, SAG mill, flotation circuit, concentrate and tailings thickeners (Figure 9)- all sized appropriately for reuse in the proposed Sorby Hills process plant flowsheet (Figure 10).

Figure 10: Image of the DeGrussa Process Plan



Source: Company

Figure 11: 3D Model of the Sorby Hills process plant showing key components of the design.



Source: Company

GR Engineering will complete design documentation for the integration of the DeGrussa Processing Plant into Sorby Hills after which the company intends to undertake a competitive tender process for its dismantling, relocation, rebuild and refurbishment at Sorby Hills.

Following a successful FID and the subsequent completion of the purchase of the DeGrussa plant and until the commencement of dismantling works, Boab will pay the cost of any ongoing care & maintenance programs (managed by Sandfire in accordance with the SPA) and applicable insurances.

Sandfire Resources Backs Sorby Hills with Investment in Boab

Sandfire Resources has demonstrated strong confidence in the Sorby Hills Project by agreeing to receive A$1.0 million worth of Boab shares as part of the deposit payment for the DeGrussa Processing Plant. This strategic move has made Sandfire a ~3% shareholder in Boab Metals. Furthermore, Sandfire has committed to a voluntary 12-month escrow period for the shares issued, underscoring their belief in Boab and the Sorby Hills Project's potential.

Sandfire Resources, a A$5 billion Australian mining company (ASX: SFR), operates internationally with a focus on the exploration, development, and production of copper, gold, silver, lead, and zinc.

Significant milestones achieved at Sorby Hills

The comprehensive Sorby Hills DFS and the following FEED study has significantly increased the confidence level in the project, and the strong results further support the progress towards a decision-to-mine. Significant milestones have also been achieved on the regulatory and funding front, increasing optimism for reaching an FID in the second half of 2025, as outlined by Boab. Some of the key results of the studies and the achievements made so far are:

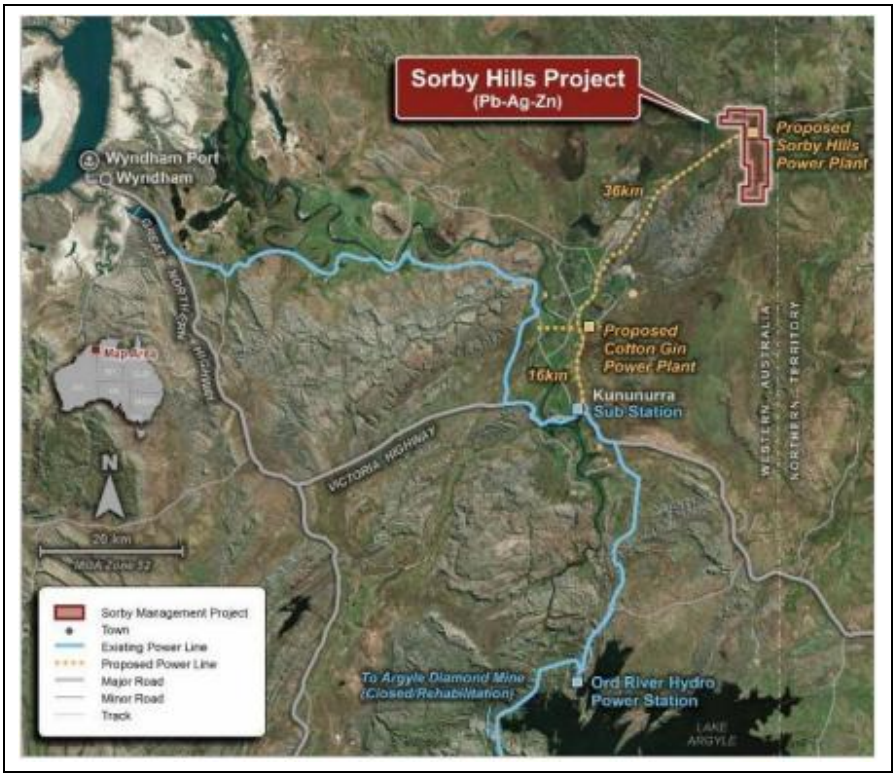
- The most recent updated mineral resource estimate depicted a 78% increase in measured resources and a 12% increase in ore reserves to 15.2Mt;

Significant milestones have been achieved on the technical, regulatory and funding front, increasing optimism for reaching an FID in the second half of 2025 for Sorby Hills, as outlined by Boab.

- A metallurgical programme validating high metal recoveries and providing strong input for the design of the process plant was completed;
- The process plant capacity in the DFS increased 50% over that of the PFS, expanding from an initial rate of 1.5Mtpa to 2.25Mtpa, and helped maximise concentrate production and optimise unit operating costs;
- Independent technical due diligence on the mineral resource, metallurgical test work programme and ESG status review against global environmental standards;
- Updated mine plan, including the incorporation of the beta deposit for the first time The schedule allows for in-pit tailings deposition in B-pit and Omega South pit to minimise the cost of construction;
- Updated water management strategy based on hydrogeological and hydrological fieldwork and modelling;
- Selected GRES as the preferred EPC contractor for the process plant at Sorby Hills. GRES is a leading engineering firm that is highly regarded within the industry for its technical ability and track record of project delivery;
- Agreement in place with Cambridge Gulf for access and stevedoring services at Wyndham port till April 2034. Wyndham Port, through which concentrates produced from Sorby Hills will be shipped, is the only deep-water port between Broome and Darwin. The port is designed for the export of metal concentrates and bulk ore shipping and serves as a vital link within Northern Australia's primary and secondary industries' supply chains;
- Heads of agreement (HOA) executed with Horizon Power to deliver low-cost, clean renewable energy from the Ord River Hydroelectric Power Plant for a period of 10 years (Figure 12);
- Purchased a 178-person accommodation camp to house project employees and contractors during the project construction and operational phases on the Sorby Hills site;
- Secured amendments to the existing EPA approval for the commencement of early works, including all-weather access, material laydown area and accommodation camp installation;
- Executed a Binding Offtake Agreement and US$30M Prepayment Terms Sheet from global commodities trader Trafigura, securing 75% sales of Sorby Hills' future lead-silver concentrate for an initial 7-years term as well as reducing reliance on equity markets and providing flexibility to explore additional funding sources to meet the project's capital requirements.
- Ability to executing the option to acquire the remaining 25% of the Sorby Hills Project from joint venture partner Henan Yuguang, which will streamline the project's ownership structure, making it entirely Australian-owned. This change is expected to facilitate funding from Australian lenders.

Boab has obtained all the necessary environmental approvals to commence early works at Sorby Hills and has access to a US$30m financing along with a binding offtake agreement for 75% of the future lead-silver concentrate from the project.

Figure 12: Ord River Hydroelectric Power Plant and its proximity to Sorby Hills



Source: Company

The Enduring Legacy and Future of Lead-Acid Batteries

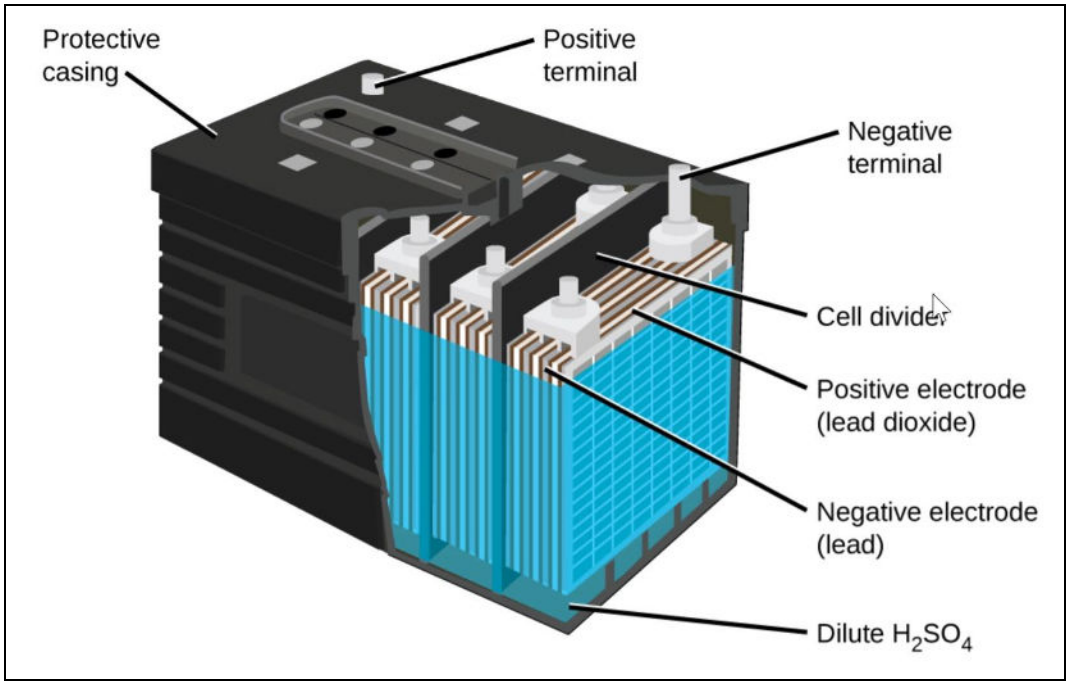
Lead-acid batteries have long been a cornerstone in energy storage, renowned for their reliability, cost-effectiveness, and recyclability. Despite the advent of newer technologies, they continue to hold a significant position in various industries.

Lead-acid batteries are composed of several key components:

- **Positive Plate (Anode):** Made of lead dioxide (PbO_2).
- **Negative Plate (Cathode):** Consists of sponge lead (Pb).
- **Electrolyte:** A solution of sulfuric acid (H_2SO_4) mixed with water.
- **Separator:** A material that prevents the positive and negative plates from coming into direct contact, thus avoiding short circuits.
- **Container:** Typically constructed from durable plastic to house all components securely.

During discharge, a chemical reaction occurs where the lead dioxide and sponge lead react with the sulfuric acid, producing lead sulphate ($PbSO_4$) and water, releasing electrical energy in the process. Charging the battery reverses this reaction, converting lead sulphate back into lead dioxide and sponge lead.

Figure 13: Different parts of a lead-acid battery



Source: Boattest.com

Advantages and applications of Lead-Acid Batteries

Advantages of Lead-Acid Batteries include:

1. **Cost-Effectiveness:** Lead-acid batteries are among the most affordable rechargeable batteries available. Their production costs are significantly lower compared to alternatives like lithium-ion batteries. This economic advantage makes them a preferred choice for applications where budget considerations are paramount.
2. **Reliability and Mature Technology:** With over a century of development, lead-acid battery technology is well-understood and highly reliable. When used correctly, these batteries offer dependable service across various applications.
3. **High Discharge Rates:** Lead-acid batteries can deliver high surge currents, making them ideal for applications requiring substantial power output over short periods.
4. **Low Self-Discharge:** These batteries have a relatively low self-discharge rate compared to other rechargeable battery types, allowing them to retain charge for longer periods when not in use.
5. **Excellent Performance in Low Temperatures:** Lead-acid batteries perform reliably in cold environments, a critical factor for applications in regions with low temperatures. This characteristic ensures that vehicles and equipment can operate effectively even in harsh winter conditions.

Applications of Lead-Acid Batteries include:

1. **Automotive Industry:** Lead-acid batteries are extensively used as starting, lighting, and ignition (SLI) batteries in vehicles. They provide the necessary power to start engines and support electrical systems in cars, motorcycles, trucks, and other vehicles. In 2024, passenger vehicles continued to dominate the automotive lead-acid battery market, significantly contributing to the overall market share.
2. **Uninterruptible Power Supplies (UPS):** In critical infrastructure such as hospitals, data centres, and telecommunication facilities, lead-acid batteries serve as reliable backup

power sources, ensuring continuous operation during power outages The UPS battery market, which includes lead-acid batteries, was valued at USD 11.49 billion in 2024 and is expected to grow at a CAGR of 14% from 2025 to 2030[4].

3. **Renewable Energy Storage:** Lead-acid batteries are employed to store energy generated from renewable sources like solar and wind. Their ability to deliver high surge currents makes them suitable for managing the intermittent nature of renewable energy production.
4. **Industrial Applications:** Electric forklifts, floor sweepers, and other industrial equipment often utilize lead-acid batteries due to their robustness and ability to deliver high power.
5. **Marine and Recreational Vehicles:** Deep-cycle lead-acid batteries are commonly used in boats, golf carts, and recreational vehicles to power onboard electronics and propulsion systems.

Lead's Critical Role in the Electric Vehicle Revolution

When people think of electric vehicles (EVs), they usually imagine sleek cars powered by lithium-ion batteries. Lithium has become a buzzword in the green tech world, often celebrated as the heart of the EV transition. But behind the scenes, another metal is playing a surprisingly vital role: lead.

This might come as a surprise. Lead is frequently associated with pollution and outdated technologies. But in reality, lead remains a key material in modern electric vehicle design and continues to be used extensively in energy storage systems. The reason? Its unique combination of cost-efficiency, performance, and reliability.

Why Are Lead Batteries Still in EVs?

Every hybrid and electric vehicle still include a 12-volt lead-acid battery, even when the main power comes from a large lithium-ion pack. These lead batteries don't power the vehicle's motor, but they handle essential functions: starting the engine in hybrid vehicles, powering electronic controls, lighting, safety systems, and climate control — especially when the main battery is off.

The reason automakers continue to rely on lead batteries is simple: they're durable, cost-effective, and safe. Lead batteries have extremely low internal resistance, which allows them to deliver a powerful surge of energy in an instant — something lithium-ion batteries struggle with. This makes them perfect for "start-stop" ignition systems and for supplying backup power during sudden demand spikes.

Hybrid vehicles Growth Is Fuelling Lead Demand

According to Mordor Intelligence, the global hybrid EV market is expected to grow at a compound annual rate of 28.9% from 2022 to 2030. Hybrid vehicles — which combine internal combustion engines with electric motors — all require a lead-acid battery to manage auxiliary functions. This sector alone is expected to drive a significant increase in lead demand.

In fact, revenue from lead-acid batteries accounts for over 14% of the global EV battery market. That figure is projected to grow at over 23% per year through 2030[5]. At the same time, new applications in telecom, data centers, and renewable energy systems are creating additional demand for lead-based batteries.

Sustainable and Recyclable

Another reason why lead is here to stay is its circularity. More than 50% of the world's lead supply comes from recycled sources, making it one of the most recycled materials on the planet. This aligns well with global sustainability goals, especially for manufacturers looking to reduce the environmental impact of battery production.

[4] Source: https://www.grandviewresearch.com/industry-analysis/ups-battery-market-report

[5] Source: https://www.iea.org/energy-system/transport/electric-vehicles

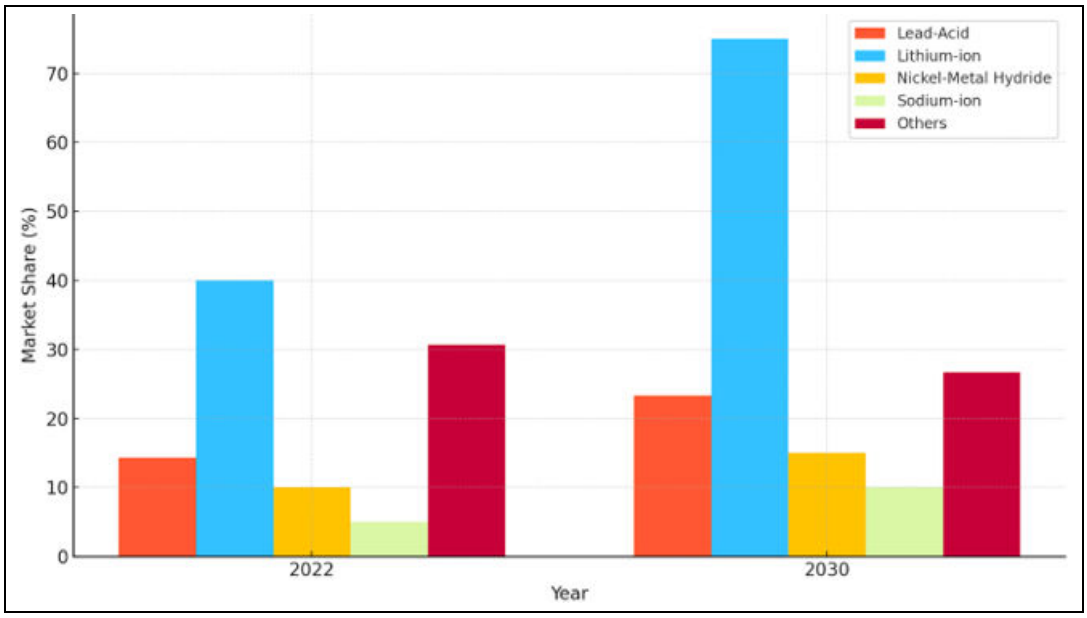
While lithium dominates headlines in the electric vehicle (EV) world, lead is quietly playing a crucial role. Every EV still uses a 12-volt lead-acid battery to power essential systems. Lead batteries are reliable, affordable, and deliver quick bursts of energy, making them ideal for backup power and "start-stop" systems. As hybrid vehicle sales surge, so does the demand for lead.

In contrast, lithium and other critical battery metals face challenges around ethical sourcing and environmental degradation. As governments tighten regulations around supply chains, lead's recyclability becomes a strategic advantage.

One of the most compelling aspects of lead-acid batteries is their recyclability. In the United States, these batteries boast a remarkable recycling rate of 99%, making them the most recycled consumer product in the country. This high recycling rate is achieved through a closed-loop process where nearly all components, including lead, plastic, and sulfuric acid, are recovered and reused in the production of new batteries. This process not only conserves natural resources but also minimizes environmental pollution.

The European Union has also set ambitious recycling targets, requiring the recycling of 65% by average weight of lead-acid batteries and accumulators. These initiatives underscore the global commitment to sustainable battery management and the pivotal role lead-acid batteries play in environmental stewardship.

Figure 14: Projected Share of Battery Types in EV Market (2022 vs. 2030)



Source: Battery Council and East Coast Research

Positive Market Trends and Future Prospects for lead

Lead's role in hybrid vehicles and power backup systems is not only secure but expanding, underscoring a positive outlook on the demand and price of the metal.

The global automotive lead-acid battery market was valued at approximately USD 28.88 billion in 2024 and is projected to reach USD 36.72 billion by 2032, growing at a compound annual growth rate (CAGR) of 3.0% during the forecast period[6].

In the Asia-Pacific region, which held over 48% of the market share in 2023, countries like China, India, Japan, and South Korea are leading the charge due to their robust automotive manufacturing infrastructures. China, in particular, as the global leader in automobile production, significantly fuels the demand for lead-acid batteries used extensively in both conventional and electric vehicles.

Overall, lead continues to be a key player in the energy transition. Its role in hybrid vehicles and power backup systems is not only secure but expanding. Various projections indicate a rising demand for lead, underscoring a positive outlook on the demand and price of the metal.

[6] https://www.marketsandmarkets.com/Market-Reports/automotive-lead-acid-batteries-market-33272549.html?

Silver's New Role in the Green Economy is boosting its demand

Silver is crucial to solar energy, thanks to its unmatched conductivity that boosts solar panel efficiency. As global demand for clean energy rises, silver use in photovoltaic (PV) panels is surging—from 60 million ounces in 2015 to over 130 million ounces projected in 2025. Despite efforts to use less silver per panel, massive solar expansion is driving record-breaking industrial demand, cementing silver's key role in the world's shift to renewable energy.

Silver, traditionally valued for its use in jewelry and currency, is now at the forefront of the green energy revolution. Its exceptional electrical conductivity and thermal properties make it indispensable in modern technologies, especially in renewable energy applications. As the world shifts towards sustainable solutions, silver's demand is experiencing unprecedented growth, positioning it as a critical component in the transition to a cleaner future.

Silver in Solar Energy: The Photovoltaic Powerhouse

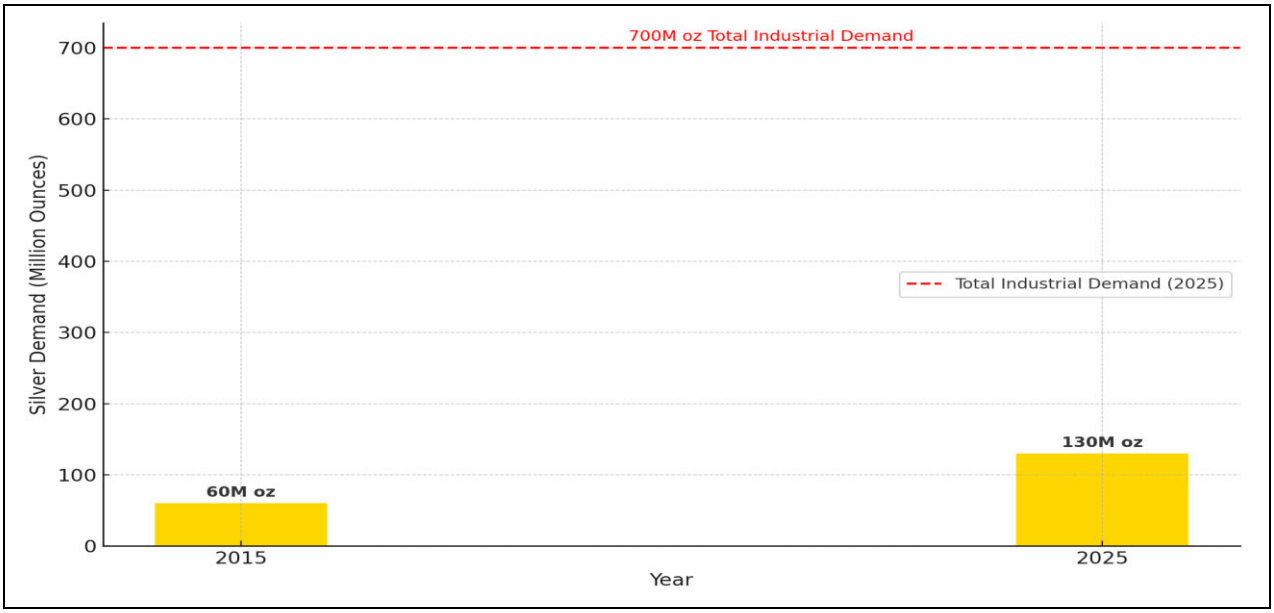
One of the most significant drivers of silver demand is its application in photovoltaic (PV) solar panels. Silver's superior conductivity enhances the efficiency of solar cells, making it a vital material in harnessing solar energy.

Rapid Growth in Solar Demand

In 2015, the solar industry consumed approximately 60 million ounces of silver. In 2025, the solar industry is projected to consume over 130 million ounces of silver annually, driven by the global expansion of photovoltaic installations[7]. This marks a significant increase from previous years, underscoring silver's critical role in solar technology. The Silver Institute forecasts that industrial silver demand will reach a new record high in 2025, with volumes projected to surpass 700 million ounces. This surge is attributed to ongoing structural gains in green economy applications, including solar photovoltaics[8] .

As the world accelerates its transition to renewable energy, silver's unparalleled electrical conductivity makes it indispensable in the manufacturing of efficient solar panels. Despite efforts to reduce silver content per panel, the sheer scale of solar deployment continues to drive overall silver consumption upward. Given these trends, silver's importance in the renewable energy sector is set to grow, reinforcing its status as a vital component in achieving global sustainability goals.

Figure 15: Rapid Growth in Silver Demand for Solar Industry (2015 vs 2025)



Source: Edge Forex, Silver Institute and East Coast Research

[7] Edge Forex, How Green Energy Is Increasing Silver Demand In 2025.

[8] Silver Institute, Global Silver Market Forecast to Remain in a Sizeable Deficit in 2025.

Silver's Expanding Industrial Applications

Silver's utility extends beyond solar panels. Its unique properties make it essential in various emerging technologies:

- **Electric Vehicles (EVs)**:

Silver is integral in EV manufacturing, used in powertrains, sensors, and charging infrastructure. The automotive sector consumes about 55 million ounces of silver annually.

In 2025, the automotive sector's silver consumption is projected to approach 90 million ounces annually, a significant increase from previous years. This surge is driven by the growing demand for hybrid and battery electric vehicles, which utilize more silver per unit compared to traditional internal combustion engine vehicles. For instance, battery electric vehicles (BEVs) are estimated to contain between 25 to 50 grams of silver each, depending on their complexity and features.

Silver's application extends beyond the vehicles themselves; it's also integral to the development of charging stations and other ancillary services essential for the EV ecosystem. As the automotive industry continues to evolve towards electrification and increased technological integration, silver's importance is expected to grow correspondingly [9].

Silver is becoming vital to future technologies like electric vehicles, flexible electronics, and advanced batteries. With demand soaring—especially from solar and EV sectors—global supply is struggling to keep up, facing a projected 120% deficit by 2030. As mining lags and industrial use rises, silver prices have surged to $32.43 per ounce in 2024, with forecasts suggesting a rise to $80+ by 2030, signaling strong investment potential.

- **Flexible Electronics**:

The rise of wearable technology and flexible electronic devices has led to increased silver usage in printed and flexible electronics, with demand expected to reach 74 million ounces by 2030.

This growth is driven by the integration of silver-based components in various applications, including sensors for temperature, pressure, motion, and lighting; wearable medical devices; smart packaging; and Internet of Things (IoT) systems. Silver's exceptional electrical conductivity, flexibility, and antimicrobial properties make it ideal for these technologies, enabling the development of bendable and stretchable electronic devices.

Over the decade, it's anticipated that 615 million ounces of silver will be consumed in this sector, underscoring its critical importance in the evolution of modern electronics [10].

- **Advanced Batteries**:

Innovations in battery technology, such as silver-zinc batteries, offer higher energy densities and safety advantages over traditional lithium-ion batteries, further boosting silver demand.

Silver-zinc batteries are emerging as a promising alternative to traditional lithium-ion batteries, offering notable advantages in energy density and safety. These batteries can deliver up to 40% more runtime than lithium-ion counterparts, making them suitable for applications requiring compact and efficient power sources. Their water-based electrolyte reduces the risk of thermal runaway, enhancing safety, especially in consumer electronics and electric vehicles.

The development of flexible silver-zinc batteries further expands their applicability, allowing integration into wearable technology and other flexible devices. As industries seek safer and more efficient energy storage solutions, the demand for silver in battery technology is expected to increase, reinforcing its critical role in the evolving energy landscape.

Market Dynamics: Supply Challenges Amidst Rising Demand

While demand soars, silver supply faces constraints:

- **Supply Deficits**:

[9] Silver Institute, Silver Consumption in the Global Automotive Sector to Approach 90 Million Ounces by 2025.

[10] Silver Institute, Silver Demand for Printed and Flexible Electronics Forecast to Consume 615 million Ounces of Silver Through 2030.

The silver market has experienced a 15% supply shortfall in 2024, driven by industrial consumption and limited mining outputs.

By 2030, the silver market is projected to face a substantial supply deficit, driven by escalating industrial demand and constrained mining outputs. According to Bank of America Global Research, the deficit could reach as high as 120%, indicating that demand may significantly exceed supply.

This anticipated shortfall is largely attributed to the surging demand for silver in photovoltaic (PV) solar panels and electric vehicles (EVs). The Silver Institute forecasts that by 2030, silver demand for solar energy applications will reach approximately 820 million ounces, while EV applications will require about 725 million ounces.

On the supply side, silver mining has struggled to keep pace with this growing demand. Factors such as declining ore grades, limited new mining projects, and geopolitical challenges have constrained production. Additionally, a significant portion of silver is produced as a by-product of other metals, making its supply less responsive to price changes.

These dynamics suggest that without significant investment in silver mining and recycling, the market may continue to experience deficits, potentially leading to higher prices and increased volatility [11].

- **Price Surge**:

Reflecting these dynamics, silver prices have climbed to over US$33 per ounce, the highest since 2012, with a 35% gain observed in 2024.

Analysts predict silver prices will range between US$27.90 and US$50.25 per ounce in 2025. Factors contributing to this potential increase include heightened demand from sectors like solar energy and electric vehicles, coupled with ongoing supply deficits.

Ongoing supply limitations and increasing industrial uses for silver have resulted in a positive long-term outlook for silver prices.

The bullish trend is expected to continue, with forecasts suggesting silver could reach US$75 to US$77 per ounce by 2027. This growth is attributed to sustained industrial demand and potential investment inflows.

Long-term projections estimate silver prices could climb to US$80 to US$82 per ounce. This outlook is based on the assumption of persistent supply constraints and escalating industrial applications[12].

Embracing Silver for a Sustainable Future

Silver's unparalleled properties make it a cornerstone of modern green technologies. Its critical role in solar energy, electric vehicles, and advanced electronics positions it as a linchpin in achieving global sustainability goals. As the world accelerates towards a cleaner, more sustainable future, silver's importance will only continue to grow, making it not just a precious metal, but a vital resource for innovation and environmental stewardship.

Valuation: DCF approach indicates substantial upside Potential

We have used a DCF-based approach to calculate the long-term value of BML. We value BML at A$0.54 per share in a base-case scenario and A$0.59 per share in a bull-case scenario. Our target price range indicates substantial upside potential to the current share price of A$0.12 per share. Our basic valuation methodology has the following key indicators:

[11] learn.Apmex, Silver Price Predictions for 2030.

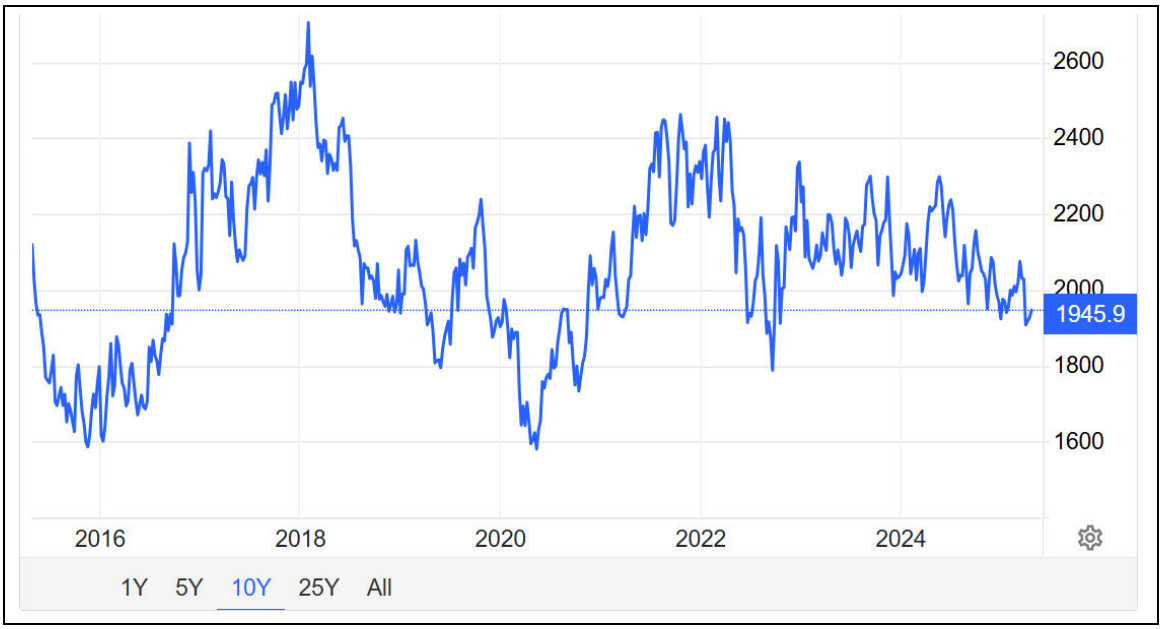
[12] Investing Haven, A Silver Price Prediction For 2025 2026 2027 – 2030.

- Our DCF model for the Sorby Hills Project is broadly based on the assumptions of DFS released in January 2023 and the FEED study released in June 2024. We have assumed the business operations will continue beyond year 9 as BML develops the Manbarrum zinc-lead-silver project and uses the same proposed processing facility at the Sorby Hills Project.
- We have assumed an FID will be reached in FY26 and production to start in FY27. The acquired DeGrussa processing plant is assumed to accelerate development timelines post funding.
- We have assumed forecasted revenues to be net of royalty. The volume of mined ores has been forecasted in line with project economics.
- We have assumed a discount rate (WACC) of 13.6% and a terminal growth rate of 2%.
- Other assumptions included a 30% corporate tax rate and a royalty rate of c. 4%. The 30% tax has been applied to all our projected earnings. However, the company currently has over $50m in accumulated losses which it can potentially use to offset some of its future earnings from Sorby Hills.

Commodity price: We believe lead prices will remain range-bound over the next decade. In the base case we have assumed a lead metal price range of US$2,000-2,250 per tonne. Our lead price assumptions are in line with the metal's prices in the last 10 years (see Figure 16). Although lead is currently trading slightly below this range, we anticipate that its prices will recover well within this range by the time Sorby Hills begins production. The current dip in most commodity prices is considered short-term, largely due to the US trade war with China, which is already showing signs of easing.

In our base case scenario, we have assumed the price of silver will stay within a range of US$30-38 per ounce. Given the current silver prices of over US$33 and our bullish view on the metal's prices in the long-term, we think our silver price assumptions remain conservative. We have used slightly higher lead and silver price assumptions in our bull-case scenario. Across our two scenarios, we have assumed conversion rates in a range of A$1=US$0.64-0.68.

Figure 16: Lead prices have been mainly trading in a US$2000-2300/t range in the last 10 years



Source: Trading Economics

Operating costs: Across our two scenarios, we have assumed an average total operating cost of A$103.7/t of ROM mined ore. This is more than what the management has guided through DFS and FEED Study as we have maintained a conservative view on long-term operating costs. This includes the mining cost, processing costs, logistic costs, administrative costs and treatment costs. We have used a constant cost inflation assumption of 2.5%.

Capital costs and project funding: As highlighted in the FEED Study, pre-production capital costs are estimated to be A$264m, including A$136M for a new Processing Plant. With the acquisition of the DeGrussa processing plant, we have assumed a capital cost saving of $30m in our model. We have assumed that BML would raise c. A$234m in FY26 through debt and equity issuance. We have used a 50:50 debt-equity ratio to fund the capital requirement. Post the commencement of production, the company should be able to fund its operations through internally generated cash flow.

Below is the summary of our final DCF valuation range (Figure 17). Considering that we have not taken into account the value of the company's non-core assets, we believe that the DCF valuation represents a conservative estimate for BML. The target price range represents a Price/NAV of 0.21x, which we believe offers a significant upside potential. The intrinsic value is highly sensitive to changes across WACC and terminal growth rate assumptions. The sensitivities across these key indicators have been represented in (Figure 18).

Figure 17: DCF-based valuation for BML (post equity dilution)

BML Valuation (A$ m)	Base Case	Bull Case
Present value of FCF	230.4	267.2
PV of Terminal FCF	203.1	209.4
Net debt (cash)*	(2.0)	(2.0)
Firm value (A$ m)	**435.5**	**478.7**
Diluted Shares (m)	806.5	806.5
Implied price (A$ cents)	54	59
Current price (A$ cents)	12.0	12.0
Upside (%)	350.0%	394.6%
Mid-point Target Price (A$ cents)	**57**	
Price / NAV (X)	0.21x	

**As of 31 March 2025*

Source: East Coast Research, company

Figure 18: Valuation sensitivity to discount rate and terminal growth rate

		WACC						
	0.54	12.1%	12.6%	13.1%	13.6%	14.1%	14.6%	15.1%
Terminal Growth Rate	1.7%	0.64	0.60	0.56	0.53	0.50	0.47	0.45
	1.8%	0.64	0.60	0.57	0.53	0.50	0.47	0.45
	1.9%	0.65	0.61	0.57	0.54	0.50	0.48	0.45
	2.0%	0.65	0.61	0.57	**0.54**	0.51	0.48	0.45
	2.2%	0.66	0.62	0.58	0.54	0.51	0.48	0.45
	2.4%	0.67	0.62	0.58	0.55	0.52	0.49	0.46
	2.5%	0.67	0.63	0.59	0.55	0.52	0.49	0.46

Source: East Coast Research

Substantial silver deposits at Sorby Hills enhance its appeal significantly

lead is often produced as a by-product of zinc mining and production. The two metals are commonly found together in ore deposits, and many mines that extract zinc also yield lead. This co-occurrence is because both zinc and lead are often found in the same types of mineral deposits, and their extraction is intertwined.

With the world's largest lead mines producing lead from lead-zinc deposits, we see a substantial economic advantage to projects with lead-silver deposits, such as the ones at BML's Sorby Hills Project. This is because of the much more bullish outlook for silver prices compared to zinc prices.

The last several months have seen zinc prices fall to their lowest levels since 2020. This has led to the closure of several zinc mines in Europe, the US and elsewhere. The decline in zinc price, accompanied by high energy prices and general cost inflation, has made zinc mining operations unprofitable in many jurisdictions. The fall in zinc prices is attributed to the low level of construction activity due to a slowdown in the global economy.

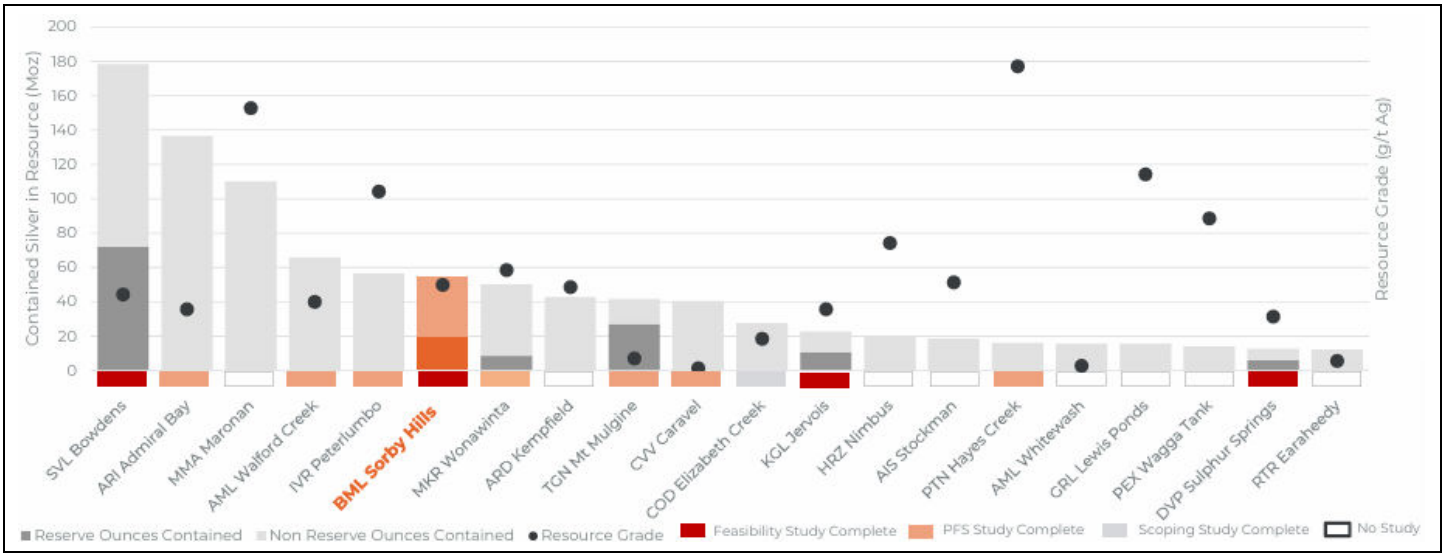
In the meantime, Australian dollar denominated silver prices have been on a solid uptrend in the last three years and are trading not too far from all-time high levels (Figure 19). This is owed to silver's increasing industrial use by the soaring production of solar panels, as well as the high correlation of the Australian dollar – US dollar exchange rate to precious metals prices.

Figure 19: 3-year silver price chart denominated in Australian dollars (A$/oz)

Source: Capital IQ

Sorby Hills has one of the largest silver deposits amongst undeveloped Australian silver deposits with the project having also completed advanced feasibility studies (Figure 20). According to the 2023 DFS and the June 2024 FEED Study, approximately 30% of the project's forecasted revenue will come from silver credits. At current lead and silver prices, this ratio increases to about 40%. We believe the share of silver revenue in Boab's Sorby Hills Project can significantly rise in the long term, given the substantial upside potential for silver prices. This positions Boab as an ASX silver play with substantial upside potential.

Figure 20: Comparison of contained silver in undeveloped Australian silver deposits



Source: Company

The current volatility in base metal prices could benefit BML

The constant volatility in base metal prices over the past three years has compelled many miners to rationalise their operations by deferring mine construction, resizing projects, and reevaluating financing terms. We believe this situation could be advantageous for BML. Thanks to its low-cost structure, BML is better positioned than its competitors. Additionally, the company has continued to advance the Sorby Hills project through FEED studies, EPA approvals, and securing a binding offtake agreement with a global leader in metals trading. This agreement also includes a significant US$30 million prepayment facility, providing early-stage funding for the Sorby Hills Lead-Silver Project development. We believe these substantial developments during this challenging period for development-stage projects are positioning Sorby Hills ahead of its competition for when the global commodity markets recover.

Re-rating of BML

BML's stock is s currently trading below our mid-point target valuation, reflecting both the funding and execution risks inherent in a project of this scale. We believe several key milestones could catalyse a re-rating of the stock, increasing market confidence in the Sorby Hills Project and its ability to generate significant shareholder value:

- **Debt Funding**: Securing additional debt funding will be critical to meeting the A$264 million pre-production capital requirement. A favourable arrangement will provide greater funding certainty and support a positive Final Investment Decision.
- **Final Investment Decision (FID):** Achieving FID, targeted for H2 CY2025, will confirm Sorby Hills is fully funded and ready for construction, addressing one of the most significant hurdles to development.
- **Successful mobilisation and refurbishment of the DeGrussa Processing Plant**: GR Engineering is now completing design documentation for the integration of the DeGrussa Processing Plant into Sorby Hills after which the company intends to undertake a competitive tender process for its dismantling, relocation, rebuild and refurbishment at Sorby Hills. A fast and successful integration and mobilisation will accelerate project development timelines and time to production.
- **First Production**: Delivering the first production on schedule in mid-2027 will validate management's ability to execute the project and likely enhance investor confidence.

- **Commodity Price Upside**: Increases in lead and silver will improve cash flow and enhance project economics, especially with silver prices already trading above study assumptions.
- **Exploration Potential**: Additional drilling success at targets like the Keep or Eight Mile Creek could result in resource upgrades or mine life extensions, significantly boosting long-term project value.

Risks

We see the following key risks to our investment thesis for BML:

- **Commodity Price Risk**: Boab's valuation is heavily dependent on lead and silver prices, which are influenced by macroeconomic factors and market dynamics. A prolonged fall in either commodity's price would directly impact project cash flows and weaken the overall investment case.
- **Funding Risk**: Securing the required A$264 million pre-production capital remains a challenge. While the US$30 million prepayment facility with Trafigura is a positive step, raising the remainder of the funding, particularly to minimise shareholder dilution and avoid unfavourable terms, remains critical to progressing the project.
- **Project Delays**: Delays reaching the Final Investment Decision (FID) in H2 2025 or commencing production by mid-2027 could undermine cash flow forecasts and investor confidence. These delays could stem from challenges in securing funding, regulatory hurdles, or operational setbacks.
- **Geological Risk**: Revisions to Sorby Hills' resource estimates pose a risk to the mine's valuation. Any downgrades, such as the reclassification of Indicated Resources to Inferred Resources or limited success in expanding reserves, could shorten the mine life and reduce overall project value.
- **Cost Overruns**: Inflationary pressures or supply chain issues could increase the estimated pre-production capital costs. Any significant cost overruns may require Boab to secure additional funding, creating further financial strain.
- **Execution Risk**: Integrating the acquired DeGrussa Processing Plant into the Sorby Hills project carries inherent challenges. Any technical or logistical issues could lead to delays, increased costs, or underperformance.

Appendix I: BML SWOT analysis

Figure 21: SWOT analysis

Strengths	Weakness
(1) Offtake agreement in place with a global metals trader in place which is accompanied by a US$30m prepayment facility. (2) Large and high-grade mineral resource base with more than 2/3 in proven reserves. (3) The project is located in Western Australia, which is one of the most attractive regions for mining investment (4) Efficient project work stream execution: (a) GRES has been selected as the preferred EPC contractor; (b) Horizon Power is designated to deliver low-cost, clean renewable energy from the Ord River Hydroelectric power plant; (c) an agreement is already in place with Cambridge Gulf for access and stevedoring services at Wyndham port till April 2034; (c) HOA signed with local shire for a Kununurra based accommodation facility. (5) Advanced feasibility studies have been completed, reducing the project development risks. (6) Significant exposure to silver prices due to large and high-grade silver deposits at Sorby Hills. (7) Highly experienced leadership team in place.	(1) Global economic slowdown leading to lower industrial usage of lead and silver. (2) Delay in reaching an FID is impacting investors' confidence. (3) The amount of pre-production capital Sorby Hills needs is many times the entire market capitalization of BML.
Opportunities	**Threats**
(1) Manbarrum and Eight Mile Creek projects offer significant regional exploration potential. (2) Potential to further improve resource and production targets through the ongoing project optimisation exercises. (3) Potential to considerably reduce pre-production Capex through the mobilisation and refurbishment of the acquired DeGrussa Processing Plant. (4) Potential to enhance metal recoveries and operating costs through further processing design studies.	(1) Global recession leading to high interest rate volatility and low capital markets activity for financing exploration and development projects. (2) Lithium being preferred over lead for auto battery. (3) Inflationary pressures increasing the cost of the project. (4) Volatility in lead and silver prices.

Source: East Coast Research

Appendix II: Highly experienced and diverse leadership

The current board and management members of BML possess rich and diverse experience, with expertise across the exploration and mining industry and also in strategic management, business planning, finance, corporate advisory and capital raisings (Figure 22).

Figure 22: BML's management and board members

	Name and Designation	Profile
	Mr. Gary Comb **Chairman**	• Mr. Comb has more than 30 years of experience in the Australian mining industry. He has a strong track record in successfully commissioning and operating base metal mines. • He has held a variety of senior roles, including the Chairman of Finders Resources Ltd., the Managing Director of Jabiru Metals Ltd. and the CEO of BGC Contracting Pty Ltd.
	Mr. Simon Noon **Managing Director and CEO**	• Mr. Noon has spent the past 15 years managing Public Resources Companies, with extensive experience in strategic management, business planning, finance and capital raising across a variety of commodities. • He was the Managing Director and co-founder of West Rock Resources Ltd. Eventually, the company was acquired by Boab Metals Ltd in 2013. • Prior to being the Managing Director of Rock Resources Ltd., he was managing Groote Resources Ltd. from a Market Cap of under $10m to market highs in excess of $200m.
	Mr. Andrew Parker **Non-Executive Director**	• Mr. Parker has significant experience in the exploration and mining industry and also in corporate advisory, strategic consultancy and capital raisings. • He previously held the position of Managing Director at Trident Capital Pty Ltd, a corporate advisory and venture capital firm that he co-founded. • He is also the Chairman of Widgie Nickel Pty Ltd.
	Mr. Richard Monti **Non-Executive Director**	• Mr. Monti is a geologist with more than 30 years of experience in many facets of the exploration and mining industry, including technical, commercial, marketing, and finance. • He has held roles at several international and Australian companies, including Anaconda Nickel, Azimuth Resources Ltd., The North Group, Normandy Group, and RTZ Exploration. • He is currently a director at Black Dragon Gold Ltd.

Source: Company

Appendix III: Financial Statement

Figure 23: BML's summary of historical and forecasted financial statements

Profit & Loss (A$m)	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Total Revenue	**0.5**	**0.3**	**0.2**	**0.2**	**0.3**	**301.8**	**324.0**	**447.1**
Mining and Processing cost	0.0	0.0	0.0	0.0	0.0	(149.7)	(169.9)	(237.2)
Operating expenses	(5.5)	(7.0)	(3.4)	(6.5)	(6.0)	(24.1)	(24.0)	(29.5)
EBITDA	**(5.0)**	**(6.7)**	**(3.2)**	**(6.2)**	**(5.8)**	**128.0**	**130.1**	**180.4**
Depreciation	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(18.4)	(28.8)	(26.1)
EBIT	**(5.0)**	**(6.8)**	**(3.3)**	**(6.3)**	**(5.8)**	**109.6**	**101.3**	**154.3**
Tax expense	0.0	0.0	0.0	0.0	0.0	(32.9)	(26.2)	(42.4)
Net Profit	**(5.0)**	**(6.8)**	**(3.3)**	**(6.3)**	**(5.8)**	**76.7**	**61.1**	**98.9**
Cash Flow (A$m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**
Profit after tax	(5.0)	(5.9)	(3.3)	(6.3)	(5.8)	76.7	61.1	98.9
Depreciation	0.0	0.1	0.1	0.1	0.0	18.4	28.8	26.1
Changes in working capital	0.5	0.1	(0.6)	0.3	(0.0)	(12.5)	(0.2)	(4.6)
Other operating activities	(0.1)	0.4	0.2	0.0	0.0	0.0	0.0	0.0
Operating cashflow	**(4.6)**	**(5.4)**	**(3.7)**	**(5.9)**	**(5.8)**	**82.6**	**89.7**	**120.4**
Payments for exploration and evaluation	(0.0)	(1.6)	(0.0)	0.0	(187.2)	(46.8)	0.0	0.0
Other investing activities	(0.1)	0.0	0.0	0.0	0.0	(6.3)	(6.9)	(7.2)
Investing cashflow	**(0.1)**	**(1.6)**	**(0.0)**	**0.0**	**(187.2)**	**(53.1)**	**(6.9)**	**(7.2)**
Equity raised (repurchased)	4.6	5.7	5.2	0.0	117.0	0.0	0.0	0.0
Financing cashflow	**4.3**	**5.3**	**4.8**	**(0.1)**	**117.0**	**72.0**	**(7.9)**	**(8.9)**
Net change in cash	(0.4)	(1.7)	1.1	(6.0)	(76.0)	101.5	74.9	104.3
Cash at End Period	**1.6**	**4.6**	**5.7**	**(0.3)**	**(76.3)**	**25.2**	**100.1**	**204.4**
Balance Sheet (A$m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**
Net Cash	12.9	6.2	5.5	(45.4)	(121.4)	(91.9)	(9.0)	104.1
Total Assets	18.7	11.7	12.7	6.2	117.4	278.4	333.3	428.8
Total Liabilities	1.7	1.1	0.6	45.4	45.4	129.7	123.4	120.1
Shareholders' Funds	17.0	10.6	12.1	5.7	116.9	193.6	254.7	353.6
Ratios	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**
Total Cash / Total Assets	69.1%	54.1%	44.0%	-5.5%	-65.0%	9.1%	30.0%	47.7%
Return on Assets (%)	NM	NM	NM	NM	NM	53.9%	27.1%	28.0%
Return on Equity (%)	NM	NM	NM	NM	NM	76.9%	32.9%	36.1%

Source: East Coast Research, company

Appendix IV: Analyst's Qualifications

Behzad Golmohammadi, lead analyst on this report, is an equity research analyst at Shares in Value (East Coast Research).

- Behzad has a bachelor's degree in Engineering (Industrial) and a master's degree in Applied Finance (Investing) from Sydney Business School where he was the top performer in his cohort. He has also passed all three levels of the CFA Program.
- Behzad has several years of experience working as an Equity Research Analyst and Technical Analyst in Australia and overseas and has a broad knowledge of ASX listed companies.

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