

Orion Minerals Ltd

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Orion Minerals retains buy recommendation from Petra Capital

Orion Minerals Ltd (ASX:ORN) released the scoping study results for its Prieska Zinc-Copper Project in South Africa in late December 2018 following a JORC resource upgrade.

Petra Capital has revised its base case assumptions to include the results of the scoping study, which incorporates a higher production rate of 2.4 million tonnes per annum (mtpa) albeit with slightly higher capex and opex numbers, and includes the value of any future open pit plus pillar extraction at Prieska.

The stockbroker has maintained its buy recommendation for Orion and has revised its target price to 11 cents per share from 12 cents factoring in up to 7% additional dilution to help fund the equity component of the development.

The following is an extract from Petra Capital's research report:

Key points from announcement

Scoping study results for phase 1 of the Prieska Zinc-Copper project has been released following a JORC Resource upgrade.

JORC Resource now sits at 28.7 million tonnes at 3.8% zinc, 1.2% copper including an Indicated Resource of 18.5 million tonnes at 3.6% zinc and 1.2% copper (pre-January 15, 2019 resource upgrade). This is an exceptional conversion rate from inferred to indicated, at a cost of less than A\$1.20/tonne.

Initial 10-year mining scenario can be achieved assuming a Resource to Reserve conversion of ~80%.

Mine production of 2.4 mtpa, producing 70,000 tonnes to 80,000 tonnes of zinc and 22,000 tonnes of copper in concentrates per annum.

Scoping study capex is A\$376m including 20% contingency. Petra forecasts a 36% all-in-sustaining margin including corporate costs and a payback period of less than 3 years from first production.

A year of significant progress

Orion has made significant progress during the year, which included a JORC Resource upgrade, Mining Right Application lodged and an 85,000 metre in-fill drilling program completed.

Price: 0.023

Market Cap: \$66.69 m

1 Year Share Price Graph



Share Information

Code: ORN

Listing: ASX

52 week High Low
0.045 0.021

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 also made substantial progress with Bankable Feasibility Study, including a preliminary mine design and schedule, completion of additional metallurgical test work, as well as advancement of its near-mine and regional exploration program.

Key dates ahead

Prieska Investor Site visits Feb 19.

BFS, Mining Right and EA approvals Q2 2019.

Scoping study assumptions - Phase 1

Orion has released its scoping study results for phase 1 of the Prieska Zinc-Copper Project.

The study is based on low-level accuracy technical and economic assessments ($\pm 35\%$ accuracy) and is insufficient to support estimation of Ore Reserves at this time.

Further evaluation work in the form of a Bankable Feasibility Study is being completed, which we expect the results of these in the 2Q of CY19.

Prieska assumptions

Note: Subsequent to the publishing of this research report, Orion has further upgraded its JORC resource for Prieska.

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

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