

Smart money on zinc

High-grade zinc-copper projects with big regional exploration potential are rare, which suits Orion Minerals NL perfectly.

"That is what sets us aside, there are a lot of semi-quick, mid-scale start-ups going back to old mines, but very few of them have very good exploration portfolios alongside," Orion managing director Errol Smart told **Paydirt**.

Current zinc and copper prices are encouraging activity in the sector, but there are few companies as committed as Orion is in South Africa's Northern Cape.

Smart believes the company is undertaking the most intense zinc-copper exploration programme anywhere in the world at the moment and with 15 rigs turning, it is hard to argue.

Resource drilling at the historic Prieska project is in full swing, with a resource statement to be completed by the end of the first quarter.

Any delay in announcing the resource to market will only be because of exploration success, Smart explained.

"On the fringes of the orebody we have been finding a lot more massive sulphide ore and these extensions we recently discovered may cause a little bit of a delay in completion of the resource," Smart said.

"Our maiden JORC resource should be out early 2018 and we are still on target to complete the BFS by the end of the third quarter."

So far, BFS-related studies at Prieska have gone swimmingly, with geotechnical investigations completed and logistics for infrastructure on-song.

Initial metallurgical test work has confirmed Prieska is amenable to concentration by froth flotation to produce saleable concentrate products.

Results from the deep sulphide target achieved recoveries exceeding 89% for copper and 93% zinc for a differential flotation flow sheet aimed at producing separate copper and zinc concentrates.

Meanwhile, from the +105 open pit target, recoveries exceeding 89% for copper and 91% for zinc in a combined bulk cleaner concentrate were achieved.

With met test work progressing well,



Errol Smart Private equity group Tembo Capital has moved

Orion was preparing a high-powered Sky-TEM airborne EM survey over about 1,000sq km of the Areachap belt, which hosts Prieska.

The survey was primed to investigate an area containing 98sq km of combined strike of outcropping within Orion's landholding.

"That [Sky-TEM] hasn't been done for a long time. The last major regional airborne survey that was done in the belt was in the early 1980s," Smart said.

"There is a lot of positive stuff under way, but the main Prieska project has really delivered in spades for us. All the drilling that we have been doing has turned out as good as we would have hoped and in many cases better than what we hoped."

Smart said it had been a long time since anybody had run such an intense drill out of both shallow and underground deposits in South Africa, while the company's greenfields exploration strategy was unrivalled in the country's junior space.

"We are very active and we are starting to get in the greenfields in the hinterland and that is definitely where we are doing stuff which hasn't been done for a long, long time," he said.

With market conditions positive, Orion

is now receiving due attention and is starting to field interest from a variety of groups.

While the company is "starting to pop up" on a lot of radar screens, Smart said there was a lot of upside in share price performance to be seen before any corporate activity could be considered.

"We have slipped under the radar screen and people are wondering how the majors missed this opportunity," he said.

"The fact is that we managed to do a big land consolidation at the bottom of the market and that is what sets us aside. For the first time, this geological belt is in single ownership and we certainly don't want to be encouraging anything [corporate] too early."

Private equity group Tembo Capital has moved early and backed Orion and while a compelling investment case is being built at Prieska, investors are still cautious about South Africa.

Smart said the political situation in South Africa had definitely impacted Orion's share price, but he remained bullish about the country's future.

"I think a similar project in Australia would have us looking at multiples of share price value compared to what we are in South Africa," he said.

"The situation on the ground and political developments in South Africa in the last few months, I see a lot of positive movements. I think it is going to be very interesting to see what happens with the ANC elective conference in December, but there is potential for a new guard to come in and have a very positive influence on South Africa. I think it all has the potential to have a positive influence on investor sentiment in South Africa and then we could see a very significant re-rating very quickly."

- Mark Andrews