

Rating  
**SPECULATIVE BUY**  
unchanged

Price Target  
**A\$3.22↑**  
from A\$3.20

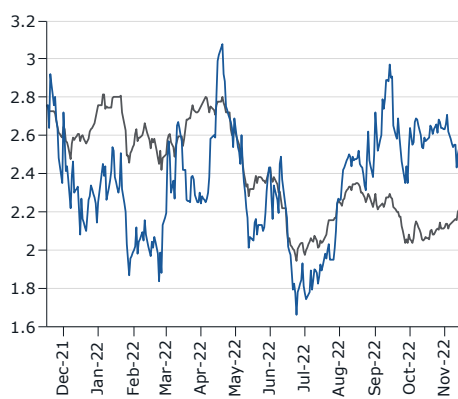
**BOE-ASX**

Price  
**A\$2.59**

#### Market Data

52-Week Range (A\$) :	1.61 - 3.10
Market Cap (A\$M) :	739.4
Shares Out. (M) :	285.5
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0
Net Debt (Cash) (A\$M) :	(140.0)
Enterprise Value (A\$M) :	619
NAV /Shr (A\$) :	3.22

FYE Jun	2021A	2022E	2023E	2024E
Net Debt (Cash) (A\$M)	(21)	(120)	(9)↑	(69)
Previous	-	-	(46)	-



Source: FactSet

Priced as of close of business 15 November 2022

Boss Resources (BOE-ASX) are an Australian-based uranium developer with its main asset being the Honeymoon in-situ leach project located in South Australia.

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## Site visit - brownfield development in a surprisingly green setting

We recently attended BOE's Honeymoon site visit. Our key takeaways were: 1) construction is ramping up with drilling and casing of over 34 wells of the planned 86 now complete; 2) delivery of long-lead items is set to commence with delivery of the water treatment plant later this month; 3) verification/recommissioning of existing equipment, valves and instrumentation is progressing with results to date better than anticipated; 4) company has a clear driver to ramp up production from its nameplate capacity of 2.45Mtpa to its export licence of 3.3Mtpa; 5) the company is willing to be disciplined on price and while engaging with utilities is not willing to be dictated to.

### Drilling down on hydrology and the wellfield

The Honeymoon resource and wellfield is to be developed under the stewardship of Ben Jeuken who has considerable ISR experience through his previous roles at Heathgate Resources, owner/operator of the Beverley and Beverley North ISR operations located 260km north-west. His presentation focussed on what was learnt from the material 2017 field trials where the high-grade pattern continuously produced Pregnant Leach Solution ("PLS") in the 75-85mg/l U3O8 range (significantly above the 49mg/l used for the DFS and historic PLS concentrations). Additionally, he highlighted how the optimised well design (see Figures 11 and 12) will enable materially higher resource extraction.

### The path to 3.3Mlb

There is substantial scope to extend mine life and increase EFS production nameplate capacity of 2.45Mlb/annum to the company's 3.3Mlb uranium mineral export permit from either remaining identified JORC resources or exploration targets. Importantly, satellite operations, where uranium-bearing resins are trucked to a central processing plant, are already well proven in Australia through the likes of Beverley North.

### Costs in line with forecast, but it is early days

Jonathon Owen, the project manager, took us through progress being made in construction, procurement and planning. With regard to procurement 60 packages have now been issued at a combined value of ~\$15.4mn, which includes long-lead items such as two new electric kilns that will produce a calcinated U3O8 product. The packages awarded to date are in line with the feasibility cost estimates and represent 14% of the project's total forecast capital cost of \$113mn.

### Contract market activity is on the rise

UxC data, company announcements and channel checks all point to a market that is increasingly active and history indicates increased market activity often correlates well with increasing prices. Cameco in particular looks likely to have a solid CY22 with another 27mlbs U3O8 now under advanced discussion (commercial terms already agreed to), in addition to the 50mlbs U3O8 already signed YTD. This brings its potential contracted volumes to ~77mlbs this year, a significant step-up from the 30mlbs signed in 2021. It also signals that utilities are starting to shift attention back upstream to U3O8, after months of securing Western enrichment and conversion contracts.

We believe that the next step will be utilities recognising the need to secure a higher level of diversity. A positive for the likes of BOE, whose marketing is being steered by Sashi Davies an esteemed industry veteran with 35 years' experience who sits on the World Nuclear Fuel Markets (WNFM) Board of Governors.

### Valuation and recommendation

We have slightly revised out development capex profile for Honeymoon to be more backend-weighted post our recent site visit, noting our development capex of A\$128mn and 2H'22 commencement remains unchanged. These slight timing changes increase our TP to \$3.22 (from \$3.20).

**Figure 1: Financial summary**

FY Jun 30	2020	2021	2022E	2023E	2024E		2020	2021	2022E	2023E	2024E
<b>PROFIT &amp; LOSS (A\$mn)</b>						<b>KEY ASSUMPTIONS</b>					
Revenue	0.0	0.0	0.0	0.0	94	U3O8 (US\$/lb)	30.8	32.3	52.3	73.8	75.4
Operational Costs	0.0	0.0	0.0	0.0	-23	A\$/US\$	0.68	0.73	0.73	0.73	0.73
Royalty	0.0	0.0	0.0	0.0	-7						
Other Income	0.4	0.4	20.0	2.0	2	<b>REALISED PRICES</b>					
Business Devt & Expl	-3.4	-0.6	-0.9	0.0	0	U3O8 (A\$/lb)	0.0	0.0	0.0	0.0	101.6
Corporate & Other	-2.1	1.1	-3.8	-3.3	-4						
<b>EBITDA</b>	<b>-5.1</b>	<b>0.9</b>	<b>15.3</b>	<b>-1.3</b>	<b>62</b>	<b>PRODUCTION FORECASTS</b>					
DD&A	-0.1	0.0	0.0	0.0	-18	U3O8 (klbs)	0.0	0.0	0.0	0.0	922.9
Other	0.0	0.0	0.0	0.0	0	<b>Total (klbs)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>922.9</b>
<b>EBIT</b>	<b>-5.2</b>	<b>0.9</b>	<b>15.3</b>	<b>-1.3</b>	<b>44</b>						
Net Financing	0.1	0.0	0.2	1.9	0	<b>RESERVES AND RESOURCES</b>					
<b>NPBT</b>	<b>-5.1</b>	<b>0.9</b>	<b>15.5</b>	<b>0.7</b>	<b>45</b>	Honeymoon (M+I) (Mlbs)		26.6			
Tax	0.0	0.0	0.1	-0.1	-12	Greater Honeymoon (M+I+I) (Mlbs)		71.6			
<b>Normalised NPAT</b>	<b>-5.1</b>	<b>0.9</b>	<b>15.5</b>	<b>0.6</b>	<b>33</b>						
Sig Items, Discon Ops & Mins	0.0	0.0	0.0	0.0	0	<b>PER SHARE DATA</b>					
<b>Reported NPAT</b>	<b>-5.1</b>	<b>0.9</b>	<b>15.5</b>	<b>0.6</b>	<b>33</b>	Average Shares (Diluted, M)	1586	1784	798	334	344
Effective income tax rate	0.0	0.0	0.0	15%	26%	EOP Shares (Diluted, mn)	1587	2278	344	344	344
						Normalised EPS (A¢/sh)	-0.3	0.0	1.9	0.2	9.6
<b>CASHFLOW (A\$mn)</b>						CF PS (A¢/sh)	-0.2	-0.2	-0.4	0.2	17.7
Cash receipts	0.0	0.0	0.0	0.0	94	FCF PS (A¢/sh)	-0.2	-3.1	-2.6	-33.3	17.5
Payments to suppliers	-2.7	-3.7	-3.3	-3.3	-34	<b>RATIOS</b>					
Interest received	0.0	0.0	0.2	1.9	0	Dividend Yield	0%	0%	0%	0%	0%
Interest paid	0.0	0.0	0.2	1.9	0	PE	n/a	5342.6	133.2	1504.9	27.0
Other	0.0	0.5	-0.4	0.0	0	PCF (Debt Adj)	n/a	n/a	n/a	-1160	14.7
<b>Operating Cashflow</b>	<b>-2.7</b>	<b>-3.2</b>	<b>-3.4</b>	<b>0.6</b>	<b>61</b>	EV / EBITDA	n/a	6653.3	50	n/a	13
Payments for PP&E	0.0	0.0	0.0	0.0	0	Gearing (ND / ND + E)	n/a	n/a	n/a	n/a	n/a
Payments for Development	0.0	-1.6	-17.7	-111.2	0						
Payments for Exploration	0.0	0.0	0.0	0.0	0	Net Debt / EBITDA	0.8x	-23.6x	-8x	7x	-1x
Asset Sales / (Purchases)	0.0	-49.7	1.0	0.0	0	Interest Cover	0.0x	46.5x	0.0x	0.0x	0.0x
Other	0.0	0.0	-0.7	-0.7	-1						
<b>Investing Cashflow</b>	<b>0.0</b>	<b>-51.3</b>	<b>-17.4</b>	<b>-111.9</b>	<b>-1</b>	ROE (Reported Profit / Av Equity)	n/a	2%	10%	0%	14%
Share Issuance / (Buyback)	0.0	71.9	125.0	0.0	0	ROIC	n/a	1%	16%	n/a	17%
Drawdown / (Repayment) of Debt	0.0	0.0	0.0	0.0	0	ROACE	n/a	1%	7%	n/a	13%
Dividends	0.0	0.0	0.0	0.0	0	FCF Yield	0%	-1%	-1%	-13%	7%
Other	-4.0	0.1	0.0	0.0	0	<b>DIVIDEND AND FRANKING</b>					
<b>Financing Cashflow</b>	<b>-4.0</b>	<b>72.0</b>	<b>125.0</b>	<b>0.0</b>	<b>0</b>	Dividend (A¢/sh)	0	0	0	0	0
Surplus / Defecit	-6.7	17.4	104.1	-111.3	60	Payout ratio	0%	0%	0%	0%	0%
						Franking Balance (A\$mn)	0	0	0	0	0
<b>BALANCE SHEET (A\$mn)</b>						<b>VALUATION</b>	<b>Risked</b>	<b>Unrisked</b>			
Current Assets	3.9	20.9	120.5	9.2	69	Honeymoon Re-start	1.78	1.97			
Non-Current Assets	17.9	74.0	109.9	221.1	203	Greater Honeymoon Resources	0.74	1.49			
<b>Total Assets</b>	<b>21.7</b>	<b>94.9</b>	<b>230.4</b>	<b>230.2</b>	<b>273</b>	Exploration	0.15	0.15			
Current Liabilities	0.8	0.5	1.0	1.0	1	EV adjustments	0.55	0.55			
Non-Current Liabilities	8.8	8.9	8.9	8.9	9	<b>TOTAL</b>	<b>3.22</b>	<b>4.16</b>			
<b>Total Liabilities</b>	<b>9.6</b>	<b>9.4</b>	<b>9.9</b>	<b>9.9</b>	<b>10</b>	<b>PREMIUM/(DISCOUNT)</b>	<b>0.00</b>				
<b>Net Assets</b>	<b>12.1</b>	<b>85.5</b>	<b>220.4</b>	<b>220.3</b>	<b>263</b>	<b>PRICE TARGET</b>	<b>3.22</b>				
Total Cash	3.8	20.9	120.5	9.2	69						
Total Debt	0.0	0.0	0.0	0.0	0						
<b>Net Debt</b>	<b>-3.8</b>	<b>-20.9</b>	<b>-120.5</b>	<b>-9.2</b>	<b>-69</b>						

Source: Company reports, Canaccord Genuity estimates

**Figure 2: Well field development underway**



Source: Canaccord Genuity

**Figure 3: Inside the header house**



Source: Canaccord Genuity

**Figure 4: Honeymoon plant, including soon to be replaced solvent extraction columns**



Source: Canaccord Genuity

**Figure 5: Drying and packing area to be upgraded**



Source: Canaccord Genuity



**Figure 6: Existing PLS ponds**



Source: Company reports, Canaccord Genuity

**Figure 7: Water plant to be upgraded**



Source: Canaccord Genuity

**Figure 8: Entering a radiation supervised area...**



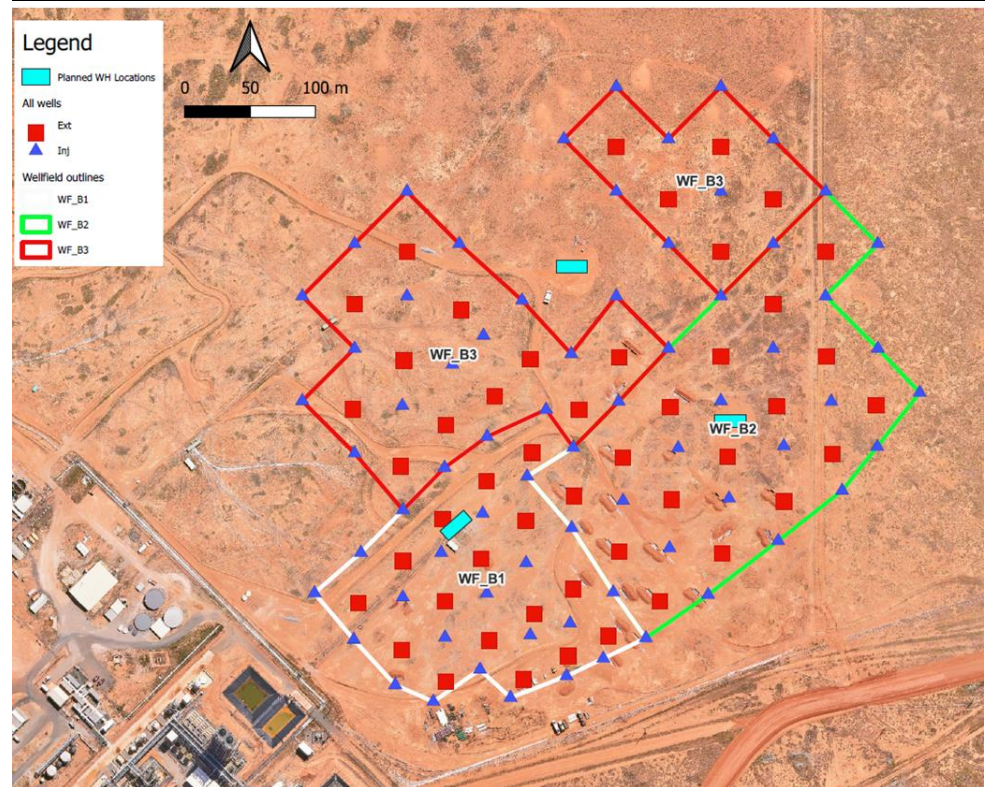
Source: Canaccord Genuity

**Figure 9: ...unidentified analyst checking for radiation – clearly not as hot as he thought**



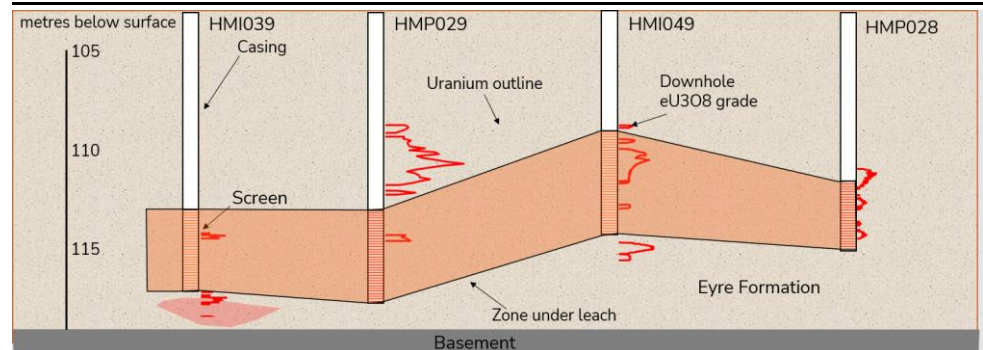
Source: Canaccord Genuity

**Figure 10: Well pattern for start up fields**



Source: Company reports

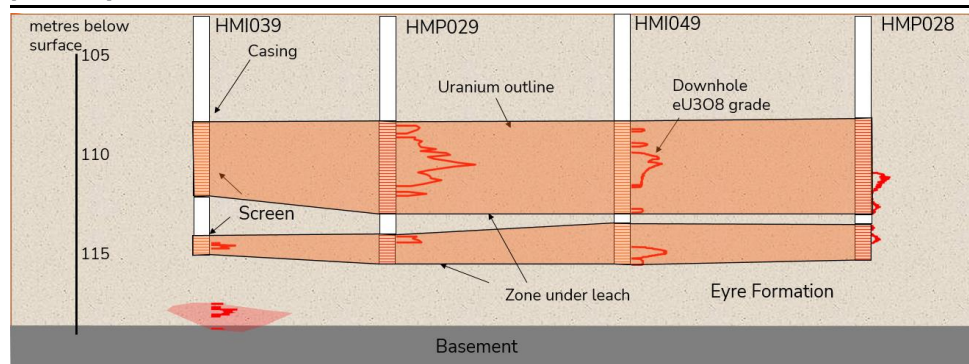
**Figure 11: Previous operators well construction required significant extrapolation when completing and resulted in suboptimal resource exploitation**



Source: Company reports



**Figure 12: BOE's revised methodology will see wells drilled, logged and cased before underreaming and screening in a subsequent "stage 2" in order to precisely locate resource**



Source: Company reports

**Figure 13: Valuation build-up @ LT US\$75/lb and AUD/USD 0.73**

Asset	Equity %	Net Capacity klb/yr	NPV A\$m	Risking %	Riskd NPV A\$m	Riskd NPV A\$ps
<b>PRODUCTION ASSETS</b>		<b>0</b>	<b>0</b>	<b>0%</b>	<b>0.0</b>	<b>0.00</b>
Honeymoon Re-start	100%	2450	678.2	90%	610.4	1.78
<b>DEVELOPMENT ASSETS</b>		<b>2450</b>			<b>610.4</b>	<b>1.78</b>
Greater Honeymoon	100%		511.7	50%	255.8	0.74
<b>RESOURCES</b>					<b>255.8</b>	<b>0.74</b>
Exploration					50.0	0.15
<b>EXPLORATION</b>					<b>50.0</b>	<b>0.15</b>
<b>Net Debt, Balance sheet adj. &amp; corp. overhead</b>						<b>0.55</b>
Premium / (Discount)						0.00
<b>Price Target</b>						<b>3.22</b>

Source: Canaccord Genuity estimates

**Figure 14: Valuation sensitivity to U3O8 price and forex**

		Average U3O8 Prices					
	\$/ps	US\$50/lb	US\$60/lb	US\$70/lb	US\$80/lb	US\$90/lb	US\$100/lb
AUD/USD	0.60	2.55	3.20	3.86	4.51	5.17	5.82
	0.65	2.28	2.88	3.48	4.09	4.69	5.29
	0.70	2.04	2.60	3.16	3.72	4.28	4.84
	0.75	1.84	2.36	2.88	3.41	3.93	4.45
	0.80	1.66	2.15	2.64	3.13	3.62	4.11
	0.85	1.50	1.97	2.43	2.89	3.35	3.81

Source: Canaccord Genuity estimates

**Figure 15: Comparable projects**

	Lotus Resources Limited	Paladin Energy Ltd	Boss Energy Ltd	Peninsula Energy Limited	Bannerman Energy Ltd	Deep Yellow Limited	Energy Resources Australia Ltd	Fission Uranium Corp.	NexGen Energy Ltd	Denison Mines Corporation	Forsys Metals Corp
<b>Market Data</b>											
Ticker	LOT-AU	PDN-AU	BOE-AU	PEN-AU	BMN-AU	DYL-AU	ERA-AU	FCU-CA	NXE-CA	DML-CA	FSY-CA
Reporting Currency	AUD	AUD	AUD	AUD	AUD	AUD	AUD	CAD	CAD	CAD	CAD
Share price	\$0.24	\$0.86	\$2.60	\$0.17	\$2.13	\$0.78	\$0.21	\$0.79	\$6.18	\$1.68	\$0.61
CG Rating	Spec Buy	Buy	Spec Buy	Spec Buy	N/A	N/A	N/A	Spec Buy	Spec Buy	Spec Buy	N/A
CG Target Price	\$0.38	\$1.15	\$3.22	\$0.40	N/A	N/A	N/A	\$1.40	\$10.75	\$3.00	N/A
Return %	58%	35%	24%	132%	N/A	N/A	N/A	77%	74%	79%	N/A
Basic O/S (M)	1326	2979	353	999	150	732	3691	681	479	818	195
M/Cap	\$319	\$2,548	\$913	\$172	\$319	\$571	\$784	\$538	\$2,963	\$1,375	\$119
Cash	\$5	\$255	\$231	\$13	\$52	\$72	\$83	\$37	\$161	\$66	\$18
Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62	\$0	\$0
Enterprise Value	\$314	\$2,293	\$682	\$160	\$267	\$499	\$702	\$502	\$2,863	\$1,308	\$101
Liquidity (M, 30d Avg Daily Value Traded)	\$0	\$10	\$3	\$0	\$1	\$2	\$0	\$1	\$9	\$3	\$0
<b>Project Data</b>											
Project Name (Main project only)	Kayelekera	Langer Heinrich	Honeymoon	Lance	Etonga	Tumas	Jabiluka	PLS Project	Rook I Project	Wheeler River	Norasa
Country	Malawi	Namibia	Australia	USA	Namibia	Namibia	Australia	Canada	Canada	Canada	Namibia
Type of operation (OP / UG / ISR)	OP	OP	ISR	ISR	OP	OP	OP	UG	UG	UG	OP
Historically achieved forecasted production target?	Yes	Yes	No	No	New	New	New	New	New	New	New
Number of year project historically operated	5	10	3	4	NA	NA	NA	NA	NA	NA	NA
Total historical production	11	43	1	0	NA	NA	NA	NA	NA	NA	NA
Forecasted annual production (Mlb pa)	2	6	2	2	4	3	NA	11	22	8	5
Initial Capital Cost (US\$)	78	81	63	119	274	320	NA	1182	1306	322	433
AISC (US\$/lb)	38	33	27	32	40	30	NA	15	6	7	35
Resource (Mlb)	46	92	72	51	207	114	NA	135	336	135	95
Grade (ppm)	500	445	620	479	220	263	NA	12600	23000	29000	233
Global Resource (Mlb)	46.3	362.9	71.6	53.0	207.0	276.0	301.0	135.2	336.0	284.0	95
Global Reserves (Mlb)	N/A	36.4	N/A	N/A	N/A	68.4	3.8	81.4	239.6	111.0	90.7
EV/Resource (US\$/lb)	\$4.3	\$4.0	\$6.1	\$1.9	\$0.8	\$1.2	\$1.5	\$3.7	\$8.5	\$4.6	\$1.1

Source: FactSet, Company reports, Canaccord Genuity estimates

# Appendix: Important Disclosures

## Analyst Certification

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## Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

## Investment Recommendation

Date and time of first dissemination: November 15, 2022, 22:38 ET

Date and time of production: November 15, 2022, 22:38 ET

## Target Price / Valuation Methodology:

Boss Energy Ltd - BOE

We have based our valuation for BOE primarily on a DCF analysis (WACC 8%) of the Honeymoon project.

## Risks to achieving Target Price / Valuation:

Boss Energy Ltd - BOE

## Financing risks

Our analysis suggests that BOE could require additional capital to fund the development costs for the Honeymoon project for which we have risked our valuation. As a pre-cashflow company, BOE is reliant on equity/debt/external capital to fund capital commitments, and there is no guarantee that accessing these markets will be achieved without dilution to shareholders.

Furthermore, accurate estimates of capital costs for the project remain subject to completion of pre-feasibility and feasibility studies, which may see capital requirements exceed our model assumptions. There is no guarantee that studies will result in a positive investment decision for the project.

## Operational risks

Once in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (noting flowsheet changes to address previous challenges), geological and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets and negatively impact valuation.

Further, the yellow cake product specifications may differ from initial test work interpretations which can also materially impact product acceptance by customers and therefore earnings from forecast production.

## Implementation risks

We note the compressed development schedule will require concurrent plant commissioning of Stage 1 followed soon after by the installation of Stage 2 equipment. This sequence presents a natural risk that delays in Stage 1 could impact Stage 2 and present downside risk to our cash flow projections.

## Market risks

BOE's sales revenue is dependent on being able to secure term contracts for its proposed level of production and priced with the required mechanisms that will enable proactive capital and budgetary management. We note the protracted nature of negotiating uranium product offtake with the potential that timelines could be prolonged to ensure than an acceptable order book is agreed on.

## Commodity price and currency fluctuation

The company as a near-term uranium producer is exposed to commodity price and currency fluctuations, often driven by macro-economic forces including inflationary pressure, interest rates and supply and demand of commodities. These factors are external and could reduce the profitability, costing and prospective outlook for the business.



## Distribution of Ratings:

### Global Stock Ratings (as of 11/15/22)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	625	65.51%	29.92%
Hold	146	15.30%	19.86%
Sell	14	1.47%	0.00%
Speculative Buy	161	16.88%	42.24%
	954*	100.0%	

\*Total includes stocks that are Under Review

## Canaccord Genuity Ratings System

**BUY:** The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

**HOLD:** The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

**SELL:** The stock is expected to generate negative risk-adjusted returns during the next 12 months.

**NOT RATED:** Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

## Risk Qualifier

**SPECULATIVE:** Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

## 12-Month Recommendation History (as of date same as the Global Stock Ratings table)

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In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Investment Banking services from Boss Energy Ltd .

In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of Boss Energy Ltd or any publicly disclosed offer of securities of Boss Energy Ltd or in any related derivatives.

Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from Boss Energy Ltd in the next three months.

An analyst has visited the material operations of Boss Energy Ltd. Partial payment was received for the related travel costs.

## Boss Energy Ltd Rating History as of 11/15/2022



## **Required Company-Specific Disclosures (as of date of this publication)**

### **Past performance**

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

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