

Orion Minerals Ltd

14:03 19 Dec 2018

Orion Minerals' scoping study reveals near-term potential of Prieska Zinc-Copper Project

Orion Minerals Ltd's (ASX:ORN) (JSE:ORN) scoping study has confirmed the potential for the Prieska Project in South Africa to become a significant near-term, low-cost, zinc and copper concentrate producer.

The scoping study investigated the economic viability of an initial ten-year phase of exploitation of the Prieska deposit.

Based on the study assumptions, the project would provide excellent financial returns, for modest capital investment given the scale of operations envisaged.

Financial Performance	Unit	Estimated Value
NPV (pre-tax) @12.5% discount rate	AUD m	400 – 440
IRR (pre-tax)	%	38%
Payback from first production	years	3
Undiscounted free cash flow (pre-tax)	AUD bn	1.2 – 1.3
Peak funding	AUD m	300 – 330

Project Cost Metrics	Unit	Estimated Value
Average cash operating unit cost (C1)	AUD/t	83
All-in-sustaining cost per unit ROM †	AUD/t	100
All-in-sustaining cost per unit Zn eq † sold	AUD/t Zn	1,701
All-in-sustaining cost per unit Cu eq † sold	AUD/t Cu	4,949
Price received (net of NSR) - Zn	AUD/t Zn	2,982
Price received (net of NSR) - Cu	AUD/t Cu	8,677
All-in-sustaining margin	%	43%

Production Metrics	Unit	Estimated Value
Life of Mine (Phase 1)	years	10
Treatment plant capacity	ktpa	2,400
Phase 1 tonnage - ROM	mt	22
Phase 1 tonnage - processed	mt	22

Key scoping study results for phase 1 of the Prieska Zinc-Copper Project

Price: 0.012

Market Cap: \$34.79 m

1 Year Share Price Graph



Share Information

Code: ORN

Listing: ASX

52 week High Low
0.045 0.01

Sector: Rare earths & specialist minerals

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.au

Orion managing director and chief executive officer Errol Smart said: "We are very pleased to have completed our resource upgrade that has confirmed what an exceptional deposit we have at Prieska.

READ: Orion Minerals' pivotal resource upgrade to underpin zinc-copper project development strategy

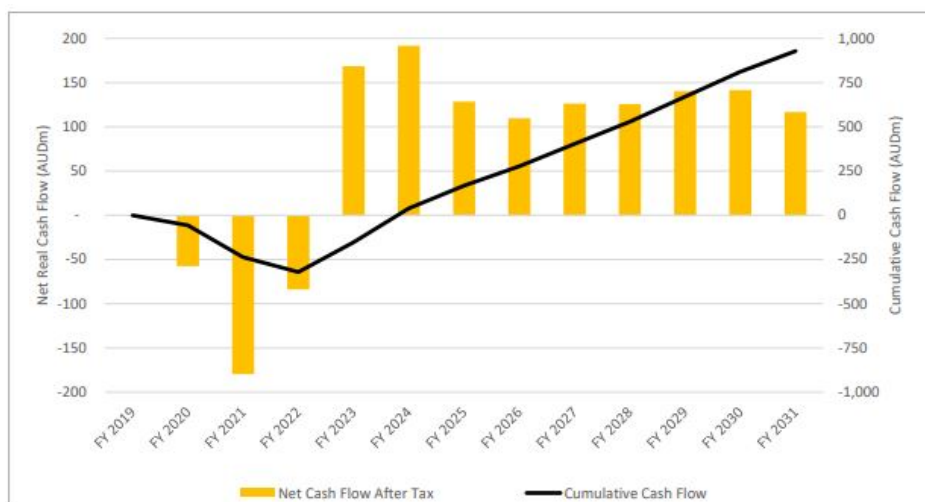
"With nearly two-thirds of the resource now in the Indicated category, we can present the case for the first ten years of a very attractive mining operation.

License	Classification	Volume (m ³)	Density (tonnes/m ³)	Tonnes	Zn (tonnes)	Zn (%)	Cu (tonnes)	Cu (%)
Repli	Indicated	4,414,000	3.41	15,052,000	510,000	3.38	170,000	1.15
	Inferred	2,044,000	3.42	6,998,000	270,000	3.86	80,000	1.09
	Total	6,458,000	3.41	22,050,000	779,000	3.53	249,000	1.13
Vardocube	Indicated	1,018,000	3.39	3,455,000	158,000	4.57	44,000	1.27
	Inferred	933,000	3.45	3,221,000	147,000	4.56	41,000	1.27
	Total	1,951,000	3.42	6,676,000	305,000	4.57	85,000	1.27
Deep Sulphide Total	Indicated	5,432,000	3.41	18,507,000	667,000	3.60	217,000	1.17
	Inferred	2,977,000	3.43	10,219,000	417,000	4.08	117,000	1.14
	Total	8,409,000	3.42	28,726,000	1,084,000	3.77	334,000	1.16

Prieska mineral resource estimate

"The study indicates solid operating margins, with the peak funding of \$320 million inclusive of 20% contingency, recovered within the first third of mine life all supported by current indicated resources yielding an NPV (net present value) of \$420 million.

"The study identifies important opportunities for further financial upside, both from extending the life of mine, and from optimising the grade of extraction following further drilling to be conducted from underground.



Profile of the Prieska Project phase 1 conceptual cash flow post-tax. The right axis shows the cumulative cashflow; the left axis shows the annual net cash flow.

"The current phase 1 study has examined extracting only 75% of the total mineral resource at the mean mineral resource grade.

"The application of further modernisation, making optimised use of low-cost available renewable energy, also provides an important cost saving opportunity being investigated in depth by the bankable feasibility study (BFS) which is well advanced."

Next steps

A BFS is in progress and due for completion in the second quarter of 2019.

Based on a positive project outcome and assuming funding is available, construction could begin in the second half of 2019.

Underground mining would then begin 24 months thereafter, with the plant being commissioned from month 28.

Open-pit mining of shallow targets is being considered as a potential opportunity once phase 1 is underway and is the subject of a separate feasibility study.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Orion Minerals Ltd named herein, including the promotion by the Company of Orion Minerals Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).