



28 October 2021

## Quarterly Activities and Cashflow Report for the period ending 30 September 2021

Boab Metals Limited (ASX: **BML**) (“**Boab**” or “**Company**”) is pleased to provide the following activity and cashflow report for the quarter ending 30 September 2021. The quarter saw significant progress toward the development of the Company’s 75% owned Sorby Hills Lead-Silver-Zinc Project (“**Sorby Hills**” or “**the Project**”), located in the Kimberley Region of Western Australia.

### HIGHLIGHTS

- **Completion of the Phase V diamond drilling campaign at Sorby Hills** comprising 59 drill holes (5,284m) including an additional 16 holes to those which were planned. Significant assay results included:
  - **SHDD\_059:** 4.5 m @ 2.39% Pb & 101g/t Ag from 31m (Alpha deposit)
  - **SHMD\_074:** 5m @ 7.08% Pb & 91g/t Ag from 108m (Omega deposit)
  - **SHMD\_091:** 12m @ 5.82% Pb & 24g/t Ag from 35m (B Deposit)
  - **SHMD\_111:** 26m @ 2.58% Pb & 25g/t Ag from 53m (Beta Deposit)
    - Incl. 2m @ 7.50%Pb & 58g/t Ag from 71m
- **Completion of the acquisition of the Manbarrum Zinc-Silver-Lead Project** and associated Zinc-Silver-Lead Resources located 25km east of Sorby Hills.
- **Sorby Hills site visit undertaken by potential financiers** including NAIF and a number of Australian and international commercial banks subsequent to the quarter end.
- **The Company has a cash balance of A\$10.1M as at 30 September 2021** and is well funded to continue progressing Sorby Hills to a Final Investment Decision (“**FID**”).

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

*“The quarter has seen the Company deliver on both near term and strategic growth opportunities.*

*The Phase V drilling program has proved successful. We are confident the results will have a positive impact on the quality and quantity of the tonnes included in the DFS mine plan. Additionally, the acquisition of the Manbarrum Project provides Boab with an opportunity to leverage the proposed Sorby Hills process plant and infrastructure into the development of a regional mining play.”*

**Managing Director**

Simon Noon

**Company Secretary**

Jerry Monzu

**Directors**

Gary Comb (Chairman)

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## Phase V Drilling Program

Boab's Phase V drilling program was designed to expand the Sorby Hill's Definitive Feasibility Study ("DFS") proposed production capacity.

The primary focus of the Phase V drilling program was to test and validate the interpretation of portions of the Sorby Hill's Resource located near, but outside the current open-pit designs with a view to incorporate these prospective tonnes into the DFS mine plan. Furthermore, the program aimed to investigate the high silver Alpha and Beta deposits which to this point in time have not been included in the Project's mining inventory.

At the conclusion of the diamond drilling, 59 diamond drill holes (5,284m) were completed including 16 new drill holes (1,600m) which were added during the course of the program to follow up prospective leads arising from the ongoing drilling (**Figure 1**).

### Positive drilling results from the Phase V Program include:

#### *Alpha Deposit*

- **SHDD\_059:** 4.5 m @ 2.39% Pb & 101g/t Ag from 31m

#### *Omega Deposit*

- **SHMD\_066:** 5m @ 6.77% Pb & 26g/t Ag from 100m
- **SHMD\_070:** 17m @ 3.39% Pb & 15g/t Ag from 58m
- **SHMD\_073:** 17m @ 3.02% Pb & 13g/t Ag from 75m
- **SHMD\_074:** 5m @ 7.08% Pb & 91g/t Ag from 108m
- **SHMD\_099:** 5m @ 5.37% Pb & 16g/t Ag from 90m

#### *B Deposit*

- **SHMD\_088:** 6m @ 5.37% Pb & 21g/t Ag from 50m
- **SHMD\_091:** 12m @ 5.82% Pb & 24g/t Ag from 35m (**See Figure 2**)
- **SHMD\_104:** 6m @ 3.89% Pb & 13g/t Ag from 65m

#### *Beta Deposit*

- **SHMD\_111:** 26m @ 2.58% Pb & 25g/t Ag from 53m (**See Figure 3**)
  - Incl. 2m @ 7.50%Pb & 58g/t Ag from 71m

#### *Wild Cat Prospect*

- **SHMD116:** 26m @ 1.39% Pb & 17g/t Ag from 14m
  - Incl. 5m @ 2.12% Pb & 27g/t Ag from 15m

The results have confirmed extended and shallow mineralisation on the margins of the current Sorby Hills open pit designs. It is anticipated the results will have a positive impact on both the confidence and size of the DFS mining inventory.

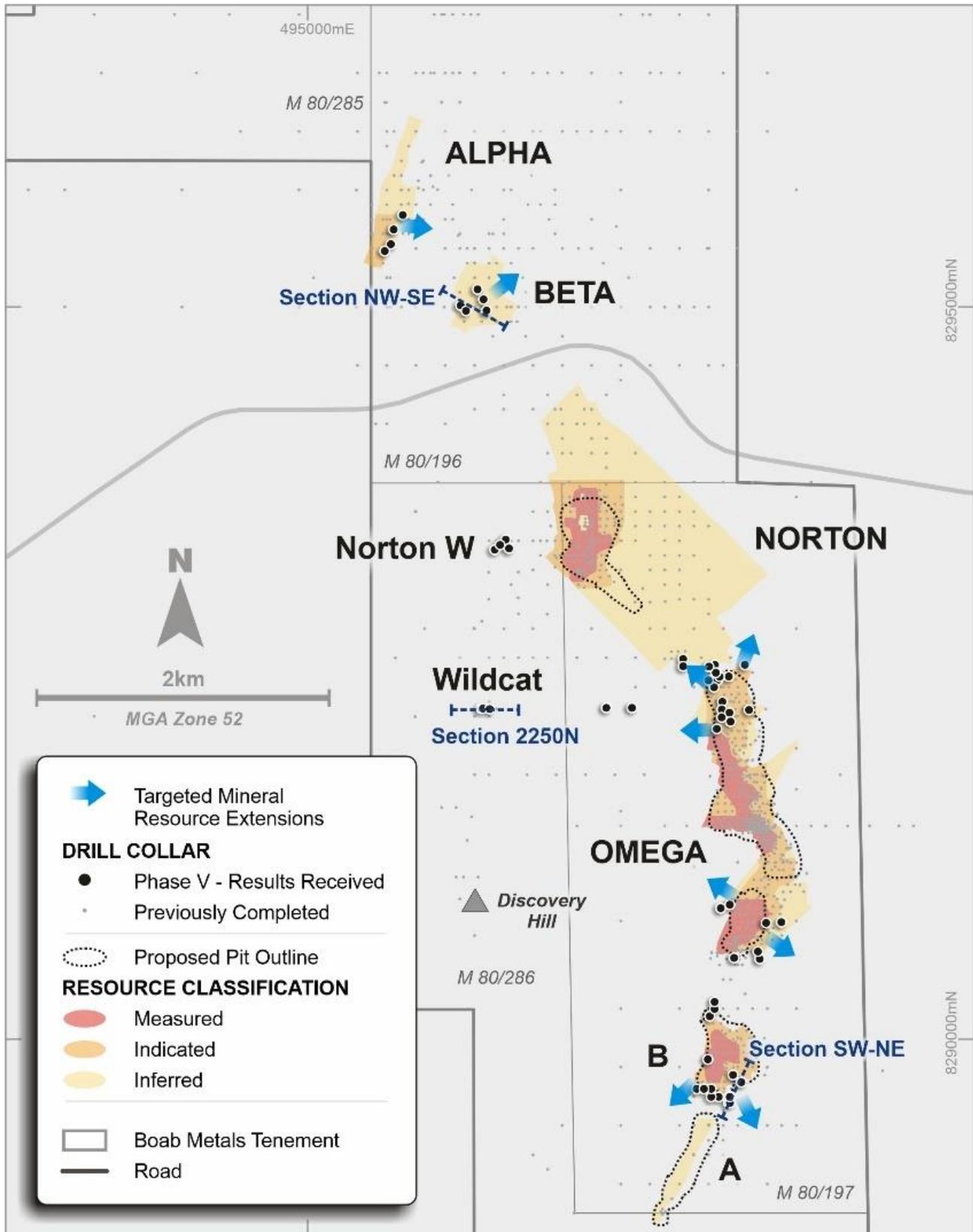


Figure 1 – Project location map and drill hole locations. Cross sections referred to in text are highlighted.

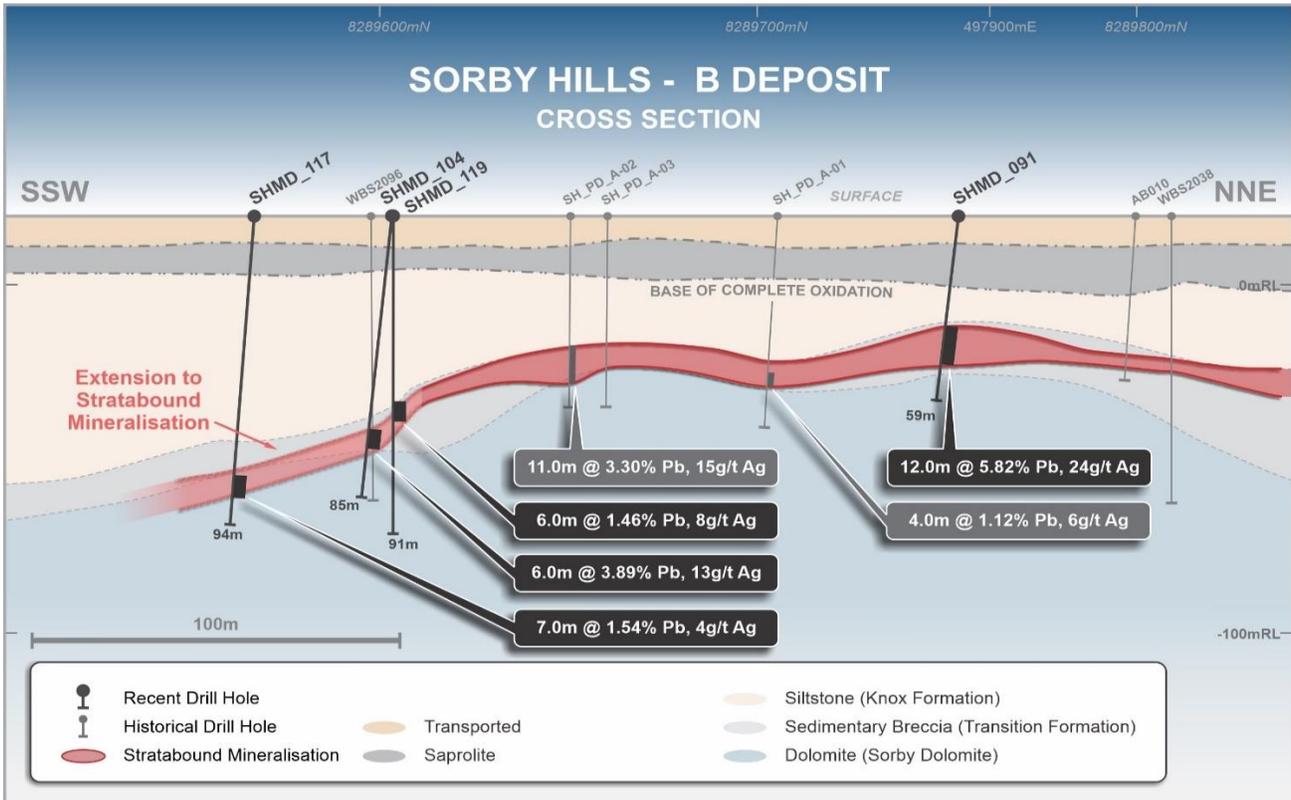


Figure 2 – NNE-SSW section through the B Deposit showing the geometry the mineralisation and location of the new drill intercepts.

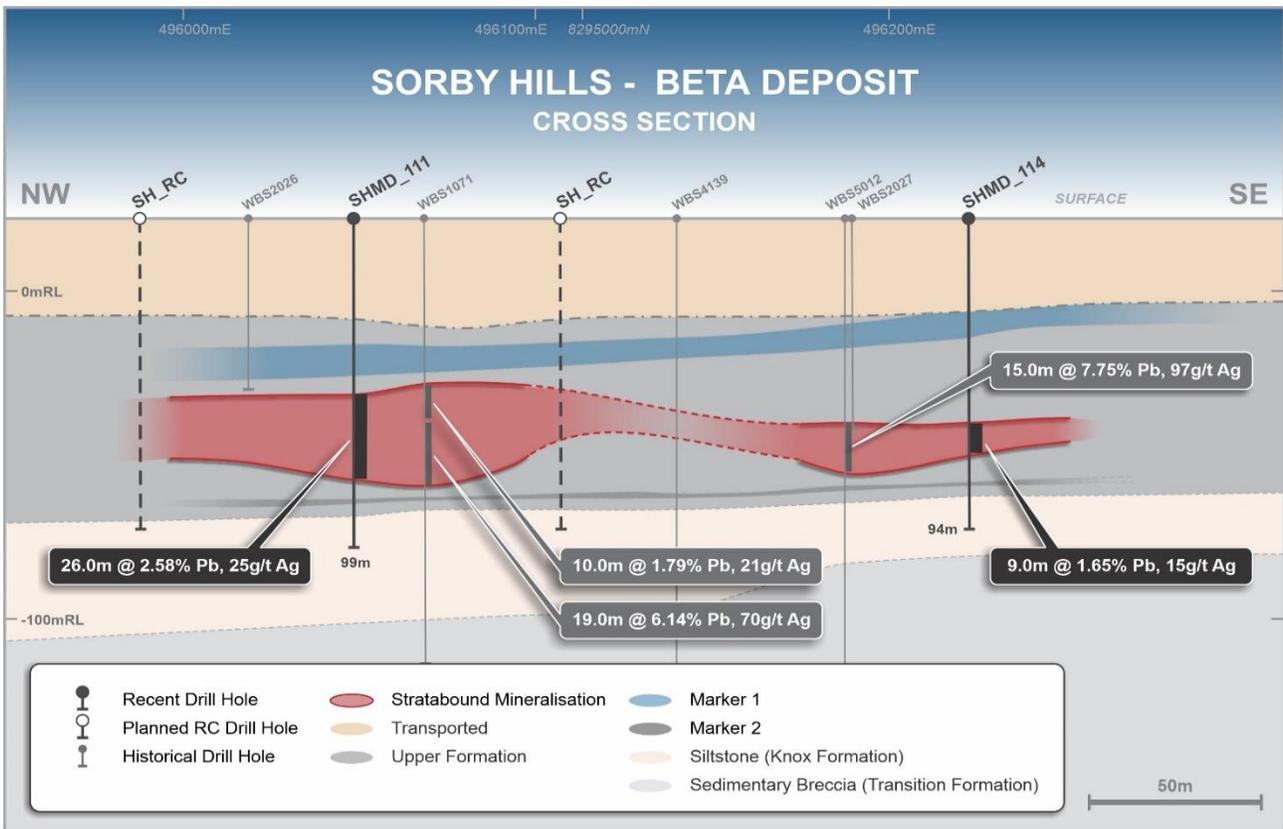


Figure 3 – NW-SE section through the Beta Deposit showing the geometry of mineralisation and location of the new drill intercepts.

## Acquisition of the Manbarrum Zinc-Silver-Lead Project

During the quarter, Boab announced and completed the acquisition of the Manbarrum Zinc-Silver-Lead Project from Todd River Metals Pty Ltd. Total consideration for acquisition included:

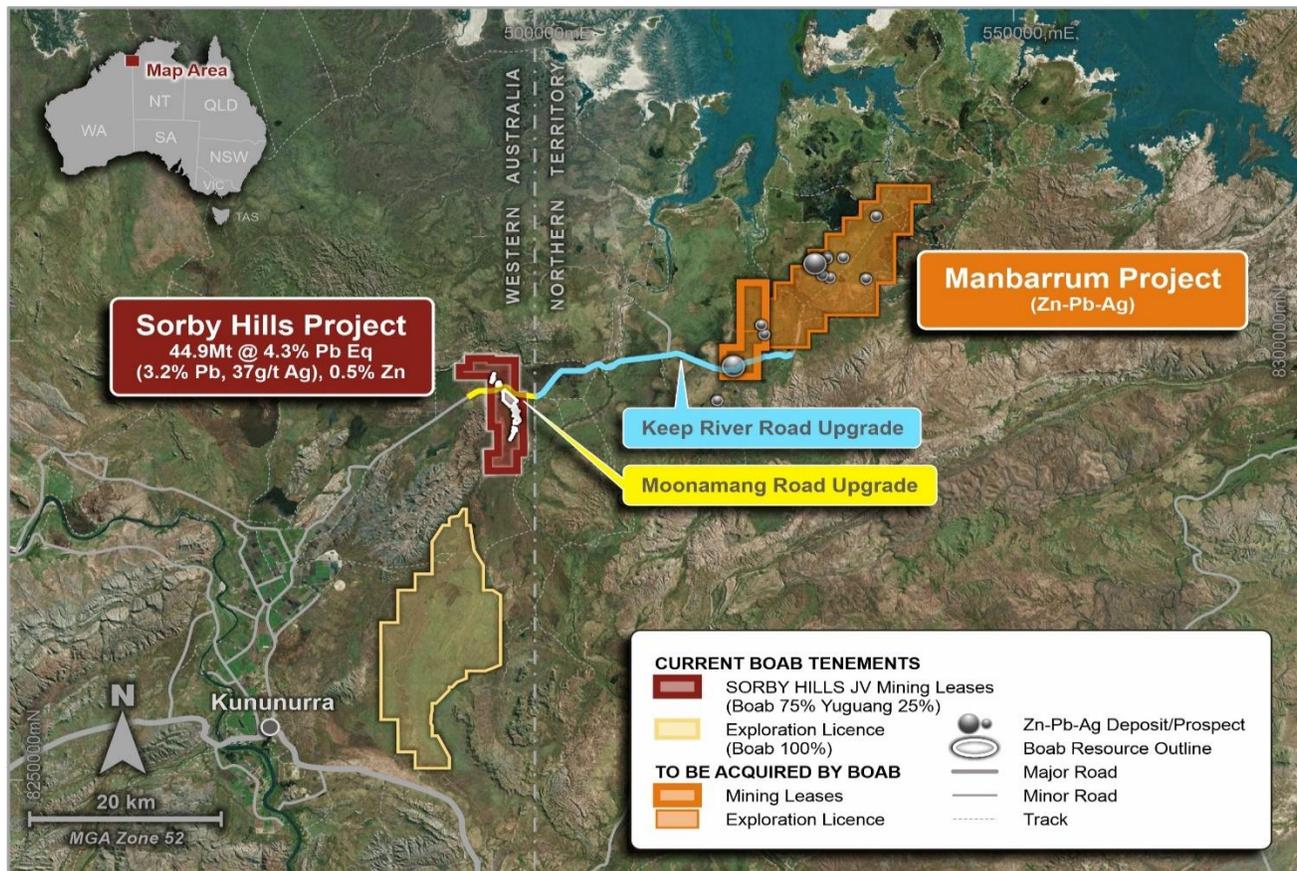
- A\$500,000 in Boab shares at an issue price of A\$0.4214 per share (30 day VWAP); and
- a Net Smelter Return Royalty of 1.25% on future revenue generated from minerals extracted from the Manbarrum Project.

Boab has the right to buy-back the Royalty at market value following the completion of a Pre-Feasibility Study on the Manbarrum Project.

The Manbarrum Project is located 25km east of Sorby Hills (**Figure 4**) and covers geology that is genetically related to that found at Sorby Hills allowing for an effective transfer of technical knowledge to maximise exploration and Resource development potential.

The Manbarrum Project comprises four tenements including 2 granted Mining Leases and multiple deposits that have been the subject of Mineral Resource Estimates (see Todd River Resources prospectus dated 4 April 2017) and conceptual open pit mining studies (see Todd River Resources announcement dated 10 April 2018).

While the Company remains focussed on the development of the Sorby Hills Project, the strategic acquisition of the Manbarrum Project provides an opportunity to investigate a broader regional production strategy that leverages the clear synergies between the two projects.



**Figure 4 – Location of the Manbarrum Project relative to the Sorby Hills Project.**

## **Moonamang Road upgrade**

In 2020, the Western Australian Government committed \$18.3 million toward the realignment and sealing of 7.5km of the Moonamang Road. As of the quarter end the work is progressing well and set to be complete ahead of the upcoming wet season.

The Moonamang Road upgrade will significantly improve the quality and efficiency of access to and from the Sorby Hills project site. Importantly for Boab, the upgrade to the Moonamang Road compliments the investment by the Australian and Northern Territory Governments to upgrade the Keep River Plains Road, thus providing a continuous sealed road between Sorby Hills and the recently acquired Manbarrum Zinc-Lead-Silver Project located 25km to the east (**Figure 4**). The Keep River Plains Road works have been completed.

## **Sorby Hills Site Visit by potential Financiers**

Representatives from the Federal Government's Northern Australia Infrastructure Facility ("**NAIF**"), together with representatives from a number of Australian and international commercial banks, joined Boab management on a two-day site visit of the Sorby Hills Project and surrounding infrastructure including Kununurra township and Wyndham Port, as part of their ongoing due diligence of the Project.

The site visit follows positive discussions held with potential project lenders earlier in the year.

Boab's engagement with NAIF on the Sorby Hills Project began in 2020. NAIF is an Australian Federal Government organisation with an aggregate of A\$5 billion of debt finance which may be lent on concessional terms to support development that generates public benefit for northern Australia. Sorby Hills has passed through the Stage 1 Initial Review of NAIF's Assessment and Approval process. Boab will continue to work closely with NAIF as they undertake due diligence on the Project in conjunction with the completion of the DFS.

## **RC Drilling Program**

While diamond drilling holes completed at the Beta Deposit have successfully increased knowledge of the style and tenor of mineralisation present, Boab's technical team has concluded that additional infill drilling is required to improve the Resource classification applicable to this portion of Sorby Hills deposit. Accordingly, a follow up drilling program was proposed to achieve this objective.

Five holes of the proposed 15 hole RC program at Beta were completed and a further 5 holes at the wildcat zone before drilling was halted due to extremely slow drilling rates. Boab will return with a different contractor to finalise the drill program at the beginning of the dry season in April-May 2022.

Samples from the completed holes have been submitted for assay and metallurgical testwork.

## Next Steps - Project Development Timeline

Over the upcoming quarter, the Company anticipates completing the following milestones.

- Providing the results of the DFS Metallurgical Testwork Program.
- Completing an Offtake tender process for Boab's share of the Lead-Silver concentrate produced from Sorby Hills.
- Commencing DFS Mine and Process Plant Design.
- Commencing tenders for the Mining, Process Plant and Infrastructure Contract.

A Project Development Timeline to a Decision to Mine is shown in **(Figure 5)**.

Boab has determined to run competitive tenders for major mining and construction contracts in parallel with the Sorby Hills DFS. Whilst the decision could extend the delivery date of the DFS to early Q2 2022, the Company is confident that the process will provide accurate market data to underpin the DFS and consequently provide enhanced comfort to potential financiers undertaking due diligence on the Project.

Milestone	Status	CY2022			
		Q4	Q1	Q2	Q3
<b>Definitive Feasibility Study</b>					
- Phase V Diamond Drilling Program	✓	■			
- Update Geological Model	✓	■			
- Metallurgical Test Work Program	Ongoing	■	■		
- Mine and Process Plant Design	start Q4 2021		■	■	■
- Mining, Process Plant & Infrastructure Contract Tenders	start Q4 2021		■	■	■
<b>Permitting</b>					
Site Establishment & Early Works	Ongoing	■	■	■	■
Main Works	Ongoing		■	■	■
<b>Offtake and Financing</b>					
- Concentrate Offtake Tender	Ongoing	■	■	■	
- Engagement with Debt Financiers	Ongoing	■	■	■	■
- Debt Financing Detailed Due Diligence	start Q1 2022			■	■
- Debt Financing Credit Approval Process	start Q2 2022				■
- Decision to Mine	late Q2 2022				■
<b>Construction</b>					
- Commencement of Construction	Q3 2022				■

**Figure 5 – Indicative Project Development Timeline.**

## Financial and Corporate Overview

The consolidated cash balance of the Company as at 30 September 2021 was A\$10.1 million. During the period, the Company paid \$82k to related parties. These payments were made to Directors of Boab Metals Limited in relation to salaries and directors' fees, on normal commercial terms.

### *Annual General Meeting*

The Company's Annual General Meeting is scheduled to be held on 26 November 2021.

### *Representation at Diggers and Dealers*

During the quarter, Boab was represented 2021 Diggers and Dealers Forum by its Managing Director and CEO Mr Simon Noon.

### *Manbarrum Zinc-Silver-Lead Project*

The Company settled the consideration for the purchase being A\$500,000 in the form of fully paid ordinary shares ("**Consideration Shares**"). The Consideration Shares were issued out of the Company's existing capacity in accordance with ASX Listing Rule 7.1 and are subject to a voluntary escrow period of 12 months.

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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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Email: [info@BoabMetals.com](mailto:info@BoabMetals.com)

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## About Boab Metals Limited

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

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

## Compliance Statements

Information included in this presentation relating to Exploration Results has been extracted from the ASX Announcements titled “Update on Phase V Drilling Program at Sorby Hills” dated 8 July 2021, “Initial Assays Confirm Drilling Success at Sorby Hills” dated 24 August 2021 and “Diamond Drilling Assays Confirm Further Extensions to Mineralisation at Sorby Hills” dated 28 September 2021 and available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original announcements.

# 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>Borrooloola 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>Mount Jukes Project</b> EL51/2008 EL12/2009	TAS, Australia	13.74% 13.74%	0% 0%
<b>Manbarrum Project</b> EL24395 MA24518 MA26581	NT, Australia	0% 0% 0%	100% 100% 100%
<b>Urrao Project</b> 2791	Colombia	100%	100%

# APPENDIX 5B

## Mining Exploration Entity or Oil and Gas Exploration Entity Quarterly Cash Flow Report

<b>BOAB METALS LIMITED</b>			
ABN 43 107 159 713		Quarter ended ("current quarter")	
		September 2021	
Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(2,279)	(2,279)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(279)	(279)
	(e) administration and corporate costs	(327)	(327)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
	Other		
	Recharge of staff costs and other administration costs to the Sorby JV	56	56
1.8	Stamp Duty Paid	(24)	(24)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(2,846)</b>	<b>(2,846)</b>
<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(6)	(6)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(6)</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</b>		
4.1	Cash and cash equivalents at beginning of period	12,952	12,952
4.2	Net cash from / (used in) operating activities (item 1.9)	(2,846)	(2,846)
4.3	Net cash from / (used in) investing activities (item 2.6)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10)	-	-
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>10,100</b>	<b>10,100</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	10,039	12,891
5.2	Call deposits	61	61
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>10,100</b>	<b>12,952</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b>	
		<b>\$A'000</b>	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	82 *	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			
*(Salaries and Director fees paid on normal commercial terms.)			

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

<b>8</b>	<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)	(2,846)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	<b>(2,846)</b>
8.4	Cash and cash equivalents at quarter end (Item 4.6)	10,100
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	<b>10,100</b>
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>3.55</b>
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

## Compliance statement

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

Sign here:



Jerry Monzu (Company Secretary)

Date: 28 October 2021

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.