

ASX Release 25 July 2023

June 2023 Quarterly Report

Honeymoon on time and budget with first uranium production set for coming quarter

Highly successful quarter sees several major milestones completed, including wellfield construction; Strong inbound inquiries for offtake

Boss Energy Limited (ASX: BOE; OTCQX: BQSSF) is pleased to report on a highly productive quarter which saw the Company close in on its target of achieving first uranium production in the December quarter, 2023.

As a result of this rapid progress, the committed expenditure at the Honeymoon project now represents 79 per cent of the budgeted \$105 million total. The project is running on time and on budget.

The key achievement during the quarter was the completion of the first wellfield and related gypsum pond, while the water treatment plant is almost finished. Work is now underway to flush the startup wellfields.

Boss Managing Director Duncan Craib said: "The construction and re-start program continued to proceed to plan in the June quarter, ensuring we remain on budget and on schedule for first production this calendar year.

"We are completely focused on executing our plan, which will see us become Australia's third uranium producer in the coming quarter.

"We are also extremely encouraged by the strong progress being made on site and the ongoing tightness in the uranium market, which augurs very well for the spot price over coming months.

"This is reflected in the rising level of inbound inquiries we are receiving in respect to offtake and long-term contracts generally.

"Given we are fully funded through to production, with cash on hand of A\$89M¹ and a strategic uranium stockpile valued at A\$106M² (US\$70M) based on current spot prices, as well as no debt, we are in the enviable position of being able to enter offtake arrangements when we deem the market position to be highly desirable".

All critical path items remain on track for delivery in line with the project schedule. More than 170 procurement packages have been issued. The packages awarded to date are in line with the cost estimates contained in the front-end engineering design (FEED) released to the ASX on 31 March 2022.

¹ As at 30 June 2023 (excluding 100% cash backed environmental bond of approximately A\$9M)

² Strategic uranium stockpile valued at A\$106M based on a spot U₃O₈ price of US\$56.40/lb and an exchange rate of A\$1:US\$0.67

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Key Achievements in June Quarter

Committed expenditure under the Honeymoon re-development program totals A\$83M (or 79%) of the budgeted ~A\$105.4M CAPEX, excluding a A\$7.6M contingency, with incurred costs amounting to A\$44M.

All critical path items remain on track for delivery in line with the project schedule. More than 170 procurement packages have been issued. The packages awarded to date are in line with the front-end engineering design (FEED) released to the ASX on 31 March 2022.

During the quarter, the project reached a key point in its redevelopment with completion of construction of the three startup wellfields. This comprises 86 drilled and cased new production wells and 31 recompletions of existing wells.

Pressure testing and line flushing of the first wellfield has been completed and the liquid disposal line (3km) and associated pumps and instrumentation have been commissioned.

The next stage is to run structured pumping tests. The purpose of this work is to ensure the pump set-points are correct, and that the wells are hydraulically connected to one another in the orebody.

This will pave the way to start wellfield flushing and commissioning.

Ground water extraction and construction of the new raw water system is also on target to begin delivering to the processing plant in coming weeks. The necessary reagent areas are in the final stages of preparation for receiving their first fill.

All significant procurement items have been delivered and installed, raw water supply and liquid disposal lines (180mm poly pipe of approximately 5,800 metres) have been welded, completed and ready for use.



Image 1: Wellfield electrical, instrumentation, and piping materials has been installed

To complement the wellfield construction activities, installation of lining material for the 25,000-ton gypsum pond is now complete for full operational use.

The 250m³ /hour RO plant mechanicals are installed, with electrical and final piping nearing completion. The RO plant consists of 6 containers of filters, pumps and reverse osmosis tubes with associated chemical dosing systems.

Uranium Market Analysis

There is a mismatch between supply and demand in the near to mid term as only restarts and existing production can meet demand in this timeframe. The number of producers in politically safe countries that can meet this demand is limited and Boss has first mover advantage in this situation.

Demand is growing and so is the supply deficit. New supply has to be brought on and the timing depends on price signals and investor/debt funding. The term price is moving upwards in response to this pressure but the longer it takes to start development of the early stage mines the more potential there is for an extended overshoot.

The Russian invasion of the Ukraine in particular has changed perceptions of security of supply and led to a desire to diversify away from Russian-influenced sources. This has caused market imbalances on a regional basis. The enrichment and conversion markets were first and most directly impacted but as utilities finalise their new enrichment contracts, this imbalance is becoming more urgent in the uranium market.

The demand and supply gap will have to be filled by inventory or trader offtake but as the rising spot prices shows, this is only being made available at higher prices. Inventories have been significantly reduced at utility level and also in terms of mobile inventory available to market as producers have purchased to replace idled production, financial entities have sequestered inventory and, this year, we have seen utilities returning to the spot market to rebuild inventory.

Prices have accordingly reacted from 'inventory driven' to 'production driven' and based on new cost estimates, given current inflation and interest rates, the marginal cost of future mines will be higher than forecast just two years ago.

Boss is set to supply into a rising market as a producer with uncommitted supply.

Strong Balance Sheet

As at June 30, 2023, the Company held unrestricted cash and cash equivalents of A\$89M, which excludes a fully cash-backed environmental bond of A\$8.9M. Cash balances are being managed with a term deposit program to take advantage of the higher interest rate environment.

The Company also holds inventory of 1.25Mlb of U₃O₈, which has a current spot market value of A\$106M. Combined with unrestricted cash, Boss has liquid assets of A\$195M, no long-term debt obligations, and a remaining estimated CAPEX spend of A\$68.8M, leaving it well-positioned to transform Honeymoon into production.

Appendix 5B disclosures

In line with its obligations under ASX Listing Rule 5.3.5, Boss notes that the only payments to related parties of the Company, as disclosed in the Appendix 5B (Quarterly Cashflow Report) for the period ended 30 June 2023, consist of executive director, company secretary and chief financial officer salaries and wages (including superannuation) and payment of non-executive director fees.

During the quarter ended 30 June 2023, the Company spent approximately \$12.6M on project and exploration activities relating to its Honeymoon Project. These activities included:

- Technical studies costs
- Construction equipment;
- Wellfield drilling and development costs;
- Engineering and construction consultant expenses.

In addition to these activities the Company continued to incur costs relating to the ongoing maintenance activities required at Honeymoon. The expenditure represents direct costs associated with these activities as well as capitalised wages which can be directly attributable to Honeymoon.

This ASX announcement was approved and authorised by the Board of Boss Energy Limited.

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Reference to previous ASX announcements

In relation to the results of the Enhanced Feasibility Study announced on 21 June 2021, the Company confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed.

Forward-Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties, and other factors, many of which are outside the control of Boss Energy, which could cause actual results to differ materially from such statements. Boss Energy makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

Appendix One:

Schedule of Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2023.

Tenement Name	Location	Licence Number	Interest
Yarramba	South Australia	EL6510	100%
South Eagle	South Australia	EL6081	100%
Gould's Dam	South Australia	EL6512	100%
Katchiwilleroo	South Australia	EL6511	100%
Ethiudna	South Australia	EL6020	100%
Gould's Dam	South Australia	RL83-85	100%
Honeymoon Mine	South Australia	ML6109	100%

There were no mining tenement acquisitions or divestments during the quarter. EL6512, 6511, 6020, 6510 and 6081 are subject to an earn-in agreement with First Quantum Minerals in respect to the base and precious metal rights. Refer ASX release dated 10 February 2022 for further information.

Honeymoon's Mineral Resource (lower cut-off of 250 ppm U₃O₈)

Classification	Tonnage (Million Tonnes)	Average Grade (ppm U ₃ O ₈)	Contained Metal (Mkg, U ₃ O ₈)	Contained Metal (Mlb, U ₃ O ₈)
Measured	3.1	1,100	3.4	7.6
Indicated	18.4	630	12.0	25.5
Inferred	30.9	570	18.0	38.5
Total	52.4	620	32.5	71.6

Reference to previous ASX announcements

In relation to the results of the Enhanced Feasibility Study announced on 21 June 2021, the Company confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed.

The mineral resource estimates in this announcement were reported by the Company in accordance with listing rule 5.8 on 25 February 2019. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed.

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