

PREPARING FOR PRIESKA

Orion focused on its flagship project
By Nelendhre Moodley

Minerals explorer Orion Minerals, which recently bumped up its credentials with a secondary listing on the main board of the JSE, adding to its existing ASX listing, will soon be looking to raise funding of between R80m and R100m for the development of its Prieska project in the Northern Cape, CEO Errol Smart tells *SA Mining* in an exclusive interview.

The junior miner, which is in the process of firming up its resource base on its flagship zinc/copper project, aspires to be in commercial production as early as 2020. Given the robust demand for both zinc and copper, Smart is eager to bring the Prieska project into production, and is, in fact, engaged in an intense drilling programme and bankable feasibility studies.

“We have 14 drill rigs onsite that we are using to validate the resource results posted by former Prieska miner Anglovaal, of 1.5% copper and over 4.6% zinc,” explains Smart.

According to Orion Minerals, the Prieska copper mine, which operated from 1971 to 1991, milled 46.8mt, and produced around 430 000t copper and 1mt of zinc in concentrate. The operation, however, was closed in 1991 as a result of the steep dipping portion of the ore being exhausted, and the

mine needing a substantial recapitalisation to introduce new mining methods and infrastructure to mine the remaining wide, flat dipping ore. Such capital was not readily available during the prevailing period of sanctions/disinvestment, and Anglovaal was focused on its other capital developments, leading to a decision to close the mine before all of the known ore had been extracted.



Errol Smart.

Meanwhile, Orion Minerals, which rebranded from Orion Gold in order to diversify its portfolio of assets towards base metals, anticipates having a JORC-compliant resource by February/March 2018, and a completed bankable feasibility study (BFS) by September 2018, with mining rights application in 2018 and project development starting in 2019.

“Global expectations peg the capital development cost of a mine such as Prieska to likely be around R2bn. However, a large chunk of the usual capex for a mine like this is allocated to infrastructure development, and we believe Prieska already has the required surface infrastructure and services in place, such as roads, water, power and rail. It also has existing shafts and ramp decline roadways to reach the deepest underground ore, and project development can be fast-tracked to commercial production with vastly reduced capital requirements. Our



Orion Minerals is engaged in an intense drilling programme on the Prieska project.

focus would now only be on metallurgical extraction plant and fully lined tailings facilities to construct a zero-discharge mine site, and it's likely to come in well below R700m.”

Geologically, the regional project upside is also well placed, given that it consists of zinc/copper, gold/copper and nickel/copper/platinum discoveries, all in the same tenement holdings, making a highly prized possession for its owners.

According to Smart, Orion Minerals will implement its “groundbreaking technological advancements related to efficiently exploring for massive sulphide deposits” that it developed for its Australian geological counterpart, the Fraser Range Belt in Western Australia, home to the famous Nova-Bolinger mine, discovered in 2012.

Apart from having some of world's top engineers and scientists as advisers on the Prieska project, the company will also be adopting South African-pioneered mining engineering advancements, such as cemented back-filling, on the Prieska project, explains Smart.

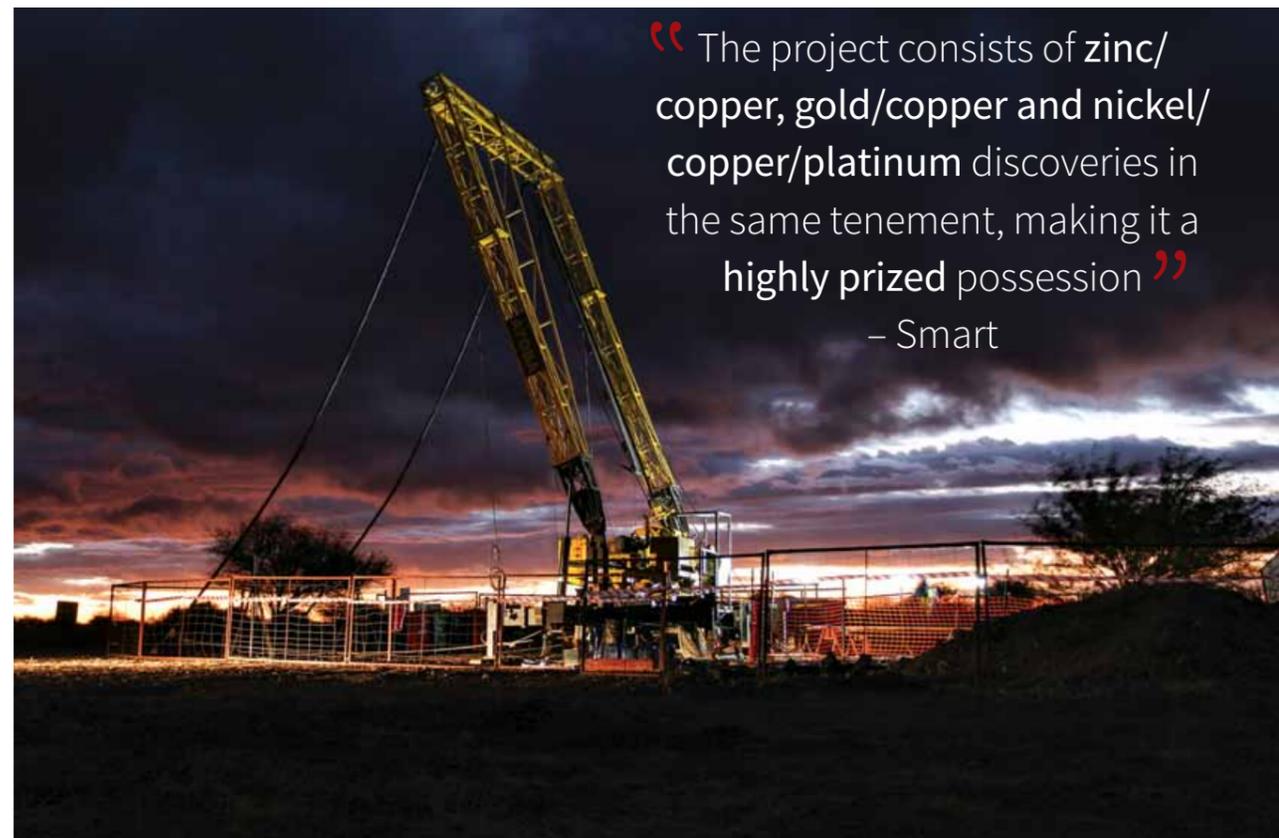
The wholly South African-resident project team, with international involvement on multiple mine developments,

“The global zinc oxide market is expected to grow steadily at a compound annual growth rate of around 4% by 2021”
– Technavio

has extensive experience, ranging from greenfields project development through to commercial production. “Given that the team members each have more than 10 years of experience working on international projects that were benchmarked on best practice, we will be implementing these best practices on the Prieska project.”

Apart from fulfilling its BEE requirements (the project has a 26.7% BBBEE shareholding), Orion Minerals is involved in “extensive” corporate social initiatives, which look, among other things, to enhance the skills levels of the local community by facilitating digital and business skills sets. The intention is to assist community members in navigating procurement portals in order to access job and service provider opportunities that will be offered ahead of and during Prieska mine operation.

“Such skills will assist the community as they establish their own businesses to meet the needs arising from the new mine, such as light engineering and supply chain participation for things like food (including farming), catering, accommodation and transport supply.”



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“We are striving to be catalysts for SME development, and are trying to encourage the community to expand their horizons and not only rely on our operations, but ultimately to become part of the greater regional supply chain network.”

ROBUST DEMAND FOR ZINC AND COPPER

“In early September, zinc traded at its highest price in 10 years, while copper traded at a three-year high. Aside from the increasingly attractive price performance, the long-term outlook for both commodities is anticipated to be robust,” states Smart.

A recent report by the World Bank highlights the rise of green energy technologies required for a low-carbon future as a driver of

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growth across a wide range of minerals and metals, including copper and zinc.

Smart explains that the key drivers for zinc are two-fold: China’s demand for higher-quality steel products, which legally requires a 15% zinc input into the manufacture of galvanised steel – up from 5%, is driving demand for zinc, as is the increased consumption of zinc in the manufacture of fertiliser.

Technology research and advisory company Technavio expects the global zinc oxide market to grow steadily at a compound annual growth rate of around 4% by 2021, this on the back of increasing demand for zinc oxide from emerging economies, owing to their increased disposable income and purchasing power, which is seeing high investments in the automotive, construction and chemical industries.

The report also points to increased demand for zinc oxide arising from an increase in diversified applications and an increase in R&D activities aimed at improving the application of zinc oxide in areas such as the electronic and photonic segment. Moreover, the use of zinc oxide in new applications such as fungicides, transparent transistors, light-emitting diodes, solar cells and memory devices will also lead to the consumption of a high volume of zinc oxide during the forecast period, the report said.

Meanwhile, a BMI Copper report published in July notes that copper prices will be driven by global market deficits, and forecasts the average price to be around \$5 500/tonne in 2017, increasing slightly to \$5 800/tonne by 2021. ■

