
Ticker: BOE AU	Net cash: A\$33m (+1.25Mlb U ₃ O ₈)	Project: Honeymoon
Market cap: A\$762m	Price: A\$0.34/sh	Country: South Australia
<i>RECOMMENDATION (unc): BUY</i>	<i>TARGET: A\$0.40/sh (unc)</i>	<i>RISK RATING: HIGH</i>

*Boss continues to stand out as a permitted uranium developer that is most advanced among peers with regards to project de-risking and production preparation. We view today's EPC appointment for control systems, personnel appointments, and last week's FEED and personnel updates as further indication that Boss has the capability to get Honeymoon up and running fastest among permitted projects. With the uranium spot price now at US\$48.50/lb, we believe this operational readiness, Honeymoon's project location in South Australia, and Boss's 1.25Mlbs of physical uranium make the company a highly attractive potential partner for utilities looking to lock in supply, and our first choice for investors seeking a near term producer. **We maintain our BUY rating and A\$0.40/sh price target based on 1.5x NAV_{8%-60/lb}.***

EPC contractor appointed, FEED ahead of schedule, owner's team strengthened

Boss announced it has awarded the EPC contract for the electrical, instrumentation and control system to Process E&I Pty Ltd, which will provide end-to-end design and implementation. Personnel appointments have been made for power infrastructure engineer, structural and tankage design engineer, in-house structural, mechanical and piping designer, and in house pump and piping engineer. Last week, Boss noted that the front end engineering and design (FEED) process is ahead of schedule and expected to complete in 1Q22. The company also highlighted the appointment of Jonathan Owen as Project Manager of Honeymoon's Restart. His experience includes 10-years with First Quantum as Project Manager on African Sentinel Cu-Ni development and the Cobre Panama Cu-Au processing plant.

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. 2,595km² 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

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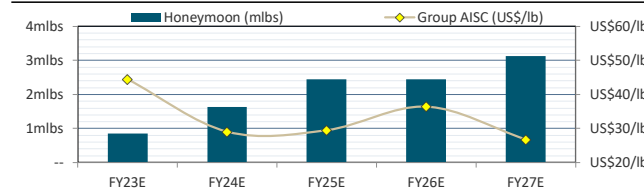
Ticker: BOE AU	Price / mkt cap: A\$0.34/sh, A\$762m	Market P/NAV: 1.35x	Assets: Honeymoon
J Chan / B Gaspar	Rec / PT: BUY / A\$0.40	1xNAV₂₀₂₀ FD: C\$0.25/sh	Location: South Australia

Group-level SOTP valuation		2Q21	3Q21	Share data	
	A\$m	O/ship	NAVx	A\$/sh	
Honeymoon NPV 3Q21	407	100%	1.0x	0.17	Basic shares (m): 2239.9
Physical U3O8 -1.25Mlbs @ US\$50/lb	100	100%	1.0x	0.04	FD + options (m): 2405.7
Central SG&A & fin costs 3Q21	(14)	--	1.0x	(0.01)	FY23E
Lbs outside mine plan (\$2.00/lb)	20	100%	1.0x	0.01	FY24E
Exploration	50	100%	1.0x	0.02	FY25E
Cash and restr. cash 2Q21	33	--	1.0x	0.01	FY26E
Debt 2Q21	--	--	1.0x	--	FY27E
ITM options	9	--	1.0x	0.00	FD shares out (m)
1xNAV8% US\$60/lb	605			0.25	EPS (A\$/sh)
Assumed build equity issuance	30.0			0.01	CFPS before w/c (A\$/sh)
1xNAV fully funded8% US\$60/lb	635			0.26	FCFPS pre growth (A\$/sh)
P/NAV (x):				1.32x	FCF/sh (A\$/sh)
Target multiples	Multiple			A\$/sh	FCF yield - pre growth (%)
Target P/NAV Multiple	1.50x			0.39	FCF yield (%)
Target price				0.40	EBITDA margin (%)
Sources					FCF margin (%)
DFS capex	A\$93m	SCPe 3Q20 cash + ITM options	A\$33m		ROA (%)
SCPe contingency	A\$52m	Mine debt @ 60% gearing	A\$60m		ROE (%)
SCPe G&A + fin. cost to first Au	A\$2m	Build Equity	A\$30m		ROCE (%)
SCPe working capital	A\$6m	Offtake	A\$30m		EV (A\$m)
Total uses	A\$153m	Total proceeds	A\$153m		PER (x)

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	59	193	328	465	601
9% discount	72	218	365	513	661
8% discount	88	246	407	568	729
7% discount	105	278	453	629	805
6% discount	124	313	505	697	890
5% discount	146	354	564	774	985
Valuation (A\$/sh)	\$40/lb	\$50/lb	\$60/lb	\$70/lb	\$80/lb
0.50xNAV	0.05	0.09	0.13	0.17	0.21
1.00xNAV	0.10	0.18	0.26	0.34	0.42
1.50xNAV	0.15	0.27	0.39	0.51	0.62
2.00xNAV	0.21	0.36	0.52	0.68	0.83
2.50xNAV	0.26	0.45	0.65	0.84	1.04

Valuation over time					
	1Q21E	1Q22E	1Q23E	1Q24E	1Q25E
Mines NPV (A\$m)	439	513	631	669	672
Cntrl G&A & fin costs (A\$m)	(15)	(12)	(8)	3	13
Net cash at 1Q (A\$m)	1	(39)	(40)	(2)	58
Other Assets + Options	59	59	59	59	59
1xNAV (A\$m)	484	522	642	730	803
P/NAV (x):	1.7x	1.6x	1.3x	1.1x	1.0x
1xNAV share px FD (A\$/sh)	0.21	0.22	0.26	0.30	0.33
ROI to equity holder (% pa)	-40%	-20%	-8%	-3%	-1%

Resource / Reserve					
	kt	ppm U3O8	Mlbs	EV/lb U3O8	
Measured, ind. & inf. - Honeymoon	52,400	619.8	71.6	7.73	
DFS mine inventory	22,792	676.6	34.0	16.27	
SCPe Mine inventory	46,459	624.9	64.0	8.64	
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)	33.83	25.23	21.81	21.81	21.57
Honeymoon AISC (US\$/lb)	44.39	28.99	29.43	36.36	26.73



Income statement					
	FY23E	FY24E	FY25E	FY26E	FY27E
Revenue (A\$m)	66	127	191	191	243
COGS (A\$m)	(38)	(55)	(71)	(71)	(90)
Gross profit (A\$m)	28	72	119	119	153
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)	(5)	(16)	(27)	(27)	(34)
Minority interest (A\$m)	(1)	(3)	(3)	(3)	(3)
Net income attr. (A\$m)	6	28	55	55	73
EBITDA	23	67	114	114	148
Cash flow	FY23E	FY24E	FY25E	FY26E	FY27E
Profit/(loss) after tax (A\$m)	7	31	58	58	76
Add non-cash items (A\$m)	11	20	30	30	39
Less wkg cap / other (A\$m)	(6)	(4)	(4)	--	(4)
Cash flow ops (A\$m)	11	48	84	89	111
PP&E (A\$m)	(7)	(3)	(20)	(93)	(22)
Other (A\$m)	--	--	--	--	--
Cash flow inv. (A\$m)	(10)	(6)	(20)	(93)	(22)
Debt draw (repayment) (A\$m)	(8)	(8)	(8)	(8)	(30)
Equity issuance (A\$m)	--	--	--	--	--
Other (A\$m)	(3)	(3)	(3)	(3)	(3)
Cash flow fin. (A\$m)	(11)	(11)	(11)	(11)	(33)
Net change post forex (A\$m)	(9)	31	53	(15)	56
FCF (A\$m)	1	41	64	(4)	89
Balance sheet	FY23E	FY24E	FY25E	FY26E	FY27E
Cash (A\$m)	21	52	105	90	146
Accounts receivable (A\$m)	3	5	7	7	9
Inventories (A\$m)	10	14	18	18	22
PPE & exploration (A\$m)	166	152	142	204	187
Other (A\$m)	0	0	0	0	0
Total assets (A\$m)	199	222	272	319	364
Debt (A\$m)	53	45	38	30	--
Other liabilities (A\$m)	41	40	40	36	36
Shareholders equity (A\$m)	189	189	189	189	189
Retained earnings (A\$m)	(84)	(52)	5	64	140
Minority int. & other (A\$m)	--	--	--	--	--
Liabilities+equity (A\$m)	199	222	272	319	364
Net Cash	(40)	(2)	58	51	137
Net Debt to NTM EBITDA (x)	0.6x	0.0x	(0.5)	(0.3)	(0.9)

FY: Financial year to 30 June

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BUY:	46
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

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