

Boab Metals Limited (ASX: BML) – Coverage Update

Sorby Hills Looking More Attractive by the Day as a *Development Ready* Base Metal Investment Currently Exhibiting Excellent Domestic Leverage Exposure to a Rising Silver Price

Company Statistics

Key Items	Latest
Rating	Spec Buy
Last price	\$0.38
Price Target	\$0.93
12 Month Range	\$0.09 - \$0.39
TSR (%)	145%
Market Cap (undiluted)	106.0
Enterprise value (\$m)	99.0
Listed shares (m)	279.0
Perf rights (m)	7.6
Cash balance (est \$m)	7
Debt (\$m)	0.0
Currency	AUD
Sector	Mining

Board And Management

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

Major Shareholders (12 Sept 25)

Villiers Queensland PL	5.7%
Citicorp Nominees Pty Ltd	4.8%
BNP Paribas Nominees Pty Ltd	4.0%
Zero Nominees Pty Ltd	3.4%
Sandfire Resources Ltd	3.0%

Financials	FY27f	FY28f	FY29f
Payable Pb (kt)	70	72	80
Payable Ag (Moz)	1.85	1.88	3.48
Total revenue (A\$m)	310.7	321.7	451.0
EBITDA (A\$m)	170.2	168.5	244.0
NPAT (A\$m)	86.3	93.1	151.9

One-year share price performance



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Call to Action

We rate BML a Speculative Buy with High Risk.

Catalysts include: **1)** FID decision in 4Q 2025 **2)**, Re-rate versus peers, **3)** Continued expectation both the lead and silver markets will continue to climb & **4)** Further exploration upside.

Disclaimer: This report must be read in conjunction with the disclaimers and disclosures at the back of this report.

Rating	Price target	Last price	Mkt cap/EV	Risk
Spec Buy	\$0.93	\$0.38	\$106.1m/\$99.1m	High

Event

We have updated our valuation on Boab Metals Limited (BML). Whilst still maintaining a **Speculative Buy** recommendation on the stock due to uncertainty remaining around final project financing arrangements (debt & equity), we have however, significantly upwardly revised our Price Target to **\$0.93** per share (previously **\$0.48**).

We believe the strength of our upward revision is defensible due to several factors including:

- a substantial increase in the current and forecast silver price materially positively impacting Sorby Hills project economics
- the Company having secured the purchase of the second hand DeGrussa processing facility which should materially reduce CAPEX requirements for the project (the quantum of that 'saving' to overall CAPEX still to be announced)
- the Company notably experiencing strengthening demand for its securities on recognition of Sorby Hills excellent leverage exposure to the current and forecast increased silver price, compounded further by an attractively tight capital structure
- less expected future dilution due to sustained material increases in the share price of BML and an expected reduction in CAPEX requirements equating to expected less equity units required to be placed on the final financing round

Our valuation is still based on a risk weighted NAV valuation taking into consideration final funding requirements still needing to be locked down and confirmed.

Investment Overview Refresher

- A Historically Overlooked Quality Base Metal Project in an Uncrowded Commodity Space** - BML is a Perth headquartered resources junior committed to the near-term development of the Sorby Hills (BML 75% moving to 100%) lead-silver project located in the Kimberley region of northern WA. Despite its proximity to Wyndham a resources port and associated infrastructure that has well served a number of successful mining projects over time, Sorby Hills remains one of Australia's largest known undeveloped near surface lead-silver deposits.

Front-End Engineering Design (FEED) figures released in mid-2024 refined and upgraded from the 2023 DFS demonstrated robust economics with an initial 8.5 year 2.25Mtpa open cut operation producing 64ktpa lead and 2Mozpa silver at estimated cash costs of US\$0.36/lb (lowest cost quartile compared to peers). The FEED figures support a pretax NPV₈ of \$411m, IRR 37%, EBITDA \$126mpa using a lead price of US\$1.06/lb silver price of US\$27.4/oz and FX of A\$:US\$ 0.68. Capex has been set at \$264.5m with payback <3 years. BML is targeting a Final Investment Decision (FID) at Sorby Hills in Q4 2025. Assuming financing outcomes are successful, we anticipate construction commencing Q1 CY2026 with first concentrate production slated for mid CY2027.

- Binding Offtake with Trafigura Signals Project's Attractiveness on an International Stage** - In December 2024 BML announced that it had finalised a binding offtake agreement with renowned commodities trader Trafigura for the sale of 75% of the Project's lead silver concentrate (min 531kt) over a 7-year period benchmarked on the LME settlement price averaged over the quotational period. We view this as an excellent outcome contributing a substantial derisking element to the project and note that the remaining 25% of production remains unencumbered for further offtake agreements or spot sales.
- US\$30m Pre-payment Financing Facility Accompanying Offtake Agreement, A Solid Initiating Cornerstone to the Debt Financing Component** – Accompanying the offtake agreement is a US\$30m prepayment facility which is structured with a SOFR, 5% interest, a 5-year term from first drawdown and an 18-month interest only period. This separate structured facility offered by Trafigura, a leading international commodities trading house, signals to us the project's attractiveness on a global stage.
- Discussions With Several Debt Lenders Advanced - FID Still Expected Q4 2025** We anticipate a FID announcement next quarter and anticipate it should be a catalyst to a further share price re-rating as uncertainty around project financing is removed as debt and equity provider agreements are announced.
- Securing of the DeGrussa Mill Has Reduced Capex Requirements** - Current official pre-production capital requirements has been stated at \$264.5m (\$280m incl. sustaining capex). BML has however recently been successful in securing the purchase of Sandfire Resources' mothballed DeGrussa process plant for only \$10m (vs \$136m for a new one budgeted in the official capex figure). This undoubtedly now materially reduces Sorby Hills overall project capital requirements. Exactly what that 'saving' is specifically, BML has yet to announce as engineering firms are still costing tear down, transport, reassemble and recommissioning currently. We acknowledge the strategic purchase of what is believed to be a high quality mill and have taken into account an assumed reduction in capex to \$234.5m in our new modelling.

The recipient of this Coverage Update is strongly encouraged to read a copy of the UCPS Initiating Coverage Report on BML released 14th April 2025 which provides a more detailed investment overview of BML and its assets.

Link to Our Initiating Coverage report: [BML-Initiation-UCPS-10-April-2025-1.pdf](#)

This current research piece is not intended to be a replacement to our Initiating Coverage report but provides a revised Price Target valuation of the Company predominantly based on its Sorby Hills asset.

Our intent with this paper is to also provide a reminder to our current and prospective clients on why we strongly believe BML remains a standout undervalued *development ready* base metal (lead-silver) investment opportunity which currently is demonstrating tremendous domestic leverage exposure to a sustained rise in the global silver price.

Our Updated Valuation – New Price target \$0.93 per share

We have undertaken a revised valuation exercise on BML based on the assumption that the Company proceed to 100% ownership of Sorby Hills (BML currently 75%).

The reader should note that this exercise has been done as much to broadly demonstrate how significantly undervalued BMLs current share price is, even at this predevelopment phase rather than attempting to attain a specific highly precise share price figure based on complex modelling.

Our valuation and share price target is based on a post-tax fully diluted basis to mine commissioning. i.e. we have built into our modelling our best estimates based on the company's 2024 FEED outputs, what additional capital will be required and in what form it will be in. This involves our new assumption that \$250m (previously \$280m modelled) will now be required in pre-production and sustaining capital. This figure is our conservative estimate taking into consideration the recent acquisition of the second hand DeGrussa plant announced end April 2025 which we believe will result in material CAPEX savings.

Of the required capital, it has been assumed that \$67.5m (previously \$80m modelled) will be sourced from the equity markets by issue of 150m shares at 45cps and the remaining \$200m from near term future agreed debt facilities. The reader should note that this equity:debt ratio is our assumption in the absence of information and therefore is most likely subject to change.

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

- 1) The undertaking of a discounted post tax NPV₁₀ cashflow model for the production of a lead-silver concentrate from Sorby Hills processing plant with ore sourced from the Sorby Hills open pits
- 2) An assessment of the potential to further access additional ore from the remaining Sorby Hills resources outside of the reserves and resources outlined for mining in the FEED study
- 3) A heavily discounted nominated valuation estimate for the potential of any exploration prospects outside of Sorby Hills

Lead-Silver Price assumptions in the modelling

Our initial modelling in April 2025 assessed a number of then available sources for lead and silver price charts and forecasts. From that exercise we came to our own conclusion what we believed we should use as a lead and silver price for our modelling.

All sources of lead pricing at the time of the release of our Initiating Coverage paper had the commodity price incrementally increasing steadily out to at least 2030. As such we decided to use a conservative starting 2025 price of US\$1800/tonne increasing by 1% per annum. We currently observe that that our pricing assumptions

we made for lead as of April 2025 are still largely valid today. Therefore, we have made the decision not to adjust lead pricing for this new modelling exercise. At the time of release of this paper the LME spot price for lead was US\$2012 per tonne (US\$2074 in April 2025) per tonne.

For silver however, we have substantially increased our pricing assumptions to better reflect the continued resurgence of the metal which we believe is largely on the back of the gold price increase, taking into consideration recent reports that have a more bullish outlook. Compared to some of our peers, we have however still used in our modelling a conservative silver price of US\$42 per oz (US\$25 per oz used in April 2025) in year 1 increasing at 1% per annum. Current price for silver at the release of this report is US\$41.45 per oz.

Sorby Hills Operations Model Assumptions

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

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

Below is our revised mine schedule and simulated revenue estimates for Sorby Hills.

	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SORBY HILLS MINING SCHEDULE											
Capex (AUD\$m)	0.0	294.5	12.0	1.0	1.5	1.0	0.0	0.0	0.0	0.0	0.0
Ore Mined (Mt)	0	0.4	2.1	2.3	2.4	2.5	2.3	2	1.1	3	0.3
Waste (Mt)	0	5.8	11.7	14.3	25.7	25.4	21	17.5	15	4.2	0.7
Total Mined (Mt)	0.0	4.2	13.8	16.6	28.1	27.0	23.3	19.3	14.1	7.2	0.5
SORBY HILLS PROCESSING PLANT											
Ore Processed (Mt)	1.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	1.1
Lead Grade (%)	5.5%	5.4%	4.0%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.0%
Silver Grade (g/t)	47.0	30.0	59.0	54.0	54.0	34.0	27.0	30.0	41.0	41.0	41.0
Concentrate Produced (kt)	108.0	110.0	126.0	113.0	92.0	98.0	98.0	80.0	97.0	97.0	49.0
Payable Lead (kt)	70	72	80	70	65	65	65	53	70	70	30
Payable Silver (Moz)	1.85	1.88	3.48	3.10	3.10	1.92	1.09	1.88	2.11	2.11	1.04
REVENUE											
Lead Revenue		192.7	200.7	224.8	198.5	187.0	187.2	153.7	205.8	205.8	90.0
Silver Revenue		118.0	120.0	238.2	207.3	101.0	112.7	128.8	144.0	144.0	71.6
Total Revenue (AUD\$m)		310.7	320.7	463.0	405.6	288.0	299.9	380.0	349.8	349.8	161.6
Smelter Treatment & Refining Costs (Est) - Lead AUD/tonne		30.4	20.0	23.5	21.0	18.6	18.6	15.0	18.2	18.2	7.9
Smelter Treatment & Refining Costs (Est) - Silver AUD/oz		8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	4.0
Royalties		10.0	11.0	14.0	13.0	10.0	11.0	11.0	9.0	12.0	5.0
Net Revenue (AUD\$m)		270.8	280.5	406.8	366.7	259.4	269.4	295.0	282.6	282.6	148.7
Pit Mining Costs (incl Drill & Blast & Grade Control) (AUD)		49.7	58.8	101.2	103.4	83.9	89.5	90.8	75.9	75.9	37.8
Processing Costs (Crushing Milling, Float & Conc Plant) (AUD)		45.2	49.5	51.6	53.8	40.5	45.0	25.7	84.5	84.5	65.5
Transport & Handling Costs Sulphide conc to Port Wyndham (AUD)		4.4	4.4	5.0	4.5	4.0	3.9	3.2	3.9	3.9	1.7
Port handling Logistics (AUD)		4.4	4.4	5.0	4.5	4.0	3.9	3.2	3.9	3.9	1.7
S & A (Project Only Not Corporate Costs) (AUD)		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0
Operating Cash Flow (EBITDA) (AUD\$m)		170.2	168.8	244.6	203.5	115.5	147.1	172.2	218.5	218.5	108.9
WCap (AUD\$m)		41.0	86.5	95.1	131.9	126.1	89.9	98.9	136.5	148.4	95.0

Sorby Hills Resources Outside of the Current Mining Reserve Boundaries

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

We have again adjusted a calculated in-ground value for these resources that fall outside of the mine plan based on lead and silver only by initially calculating contained metal values using our new discounted model lead and silver prices on our generalised estimate of remaining resources. We then applied a 97.5% discount rate to this valuation figure.

Resource Type	Tonnes (m)	Pb Grade %	Ag Grade gpt	Contained Pb kt	Contained Ag Moz	Recoverable Pb 90% (kt)	Recoverable Ag 90% (Moz)	Inground Val \$m	Discount Applied %	Discounted Val \$m
Sorby Hills Resources Outside Mine Plan	29	2.5%	25	725	23	393	12	1,832	97.5%	45.79
Other Exploration Assets										78.00

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

Sorby Hills NPV Modelling Results

Assuming BML moves to 100% ownership, applying a discounted NPV methodology we arrive at an after tax NPV₁₀ on production from Sorby Hills of \$489m (previously \$346m).

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

Concluding Valuation & Recommendation

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

Asset/Liability	Val (\$m)	Undil Per Share (\$)	Fully Dil Per Share (\$)
Sorby Hills (BML assumed 100%) NPV val	489.15	1.75	1.12
Sorby Hills Reserves & Resources Outside of Mine Plan	45.79	0.16	0.10
Other Exploration Outside of Sorby Hills	20.00	0.07	0.05
Est. cash at time of commencement of construction	67.50	0.24	0.15
Est. debt assumed at time of commencement of construction	- 200.00	- 0.72	- 0.46
Corporate Costs	- 18.43	- 0.07	- 0.04
TOTAL NAV	404.00	1.45	0.93
PRICE TARGET			0.93

Based on this outcome of this valuation exercise we recommend BML as a “Speculative Buy” with a fully diluted (including taking into consideration future capital raisings) discounted Price Target of \$0.93 per share.

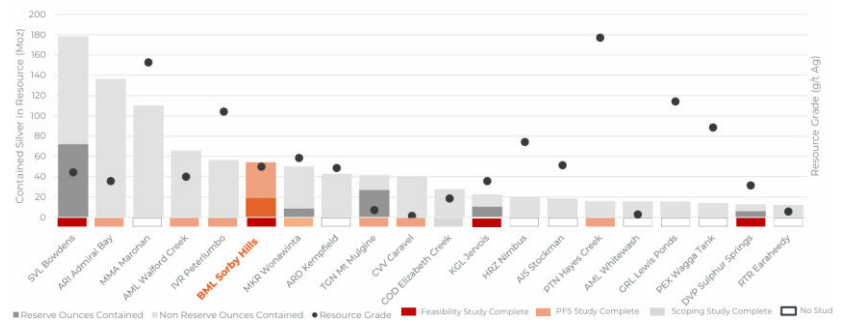
Our reasoning why we have assigned a “Speculative Buy” to BML and not a “Buy” Recommendation is purely a function of the uncertainty around the outcome of the final financing (debt & equity) of Sorby Hills. Once that financing is confirmed and locked down and communicated to the market we would seek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

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

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

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

Comparison of Contained Silver in Undeveloped Australian Silver Deposits



Source: BML Company report, UCPS

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

For Completeness, as we refer to BMLs FEED Study in our renewed valuation in this report, we have included below the section from our Initiating Coverage Report which highlights the main salient points from the FEED report.

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

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

- A reported increase of \$73m in Net Cash flow and \$411m NPV₈ (compared to DFS)
- Whilst Up front CAPEX increased to \$264.5m, average C1 costs reduced to US\$0.36/lb payable lead (including silver credits) (down from US\$0.39/lb payable in the DFS)
- With the new figures and improved net cash flows and improved EBITDA to \$126m, a Base Case pre-tax NPV₈ \$411M, IRR of 37% was announced
- An updated mining schedule which saw the bringing forward of the mining of the higher-grade Norton deposit
- Updated metal recovery and concentrate grades for the Norton deposit based on newly attained metallurgical testwork
- Updated pricing for the mining and earthworks contracts (now bundled and based on newly optimised site layout and mining schedule)
- A fundamental change in tailings disposal moving away from in-pit disposal towards above-ground methods

Sorby Hills Life of Mine Physicals

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

Source: BML FEED ASX Announcement, UCPS.

Sorby Hills Life of Mine Cashflows

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

Source: BML FEED ASX Announcement

CAPEX

Sorby Hills Up Front Capital Requirements

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

Source: BML FEED ASX Announcement

OPEX

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

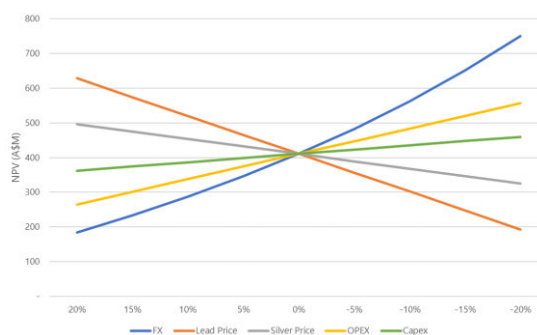
Sorby Hills Operating Costs

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

Source: BML FEED ASX Announcement

Sensitivity Analysis

Sorby Hills FEED Sensitivity Analysis



Source: BML FEED ASX Announcement

Project Development Highlights Summary

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

- A 2.25Mtpa Open Cut Scenario
- 18.3Mt grading 3.4% Pb, & 39gpt Ag will be mined from 6 pits (detailed below)

- Life of Mine (LOM) initially 8.5years but expected to increase
- Production: 64ktpa lead and 2Mozpa silver
- CAPEX: Up front Capex \$264.5m with a further \$26m Sustaining Capex during LOM
- OPEX: C1 costs US\$0.36/lb payable Pb
- Final Investment Decision and Decision to Mine anticipated in 2HCY2025
- Payback <3 years
- Company's pre-tax NPV₈ \$411m, pretax IRR 37%,
- EBITDA (assuming 100% of project) \$160mpa
- Sensitivities confirm project is highly sensitive to the lead price and foreign exchange rates

Sorby Hills FEED Study Production Target Per Pit

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

Source: BML FEED ASX Announcement

Key Risks

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

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

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Rating Categories

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

Risk Rating Categories

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

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

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Analyst Qualifications

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

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

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

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

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