

Orion Minerals Ltd

21:30 05 Feb 2019

Orion Minerals backed for on-time BFS delivery for zinc-copper project by June quarter

Orion Minerals Ltd (ASX:ORN) (JSE:ORN) is targeting the production of a bankable feasibility study (BFS) for its Prieska Zinc-Copper Project in South Africa by next quarter after securing flexible funding arrangements.

Two weeks ago financier Tembo Capital Mining Fund II LP extended a new unsecured \$3.6 million bridge loan facility to back production of the BFS, which remains on track.

WATCH: Orion Minerals chief presents development plans for Prieska zinc-copper project

Proceeds from the loan facility will be primarily used to progress the BFS for the project 270 kilometres southwest of Kimberley in South Africa's Northern Cape.

The company expects to complete the study by the June quarter and planned to use Tembo's funds to repay the balance of a bridge loan which was sitting at about \$610,000 on December 31.

Orion's existing convertible note providers also showed their support, extending the maturity dates for about \$6.05 million of notes funding by up to 6.5 months to September 30, 2019.

READ: Orion Minerals upgrades Prieska zinc-copper resource to over 30 million tonnes

Last month Orion upgraded its resource for the project found at an old copper mine to 30.49 million tonnes grading 3.7% zinc and 1.2% copper.

This came after an updated open pit resource was released for the beyond 105 metres level target of 1.76 million tonnes grading 2.0% zinc and 1.5% copper.

It includes a landmark deep sulphide resource upgrade unveiled in December, just before the Christmas break.

Price: \$0.03

Market Cap: \$72.02 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: ORN

Listing: ASX

52 week	High	Low
	0.045	0.018

Sector: Mining

Website: www.orionminerals.com.au

Company Synopsis:

Orion Minerals Ltd (ASX: ORN | JSE: ORN) is a mineral explorer and developer set to join the ranks of international base metal producers through the development of its flagship Prieska Zinc-Copper Project in South Africa's Northern Cape Province.

action@proactiveinvestors.com

Prieska Project total resource

A scoping study on December 19 had confirmed a 10-year mine life for Prieska during phase I of development.

Orion Minerals managing director & CEO, geologist Errol Smart, spoke to Proactive Investors' Stocktube video channel in an interview aired this week and praised the quality of the Prieska project on the known Areachap mineral belt.

Smart said, "Prieska has been an absolutely fabulous project for us, it just keeps delivering and it keeps exceeding expectations on timeline and within budget.

"I think the market is probably going to be a little bit surprised about how quickly we've been able to advance it.

"It has only been 18 months since we acquired it, we've now got over 30 million tonnes of JORC resources, we've published a scoping study and we are on track within the next ... months to complete our bankable feasibility study."

READ: Orion Minerals appoints financial advisor to develop funding strategy for Prieska Project

Among the company's achievements in the December quarter were its scoping study which confirmed the commercial robustness of concepts for its ongoing BFS, detailed mine planning and design for the feasibility study, national power utility approval of bulk power supply infrastructure designs and zinc & copper offtake expressions-of-interests.

Total man hours at Prieska for the quarter were 35,600 hours worked, with zero lost-time injuries.

READ: Orion Minerals confirms Ayoba massive sulphide discovery with first assays

Also in the quarter, a discovery hole at Ayoba intersected 9.5 metres of massive sulphide mineralisation grading 0.93% zinc and 0.63% copper, including 1.5 metres at 4.98% zinc and 0.89% copper.

A high-quality SkyTEM airborne electromagnetic survey was completed over the near-mine prospecting right.

Orion advanced its regional nickel-copper-cobalt program with a downhole time-domain electromagnetic survey and phase I drilling at Rok Optel nickel-copper target.

Field mapping was also continued at the target and other anomalies identified by SkyTEM.

Volcanogenic massive sulphide (VMS) exploration at Masiqame prospecting right continued during the quarter, with conductors detected and two fixed-loop electromagnetic surveys completed.

Mapping over the Kantienpan and Bokspuits prospects is continuing.

Orion produced a fly-over movie this week of its planned development at Prieska, highlighting existing and planned infrastructure and the topology of the landscape.

The company's geologist-MD introduced Stocktube viewers to the video and project on Monday, highlighting one of the advantages of Prieska was its geographical isolation.

Smart said, "The project is in the Northern Cape of South Africa, a very remote region, and that's really to our advantage because when you're in the remote regions you've got less environmental impact (concerns) and human community impact.

"The project was originally discovered in 1968 and developed as a large mine with 250,000 tonnes a month from 1971 to 1991.

"(Prieska mine) produced over a million tonnes of zinc and over 140,000 tonnes of copper and we are the first owners of this property to advance the deep sulphides."

Orion completed resource drilling of its Prieska deep sulphide target at the Repli and Vardocube prospecting rights areas in the December quarter.

The company subsequently defined a total deep sulphide mineral resource of 28.73 million tonnes grading 3.8% zinc and 1.2% copper.

Significant holdings and acquisition rights

Orion has 2.4 million square kilometres of mineral rights on Areachap belt, with 7,819 square kilometres located near-mine.

Among Orion's significant shareholders is Nova-Bollinger deposit owner Independence Group NL (ASX:IGO) (FRA:IDZ).

Independence Group has first rights to pick up the Melbourne company's nickel projects on Areachap belt or form a joint venture.

The company is running its Fraser Range project in Western Australia as a joint venture with the group.

Quarterly results

Orion used \$4.8 million on operating activities in the December quarter, spending \$3.1 million on exploration and evaluation.

The company had \$500,000 net cash from investing activities and \$15.2 million of loan facilities at the end of the quarter, with \$9.7 million of these drawn down.

Orion had \$2 million cash on December 31 and subsequently received its \$3.6 million unsecured bridge loan facility from Tembo Capital in January, allowing the planned pay-down of the balance owed on its bridge loan, about \$610,000 at quarter's end.

It also organised extensions to the maturity dates of about \$6.05 million of convertible note funding to September 30.

Orion expects \$2 million of cash outflows in the March quarter as it completes its BFS.

Major shareholders

The company had 1,873,733,497 shares on issue on September 30, held by its 1,594 shareholders with the top 20 shareholders holding 66.2% at the time.

Among its significant shareholders, Ndouv Capital X BV had the largest stake with 23%, followed by Orion's JV partner

Independence Group on 8.23% and Tarney Holdings & chairman Denis Waddell's superannuation fund with 5.9%.

Fourth largest holder Wyllie Group Pty Ltd held 3.71%, fifth largest Silja Investment Ltd had 3.03% and sixth HSBC Custody Nominees (Australia) Ltd held 2.91%.

Also in the top 20, geochemist and Chase Mining Corporation Limited (ASX:CML) executive chairman Dr Leon Eugene Pretorius held 1.28% and German mining juniors investor Delphi Unternehmensberatung Aktiengesellschaft had 1.25%.

Prieska copper mine ran for the 20 years to 1991, employing about 4,000 people

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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