

31 October 2023

## Quarterly Activities and Cashflow Report for the period ending 30 September 2023

Boab Metals Limited (ASX: BML) (“Boab” or “Company”) is pleased to provide the following activity and cashflow report for the quarter ending 30 September 2023. During the quarter, the Company continued progressing its 75% owned Sorby Hills Lead-Silver-Zinc Project (“Sorby Hills” or “the Project”), located in the Kimberley Region of Western Australia.

### HIGHLIGHTS

- **Updated Mining Contract Tenders received.** The Mining Contract was tendered for the DFS at the height of post COVID inflation. The Company is confident the **updated tender will deliver a positive outcome for the Project.**
- **Refreshed Pricing for Processing Plant EPC Contract received** from GR Engineering Services (“GRES”) on the back of Front-End Engineering and Design (“FEED”). The update has resulted in **negligible change from the DFS pricing.**
- **Phase VII drill program completed** – 22 Holes (2,624m) **targeting mine life extensions and enhanced metallurgical recoveries** at the Norton Deposit. Assays due to be received and reported in November 2023.
  - One Hole targeting the conceptual “**Keep Seismic Target**”, located 2km south of the B deposit, returned a **new intercept of visual mineralisation over a 15m interval** from 242m including intervals of massive sphalerite (Zinc Sulphide).
- **Approvals workstreams progressing.**
- **Construction Financing and Offtake discussions continue.**
- **The Company had a cash balance of approximately A\$3.0M at 30 September 2023.**

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

*“Industry-wide we are seeing project capital and operating costs increasing rapidly. Pleasingly, a refreshed tender for our Mining Contract and updated pricing for the Process Plant EPC Contract from GRES off the back of FEED have delivered positive results and support the robust tender-backed costing we included in the Sorby Hills Definitive Feasibility Study.*

*The refreshed pricing, together with other project optimisation workstreams, including updated metallurgical testwork at Norton using drill core from our recently completed Phase VII drilling program, will support our ongoing discussions with project financiers.*

*The Company is sufficiently funded to complete the ongoing optimisation workstreams which we expect to enhance economic outcomes and shareholder value.*

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## Project Optimisation

The Company continues to undertake a range of Project Optimisation workstreams as part of its ongoing discussion with project financiers and progression toward a Final Investment Decision at the Sorby Hills Project.

### Refreshed Project Plant EPC Tender

Following the conclusion of the Front-End Engineering and Design (“FEED”) process, GRES provided Boab with a refreshed price for the Project Plant EPC contract. In the DFS, the EPC component of the project upfront capital expenditure was A\$131M (over 50%) (Figure 1). This costing was based on the tender provided by GRES in 2022.

The refreshed pricing has delivered a result that is consistent with the DFS pricing. This is a significant and positive result given the capital cost inflation being observed industry-wide and one that provides confidence that a large portion of the project capital cost is well in hand.

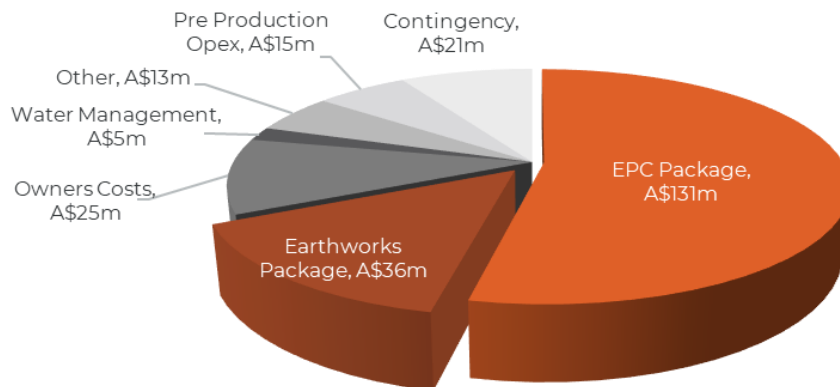


Figure 1: Breakdown of Sorby Hills DFS Capital Costs

### Updated Mining Tender

Mining costs comprised over 40% of the Sorby Hills DFS operating costs. The costs were primarily backed by a competitive tender process undertaken in 2022 during the height of post-COVID inflation. Since then, the Company has updated the Sorby Hills mining schedule as part of an updated tailings strategy. Boab used the opportunity to retender for the mining contract in mid-2023. As the tender process nears its conclusion, the Company has been satisfied with the submissions and is confident that the results will deliver a positive outcome for the Project.

Furthermore, the Company is confident that bundling the Mining Contract with the circa A\$36M capital Earthworks Package (Figure 1) - for which a refreshed tender process is ongoing, will deliver efficiencies and even more competitive pricing.

### Metallurgical testwork to enhance metal recoveries at Norton

A primary focus of the recently completed Phase VII program was to recover drill core samples for use in metallurgical testwork to support updated metal recoveries from the Norton Deposit compared to the conservative metal recoveries adopted in the DFS (Table 1), A total of 13 holes were drilled at the Norton Deposit to achieve this objective (Figure 2).

The Testwork Program is expected to be completed Q1 2024. If successful, this will allow reoptimisation of the Norton pit design to increase cash flows and extend mine life.

Table 1: Metal Recoveries adopted for the DFS

Ore Type	Avg. Pb Recovery	Avg. Ag Recovery
A Pit	95%	84%
B Pit	94%	84%
Norton	78%	78%
Omega	93%	70%
Beta	90%	87%
Overall Average	91%	82%

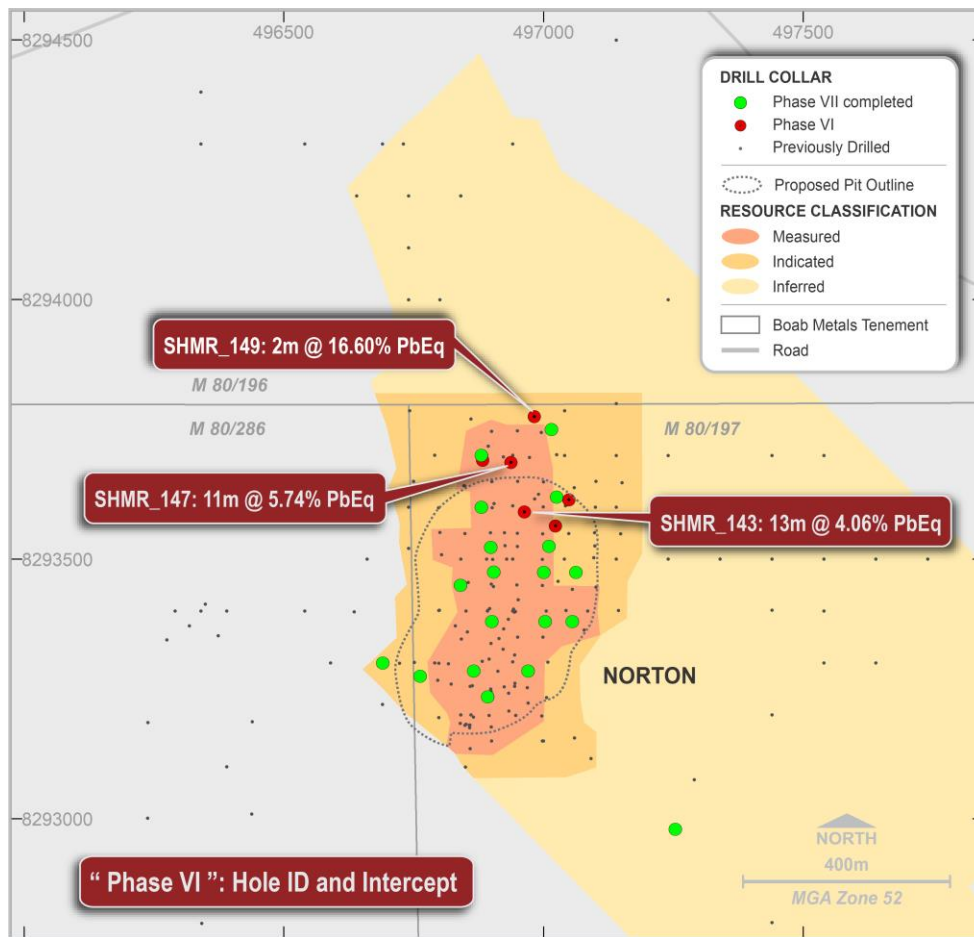


Figure 2: Location of Phase VII drill holes (green) relative to the outline of the current Norton open pit design and Resource classifications

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## Phase VII Drill Program

The Phase VII drilling program was completed during the quarter. A total of 2,634m were drilled across 22 holes (24% more than originally planned as a result of efficient drilling rates). Primary objectives of the program were:

- acquisition of core from the Norton Deposit to support further metallurgical testwork;
- exploration of mineralisation extensions proximal to the northern edge of the Norton Pit.

Assay results for the Phase VII program are due to be received in November, 2023.

### Extension drilling at Norton

During the Phase VI drilling campaign, the northern portion of Norton was targeted to test mineralisation continuity. The positive results, including 2m @ 10.9% Pb intersected in drill hole SHMR\_149 before it was terminated due to ground conditions. Encouraged by this result Boab decided to continue to target the area in the Phase VII drilling program.

Figure 3 shows a southwest–northeast cross section through the Norton deposit presenting the interpreted geology and mineralisation relative to the current open pit design and drilling – including drill holes SHSD\_175, 164 and 183 from the Phase VII program.

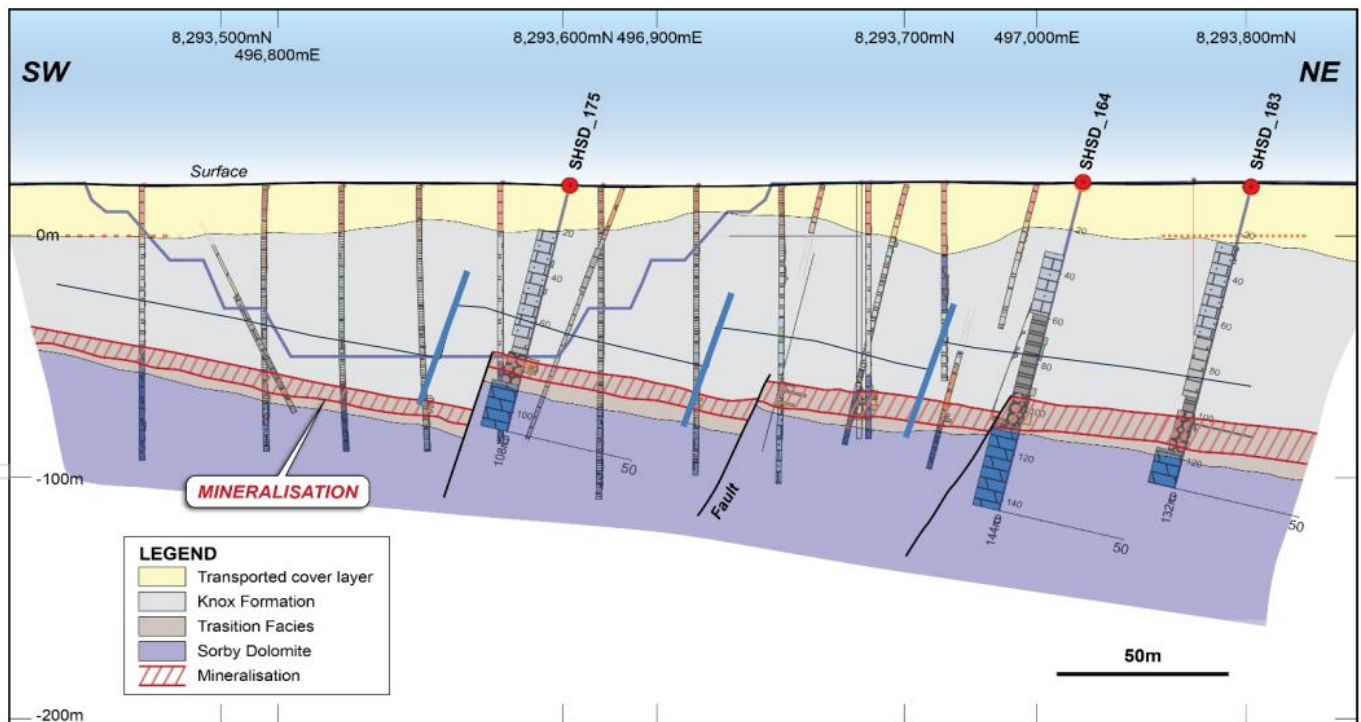


Figure 3: Cross section of the northern extension drilling at Norton showing the current Norton Pit design and geological interpretation



### Keep Seismic Target

The interpretation of historic seismic data across the Burt Range Sub-Basin resulted in a conceptual drill target – the Keep Seismic Target. A 306.5m deep drill hole (SHSD\_185) was successfully drilled into the Keep Seismic Target as part of the Phase VII drilling program.

Seismic line WP96-08 traverses the project area about 2km south of B-Deposit and shows the reflectors of the Devonian-Carboniferous sedimentary strata gradually dip to the east and affected by a series of extensional faults (Figure 4) leading into a half-graben structure.

SHSD\_185 intersected:

- An Upper Mineralised Zone of ~5m of stratiform bands and disseminated mineralisation from 82.5m; and
- A Lower Mineralised Zone: ~14m of stratiform Mississippi Valley Type Zinc and Lead sulphides bands and disseminated mineralisation from 242.5m.

The result represents a potential new discovery with scope for extensive development of mineralisation. Boab intends to follow up the intersection with an aggressive drill campaign during the next field season.

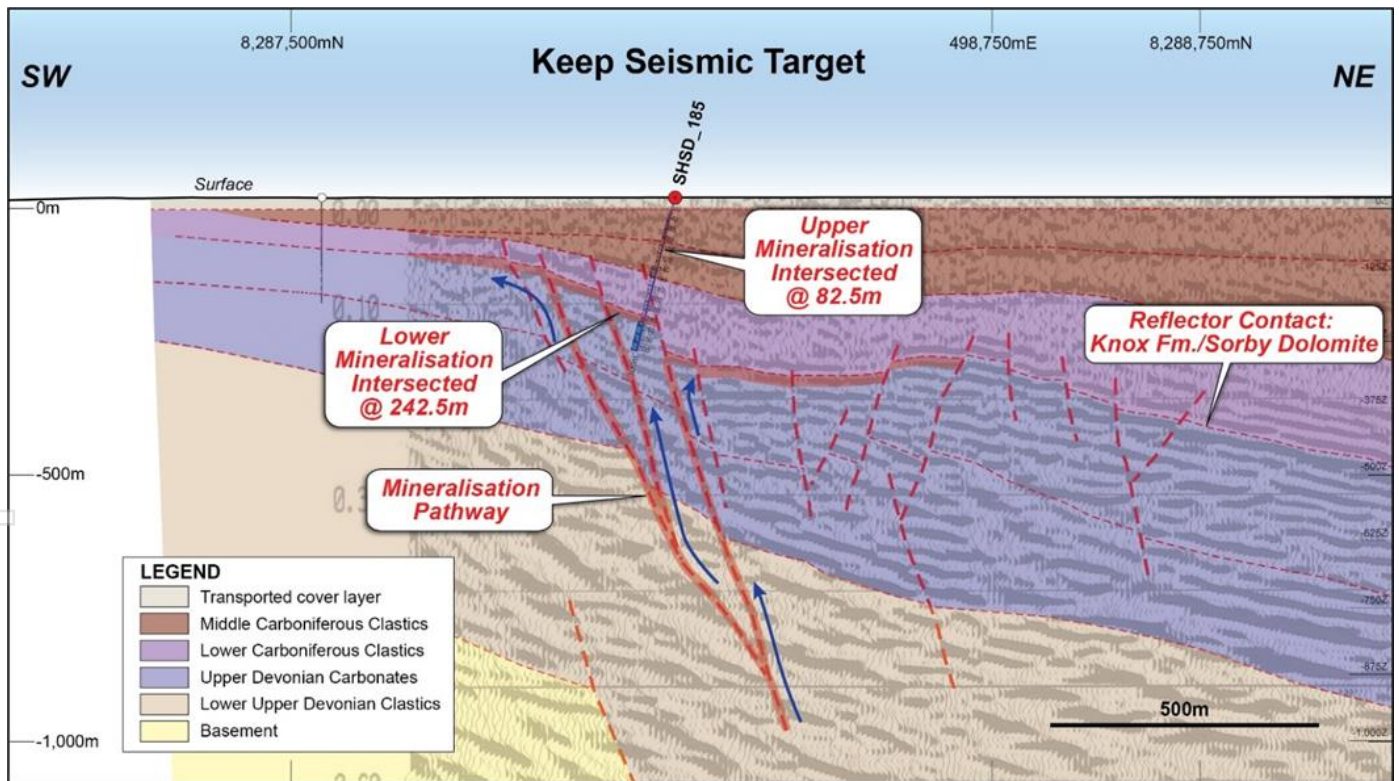


Figure 4 - Geological interpretation of SHSD\_185 and data from seismic line WP\_96-08



## Approvals

The Company is currently awaiting the outcome of its submission to the Department of Climate Change, Energy, the Environment and Water (“DCCEE”) with respect to reconfirmation of the Company’s classification as “Not a Controlled Action” under the Environmental Protection and Biodiversity Conservation Act (“EPBC”). The Project received clearance under the act in 2013. In light of the increased scale of the Project relative to the original submission, the Company deemed it prudent to seek reconfirmation.

Self-assessment by Boab utilising the ‘Protected Matters Search Tool’ has been completed on the DCCEE website and identified no new potential impacts from the proposed operations, outside those that were assessed previously. The Company expects an outcome from the reconfirmation process in the coming weeks.

## Financing and Offtake

The Company is currently working through the completion, documentation and modelling of the project optimisation workstreams and intends to deliver the results via a Sorby Hills FEED Study to be released to the market in Q1 2024. The production of a documented FEED Study will not hold up the ongoing engagement with potential project financiers. The Company is confident the optimisation work to date will address key areas of risk.

The Company has held positive discussions with Offtakers dating back prior to the DFS and subsequently has shortlisted and advanced negotiations with preferred parties. More recently, Boab has opened discussions with Offtakers with respect to providing finance to compliment that sought from other potential lenders. Whilst negotiations on offtake are well progressed, the Company has reserved its right to award offtake for the Sorby Hills concentrate in order to maximise the potential for securing project finance from the Offtake parties.

## Financial and Corporate Overview

The consolidated cash balance of the Company as at 30 September 2023 was A\$3.0 million. During the period, the Company paid \$74k to related parties. These payments were made to Directors of Boab Metals Limited in relation to salaries and directors’ fees, on normal commercial terms.

To assist the Company in reaching its goals in 2024, Chairman Gary Comb and non-executive directors Andrew Parker and Richard Monti have elected to reduce their annual base fee by 20%. The reduced fees will commence 1 November 2023 and will remain in place for six months.

Based on Boab’s current cash position and estimated cashflow forecasts, the Company is sufficiently funded well into 2024.



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

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

**Simon Noon**

**Managing Director & CEO**

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## About Boab Metals Limited

Boab Metals Limited (“Boab”, ASX: BML) is a Western Australian based exploration and development company with interests in Australia and South America. In Australia, the Company is currently focused on developing the Sorby Hills Lead-Silver-Zinc Joint Venture Project in WA. Boab owns a 75% interest in the Joint Venture with the remaining 25% (contributing) interest held by Henan Yuguang Gold & Lead Co. Ltd.

Sorby Hills is located 50km from the regional centre of Kununurra in the East Kimberley and has existing sealed roads to transport concentrate from site to the facilities at Wyndham Port, a distance of 150km. Established infrastructure and existing permitting allows for fast-track production.

## Compliance Statements

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the ‘JORC Code’) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

Information included in this activities report relating to Exploration Results has been extracted from the ASX Announcements titled “Amended Drilling Announcement” dated 4 September 2023”, “Assays Confirm Further Positive Outcome for Sorby” dated 23 January 2023, “High-Grade Lead-Silver Confirmed at Beta Deposit” dated 1 February 2022, and “Sorby Hills DFS Metallurgical Testwork Results” dated 19 November 2021 available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in these announcements. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the form in which they were first presented.

Information included in this activities report relating to Mineral Resources has been extracted from the Mineral Resource Estimate dated 17 December 2021, available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimates, continue to apply and have not materially changed. The Company confirms that the form and context in which the



Competent Person's findings are presented have not been materially modified from the Mineral Resource Estimate.

Information included in this activities report relating to Ore Reserves, Production Targets and Financial Forecasts has been extracted from the Sorby Hills Definitive Feasibility Study and dated 19 January 2023, available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Ore Reserve Statement and that all material assumptions and technical parameters underpinning the estimates, production targets and financial forecasts continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Ore Reserves Statement.

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## Metal Equivalent Calculation Method

The contained metal equivalence formula is based on the Sorby Hills DFS including:

- Lead Price US\$2,253.19/t;
- Lead recovery of 91.0% (weighted average of oxide and fresh Pb recoveries);
- Lead Payability rate of 95%;
- Silver Price US\$27.4/oz;
- Silver recovery of 81.8% (weighted average of oxide and fresh Ag recoveries); and
- Silver Payability rate of 95%.

It is Boab's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

The formula used to calculate lead equivalent grade is:

$$\text{MetalEq (\%)} = G_{\text{pri}} + (G_{\text{pri}} \times [\sum_i R_i S_i V_i G_i] / (R_{\text{pri}} S_{\text{pri}} V_{\text{pri}} G_{\text{pri}}))$$

where R is the respective metallurgical metal recovery rate, S is the respective smelter return rate, V is metal price/tonne or ounce, and G is the metal commodity grade for the suite of potentially recoverable commodities (i) relative to the primary metal (pri).

Metal equivalents are highly dependent on the metal prices used to derive the formula. Boab notes that the metal equivalence method used above is a simplified approach. The metal prices are based on the DFS values adopted and do not reflect the metal prices that a smelter would pay for concentrate nor are any smelter penalties or charges included in the calculation. Owing to limited metallurgical data, zinc grades are not included at this stage in the lead equivalent grade calculation.

## DFS Macroeconomic Assumptions

Assumption	Unit	FY2023	FY2024	FY2025	FY2026	FY2027+
Lead Price	US\$/t	2,259	2,268	2,269	2,254	2,251
Silver Price	US\$/oz	24.8	25.8	26.4	27.3	27.5
Exchange Rate	A\$:US\$	0.70	0.70	0.70	0.69	0.68

## APPENDIX 1

### INTERESTS IN TENEMENTS

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

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
BOAB METALS LIMITED	
ABN	Quarter ended ("current quarter")
43 107 159 713	30 SEPTEMBER 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(1,176)	(1,176)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(183)	(183)
	(e) administration and corporate costs	(222)	(222)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24	24
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other:- Recharge of staff costs and other administration costs to the Sorby JV	74	74
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,483)</b>	<b>(1,483)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-

**Appendix 5B**

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
	(f) other non-current assets	(129)	(129)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(129)</b>	<b>(129)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,618	4,618
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,483)	(1,483)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(129)	(129)

**Appendix 5B**

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,006</b>	<b>3,006</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	909	1,531
5.2	Call deposits	2,097	3,087
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,006</b>	<b>4,618</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(74)*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p><i>*Salaries and Directors fees paid on normal commercial terms</i></p>		



**Appendix 5B**

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,483)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,483)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,006
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,006
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b> <i>*Note, Estimated quarters of Funding available is calculated using the two previous quarters of expenditure. Boab funded a drilling program during this period which has been competed with no further expenditure to be incurred.</i>	2.02*
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

### Compliance statement

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

Date: 31 October 2023

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

### Notes

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