

SPEC BUY

Current Price \$0.92
Valuation \$1.25

Friday, 11 June 2021

OreCorp (ORR)

Tanzania Back Open for Business

Analyst | Royce Haese

Code: **ORR**
Sector: **Materials**

* All figures in AUD unless stated otherwise

Shares on Issue (M): **320**
Market Cap (\$M): **295**
Net cash (\$M March 2021) **18**
Enterprise value (\$M): **276**

52 wk High/Low (ps): **\$0.96** **\$0.36**
12m av. daily vol. (Mshs): **0.15**

Key Metrics

	FY24e	FY25e	FY26e
P/E (x)	3.1	2.1	1.4
EV/EBITDA (x)	1.9	1.3	0.9

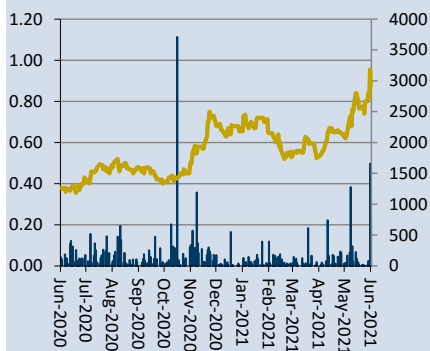
Financials:

	FY24e	FY25e	FY26e
Revenue (\$M)	234	362	512
EBIT (\$M)	127	183	272
NPAT (A\$M)	94	140	213
Net assets (\$M)	337	460	659
Op CF (\$M)	125	179	258

Per share data:

	FY24e	FY25e	FY26e
EPS (c)	29.4	43.7	66.3
Dividend (cps)	0.0	0.0	0.0
Yield (%)	-	-	-
CF/Share (cps)	39.1	55.8	80.6
Prod (koz Au)	100.4	155.2	219.3

Share Price Graph and trading volumes (msh)



Please refer to important disclosures at end of the report (from page 11)

Quick Read

OreCorp holds one of the best undeveloped projects in Africa. When developed it will be a substantial cash generator and an important part of Tanzania's economic development. While Nyanzaga's fiscal terms remain unclear we take comfort in recent Tanzanian government statements and bureaucratic advancements. Key operational parameters will be made clear upon completion of OreCorp's DFS which we assume will take six to nine months. The project potential is clear, and we assign a Speculative Buy rating with a valuation of \$1.25 per share.

Tanzania Back Open for Business

Four Years in The Wings: Recently, OreCorp received Cabinet approval for its Special Mining Licence application over the Nyanzaga deposit in Tanzania. This is following four years in limbo after the Tanzanian Government passed a series of laws in 2017 intended to protect Tanzania's sovereignty over its natural resources.

During these four years OreCorp has focussed its efforts on consolidating and simplifying ownership arrangements over Nyanzaga. The company now has 100% ownership over the project prior to the Tanzanian Government's expected 16% free-carry interest.

Following the appointment of Samia Suluhu Hassan as Tanzanian President on the 19th of March 2021 Tanzanian government commentary on the need for foreign mining investment into Tanzania has increased. The rapid approval of OreCorp's SML shows the government is willing to walk the talk. The Framework Agreement outlining the Nyanzaga projects fiscal terms is yet to be set, and with the recent rhetoric around the Government's desire to stimulate foreign investment into Tanzania we expect an outcome that will provide good returns to both Tanzania and OreCorp.

Argonaut's mining scenario and valuation: Argonaut has developed a mining scenario as a basis for valuation. Primarily using inputs outlined in OreCorp's 2017 PFS we derive a NPV₁₀ for Nyanzaga of A\$519M. OreCorp will outline a maiden Reserve in its DFS which will likely be larger than inputs used in its PFS, mostly due to the increased gold price.

The quality of the Nyanzaga project is clear. The key risk relates to uncertainty around fiscal terms. Should these ultimately reflect the Government's recent investment friendly attitude, we expect the Nyanzaga project to be a long life, highly profitable gold mine.

Recommendation

We assign a Speculative Buy rating with a valuation of \$1.25 per share.

OreCorp

Equities Research

Analyst: Royce Haese

Recommendation **Speculative buy**
 Current Price **\$0.92**
 Valuation **\$1.25**

Sector **Metals & Mining**
 Issued Capital (Mshs) **320**
 Market Cap (M) **\$295**
 Friday, 11 June 2021

Profit & loss (\$M) CY	2021E	2022E	2023E	2024E
Sales Revenue	0	0	0	234
+ Other income/forwards	0	0	0	0
- Operating costs	0	0	0	-60
- Royalties	0	0	0	-21
- Corporate & administration	-11	-4	-4	-4
Total Costs	-11	-4	-4	-85
EBITDA	-11	-4	-4	149
- margin	0%	0%	0%	64%
- D&A	0	0	0	-22
EBIT	-11	-4	-4	127
+ Finance Income/Expense	0	0	-5	-9
PBT	-11	-4	-9	118
- Tax expense	2	0	2	-24
- Impairments and other				
NPAT	-9	-4	-7	94

Cash flow (\$M)	2021E	2022E	2023E	2024E
+ Revenue	0	0	0	234
- Cash costs	-11	-4	-4	-85
- Forwards	0	0	0	0
-Tax payments	0	0	0	-15
+ Interest & other	0	0	-5	-9
Operating activities	-11	-4	-9	125
- Property, plant, mine devel.	0	0	-365	-59
- Exploration	-6	-6	-6	-6
Investment activities	-6	-6	-371	-65
+ Borrowings	0	0	225	-20
- Dividends	0	0	0	0
+ Equity	20	1	225	0
Financing activities	20	1	450	-20
Cash change	3	-9	70	40

Balance sheet	2021E	2022E	2023E	2024E
Cash & bullion	29	20	90	130
Other Current Assets	0	0	0	0
Total current assets	29	20	90	130
Property, plant & equip.	4	4	369	406
Investments/other	0	0	0	0
Total non-curr. assets	4	4	369	406
Total assets	33	24	459	536
Trade payables	1	1	1	16
Short term borrowings	0	0	20	40
Other	6	1	184	18
Total curr. liabilities	7	3	185	35
Long term borrowings	0	0	205	165
Other	0	0	0	0
Total non-curr. liabil.	0	0	205	165
Total liabilities	7	3	390	200
Net assets	26	21	69	337

Shares	2021E	2022E	2023E	2024E
New shs issued/exercisable	24.1	2.5	271.1	0.0
Average issue price	0.83	0.44	0.83	0.00
Ordinary shares - end	345	347	618	618
Diluted shares - end	347	347	618	618

Financial ratios		2024E	2025E	2026E	2027E
GCFPS	Ac	39.1	55.8	80.6	80.3
CFR	X	2.4	1.6	1.1	1.1
EPS	Ac	29.4	43.7	66.3	64.9
PER	X	3.1	2.1	1.4	1.4
DPS	Ac	0.0	0.0	0.0	0.0
Yield	%	0.0%	0.0%	0.0%	0.0%
Interest cover	x	14.2	24.0	45.3	60.1
ROCE	%	31%	41%	64%	65%
ROE	%	35%	38%	40%	30%
Gearing	%	49%	27%	13%	5%

Operations summary	2024E	2025E	2026E	2027E
Nyanzaga project				
Ore processed (Mt)	2.3	3.3	3.9	3.9
Head grade (g/t)	1.51	1.64	1.96	1.96
Met. recovery	0.88	0.88	0.88	0.88
Gold prodn (koz)	100	155	219	219
Cost per milled tonne (A\$/t)	26	33	37	38
Cash costs pre royalty (A\$/oz)	807	918	865	883
Sustaining capital (\$M)	2	11	13	13
All in sustaining costs (A\$/oz)	1036	1192	1130	1148
Growth capital (\$M)	42	40	10	10
CAIC (A\$/oz)	1735	1652	1322	1326

Price assumptions	2024E	2025E	2026E	2027E
AUDUSD	0.75	0.75	0.75	0.75
Gold	1750	1750	1750	1750

Valuation summary	A\$M	A\$/sh
Nyanzaga project 10% real after tax	519	1.62
Tanzania Government 16% Free-Carry Interest	-78	-0.24
Exploration, Nyanzaga	88	0.28
Eastern Goldfields Projects	15	0.05
Corporate overheads	-21	-0.07
Cash (inclusive of final Nyanzaga Payment)	8	0.03
Debt	0	0.00
Tax benefit	1	0.00
Hedging	0	0.00
Option/equity dilution	-132	-0.41
NAV	400	1.25

Directors, management	
Craig Williams	Non-Executive Chairman
Matthew Yates	CEO & Managing Director
Mike Klessens	Non-Executive Director
Alastair Morrison	Non-Executive Director
Robert Rigo	Non-Executive Director

Top shareholders	M shs	%
Federation Mining	40.7	12.7
Westoz Funds Management	35.8	11.2
Rollason	29.6	9.3

Resources Sep '17	Mt	g/t Au	Kozs	Mkt cap/oz
Nyanzaga gold project	23.7	4.03	3,073	96
Measured & indicated	20.8	4.06	2,715	
Inferred	2.9	3.84	358	

Argonaut model Jun '21	Mt	g/t Au	Kozs	
TOTAL INVENTORY	45.0	1.95	2,819	105
Nyanzaga UG	9.0	3.70	1,071	
Nyanzaga OP	36.0	1.51	1,748	

OreCorp: Tanzania Back Open for Business

With the granting of Nyanzaga's Special Mining Licence OreCorp is now able to advance one of the best undeveloped projects in Africa.

This follows four years in limbo following the passing of a series of laws intended to protect Tanzania's sovereignty in 2017.

While waiting for approval OreCorp has consolidated and simplified ownership of Nyanzaga, now hold 100% ownership, prior to the Tanzanian Government's 16% free carry.

The Tanzanian Government has recently increased rhetoric surrounding its desire to promote international investment.

Four Years in The Wings

On the second of June 2021 OreCorp received written notification from the Tanzanian Mining Commission that the Tanzanian Cabinet of Ministers had approved its Special Mining Licence application for the Nyanzaga Gold Project. This had been a long time coming for OreCorp shareholders and management having effectively been in limbo since Tanzania passed a series of laws in 2017.

The 2017 laws were designed to protect the sovereignty of Tanzania's natural resources. The main outcomes included:

- A Government free-carry interest of 16% through non-dilutable free carried interest shares. The Government was also eligible to increase its stake up to 50% commensurate with total tax expenditure incurred by the Government resulting from mining activities by the Company (to be applied retro-actively to existing mining Companies).
- Giving the National Assembly the power to review all agreements made by the Government relating to Mining agreements.
- Restrictions on the export of raw resources for beneficiation outside Tanzania through removal of VAT refunds (subsequently removed in 2020).
- Prohibition of disputes over natural wealth and resources being adjudicated in a court outside of Tanzania.
- Rejection of any current/existing terms the National Assembly deemed to be unconscionable.
- A requirement to preferentially utilise local goods and services when undertaking mining.

These changes stymied foreign investment interest in Tanzania. For OreCorp, who at the time had just completed a PFS for its flagship Nyanzaga project, this meant that timeline and terms associated with approval of its Special Mining Licence application had become uncertain.

In the intervening years OreCorp has focussed its efforts on consolidating and simplifying ownership arrangements over Nyanzaga. At the time of the 2017 legislative changes OreCorp held 51% JV interest in the project with its JV partner, Acacia. In 2018, OreCorp completed the JV earn-in phase and exercised its option to acquire 100% of the project, with Acacia retaining a NSR royalty over the project. In 2019 OreCorp purchased this royalty off Acacia. The only remaining obligation from OreCorp to Acacia (now Barrick) is payment of US\$8.05M upon SML grant.

OreCorp has also worked closely with the Tanzanian Government throughout this period. Following the appointment of Samia Suluhu Hassan as Tanzanian President on the 19th of March 2021 Tanzanian government commentary on the need for foreign mining investment into Tanzania has increased. In a speech on the 5th of April the President directed the Tanzanian Revenue Authority to "stop frustrating business" and ordered a review into the regulations and taxes related to foreign investment, urging officials to "work hard to regain the trust of international business".

The Cabinet approval of Nyanzaga’s SML shows the Government is willing to walk the talk. Fiscal terms will be outlined in a Framework Agreement. This added certainty to the project will be a significant de-risking step for OreCorp.

The Nyanzaga project is located in the Lake Victoria Goldfields of Tanzania. These Goldfields account for ~25Moz historical production.

The recent Cabinet approval of OreCorp’s SML has shown that the current President is prepared to walk the talk. Fiscal terms under which the Nyanzaga project will operate will be outlined in a Framework Agreement. Adding certainty around in-country taxation and royalty arrangements will be a significant de-risking step for OreCorp, and if a good balance is struck may encourage further international investment into Tanzania.

For the Nyanzaga project and OreCorp, the substantial resource base and potential future gold production potential makes it a prime take-over target for major producers. The main barrier has been geopolitical uncertainty. As the project progresses towards construction this uncertainty will decrease.

Geology, Mineralisation and Exploration Potential

OreCorp’s flagship Nyanzaga project is located in the Archean Sukumaland Greenstone Belt in the Lake Victoria Goldfields of Tanzania. These goldfields host several large gold mines and account for ~25Moz of historical production.

OreCorp’s Tanzanian landholding consists of 22 Prospecting licences over 210km² in north-western Tanzania.

Figure 1: Location of the Nyanzaga project and nearby projects.



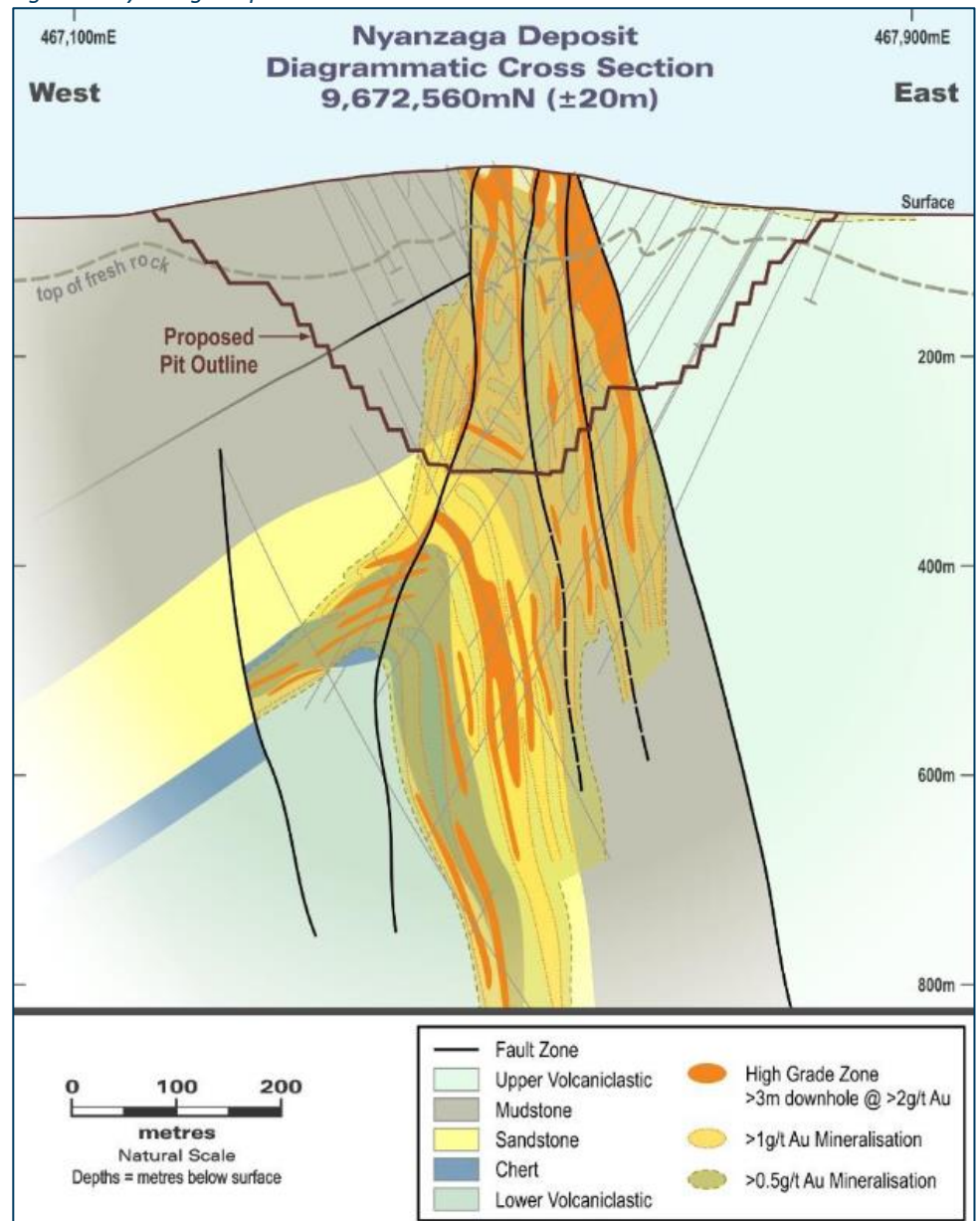
Source: ORR

The Nyanzaga deposit is described as a hybrid orogenic gold deposit with a pipe-like geometry and an overprinting of brittle-ductile shear zone hosted higher grade internal

Nyanzaga’s geometry lends itself to efficient mining, with OreCorp estimating a waste to ore ratio of 3.7:1 in its PFS.

to, and on the margins of the main pipe. This has resulted in a very thick zone of mineralisation with internal higher grade. Mineralisation is unconstrained at depth. The geometry of mineralisation lends itself to efficient open-pit extraction, with OreCorp estimating a waste to ore ratio of 3.7:1 in its PFS.

Figure 2: Nyanzaga deposit cross section.



Source: ORR

OreCorp has a 3.07Moz @ 4.03 g/t Au Resource Estimate. No maiden Reserve has been declared to date.

OreCorp has a Mineral Resource Estimate for the Nyanzaga deposit of 23.7Mt @ 4.03 g/t Au for 3.07Moz using a cut-off grade of 1.5 g/t Au. Of note, should a cut-off of 0.5 g/t Au be used this estimate increases to 103Mt @ 1.6 g/t Au for 5.2Moz. No Maiden Reserve has been declared for Nyanzaga to date. In 2020 OreCorp declared a Maiden Mineral Resource estimate for the Kilimani prospect of 5.6Mt @ 1.2 g/t Au for 220koz, ~450 m NE of the Nyanzaga deposit.

Numerous regional targets have been identified through soil sampling which the Company will test concurrently with Nyanzaga development.

Table 1: OreCorp's Mineral Resource Estimate.

Resources	Measured and Indicated			Inferred			Total		
	Mt	g/t	Mozs	Mt	g/t	Mozs	Mt	g/t	Mozs
Nyanzaga	20.8	4.1	2.7	2.9	4.0	0.4	23.7	4.0	3.1
Kilimani				5.6	1.2	0.2	5.6	1.2	0.2
Total	20.8	4.1	2.7	8.5	2.2	0.6	29.3	3.5	3.3

Source: ORR

OreCorp also holds a number of gold exploration projects in the Eastern Goldfields, WA. Recent drilling at the Hobbes prospect has identified a broad zone of supergene mineralisation and a series of stacked lodes in fresh rock. OreCorp has announced its intent to investigate alternative ways to unlock value of the WA assets, with near term efforts to be focussed on development of Nyanzaga.

Argonaut's Mining Scenario and Valuation

Argonaut has developed a mining scenario as a basis for valuation. Overall, most assumptions are in-line with those presented in OreCorp's 2017 PFS adjusted for inflation. The 2017 PFS was completed using a US\$1250/oz gold price. The impact of the current gold price on the Nyanzaga development strategy will be factored into OreCorp's DFS.

We expect the DFS to take six to nine months to complete. In our assumptions we allow a further six months to secure financing and a 24-month design and build. We assume first gold in the June quarter 2024. Our assumed production profile is in line with OreCorp's PFS, namely ore sourced from the Nyanzaga open pit for the first year with underground ore production commencing in year two to feed the Company's proposed 4Mtpa mill.

The construction of a 4Mtpa CIL processing facility plus site infrastructure has been estimated by Argonaut to cost US\$95M. This factors in OreCorp's 2017 PFS estimate, inflation, and current higher global steel prices. We estimate an additional US\$213M in early site works and management costs, inclusive of mining pre-strip. This brings our total pre-production capital estimate to US\$308M.

We estimate a further US\$292M of capital expenditure across LOM. This includes box cut, paste fill plant and underground capital development, in-mine reserve drilling and processing facility equipment replacement.

For processing we assume a treatment cost of US\$13/t of ore, slightly higher than OreCorp's PFS assumption of US\$11.5/t. We have used OreCorp's estimated gold recovery of 88% in our scenario.

We have assumed 1.54Moz produced from the open pit over its 12-year mine life and 0.94Moz produced from the Nyanzaga underground over 11 years. After the initial pre-strip we have utilised OreCorp's stated waste to ore ratio of 3.7:1 in developing the 445 m deep pit. Factoring in assumed operating costs we derive a LOM average C1 cash cost for open pit mining of US\$798/oz. For underground mining we derive a LOM average C1 cash cost of US\$618/oz.

Argonaut has developed a mining scenario as a basis for valuation. Overall most assumptions used are in-line with OreCorp's 2017 PFS.

We estimate construction of a 4Mtpa processing facility and other pre-production capital expenditure to cost US\$308M.

We assume 1.54Moz produced from the open pit over a 12 year mine life and 0.94Moz from the underground over 11 years.

Argonaut has used internal gold price estimates which average to US\$1750 across the life of the project, and an AUD to USD currency conversion rate of \$0.75.

Using a 10% real after-tax discount rate we value the Nyanzaga Project at \$519M.

Using a 10% real after-tax discount rate we value the Nyanzaga Project at A\$519M, or \$1.62 per share.

We have factored in a 16% Government free-carry interest, a 7.3% royalty and a 30% corporate tax rate.

We have factored a 16% Government free-carry interest into our valuation. Using our mining and price assumptions this interest has a current NPV of A\$78M, or \$0.24 per share. We note that under Tanzania's current fiscal policy the Government has a right to up to 50% free-carry interest. The terms under which OreCorp will be operating will be outlined in the imminent Framework Agreement. We have also assumed a 7.3% royalty payable to the Tanzanian government on all doré shipped, and a 30% corporate tax rate.

We assume project funding through a A\$225M debt facility and A\$225M equity raise.

We have also included a US\$8.05M final payment to Barrick as was required on grant of the SML. This gives OreCorp 100% ownership over the Nyanzaga project prior to the government's free carried interest. We have assumed a A\$20M equity raise at \$0.83 subscription price next quarter to provide working capital during DFS activities.

A A\$225M debt facility and A\$225M equity raise at \$0.83 subscription price have been used to fund pre-production capital in our model. This results in equity dilution in present value terms of A\$132M.

As a sum of parts, we value OreCorp at \$406M or \$1.27 per share.

We have also assigned a nominal exploration valuation to Nyanzaga equal to 20% of the projects post tax valuation (inclusive of government 16% free-carry interest), or A\$88M. Prior to Tanzania's 2017 legislative changes OreCorp had flagged the Kilimani deposit as potential satellite feed, and identified a number of regional targets through soil sampling. We expect all near term efforts to be focussed on the development of Nyanzaga. Longer term the exploration potential in Tanzania remains. We also assign a nominal valuation of A\$15M to OreCorp's Eastern goldfields assets. Again, we expect near term attention to be focussed on Nyanzaga development.

As a sum of parts Argonaut values OreCorp at A\$400M, or \$1.25 per share. This valuation includes Argonaut's mining scenario for the Nyanzaga project, a valuation of the Tanzanian Governments free-carry interest, a nominal exploration valuation for Nyanzaga and Eastern Goldfields projects, current cash and equivalents, and future tax benefit. Corporate overheads and equity dilution are also included.

Table 2: OreCorp Valuation Summary.

Valuation summary	A\$M	A\$/sh
Nyanzaga project 10% real after tax	519	1.62
Tanzania Government 16% Free-Carry Interest	-78	-0.24
Exploration, Nyanzaga	88	0.28
Eastern Goldfields Projects	15	0.05
Corporate overheads	-21	-0.07
Cash (inclusive of final Nyanzaga Payment)	8	0.03
Debt	0	0.00
Tax benefit	1	0.00
Hedging	0	0.00
Option/equity dilution	-132	-0.41
NAV	400	1.25

Source: Argonaut

The main risk to valuation remains Tanzania's fiscal policy.

Key risks to Valuation

The main risk to valuation remains Tanzania's fiscal policy and in-country security. We have used a discount rate of 10% to account for this risk. OreCorp is currently in negotiations with the Tanzanian Government to finalise a Framework Agreement. This will set the fiscal terms for the project under which OreCorp will operate. At this stage we have assumed a royalty rate of 7.3%, Corporate Tax Rate of 30%, and government free-carry interest of 16%. The final rates could vary from these assumptions, positively or negatively. Recent rhetoric from the government speaks to Tanzania's desire to stimulate foreign mining investment.

Our valuation is highly sensitive to discount rate.

All else staying equal, if we were to use a lower discount rate of 7% the Nyanzaga project NPV would increase to A\$706M or \$2.20 per share. If this increase in confidence were to be combined with fiscal policy that was more favourable to OreCorp, significant increase in NAV would be forecast.

Argonaut's valuation of the Nyanzaga project is highly sensitive to both gold price and exchange rate. We have used Argonaut's internal gold price estimate of US\$1750 and exchange rate of 0.75 AUD:USD across the life of the project. Of note, if current spot gold (US\$1900) and exchange rate (0.78) were used our estimated Nyanzaga project NPV would be A\$641M, a 24% increase.

Table 3: Argonaut Mining Scenario for Nyanzaga project NPV in AUD under varying gold price/exchange rate.

		Gold Price (US\$)					
		-10%	-5%	Base	+5%	+10%	+15%
		1575	1662.5	1750	1837.5	1925	2012.5
AUD:USD	0.85	307	382	458	534	610	685
	0.80	326	406	487	567	648	728
	0.75	348	433	519	605	691	777
	0.70	373	464	556	648	740	832
	0.65	401	500	599	698	797	896

Source: Argonaut

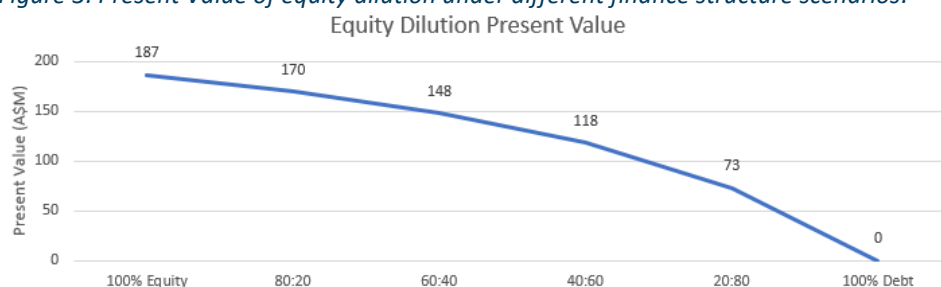
For the current valuation Argonaut utilised a processing recovery factor of 88%. DFS studies will investigate processing options. If recovery of 90% was able to be achieved our project NPV would increase by 7.5%.

Further clarity on project scale and capital requirements will come with OreCorp's DFS.

Argonaut has assumed total pre-production capital expenditure of US\$308M, inclusive of plant, associated infrastructure construction, pit pre-strip, and other pre-mining capital. This is centred around a 4Mtpa processing facility. Factoring in the increased Resource estimate post-PFS and higher current gold price it is likely that more gold will optimise into the Maiden Reserve than anticipated in the PFS. It follows that higher capex will be required for a higher throughput processing facility and larger scale associated infrastructure. More clarity on this will come with the DFS.

To fund the pre-production capital expenditure Argonaut has assumed A\$450M in capital required, funded by a 50:50 equity raise to debt split. If OreCorp were able to secure a higher proportion of debt funding NAV would improve.

Figure 3: Present Value of equity dilution under different finance structure scenarios.



Source: Argonaut

Directors and Management

Craig Williams - Non-Executive Chairman

Geologist. Significant early career exploration experience in Australia. Co-founder and subsequently President and CEO of Equinox Minerals. With Equinox, financed and developed the Lumwana Copper mine in Zambia and subsequent M&A activity, Equinox was ultimately taken over mid-2011 by Barrick Gold Corporation for \$7B. Currently Non-Executive Director of Liontown Resources.

Matthew Yates – Chief Executive Officer & Managing Director

Geologist. Founder of OreCorp. Previously joint MD of Mantra Resources, involved in acquisition of numerous African uranium projects. Also managed exploration teams in Australia and Tanzania, including 7 years in-country in Tanzania.

Alastair Morrison - Non-Executive Director

Geologist. Early career in exploration in Australia. Managed an exploration team for 6 years in Tanzania that successfully delineated >5Moz Au. Project evaluation and investment experience as an analyst for a private resource-focussed investment fund. Currently Non-Executive Director of E2 Metals.

Mike Klessens - Non-Executive Director

CPA. Previously Vice President-Finance and CFO of Equinox minerals. Prior to this held senior positions with mid-tier Australian Resource companies.

Robert Rigo - Non-Executive Director

Engineer. Previously Vice President-Project development of Equinox. Responsible for managing feasibility and technical studies in Zambia. After Equinox, managed construction of an underground copper mine in Saudi Arabia.

Table 4: OreCorp's board and management holdings

	Position	Opts	Perf. rights	Shares	Exposure	%
		M	M	M	M	
Craig Williams	Exec Chair	1.5		3.1	4.6	1.4%
Matthew Yates	CEO/MD	1.6		10.6	12.1	3.7%
Alastair Morrison	NED	1.3		5.1	6.4	2.0%
Mike Klessens	NED	1.3		2.0	3.3	1.0%
Robert Rigo	NED	1.3		0.6	1.8	0.6%
Total		6.8		21.5	28.3	8.6%

Source: ORR

OreCorp's management team has a strong track record of project development in Africa and Tanzania. OreCorp has also secured a study team to advance the DFS. Including:

Lucas Stanfield – Project Director

Mining Engineer. Previously Chief Development Officer of Peak Resources. Project development experience in Australia, Africa, and the UK. Bulk of most recent work focused in Tanzania.

Dave Dodd – Study Manager

Chemical Engineer. Prolific career including Technical Director of MDM Engineering. Involved in over 200 feasibility studies and commissioned over 60 projects.

These recent appointments bolster the OreCorp team and position the Company well to advance Nyanzaga towards production.

Summary

OreCorp holds one of the best undeveloped projects in Africa. When developed it will be a substantial cash generator and an important part of Tanzania’s economic development. While Nyanzaga’s fiscal terms remain unclear we take comfort in recent Tanzanian government statements and bureaucratic advancements. Key operational parameters will be made clear upon completion of OreCorp’s DFS which we assume will take six to nine months. The project potential is clear, and we assign a Speculative Buy rating with a valuation of A\$400M or \$1.25 per share.

RESEARCH:

Ian Christie | Head of Research
+61 8 9224 6872 ichristie@argonaut.com

John Macdonald | Director, Metals & Mining Research
+61 8 9224 6835 jmacdonald@argonaut.com

George Ross | Analyst, Metals & Mining Research
+61 8 9224 6840 georger@argonaut.com

Royce Haese | Analyst, Metals & Mining Research
+61 8 9224 6869 rhaese@argonaut.com

INSTITUTIONAL SALES - PERTH:

Chris Wippl | Executive Director, Head of Institutional Sales
+61 8 9224 6875 cwippl@argonaut.com

Damian Rooney | Director Institutional Sales
+61 8 9224 6862 drooney@argonaut.com

John Santul | Consultant, Sales & Research
+61 8 9224 6859 jsantul@argonaut.com

Josh Welch | Institutional Dealer
+61 8 9224 6868 jwelch@argonaut.com

George Ogilvie | Institutional Dealer
+61 8 9224 6871 gogilvie@argonaut.com

INSTITUTIONAL SALES – HONG KONG:

Damian Rooney | Director Institutional Sales
+61 8 9224 6862 drooney@argonaut.com

CORPORATE AND PRIVATE CLIENT SALES:

Glen Colgan | Managing Director, Desk Manager
+61 8 9224 6874 gcolgan@argonaut.com

Kevin Johnson | Executive Director, Corporate Stockbroking
+61 8 9224 6880 kjohnson@argonaut.com

James McGlew | Executive Director, Corporate Stockbroking
+61 8 9224 6866 jmclew@argonaut.com

Geoff Barnesby-Johnson | Senior Dealer, Corporate Stockbroking
+61 8 9224 6854 bj@argonaut.com

Ben Willoughby | Senior Dealer, Corporate Stockbroking
+61 8 9224 6876 bwiloughby@argonaut.com

Philip Grant | Senior Dealer, Corporate Stockbroking
+61 8 9224 6834, pgrant@argonaut.com

David Keogh | Senior Dealer, Corporate Stockbroking
+61 8 9224 6852, dkeogh@argonaut.com

Rob Healy | Dealer, Private Clients
+61 8 9224 6873, rhealy@argonaut.com

Cameron Prunster | Dealer, Private Clients
+61 8 9224 6853 cprunster@argonaut.com

James Massey | Dealer, Private Clients
+61 8 9224 6849 jmassey@argonaut.com

Chris Hill | Dealer, Private Clients
+61 8 9224 6830, chill@argonaut.com

Harry Massey | Dealer, Private Clients
+61 8 9224 6829, hmassey@argonaut.com

Reece O'Connell | Provisional Financial Advisor, Private Clients
+61 8 9224 6851, roconnell@argonaut.com

Quinton Meyers | Provisional Financial Advisor, Private Clients
+61 8 9224 6879, qmeyers@argonaut.com

Jonas Dorling | Assoc. Dealer / Prov. Fin. Advisor, Private Clients
+61 8 9224 6837, jdorling@argonaut.com

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