

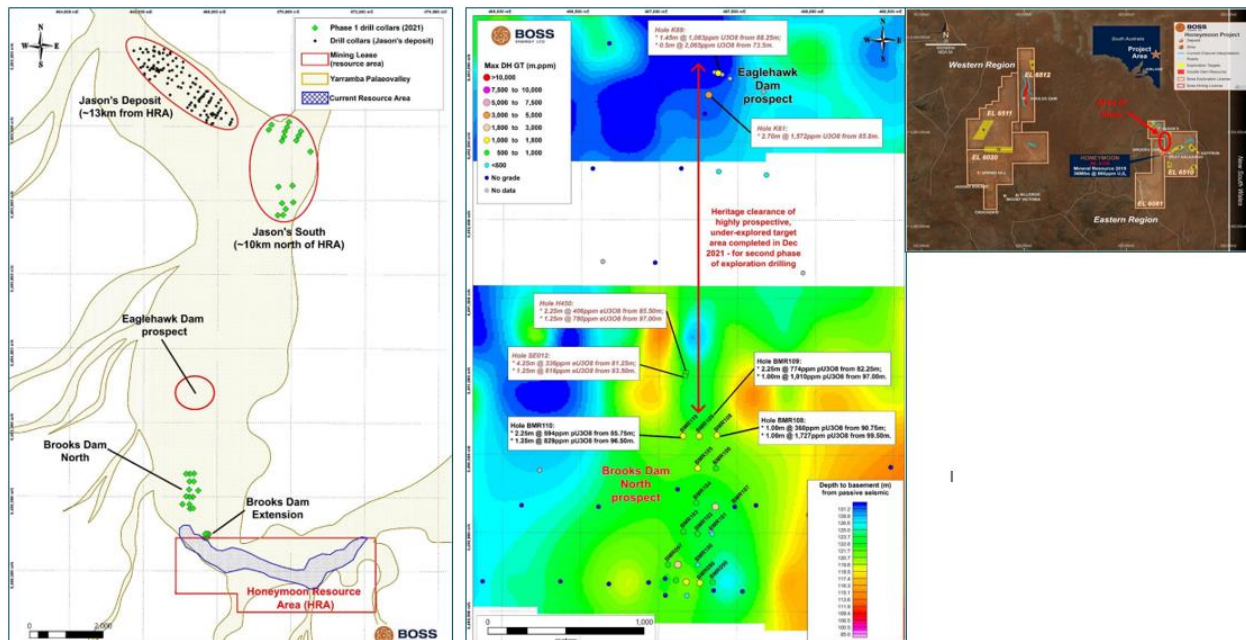
<b>Ticker:</b> BOE AU	<b>Net cash:</b> A\$27m (+1.25Mlb U <sub>3</sub> O <sub>8</sub> )	<b>Project:</b> Honeymoon
<b>Market cap:</b> A\$594m	<b>Price:</b> A\$2.14/sh	<b>Country:</b> South Australia
<b>RECOMMENDATION (unc):</b> BUY	<b>TARGET:</b> A\$3.20/sh (unc)	<b>RISK RATING:</b> HIGH

While the quality of work that supports the 2.45Mlbs U<sub>3</sub>O<sub>8</sub> per year Honeymoon Restart Plan sets Boss apart, today's drilling highlights another area where Boss exceeds its peers: exploration upside. Recall that Honeymoon is permitted for production of up to 3.3Mlbs per year, the restart plan includes just 36Mlbs of Boss's 71.5Mlbs MRE, and Boss has district scale 2,595km<sup>2</sup> land holdings that provide belt control and district scale. Belt control is a key differentiator between Boss and US ISR developers with much smaller licenses on competitively staked basins. Today's drilling at Brooks Dam North (highlighted intercepts 1.0-2.25m @ 594-1,727 ppm for ~1000-1700 GT) and Jason's South (highlights 0.75-2.0m @ 907-1,715ppm for ~970-1800 GT) encountered mineable grades and establish mineralization over a ~20-line-km area. Given the wider first pass spacing, the frequency of >400ppm grades intersected, and the low cost of drilling, we think it is likely that Boss will find mineable zones of >1800GT initial horizon cutoff (multiple horizon cutoff is 500 GT) to establish wellfield development to add to and lengthen the mine plan. Moreover, Boss has already proven its success at resource expansion, growing the resource from 16.6Mlbs on acquisition in 2015 to the current 71.6Mlbs. **We maintain our BUY rating and A\$3.20/sh price target based on 1.5x NAV<sub>8%-60/1b</sub>.** Today highlights why Boss is our top pick of near term new producers: project readiness, operating advantages (scale, low-PH lixiviant, low groundwater restoration costs) and exploration upside.

**>1,000ppm drill hits indicate potential mine plan additions at Jason's and Brook's Dam**

Boss released drilling results of 37 rotary mud holes for 4,448m targeting new mineable areas near Honeymoon. At Brooks Dam North, located ~500m-2km north of the Honeymoon Restart Area (HRA), two lines (200m apart) of five holes (100m hole spacing) were drilled with six intercepts of grade thickness > 1000 metres x ppm (GT) ranging from 1.0-2.25m @ 594-1,727ppm). At Jason's, located 10km north of the HRA, 18 holes were drilled including seven in the southern target area and 11 in the northern with drill spacing typically >150m. There were six (of which five in the north) intercepts >970 GT ranging from 0.75-2.0m @ 911-1,715ppm. The next pass of discovery drilling is scheduled for March 2022 and infill at Jason's is planned for later in the year.

**Figure 1. Plan map of drilling, Map of Eaglehawk Dam and Brooks Dam w/seismic, map of tenements**



Source: Boss Energy

## Why we like Boss

1. Cost advantages vs other ISR developers including scale, low-pH leach, temperate climate
2. Superior operational readiness with permits in place and a 2020 FS
3. 2,595km<sup>2</sup> land package with significant exploration upside

## Catalysts

- 1H22 (fiscal 2H22): SCPe construction start (price dependent)
- 2H23 (fiscal 1H23): SCPe first production
- FY28 (year 5): SCPe expansion to 3.3Mlbs per year run rate

## Research

**Justin Chan** (London) M: +44 7554 784 688 [jchan@sprott.com](mailto:jchan@sprott.com)

**Brock Salier** (London) M: +44 7400 666 913 [bsalier@sprott.com](mailto:bsalier@sprott.com)

**Brandon Gaspar** (Toronto) M: +1 437 533 3142 [bgaspar@sprott.com](mailto:bgaspar@sprott.com)

**Eleanor Magdzinski** (Toronto) M: +1 705 669 7456 [emagdzinski@sprott.com](mailto:emagdzinski@sprott.com)

Ticker:BOE AU	Price / mkt cap:	A\$2.12/sh, A\$594m	Market P/NAV:	1.01x	Assets:	Honeymoon
Chan / B Gaspar / E Magdzinski	Rec / PT:	BUY / A\$3.20	1xNAV <sub>2020</sub> FD:	C\$2.10/sh	Location:	South Australia

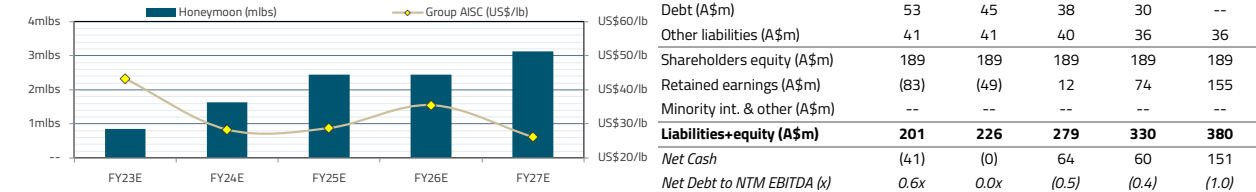
Group-level SOTP valuation					Share data				
	4Q21	1Q22E							
	A\$m	O/ship	NAVx	A\$/sh	Basic shares (m):	FD + options (m):	300.7	FD + FF	307.0
Honeymoon NPV 1Q22E	433	100%	1.0x	1.44	<b>Commodity price</b>				
Physical U3O8 -1.25Mlbs @ US\$60/lb	103	100%	1.0x	0.34	FY23E	FY24E	FY25E	FY26E	FY27E
Central SG&A & fin costs 1Q22E	(11)	--	1.0x	(0.04)	Uranium price (US\$/lb)	60.0	60.0	60.0	60.0
Lbs outside mine plan (\$2.00/lb)	21	100%	1.0x	0.07	<b>Ratio analysis</b>				
Exploration	50	100%	1.0x	0.17	FY23E	FY24E	FY25E	FY26E	FY27E
Cash and restr. cash 4Q21	27	--	1.0x	0.09	FD shares out (m)	307.0	307.0	307.0	307.0
Debt 4Q21	--	--	1.0x	--	EPS (A\$/sh)	0.028	0.110	0.199	0.201
ITM options	9	--	1.0x	0.03	CFPS before w/c (A\$/sh)	0.06	0.18	0.30	0.30
<b>1xNAV8% US\$60/lb</b>	<b>633</b>			<b>2.10</b>	FCFPS pre growth (A\$/sh)	0.02	0.15	0.22	0.16
Assumed build equity issuance	30.0			0.10	FCF/sh (A\$/sh)	0.01	0.14	0.22	(0.00)
<b>1xNAV fully funded8% US\$60/lb</b>	<b>663</b>			<b>2.16</b>	FCF yield - pre growth (%)	1%	7%	10%	8%
P/NAV (x):				<b>0.98x</b>	FCF yield (%)	0%	7%	10%	(0%)
<b>Target multiples</b>	<b>Multiple</b>			<b>A\$/sh</b>	EBITDA margin (%)	36%	54%	61%	61%
<b>Target P/NAV Multiple</b>	<b>1.50x</b>			<b>3.20</b>	FCF margin (%)	4%	33%	34%	(0%)
<b>Target price</b>				<b>3.20</b>	ROA (%)	4%	15%	22%	19%
<b>Sources</b>	<b>Uses</b>				ROE (%)	8%	24%	30%	23%
DFS capex A\$93m	SCPe 3Q20 cash + ITM options	A\$28m			ROCE (%)	7%	24%	34%	31%
SCPe contingency A\$47m	Mine debt @ 60% gearing	A\$60m			EV (A\$m)	516	475	411	415
SCPe G&A + fin. cost to first Au A\$1m	Build Equity	A\$30m			PER (x)	76.6x	19.3x	10.6x	10.5x
SCPe working capital A\$6m	Offtake	A\$30m			P/CF (x)	25.0x	8.8x	5.2x	5.2x
Total uses A\$148m	Total proceeds	A\$148m			EV/EBITDA (x)	21.0x	6.8x	3.4x	3.5x

Income statement					
	FY23E	FY24E	FY25E	FY26E	FY27E
Revenue (A\$m)	68	130	196	196	250
COGS (A\$m)	(38)	(55)	(72)	(72)	(90)
<b>Gross profit (A\$m)</b>	<b>30</b>	<b>75</b>	<b>124</b>	<b>124</b>	<b>160</b>
G&A & central	(5)	(5)	(5)	(5)	(5)
Depreciation	(11)	(20)	(30)	(30)	(39)
Impairment & other (A\$m)	--	--	--	--	--
Net finance costs (A\$m)	0	0	0	1	1
Tax (A\$m)	(6)	(17)	(28)	(28)	(36)
Minority interest (A\$m)	(1)	(3)	(3)	(3)	(3)
<b>Net income attr. (A\$m)</b>	<b>7</b>	<b>31</b>	<b>58</b>	<b>59</b>	<b>78</b>
EBITDA	25	70	119	119	155

1xNAV sensitivity to uranium price and discount / NAV multiple					
1xNAV Honeymoon (A\$m)	\$40/lb	\$50/lb	\$60/lb	\$70/lb	\$80/lb
10% discount	73	211	351	491	631
9% discount	88	238	390	542	694
8% discount	104	268	<b>433</b>	599	765
7% discount	123	302	482	663	843
6% discount	144	340	537	734	932
5% discount	168	382	598	815	1,031
<b>Valuation (A\$/sh)</b>	<b>\$40/lb</b>	<b>\$50/lb</b>	<b>\$60/lb</b>	<b>\$70/lb</b>	<b>\$80/lb</b>
0.50xNAV	0.40	0.80	1.00	1.40	1.80
1.00xNAV	0.80	1.60	2.20	2.80	3.40
1.50xNAV	1.40	2.20	<b>3.20</b>	4.20	5.20
2.00xNAV	1.80	3.00	4.40	5.60	7.00
2.50xNAV	2.20	3.80	5.40	7.00	8.60

Valuation over time					
	1Q21E	1Q22E	1Q23E	1Q24E	1Q25E
Mines NPV (A\$m)	468	544	664	704	707
Cntrl G&A & fin costs (A\$m)	(13)	(9)	(5)	7	17
Net cash at 1Q (A\$m)	(1)	(40)	(41)	(0)	64
Other Assets + Options	59	59	59	59	59
1xNAV (A\$m)	514	554	678	769	847
P/NAV (x):	1.2x	1.1x	1.0x	0.8x	0.8x
1xNAV share px FD (A\$/sh)	1.74	1.85	2.21	2.51	2.76
ROI to equity holder (% pa)	-18%	-7%	1%	4%	5%

Resource / Reserve					
	kt	ppm U3O8	Mlbs	EV/lb U3O8	
Measured, ind. & inf. - Honeymoon	52,400	619.8	71.6	5.85	
DFS mine inventory	22,792	676.6	34.0	12.31	
SCPe Mine inventory	46,459	624.9	64.0	6.54	
Production (100%)					
	FY23E	FY24E	FY25E	FY26E	FY27E
Honeymoon (000mlbs U3O8)	0.9	1.6	2.5	2.5	3.1
Honeymoon cash cost (US\$/lb)	33.03	24.67	21.34	21.34	21.10
Honeymoon AISC (US\$/lb)	43.31	28.32	28.75	35.50	26.13



FY: Financial year to 30 June

Balance sheet					
	FY23E	FY24E	FY25E	FY26E	FY27E
Cash (A\$m)	21	54	110	99	159
Accounts receivable (A\$m)	3	5	8	8	10
Inventories (A\$m)	10	14	18	18	23
PPE & exploration (A\$m)	168	154	143	205	188
Other (A\$m)	0	0	0	0	0
<b>Total assets (A\$m)</b>	<b>201</b>	<b>226</b>	<b>279</b>	<b>330</b>	<b>380</b>
Debt (A\$m)	53	45	38	30	--
Other liabilities (A\$m)	41	41	40	36	36
Shareholders equity (A\$m)	189	189	189	189	189
Retained earnings (A\$m)	(83)	(49)	12	74	155
Minority int. & other (A\$m)	--	--	--	--	--
<b>Liabilities+equity (A\$m)</b>	<b>201</b>	<b>226</b>	<b>279</b>	<b>330</b>	<b>380</b>
Net Cash	(41)	(0)	64	60	151
Net Debt to NTM EBITDA (x)	0.6x	0.0x	(0.5)	(0.4)	(1.0)

## DISCLOSURES & DISCLAIMERS

This research report (as defined in IROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol “SI”. Sprott Asset Management LP (“SAM”), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

**DISSEMINATION OF RESEARCH:** SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact [unsubscribe@sprott.com](mailto:unsubscribe@sprott.com) and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

**RESEARCH ANALYST CERTIFICATION:** Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

**UK RESIDENTS:** Sprott Partners UK Limited (“Sprott”) is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott’s clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

**IMPORTANT DISCLOSURES FOR U.S. PERSONS:** This research report was prepared by Sprott Capital Partners LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

**ANALYST CERTIFICATION / REGULATION AC:** The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS:** Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

**BUY:** The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

**NEUTRAL:** The stock's total returns are expected to be in line with the overall market

**SELL:** The stocks total returns are expected to be materially lower than the overall market

**TENDER:** The analyst recommends tendering shares to a formal tender offering

**UNDER REVIEW:** The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

**NOT RATED ((N/R):** The stock is not currently rated

Research Disclosure		Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities <sup>1</sup>	NO
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	NO
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

**Sprott Capital Partners Equity Research Ratings:**

Summary of Recommendations as of February 2022	
BUY:	50
HOLD:	1
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	52

<sup>1</sup> As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month