

## OreCorp Limited (ORR \$0.70) Speculative Buy

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Analyst	Date	Price Target
Michael Scantlebury	25 <sup>th</sup> Oct 2021	\$1.90/sh

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### Drilling commences at Nyanzaga

#### Key Points

OreCorp has commenced a 21,500m drill program at its Nyanzaga gold project in Tanzania.

- Drilling will be targeting resource infill at its Kilimani deposit (220koz at 1.21g/t all inferred)) along with exploration, hydrogeological, sterilisation and geotechnical drilling programs.
- The Company is also looking to test a number of regional targets, which are analogues of Nyanzaga and Kilimani, with historical including 10m at 2.34g/t from 81m to end of hole (Nyanzaga South 1 prospect)
- Progress continues to be made in regards to the granting of the Special Mining License, the Company previously received Cabinet approval for the SML.
- We note that once the SML is granted (expected imminently), the Government of Tanzania will be issued its free carried interest (16%) in the Project in accordance with the Mining Act and the final payment of US\$8.05 million to Barrick Gold Corporation will be payable within 30 days.
- As the world moves towards carbon neutrality we flag Tanzania's increasing capacity of hydroelectricity within their power grid as an opportunity for ORR to build one of the lowest carbon intensive gold mines.
- The Company is well funded for ongoing study and exploration work with A\$67m in cash.
- **ORR remains one of our preferred gold developers and we still see Nyanzaga as one of the highest quality (if not the highest) undeveloped gold projects on the ASX. Very simple/easy comparison for ORR is with CDV's Namdini gold project which was purchased for ~A\$610m in January CY21, ORR is currently trading with an EV of A\$210m.**
- Key upcoming catalysts:
  - Drill results.
  - Formal granting of the SML.
  - DFS updates, with actual DFS to be released in the JunQ CY22.
  - Project financing discussions.
  - Potential M&A activity.
  - Potential plans to demerge its WA gold assets.

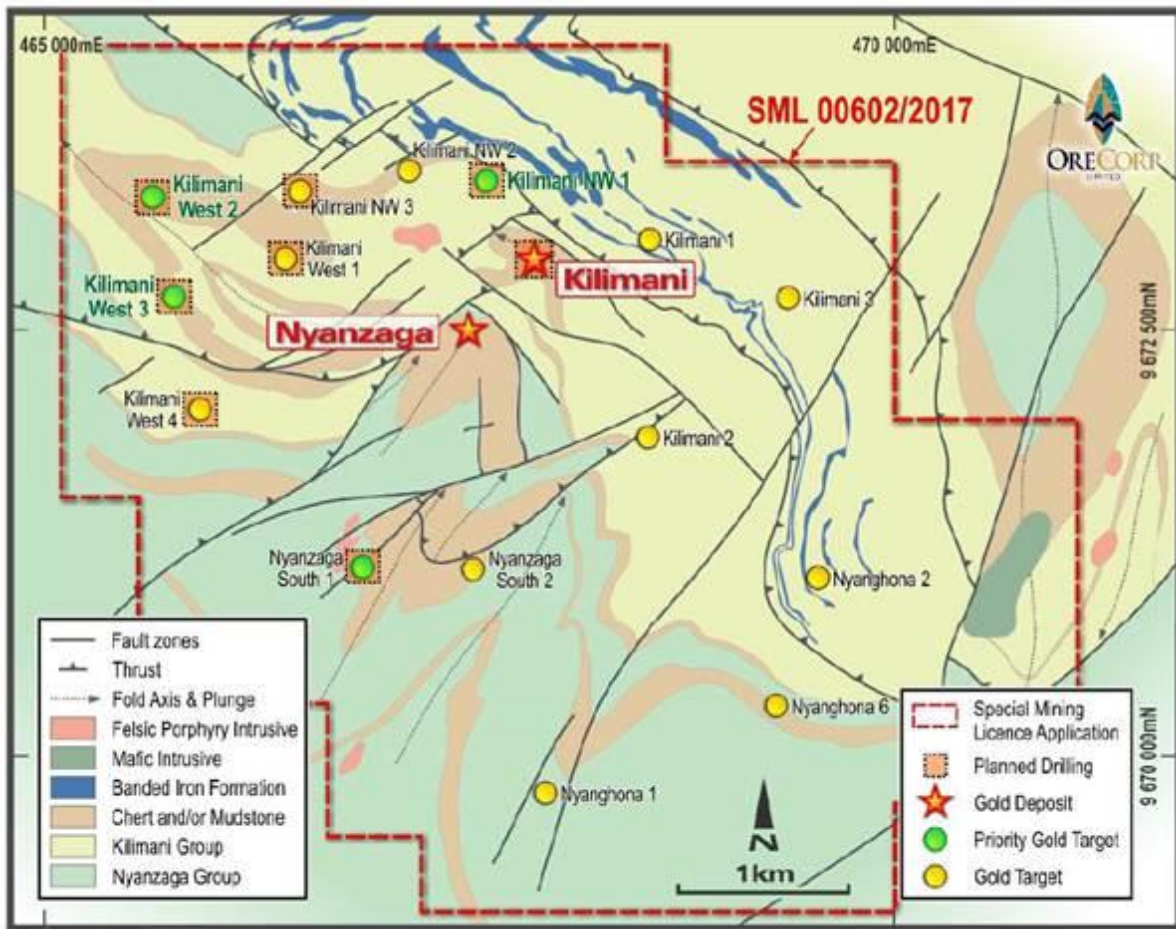


Figure 2: Targets within the SML Area over Geology with Planned Drilling



Figure 2: Nyanzaga Preliminary Project Timeline

### Investment Case

OreCorp Ltd (ORR) has been granted cabinet approval for its long awaited Special Mining Licence (SML) for its 100% owned Nyanzaga gold project, located in Tanzania. **We believe that Nyanzaga is one of the highest quality (if not the highest) undeveloped gold projects on the ASX.** Capable of producing >200kozpa for 12-yr from a single open pit and underground at low AISC of ~US\$838/oz (2017 PFS).

We envisage first production in late CY'24, which is in line with Company guidance. We have a valuation and price target of \$1.90/sh (~A\$630m). We continue to see upside from the current price from potential M&A activity. We maintain our Speculative Buy recommendation, with the largest risk being the granting of the SML now alleviated.

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**OreCorp (ORR)**

Share Price	0.70	A\$/sh
Price Target	1.90	A\$/sh
Valuation	1.90	A\$/sh
Shares on issue	396	m(dil)
Market Capitalisation	277	A\$m

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Enterprise Value	210	A\$m
Debt	0	A\$m
Cash	67	A\$m
Largest Shareholder	Westoz	11%

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