

Ora Banda Mining Ltd

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Ora Banda Mining's positive DFS for Davyhurst Gold Project "provides solid case to re-start operations"

Ora Banda Mining Ltd's (ASX:OBM) has received a positive definitive feasibility study (DFS) for the Davyhurst Gold Project in WA which managing director David Quinlivan told Proactive provided a solid case to re-start operations with a 5-year mine life.

The DFS released today confirms strong returns for a technically robust Davyhurst re-start.

Strong financial returns

As the culmination of an extensive 12-month work program to pursue a rapid and low-capex path to production, the DFS has confirmed that the project will generate strong cash flows and financial returns.

This will come from six distinct mining operations - Riverina, Missouri, Sand King, Waihi and Callion open pits and the Golden Eagle underground.

These six deposits that will feed the Davyhurst Processing Plant (within 50 kilometres of the plant) have estimated ore reserves of 6.1 million tonnes of ore grading 2.4 g/t for 460,000 ounces of contained gold over five years of mine life.

Opportunity to expand resource

Quinlivan said the company completed the DFS at a "very conservative" gold price of A\$2,100 per ounce, while the price was approaching A\$2,600.

"There is a 22 to 23% margin in the price we have used from where our benchmark case was.

"A lot of the higher grade areas from underground mines weren't included in this first round so there is quite a lot of opportunity to expand this resource base and the reserve base over the course of the next five years."

Price: 0.285

Market Cap: \$169.9 m

1 Year Share Price Graph



Share Information

Code: OBM

Listing: ASX

52 week High Low
0.336667 0.0930784

Sector: Gold & silver

Website: www.orbandamining.com.au

Company Synopsis:

Ora Banda Mining (ASX: OBM) is a uniquely positioned gold exploration and development company, and 100% owner of the Davyhurst Gold Project in the highly prospective Eastern Goldfields region of Western Australia.

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	A\$M
Processing plant – direct costs	8.7
Processing plant – indirect costs	2.6
Infrastructure (includes Tailings Storage Facility and road maintenance, site accommodation)	10.4
First fills, spare parts	2.1
Development capital expenditure	23.8
Pre-production mining costs	19.3
Pre-production capital costs	43.1
Contingency (processing plant & infrastructure)	2.0
Total pre-production capital costs	45.1

Pre production capital costs

"This is a low capital re-start - if someone was to build a new mining centre they would be looking at something north of \$200 million to get it running by the time you put in access roads, airstrips, camp, offices and water supply bores.

"Our capital cost to get the whole thing restarted is quite small and modest in comparison to what it would be if you had to put a brand-new operation in."

Economic returns

Underpinned by pre-existing infrastructure, including a conventional CIP process plant, the DFS estimates for the project show a pre-tax, free cashflow of A\$175 million over a 5.2-year mine life using a A\$2,100/ounce gold price.

Life of mine average annual gold production is 81,000 ounces with low C1 cost of A\$1,427/ounce and all-in sustaining costs of A\$1,566/ounce.

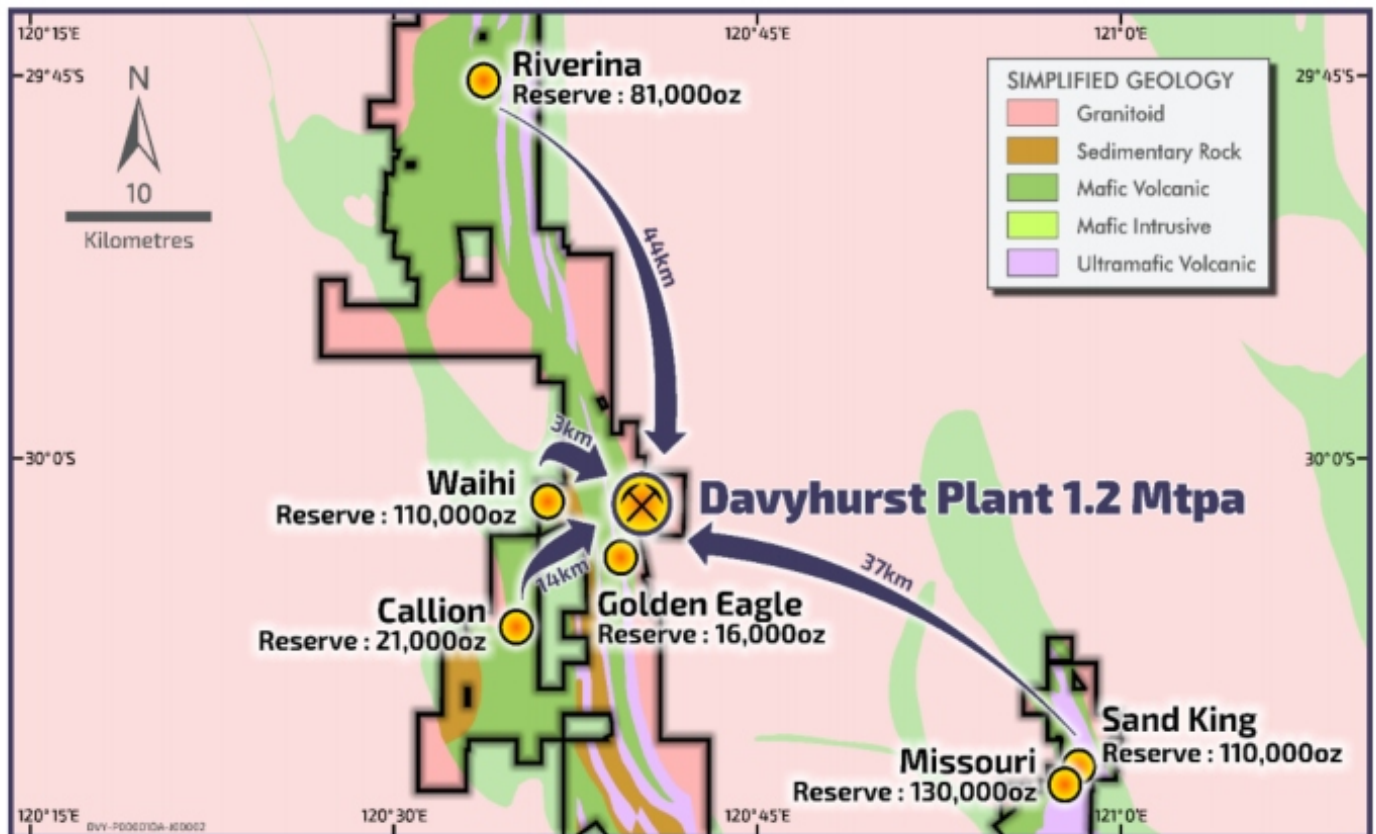
This includes an average estimated pre-tax annual free cash flows of A\$33.6 million (A\$68.8 million at A\$2,550/ounce), following a 7 to 14 month payback period further leveraged by carried forward tax-losses of A\$258 million.

Metric	Unit	Base Case	Spot Case
Gold price	A\$/oz	2,100	2,550
Gold produced (LOM)	Koz	418	418
Gold produced (annual average – LOM)	Koz/yr	81	81
Gold head grade (LOM, Ore Reserve)	g/t Au	2.4	2.4
Gold recovery (LOM)	%	90.3	90.3
Pre-production capital cost (including contingencies)	A\$M	45.1	45.1
Project payback	Months	14	7
All-in sustaining costs (AISC) (LOM)	A\$/oz	1,566	1,578
Cash costs (C1) (LOM)	A\$/oz	1,427	1,427
Project free cashflow (pre-tax)	A\$M	174.6	357.8
Pre-tax NPV (6% discount rate)	A\$M	137.4	290.7
Post-tax NPV (6% discount rate)	A\$M	137.4	290.7
Pre-tax IRR	%	109.3	237.8
Post-tax IRR	%	109.3	237.8

Unlocking "significant value"

Quinlivan said the DFS confirmed that the existing infrastructure would enable Ora Banda to pursue a rapid path to production, with the first gold pour targeted for January 2021.

"The DFS also marks an important step in the company's evolution towards its ultimate objective of unlocking the significant value we believe is held in Ora Banda's strategic and prospective landholding."



Funding

Quinlivan said funding was the company's next near-time priority, the board having approved the immediate commencement of the first phase of development activities, which would be funded by current cash reserves.

The company will consider financing the remaining pre-production capital and ongoing exploration costs through an equity capital raising of up to A\$55 million, with the option of a stand-by debt facility.

Ora Banda has continued to advance discussions with interested financiers and has made good progress with significant preparation already underway for the formal financing process that is expected to be completed in Q3, 2020.

The MD said: "Once the financing is completed, we will then award contracts for work programs and once those are in play it's a case of recommissioning the processing plant and starting to produce some gold."

Development activities will start immediately and will focus on the final piece of refurbishment of the Davyhurst plant together with early works for mine development at both Riverina open pit and Golden Eagle underground mines.

Plant commissioning is expected to follow in Q4, 2020 with first gold pour targeted for Q1, 2021.

Ongoing exploration programs

Ora Banda is continuing to undertake drilling programs across its highly prospective 1,350 square kilometre landholding, covering 200 kilometres of strike focusing on:

- Regional targets, for which Ora Banda has already identified a number of high-priority prospects;
- Follow-up drilling programs on near-mine prospects, including Riverina South; and
- Resource infill.

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