

# Boss Resources Ltd

## (BOE \$0.045) Speculative Buy

EUROZ

Analyst	Date	Price Target
Greg Chessell	12 <sup>th</sup> September 2017	\$0.14/sh

### Honeymoon Field Leach Trial (FLT) Progress

#### Investment case

Boss Resources' 80% owned Honeymoon Uranium Project offers unique low cost and low risk optionality over an inevitable future uranium price rise. Honeymoon, is already permitted and can be brought back into production at short notice on low start-up cost in the event of a sudden spike in U price. However the strategy to develop a larger and lower cost project sustainable over the long run is supported by a Pre-Feasibility Study. The ongoing FLT will form part of the definitive feasibility study, due for completion in 2018. Boss is inexpensive compared to peers, and should appreciate as the project is derisked. Our valuation has reduced to \$0.13/sh as a result of the dilution via the recent placement and strength in A\$.

#### Key points

The first of two leach patterns (E3) has been conditioned ready for leaching. The conditioning has involved:

- Groundwater injection to optimise flowrates;
- Acid injection to establish optimal pH of 2.2;
- Ferric chloride injection to establish optimal redox potential.

The second pattern (E1) is now in conditioning phase.

No evidence of gypsum formation has been identified.

We expect the results from the field leach trial in approximately 1 month. This will establish:

- Optimal conditions (pH, Redox, Fe);
- Leach kinetics;
- Reagent consumption;
- Wellfield design.

Ion Exchange will also be piloted on the leach solution generated by the FLT, principally to test the selected resin(s).

The Honeymoon PFS, released in May 2017, contemplates the following scenario in 2 stages:

- Production – (i) 0.88mlbpa; then (ii) 2.0mlbpa;
- Cash Cost (AISC) – US\$23.90/lb;
- Capex – US\$68m (was US\$64m).

Mine life used in PFS is 7 years, which is limited by disclosure obligations surrounding the proportion of Measured & Indicated Resource. Infill drilling of Inferred Resource is should lead to a production life of 15 - 20 years in our view.

The Uranium market is currently depressed with the spot price slipping to US\$20/lb and the contract market in the low-mid US\$30's/lb. This environment will continue see global supply curtailed, and definitely no new supply committed. We believe the medium to long run will see uranium contract price recover to a US\$50-60/lb range, and this is the basis of our valuation.

Boss Resources Ltd	Year End 30 June	
Share Price	0.045	\$/sh
Issued Capital		
Fully Paid Ord	1072	m
Options (m)	\$0.02	10 m
Perf Rights	\$0.075	10 m
Perf Rights	\$0.085	3 m
Perf Rights**	milestone	27 m
Perf Rights	milestone	17 m
<b>Total Diluted</b>	<b>1139</b>	
<i>** - perf rights vesting on Ni discovery. Not expected to be exercised.</i>		
Mkt Capital'n (dil)	59	\$m
Enterprise Value	53	\$m
Debt	0	\$m
Cash	6	\$m
Turnover	2.0 m sh/day	
12 mth Hi-Lo	8.7-4.1 cps	
Balance Date	June 30th	

#### Directors

M Hohnen	Chairman
D Craib	MD, CEO
E Cranston	NED
G Davey	NED
P Williams	NED

#### Shareholders

Directors	14%
A Smit	7.7%
Kingslane	5.2%

#### Company Details

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www.bossresources.com.au

#### Share Price Chart



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This analyst declares that he has a beneficial interest in Boss Resources Ltd.

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Euroz Valuation - Boss Resources (BOE)		
	A\$m	A\$/sh
Honeymoon - DCF (80%)	101	0.09
Honeymoon - Expl'n	5	0.00
Honeymoon - C&M	-2	0.00
Honeymoon - Tax Losses	20	0.02
Honeymoon - Def'd Paym't	-12	-0.01
Honeymoon - Expansion	25	0.02
Other Expl'n	5	0.00
Working Capital	0	0.00
Unpaid Capital	0	0.00
Cash	6	0.01
Debt	0	0.00
<b>Total</b>	<b>148</b>	<b>0.13</b>

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