

**Analyst**

David Coates 612 8224 2887

**Authorisation**

Stuart Howe 613 9235 1856

# OreCorp Ltd (ORR)

## Initiation: Tanzanian treasure

**Recommendation**
**Buy** (Initiation)

**Price**
**\$0.435**
**Valuation**
**\$0.84** (unchanged)

**Risk**
**Speculative**
**GICS Sector**
**Materials**
**Expected Return**

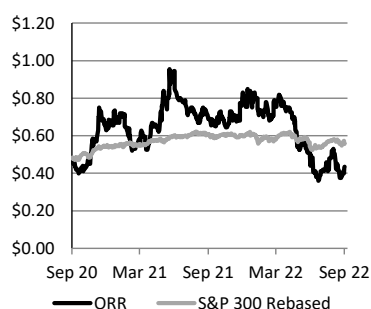
Capital growth	<b>93%</b>
Dividend yield	<b>0%</b>
Total expected return	<b>93%</b>

**Company Data & Ratios**

Enterprise value	<b>\$142m</b>
Market cap	<b>\$174m</b>
Issued capital	<b>399.0m</b>
Free float	<b>90%</b>
Avg. daily val. (52wk)	<b>\$136,000</b>
12 month price range	<b>\$0.35-\$0.85</b>

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	0.52	0.54	0.72
Absolute (%)	-16.3	-19.4	-39.6
Rel market (%)	-13.6	-18.3	-31.8

**Absolute Price**


SOURCE: IRESS

## Large scale, low-cost, long-life gold project confirmed

ORR is a WA-based gold exploration and development company focused on the development of its prime asset, the Nyanzaga Gold Project (NGP), located within the Lake Victoria Goldfields of Tanzania. ORR has recently completed a Definitive Feasibility Study (DFS) on the NGP, outlining the development case for concurrent open-pit and underground mining operations over a 10.7 year life-of-mine (lom). The NGP is planned to deliver average annual gold production of 242koz for the first 10 years, with peak production of 295koz, from a maiden Reserve of 40.1Mt @ 2.02g/t Au for 2.6Moz Au. Pre-production CAPEX is estimated at US\$474m, and lom average All-In-Sustaining-Costs (AISC) at US\$954/oz. Finalisation of project finance is targeted for early CY23, with the objective of first gold in 2HCY25.

## Strong management, quality project, good value

ORR offers exposure to a Board and management team with a track record of successful project acquisition, development, operation and value creation in African jurisdictions. The NGP has scale, strong margins and the potential for Resource growth and mine life extension in an established gold mining region. ORR screens favourably on key project and valuation metrics compared with its ASX-listed peers, with the NGP one of the most advanced, largest scale and highest grade development projects in the group. After a stalled period from 2017 to 2020, Tanzania is attracting significant investment into resource projects from some of the largest companies in the sector, which are continuing to seek growth opportunities in-country.

## Investment thesis: Speculative Buy, Valuation \$0.84/sh

We initiate on ORR following the major de-risking event of the completion of the DFS on the NGP and ahead of the key catalyst of project financing. The NGP is emerging as an attractive, significant scale, new gold project with strong financial performance metrics in a region that is experiencing a resurgence in investment by the world's largest mining companies. We make a Speculative Buy recommendation on our Valuation of \$0.84/sh.

**Earnings Forecast**

Year end 30 June	2023e	2024e	2025e	2026e
Sales (A\$m)	-	-	-	401
EBITDA (A\$m)	(15)	(7)	(7)	246
NPAT (reported) (A\$m)	(15)	(24)	(23)	165
NPAT (adjusted) (A\$m)	(15)	(24)	(23)	165
EPS (adjusted) (cps)	(3.4)	(5.2)	(3.0)	15.4
EPS growth (%)	nm	nm	nm	nm
PER (x)	nm	nm	nm	2.8
FCF Yield (%)	-12%	-120%	-141%	45%
EV/EBITDA (x)	(9.5)	(21.4)	(20.9)	0.6
Dividend (cps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	-22%	-55%	-7%	34%

SOURCE: BELL POTTER SECURITIES ESTIMATES

# Contents

Investment thesis and valuation.....	3
Company background and asset summary .....	8
Project summary .....	11
Capital structure and financials.....	17
Board and Management .....	20
Resource sector risks.....	22

# Investment thesis and valuation

## Investment thesis: Speculative Buy, Valuation \$0.84/sh

Our investment thesis in ORR is predicated on:

- A **strong management team with an excellent track record of value creation** through project identification, acquisition, development and operation in African mining jurisdictions. The Board and senior management roles are dominated by Directors and Executives with broad and deep African experience, including combined Board experience of over 30 years in Tanzania. Specifically, this relates to Equinox Minerals, a company which developed and brought into production the Lumwana Copper mine in Zambia and was taken over in 2011 by Barrick Gold for \$7 billion.
- ORR's primary asset, the Nyanzaga Gold Project (NGP), is a **large scale** (+240kozpa average annual production), **low cost** (average All-In-Sustaining-Cost of US\$954/oz), **long-life** (+10 years) gold mine located in a well-established and highly prospective mining region.
- Underpinning the NGP mine plan is a robust, high grade gold Mineral Resource which shows continuity and scale over a range of cut-off grades. Typically, this translates to operational flexibility over the life of mine that enables strong margins to be maintained through the gold price cycle. The ability to choose between open-pit and underground mining methods helps maximise project value.

**Table 1 - NGP grade/tonnage table - various cut-off-grades (September 2017)**

Gold g/t Cut-off	Tonnage (Million)	Gold g/t	Gold koz	In Situ Dry Bulk Density
2.75	12.9	5.75	2,389	2.83
2.50	14.3	5.46	2,504	2.82
2.25	15.7	5.18	2,609	2.82
2.00	17.3	4.89	2,723	2.81
1.75	19.6	4.54	2,858	2.81
<b>1.50</b>	<b>23.7</b>	<b>4.03</b>	<b>3,072</b>	<b>2.82</b>
1.25	30.3	3.45	3,366	2.82
1.00	45.0	2.69	3,897	2.82
0.75	65.3	2.13	4,469	2.83
0.50	103.7	1.57	5,246	2.83
0.45	111.5	1.50	5,366	2.83

SOURCE: ORECORP LTD

- The NGP holds **significant exploration upside and mine life extension opportunities**. The Mineral Resource extends from surface to approximately 800m vertically below surface (mbs) and is constrained only by drilling. The mineralisation remains open at depth, with the deepest intersection to date ~1,000mbs. Neighbouring mines in a similar geological setting (such as the Bulyanhulu Gold Mine, owned and operated by Barrick (ABX:CN, not rated)) have known depth extents to ~2,000mbs. The Special Mining Licence (SML) area of covering the NGP also includes the 213koz Kilimani deposit, just 450m away from the Nyanzaga deposit and shows potential to link up. The SML area also includes an additional 15 prospective targets hosted within highly a prospective Archaean greenstone geological terrane.
- The NGP offers **low carbon intensity gold production** by virtue of its approved connection to Tanzanian grid power which is currently 31% hydro-electric generated. This is set to rise to 71% when a new 2.1GW hydropower station is completed. The grid power supply is also low cost, at just US\$0.08/kWh.
- Tanzania is the **sixth largest gold producing country in Africa**, with a well established gold mining industry and experienced local workforce, particularly across the Lake Victoria Goldfields. Active operations include both open-pit and underground

mining and several of the world's largest mining companies, including Barrick Gold, AngloGold Ashanti, are represented. Tanzania has a stated economic objective to approximately double mining's share of GDP. BHP (BHP, not rated), Barrick and TotalEnergie have all recently announced new major investments in Tanzania. The country's Fraser Institute Investment Attractiveness Index ranking has improved from last in 2019 to 67/84 in 2021.

- Having attended the site visit to the NGP in May 2022, it was apparent there was a high number of participants from Tanzanian, South African, Pan African and global debt providers. There appeared to be significant interest in providing debt for the NGP. Combined with the long-life, low-cost characteristics of the project, the potential contribution to the local economy and the opportunity for ORR to tap into support from local financial institutions, **it is our view that a significant portion of project finance requirement will be debt-funded on competitive terms.**
- ORR's NGP relies on **conventional mining and processing methods that are well understood in Tanzania** and will be able to establish a workforce made up predominantly of Tanzanian nationals.
- ORR **screens favourably on all metrics compared with its ASX-listed peer** gold exploration and development companies: it is one of the most advanced, with a DFS completed and a maiden Ore Reserve released; its Resources and Reserves are among both the largest scale and highest grade; it shows good value on EV per Resource and Reserve ounce metrics; and it is among the better funded companies in the group.

**Table 2 - ASX-listed gold exploration and development company comparison table**

Company	ASX Code	Price (A\$/sh)	Market Cap (A\$m)	Net cash (debt) (A\$m)	Available funding (A\$m)	EV (A\$m)	Resources (Moz)	Grade (g/t Au)	EV/ Res oz (A\$/oz)	Reserves (Moz)	Grade (g/t Au)	EV/Rsv oz (A\$/oz)	Funded qtrs remaining	Net cash (debt) / Mkt Cap
De Grey Mining Limited	DEG	\$1.11	\$1,566.0	\$63.5	\$63.5	\$1,502.5	10.634	1.30	\$141	-	-	na	2.0	4.1%
Bellevue Gold Limited	BGL	\$0.80	\$836.3	\$117.5	\$317.5	\$718.8	3.1	9.90	\$232	1.3	6.10	\$536	14.8	14.0%
GREATLAND GOLD PLC	GGP.LSE	\$0.15	\$672.9	-\$10.0	\$62.7	\$682.8	1.650	1.90	414	0.7	3.00	948	3.7	-1.5%
Tietto Minerals Limited	TIE	\$0.52	\$517.2	\$84.6	\$84.6	\$432.6	3.450	1.10	\$125	1.5	1.30	\$298	8.1	16.4%
Genesis Minerals Limited	GMD	\$1.07	\$358.7	\$116.0	\$116.0	\$242.7	2.017	1.60	\$120	-	-	na	26.7	32.3%
Calidus Resources Limited	CAI	\$0.59	\$258.3	-\$66.0	\$44.0	\$324.3	1.714	1.20	\$6	0.5	1.20	\$593	5.2	-25.6%
Magnetic Resources NL	MAU	\$1.00	\$225.3	\$3.1	\$3.1	\$222.2	0.536	1.13	\$415	-	-	na	1.6	1.4%
<b>OreCorp Limited</b>	<b>ORR</b>	<b>\$0.43</b>	<b>\$171.6</b>	<b>\$31.9</b>	<b>\$31.9</b>	<b>\$139.7</b>	<b>3.291</b>	<b>3.40</b>	<b>\$42</b>	<b>2.6</b>	<b>2.02</b>	<b>\$54</b>	<b>6.4</b>	<b>18.6%</b>
Tulla Resources PLC	TUL	\$0.50	\$133.2	\$70.9	\$99.7	\$62.3	2.390	3.40	\$26	0.5	2.20	\$127	41.5	53.2%
Catalyst Metals Limited	CYL	\$1.32	\$130.0	\$20.7	\$21.3	\$109.3	0.357	4.50	\$306	-	-	na	42.2	15.9%
Musgrave Minerals Limited	MGV	\$0.24	\$128.9	\$10.6	\$10.6	\$118.3	0.927	2.30	\$128	-	-	na	4.2	8.2%
Santana Minerals Limited	SMI	\$0.78	\$114.4	\$8.6	\$8.6	\$105.8	2.090	1.40	\$51	-	-	na	4.3	7.5%
Antipa Minerals Limited	AZY	\$0.03	\$97.3	\$7.9	\$7.9	\$89.5	2.704	1.15	\$33	-	-	na	3.6	8.1%
Ausgold Limited	AUC	\$0.05	\$93.4	\$10.9	\$10.9	\$82.4	2.160	1.21	\$38	1.3	1.25	\$64	3.0	11.7%
KIN Mining NL	KIN	\$0.07	\$73.4	\$23.6	\$23.6	\$49.7	1.275	1.27	\$39	0.3	1.10	\$176	9.8	32.2%
Breaker Resources NL	BRB	\$0.22	\$71.7	\$11.7	\$11.7	\$60.0	1.684	1.60	\$36	-	-	na	4.1	16.3%
Tanami Gold NL	TAM	\$0.04	\$51.7	\$33.4	\$33.4	\$18.3	1.372	2.80	\$13	-	-	na	292.9	64.6%
Encounter Resources Limited	ENR	\$0.15	\$47.6	\$2.2	\$2.2	\$45.4	0.000	0.00	na	-	-	na	3.7	4.6%
Vango Mining Limited	VAN	\$0.04	\$46.6	\$6.3	\$17.8	\$40.3	1.002	3.00	\$40	-	-	na	10.5	13.5%
Horizon Minerals Limited	HRZ	\$0.07	\$44.1	\$5.6	\$5.6	\$38.5	1.1	1.72	\$34	-	-	na	2.1	12.6%
Alto Metals Limited	AME	\$0.07	\$42.9	\$3.3	\$3.3	\$39.6	0.635	1.60	\$62	-	-	na	1.9	7.6%
Rox Resources Limited	RXL	\$0.25	\$41.4	\$4.4	\$4.4	\$36.9	2.328	3.57	\$16	-	-	na	1.9	10.7%
Kalamazoo Resources Limited	KZR	\$0.26	\$37.6	\$2.8	\$2.8	\$34.8	1.646	2.50	\$21	-	-	na	2.0	7.5%
Falcon Metals Ltd	FAL	\$0.21	\$37.2	\$25.0	\$25.0	\$12.2	0.000	0.00	na	-	-	na	17.5	67.3%
Saturn Metals Limited	STN	\$0.28	\$36.4	\$7.1	\$7.1	\$29.3	1.469	0.60	\$20	-	-	na	3.0	19.5%
Venus Metals Corporation Lin	VMC	\$0.16	\$25.6	\$5.5	\$5.5	\$20.1	0.936	2.97	\$21	-	-	na	5.7	21.5%
Yandal Resources Limited	YRL	\$0.16	\$18.9	\$3.7	\$3.7	\$15.1	0.3	1.13	\$56	-	-	na	2.6	19.8%
Aurumin Limited	AUN	\$0.11	\$13.2	-\$2.3	\$4.1	\$15.4	0.8	1.15	\$18	-	-	na	2.9	-17.2%
Prodigy Gold NL	PRX	\$0.01	\$5.8	-\$2.5	\$2.4	\$8.3	1.0	2.00	\$8	-	-	na	1.1	-42.7%
<b>Total / average</b>			<b>\$5,897.3</b>		<b>\$1,035.0</b>		<b>52.6</b>	<b>2.3</b>	<b>\$79</b>	<b>8.7</b>	<b>2.4</b>	<b>\$264</b>		

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

Priced as at cob 14/09/2022

SOURCE: BELL POTTER SECURITIES

## Valuation methodology

Our equity valuation of ORR is based on the NPV of our forecast after-tax free cash flows from the Nyanzaga Gold Project in Tanzania. For the purposes of our valuation we have applied the approximate project parameters as outlined in the Definitive Feasibility Study of August 2022, under our own commodity price and foreign exchange rate forecasts. The present value of our estimate of ORR's future corporate overhead costs is netted off the equity valuation and adjusted for ORR's last reported net cash position.

For the NGP, we apply a discount rate of 12% (nominal), consistent with rates applied to other assets under our coverage that are located in emerging economies. Operating costs and commodity prices are indexed at 2.5% pa. To reflect the project's DFS stage of development we apply a risk-adjustment discount of 20% (i.e. attribute 80% of our calculated project NPV) and our NPV is calculated forward from FY22.

We estimate a notional exploration valuation for the portion of the NGP Resource that is not included in our modelled mine plan, plus some exploration success upside, based upon current market metrics such as Enterprise Value per Resource ounce and Enterprise Value per Reserve ounce.

In line with our standard practice for the valuation of exploration and development companies with no revenue, we include an assumption for an equity raising at a slight discount to the current share price within the next 12 months to allow for the funding of ongoing project development activities and general corporate purposes.

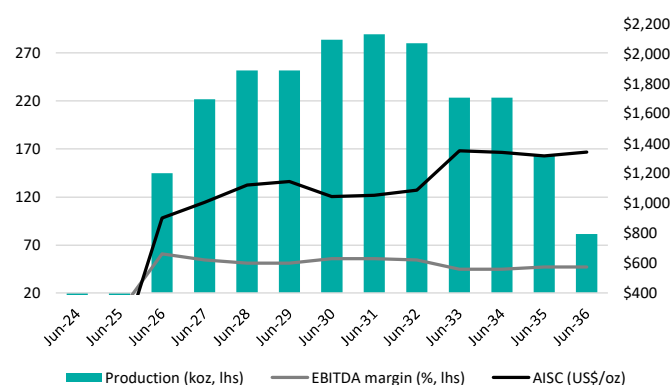
## Assumed LOM production and costs

Our modelled assumptions vary slightly from those in the DFS as we smooth some assumptions and approximate others. Overall our modelled project metrics closely align with ORR's. Minor variations include:

- Marginally higher AISC of US\$969/oz (real), reflecting the inclusion of ongoing exploration costs and slightly higher sustaining capital allowances. Our pre-production CAPEX estimate matches the DFS, at US\$474m;
- Average annual production for the first 10 years of 233kozpa (vs 242kozpa in the DFS), peaking at 289koz (vs 295koz in the DFS) on minor variations in assumptions; and
- A slightly longer mine life, of 11 years, which includes an extension of underground production rates through years 9 and 10, reflecting our view that Resource growth is likely due to the Nyanzaga deposit remaining open at 800mbs and mineralisation having been intersected ~1,000mbs.

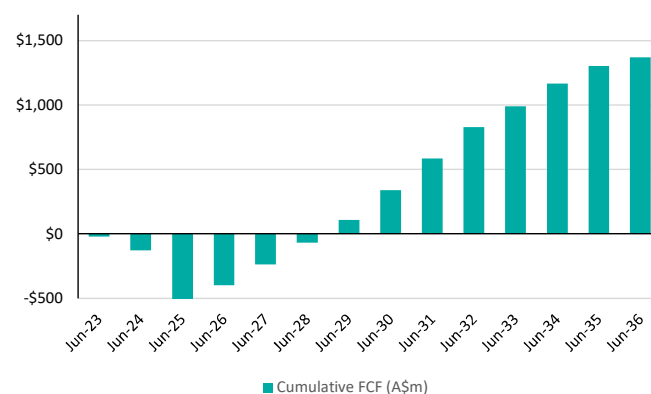
Key outputs from Bell Potter (BP) modelled assumptions are shown in the charts below:

Figure 1 – BP gold production, AISC and EBITDA margin forecast



SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 2 – BP cumulative free cash flow forecast



SOURCE: BELL POTTER SECURITIES ESTIMATES

### Sensitivity analysis

We have conducted a high-level sensitivity analysis based on our modelled assumptions as outlined above. Our findings are consistent with ORR's own financial analysis of the NGP, which found the project was most sensitive to gold prices, then operating costs and least sensitive to CAPEX. ORR did not report discount rate sensitivities.

We point out that for the purposes of this analysis, we have used a slightly different NPV methodology than we use for our ORR equity valuation. Our ORR equity valuation has a risk adjustment discount of 20% applied, reflecting the DFS development stage of the NGP. Our equity valuation also carries a time discount, capturing cash flows from today until forecast first production in mid-CY25.

For the purposes of this sensitivity analysis we do not apply a risk adjustment discount and the time discount is accounted for in project years (i.e. production minus x years).

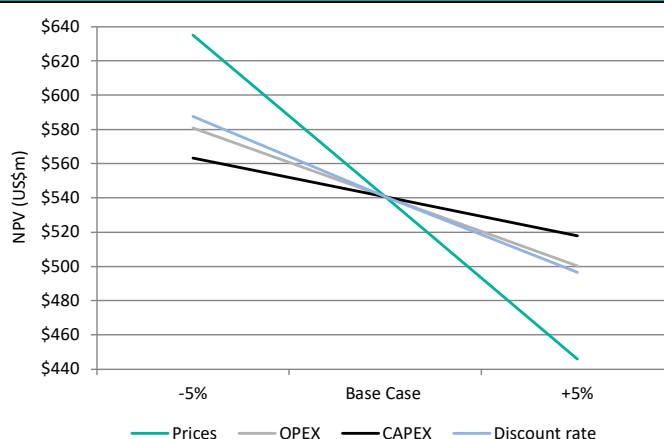
Key inputs to our Base Case assumptions include:

- Gold price: US\$1,900/oz (LT, nominal);
- Discount rate: 12% (nominal);
- Pre-production CAPEX: US\$474m; and
- Average lom AISC: US\$1,143/oz (nominal) = US\$969/oz (real).

Figure 3 – NGP sensitivity table

Element	Project NPV (US\$m)		
	-5%	Base Case	+5%
Gold price	\$635.1	<b>\$540.6</b>	\$446.0
OPEX	\$580.9	<b>\$540.6</b>	\$500.2
CAPEX	\$563.3	<b>\$540.6</b>	\$517.8
Discount rate	\$587.5	<b>\$540.6</b>	\$496.6

Figure 4 - NGP sensitivity chart



SOURCE: BELL POTTER SECURITIES ESTIMATES

SOURCE: BELL POTTER SECURITIES ESTIMATES

## Valuation and Recommendation – Buy (Speculative), V\$0.84/sh

From our modelled assumptions we derive a risk-adjusted, post-tax, NPV-based valuation for the NGP of A\$340m. Net of corporate costs, ORR's current net cash (debt) position and a notional exploration valuation, we calculate a sum-of-the-parts (SOTP), diluted equity valuation for ORR of \$0.84/sh.

Our SOTP valuation is summarised in the table below:

<b>Sum-of-the-parts</b>	<b>A\$m</b>	<b>A\$/sh</b>
Nyanzaga (risk adjusted NPV <sub>12</sub> )	337.4	0.85
Other exploration	25.0	0.06
Corporate overheads	(25.6)	(0.06)
Subtotal	336.8	0.84
Net cash (debt)	31.9	0.08
<b>Total (undiluted)</b>	<b>368.7</b>	<b>0.92</b>
Add cash from options	-	-
Assumed equity raise	30.0	@ 0.41
<b>Total (diluted)</b>	<b>398.7</b>	<b>0.84</b>

SOURCE: BELL POTTER SECURITIES ESTIMATES

With upside of 102% from ORR's last closing share price to our valuation, we make a Speculative Buy recommendation in conformity with our rating structure.

## Upcoming catalysts

Upcoming catalysts for ORR include:

- The September 2022 quarter quarterly report, expected in late October, which we anticipate will provide an update on most project development milestones and catalysts;
- The major upcoming catalyst for ORR is the progress of project financing activities. ORR has engaged a debt advisory firm (Auramet) to assist with sourcing and negotiating project debt finance options. ORR is aiming to finalise a project finance package and Final Investment Decision by end 1QCY23;
- Ongoing reporting of exploration results and reviews of geological targets, including depth extensions to Nyanzaga, additional open pit opportunities and ongoing regional exploration;
- The preparation for procurement of long-lead time equipment and review of vendor data during 4QCY22;
- The engagement of key contractors for Front-End Engineering and Design (FEED), bulk civil earthworks and open-pit and underground mining contracts during 1HCY23;
- The successful and timely implementation of the Resettlement Action Plan (RAP). This is currently underway and targeted for finalisation in 2HCY23; and
- The commencement of construction activities in 2HCY23, with a scheduled duration of 21 months, ahead of first gold production in 2HCY25.

# Company background and asset summary

## Company background and overview

ORR is a WA-based gold exploration and development company focused on the advancement of its prime asset, the Nyanzaga Gold Project (NGP), located within the Lake Victoria Goldfields of the United Republic of Tanzania (Tanzania), on Africa's east coast. The NGP has a JORC compliant Mineral Resource Estimate (MRE) of 3.1Moz of gold at a grade of 4.03g/t Au and is recognised as one of the best undeveloped gold deposits in Africa.

In August 2022, a Definitive Feasibility Study (DFS) was completed on the NGP, outlining the development case for concurrent open-pit and underground mining operations over a 10.7 year life-of-mine (lom). The NGP is planned to deliver average annual gold production of 242koz for the first 10 years, with peak production of 295koz in year 6, from a maiden Reserve of 40.1Mt @ 2.02g/t Au for 2.6Moz Au contained. Pre-production CAPEX is estimated at US\$474m, including a US\$36m contingency and lom average All-In-Sustaining-Costs (AISC) estimated at US\$954/oz. Finalisation of project finance is targeted for early CY23, with a 21 month construction period planned to commence 2HCY23, with the objective of first gold for 2HCY25.

## Management

ORR's management team is led by Non-Executive Chairman (retiring November 2022), Craig Williams and Chief Executive Officer & Managing Director, Matthew Yates. They bring together a Board and senior management team that has deep resources sector and African mining experience.

Craig Williams was the co-founder, President and CEO of Equinox Minerals, a company which developed and brought into production the Lumwana Copper mine in Zambia. Founded in 1993 it was acquired in 2011 by Barrick Gold for \$7 billion. In early September 2022 his intention to retire at the AGM (November 2022) was announced, with succession yet to be confirmed.

Matthew Yates has worked in Australia and southern, east and west Africa. In his roles as CEO and Managing Director of OmegaCorp Limited and then Joint Managing Director of Mantra Resources, he acquired and advanced uranium projects in Tanzania, Zambia and Mozambique.

The culture of successful project acquisition, development, operation and value creation is core at ORR, with several members of the Board and management team also having worked at Equinox. Non-Executive Director, Robert Rigo, was Vice President: Project Development at Equinox and Henk Diederichs, ORR's Chief Operating Officer, was part of the development and operations team at Lumwana. Overall, ORR's combined Board personnel have over 30 years of experience in Tanzania.

## History

ORR established its initial interest in the NGP through a Joint Venture with Acacia Mining plc (previously African Barrick Gold plc) when, in September 2015, it agreed terms to earn up to a 51% interest in the NGP. The terms of that deal evolved over time, with ORR eventually acquiring 100% of the NGP, and in December 2021, the Special Mining Licence (SML) was granted. The SML covers 23km<sup>2</sup> of the 160km<sup>2</sup> NGP tenement package. At that time, a 16% free carried interest in the NGP was assumed by the Government of Tanzania, with ORR holding the remaining 84%. The SML is held by a Sotta Mining Corporation Limited (SMCL), a Joint Venture between ORR and the Government of Tanzania.



**Table 4 - Nyanzaga acquisition timeline**

Date	Amount	Comment
Sep. 2015	US\$1.0m	Upfront cash payment on establishment of JV, terms agreed to earn-in up to 51%
Jul. 2018		Satisfied earn-in obligations to hold 25% of the NGP by sole funding PFS and additional study related work
Sep. 2018		Exercised option to acquire additional 26%, to hold 51% of the NGP
Sep. 2019	US\$3.45m	Acquired 100% of the NGP and removed royalty by additional payment to be included in the final consideration (payable on grant of the Special Mining Licence). Pre-Paid capital gains tax of US\$3.45m
Dec. 2021	US\$8.05m	Final consideration paid upon grant of Special Mining Licence
<b>Total</b>	<b>US\$12.5m</b>	Capitalised exploration asset balance

SOURCE: ORECORP ANNOUNCEMENTS

**Status**

Since acquiring its initial interest, ORR has progressed the NGP to an advanced development stage, including the completion of a Pre-Feasibility Study (PFS) in March 2017. It outlined the development case for a 4Mtpa mining operation, producing up to 249kozpa gold, averaging 213kozpa over a twelve-year mine life for upfront CAPEX of US\$287.5m and All-in-Sustaining-Costs (AISC) of US\$838/oz.

This has since been enhanced with the completion of a Definitive Feasibility Study, the key findings of which were released to the ASX in August 2022. This milestone is a significant de-risking event, outlining the final parameters of the project and enabling the market to accurately value the NGP. ORR is now seeking to arrange a financing package, likely a combination of debt project finance and new equity capital, to fund the project's development.

At the current time, ORR remains a pre-production project development company that is dependent upon the provision of debt project finance and the support of shareholders and the equity capital markets for funding. The company currently has no source of its own cash generation or income. As such, ORR is classified as a Speculative Investment.

**Resettlement Action Plan**

The development and implementation of a Resettlement Action Plan (RAP) is a requirement for ORR to commence construction works across the Special Mining Licence of the NGP. The RAP is used to assess land and property values in connection with the relocation of people and properties. It is a well-established and widely understood process in Tanzania with key aspects of compensation proscribed in legislation.

A policy framework for ORR's RAP has been developed, covering landholding delineation, asset auditing and valuation, resettlement and livelihood restoration planning. ORR has a long history in Tanzania and maintained positive relationships with all levels of Government. ORR has also engaged extensively with its host communities across the SML, which comprise approximately 500 households predominantly engaged in subsistence agriculture.

The framework has been benchmarked against and guided by the Equator Principles and International Finance Corporation (IFC) Performance Standards. The successful and timely implementation of the RAP is an important milestone for ORR. This is currently underway and targeted for finalisation and Government approval in 2HCY23.

**Tanzania resources investment environment**

The investment environment in Tanzania has improved markedly and is now attracting significant foreign investment from the world's largest resource companies. A major catalyst was the swearing in of Tanzania's first female President, Samia Suluhu Hassan (the incumbent Vice President) in March 2021, following the death of the incumbent President, John Magufuli. Magufuli had taken an adversarial approach to natural resources

investment, leading to uncertainties and delays for mining projects, particularly during the period between 2017 and his death in 2021.

President Suluhu Hassan quickly signalled a change in tone: in April 2021 she ordered a review of foreign investment and urged officials to "work hard to regain the trust of international business". Key provisions of a new Mining Act were passed, providing greater certainty and enabling projects to continue to advance. ORR immediately benefitted from the improved investment environment, becoming the first company to have its SML approved by the Cabinet under the new Mining Act, in June 2021.

Tanzania is actively working to increase foreign investment in its Resources sector and has a stated economic objective to approximately double mining's share of GDP to 10%. BHP (BHP, not rated), Barrick, Shell Plc and TotalEnergies have all recently announced new major investments in Tanzania. The country's Fraser Institute Investment Attractiveness Index ranking has improved from last position in 2019 to be ranked 67 of 84 countries included in the 2021 mining survey.

Barrick, which was at the centre of a dispute with the previous Government, has made significant investments into its Tanzanian operations and communities (US\$1.9 billion since September 2019). It was recognised as the largest contributor to government revenue in 2021 and a key socio-economic partner to Tanzania. Barrick now classifies the North Mara and Bulyanhulu mines as a combined "Tier 1" project within its global asset portfolio and is actively exploring and seeking growth opportunities in Tanzania.

# Project summary

The Nyanzaga Gold Project (NGP) is an advanced development stage project located ~60km south-southwest of the city of Mwanza and situated in the Lake Victoria Goldfields of Tanzania. The Project comprises a 100%-owned tenement package of 12 Prospecting Licences and applications over a combined area of 160km<sup>2</sup>. Within this sits the Special Mining Licence (SML) covering 23.4km<sup>2</sup> over the Nyanzaga and Kilimani gold deposits which were evaluated in a DFS that was completed in August 2022. In accordance with the Tanzanian Mining Act, the Government of Tanzania (GoT) holds a 16% free-carried interest in the Sotta Mining Company Limited (SMCL), a subsidiary of ORR and the holder of the Nyanzaga SML.

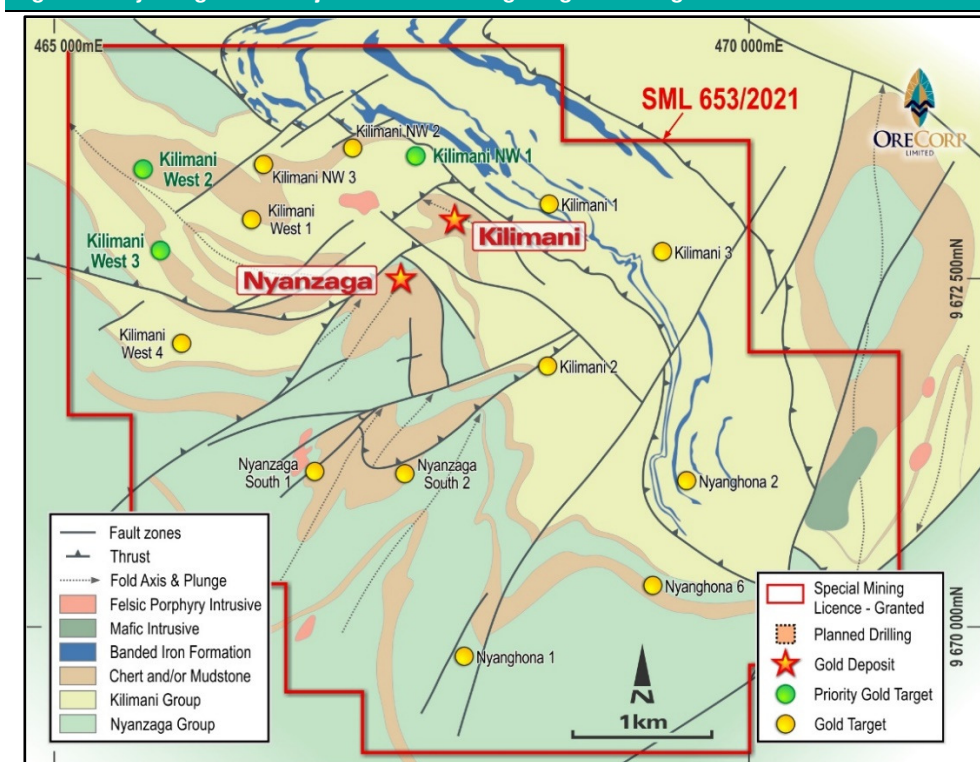
**Figure 5 – Nyanzaga Gold Project location**



SOURCE: ORECORP LTD

The Lake Victoria Goldfields have a long history of global scale gold production and includes the Archean Sukumaland Greenstone Belt, within which the NGP is situated. Historic gold production is estimated to be 25Moz and known Resources and Reserves within 100km of Nyanzaga total a further ~25Moz. Nearby projects include the Geita Gold Mine (AngloGold), which lies approximately 60km to the west of the NGP along the strike of the greenstone belt and the Bulyanhulu Gold Mine (Barrick Gold) is located 36km to the southwest of the NGP.

Figure 6 – Nyanzaga Gold Project SML area and geological setting



SOURCE: ORECORP LTD

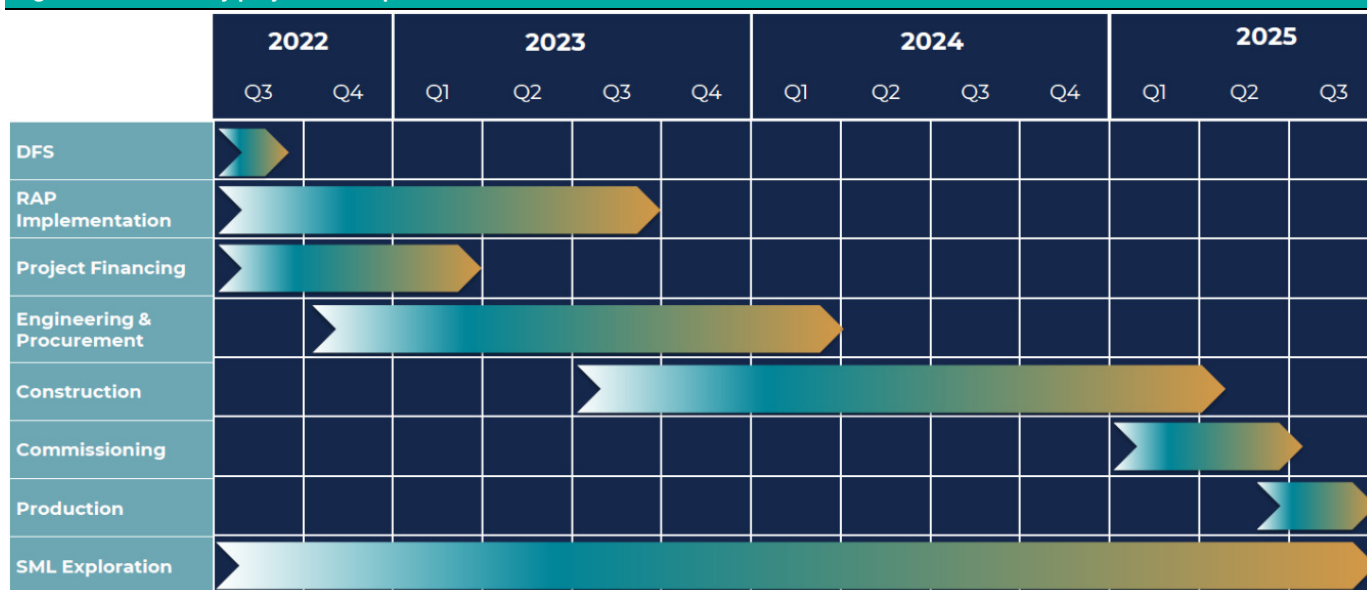
## Nyanzaga Gold Project: key project parameters

**Location:** 60km SSW southwest of the city of Mwanza, Lake Victoria Goldfields, Tanzania.

**Operating currency:** United States dollar.

**Development stage:** Special Mining Licence granted December 2021. DFS completed August 2022. ORR is now seeking project finance and commencing engineering and procurement activities. A 21-month construction phase is planned to start in Q3CY23, with first gold targeted for mid-CY25.

Figure 7 - Preliminary project development timeline



SOURCE: ORECORP LTD

**Mineral Inventory / Production schedule:** 42.5Mt @ 2.07g/t Au for 2.8Moz contained gold (DFS). This inventory comprises 92% Probable Ore Reserves and 8% Inferred Resources.

**Reserves Nyanzaga + Kilimani:** 40.1Mt @ 2.02g/t Au for 2.6Moz Au contained (August 2022) calculated at a cut-off-grade of 0.44 - 0.52g/t Au for open-pits and 2.0g/t Au for underground, assuming a US\$1,500/oz gold price.

**Resources Nyanzaga:** 23.7Mt @ 4.03g/t Au for 3.072Moz contained gold (September 2017) estimated at a cut-off-grade of 1.5g/t Au.

**Resources Kilimani:** 6.3Mt @ 1.06g/t Au for 0.213Moz contained gold (May 2022) estimated at a cut-off-grade of 0.4g/t Au and gold price of US\$1,500/oz.

**Life-of-Mine (LOM):** 10.7 years, based on Mineral Inventory and 4.0Mtpa mill throughput.

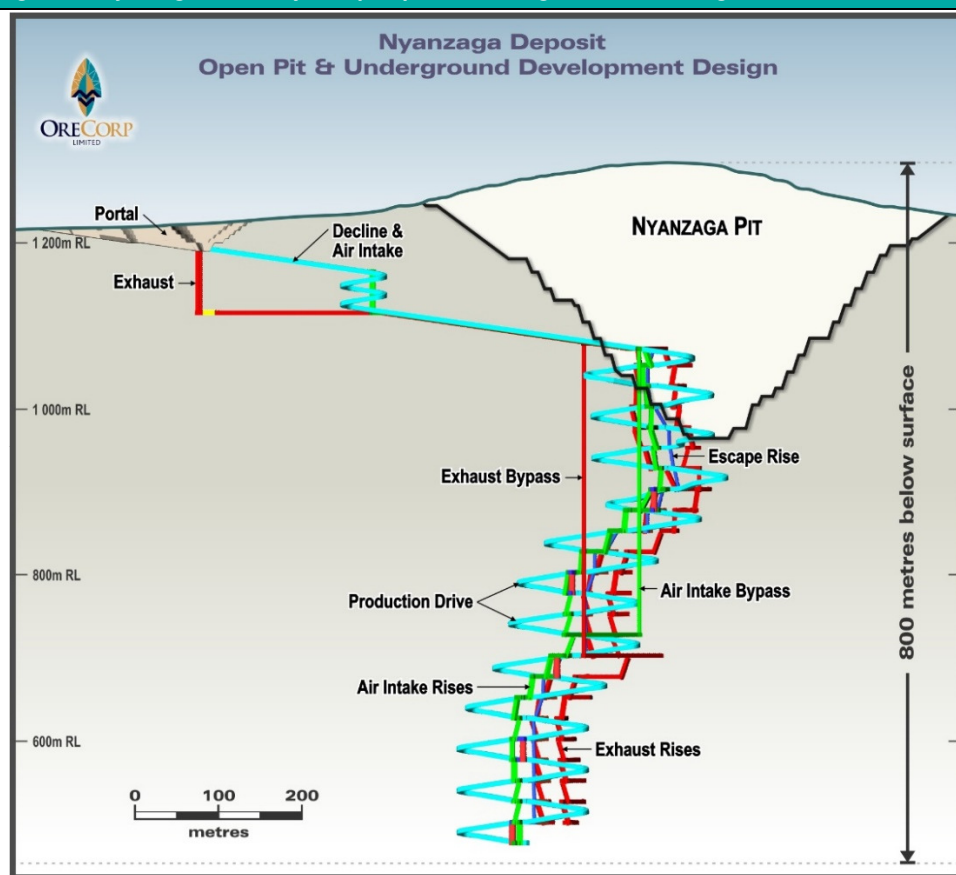
**CAPEX:** US\$474m pre-production CAPEX, inclusive of open-pit pre-strip (~10Mt), pre-production underground development and US\$36m contingency, estimated to an accuracy of -5% / +15%.

**Sustaining CAPEX:** US\$145.5m over lom, estimated to an accuracy of -5% / +15%.

**Target OPEX:** AISC target US\$954/oz (US\$56.08/t ore mined).

**Steady state/target production:** 242kozpa average gold production over first 10 years, peak production of 295koz in year 6.

**Figure 8 - Nyanzaga Gold Project: open-pit and underground mine design**



SOURCE: ORECORP LTD

**Mining:** Three-stage open-pit with concurrent underground operations at Nyanzaga plus a single stage open-pit at Kilimani. Open-pit mining by conventional drill-blast-load-haul methods targeting an ore mining rate of 2.5Mtpa, producing 28Mt of ore at 1.32g/t Au over the lom. Open-pit mining costs average US\$3.78/t material moved, with a contract mining strategy assumed.

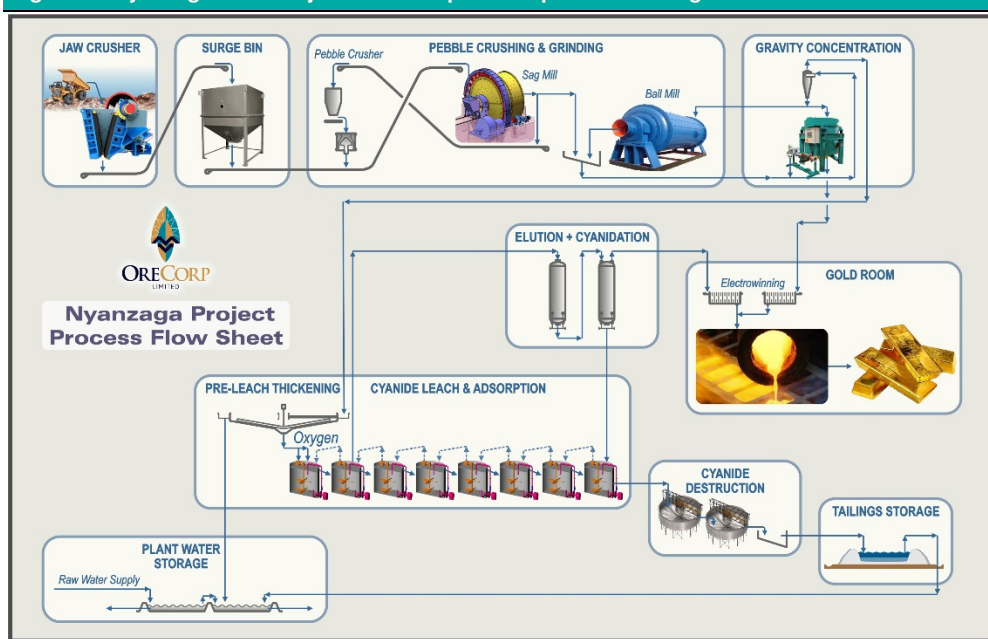


The Nyanzaga underground will be developed from a separate boxcut and target an average annual mining rate of 1.5-1.6Mtpa, producing 14Mt of ore at 3.55g/t Au over the lom from longhole open stoping with paste fill. Underground mining costs are calculated to average US\$57.35/t ore mined.

**Processing:** 4.0Mtpa processing plant incorporating primary jaw crushing, two stage comminution comprising a SAG mill and ball mill (grind size  $\sim 75\mu\text{m}$ ) followed by a conventional gravity and carbon in leach (CIL) process, carbon adsorption, elution circuit and extraction to gold doré. The ore feed to the mill is relatively hard (BWI 21.4kWh/t), offset by low power costs of US\$0.08/kWh, assisting in achieving low average lom processing costs of US\$11.37/t ore processed.

**Recoveries:** The circuit achieves design recoveries ranging from 84% to 92%, averaging 88.2% over the lom.

Figure 9 - Nyanzaga Gold Project: Process plant simplified flow diagram



SOURCE: ORECORP LTD

**Power supply:** Power supply will be via a new 53km transmission line to connect Nyanzaga to the Tanzanian power grid. Hydropower currently makes up approximately 31% of Tanzania's installed supply capacity and is expected to rise to 71% upon completion of a new 2.1GW hydropower station, targeted for 2023.

**Royalties and taxes:** include the statutory 6% revenue royalty, inspection fee of 1% and service levy 0.3% (total 7.3%). Sale to Tanzanian gold refineries incurs a lower rate of 4%. Corporate income tax rate is 30%.

**Government of Tanzania (GoT) free carry:** In accordance with Tanzania's mining legislation, the Government holds a 16% free carried interest, governed by Framework and Shareholders Agreements. For the purposes of our evaluation, we model an outside equity interest payable via dividend distributions once project capital has been repaid.

**Hedging:** Currently unhedged. May form part of a project financing package, which ORR is currently seeking.

## Mineral Resources and Ore Reserves

The current mine plan for Nyanzaga is based upon the September 2017 Mineral Resource Estimate for Nyanzaga and the May 2022 Mineral Resource Estimate for Kilimani. These form the basis of an Ore Reserve for the NGP estimated in June 2022 and which comprises the Nyanzaga open-pit, Kilimani open-pit and the Nyanzaga underground mine.

The current Nyanzaga deposit Mineral Resource Estimate is summarised in the table below:

**Table 5 - Nyanzaga deposit Mineral Resource (September 2017)**

<b>Nyanzaga deposit Resource</b>	<b>Mt</b>	<b>g/t Au</b>	<b>(koz)</b>
Measured	4.6	5.0	738
Indicated	16.2	3.8	1,977
Inferred	2.9	3.8	358
<b>Total</b>	<b>23.7</b>	<b>4.0</b>	<b>3,072</b>

SOURCE: ORECORP LTD

The Nyanzaga deposit area extends over a north-south strike length of 0.6km, has a maximum width of 440m and extends 800m vertically from 1,300mRL – 500mRL. It was estimated at a cut-off-grade of 1.5g/t Au.

The current Kilimani deposit Mineral Resource Estimate is summarised in the table below:

**Table 6 - Kilimani deposit Mineral Resource (May 2022)**

<b>Kilimani deposit Resource</b>	<b>Mt</b>	<b>g/t Au</b>	<b>(koz)</b>
Measured	-	-	-
Indicated	3.4	1.1	119
Inferred	2.9	1.0	94
<b>Total</b>	<b>6.3</b>	<b>1.05</b>	<b>213</b>

SOURCE: ORECORP LTD

The Kilimani deposit is located ~450m northeast of the Nyanzaga Deposit and within the NGP's Special Mining Licence. It extends over approximately 1km of strike length, 300m width and to a depth of 240m. It was estimated at a cut-off-grade of 0.4g/t Au and gold price of US\$1,500/oz.

The consolidated Nyanzaga Gold Project Ore Reserve is summarised in the table below:

**Table 7 – Nyanzaga Gold Project Ore Reserve (June 2022)**

<b>Ore Reserve - NGP</b>	<b>Mt</b>	<b>g/t Au</b>	<b>(koz)</b>
Proven	-	-	-
Probable	40.1	2.0	2,600
<b>Total</b>	<b>40.1</b>	<b>2.0</b>	<b>2,600</b>

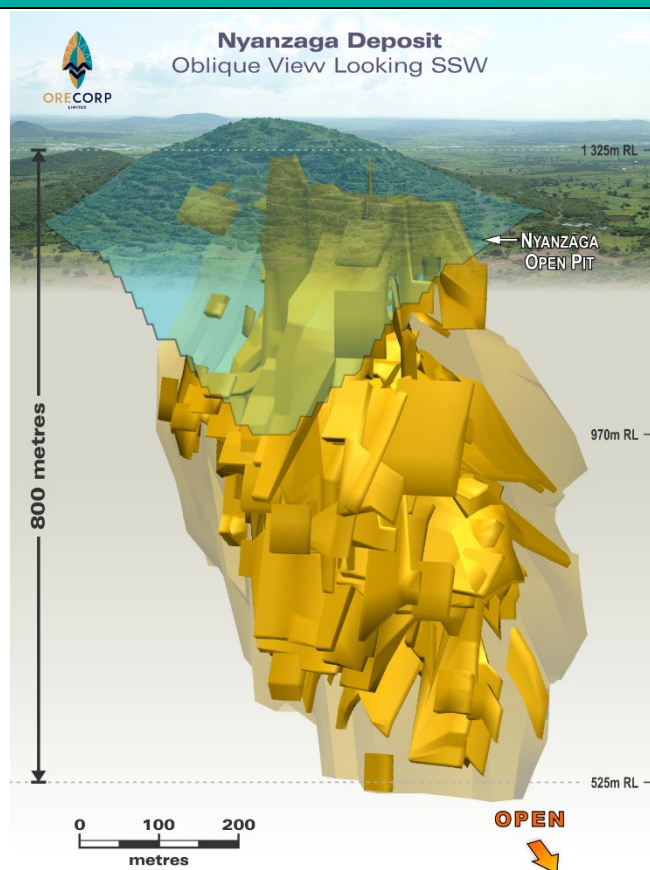
SOURCE: ORECORP LTD

It comprises the Nyanzaga open-pit, Kilimani open-pit and the Nyanzaga underground mine and was calculated at a cut-off-grade of 0.44 - 0.52g/t Au for open-pits and 2.0g/t Au for underground, assuming a US\$1,500/oz gold price.

### Resource characteristics

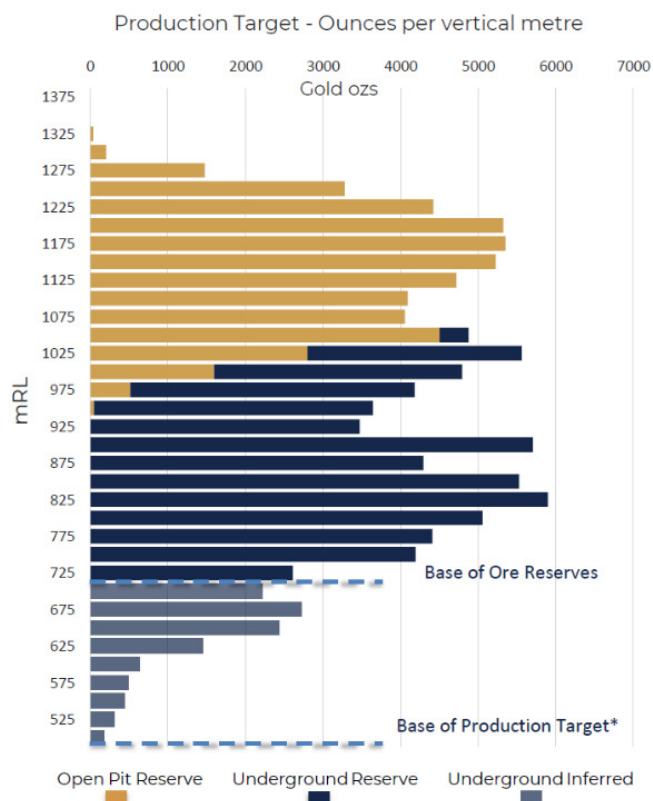
The Nyanzaga deposit is characterised by consistent and continuous mineralisation to 800 mbs. It reports high and consistent ounce per vertical metre (ovm) metrics, driven in part by grade increasing with depth. The Resource is limited by drilling, illustrated by the Inferred underground tonnage below the base of the Ore Reserves and remains open at depth.

Figure 10 - Nyanzaga deposit - open at depth



SOURCE: ORECORP LTD

Figure 11 - Open-pit and underground: ounces per vertical metre



SOURCE: ORECORP LTD

## Exploration potential and mine life extension opportunities

The NGP holds significant exploration upside and mine life extension opportunities. The Mineral Resource extends from surface to approximately 800m vertically below surface (mbs) and is constrained only by drilling. The mineralisation remains open at depth, with the deepest intersection to date at ~1,000mbs.

Neighbouring mines in a similar geological setting (such as the Bulyanhulu Gold Mine, owned and operated by Barrick (ABX:CN, not rated)) have known depth extents to ~2,000mbs. The Special Mining Licence (SML) area covering the NGP also includes the 213koz Kilimani deposit, just 450m away from the Nyanzaga deposit with the two deposits showing potential to link up.

The SML area also includes an additional 15 prospective targets hosted within highly a prospective Archaean greenstone geological terrane.



# Capital structure and financials

## Financials

At the current time ORR remains a pre-production project development company that is dependent upon the provision of debt project finance and the support of shareholders and the equity capital markets for funding. The company currently has no source of its own cash generation or income. As such, ORR is classified as a Speculative Investment. ORR last reported a cash position of \$31.9m as at 30 June 2022, with no drawn debt.

## Assets and expenditure

At end June 2021, ORR reported a carrying value for the NGP of A\$16.7m (US\$12.5m) as an exploration and evaluation asset, reflecting the capitalised costs of acquisition and the right to conduct exploration across the NGP. Following a final acquisition payment of US\$8.05m (A\$11.2m) to Barrick Gold for the NGP, we estimate a carrying value for the NGP at end FY22 of ~A\$30m (US\$21m).

During FY22, activity and expenditure on the NGP increased following the completion of an A\$56m equity raise in June 2021 and granting of the SML in December 2021. Exploration and evaluation expenditure lifted from \$4.8m in FY21, to \$17.9m in FY22. Staff costs, corporate and administration expenses also increased, lifting from ~\$2.1m in FY21 to ~\$5.2m in FY22.

## Financing activities

In the last three years, ORR has undertaken the three institutional equity placements, raising total gross proceeds of \$82.8m. The bulk of these proceeds have been directed towards the acquisition and advancement of the NGP, including the RAP.

**Table 8 – Recent equity financing activity**

Date	Amount raised (A\$m)	Shares issued (m)	Issue price (A\$/sh)	Use of funds / catalyst
Aug-19	\$13.3m	53.1m	\$0.25/sh	Acquisition of 100% of the NGP, Western Australian gold exploration, corporate development opportunities
May-20	\$13.5m	42.5m	\$0.30/sh	Continuation of the DFS and Relocation Action Plan, Western Australian gold exploration
Jun-21	\$56.0m	70.0m	\$0.80/sh	Completion of the Nyanzaga DFS, continuation of the Relocation Action Plan, Front End Engineering and Design.

SOURCE: BELL POTTER SECURITIES

## Near-term capital requirements:

ORR's most recent quarterly cash flow report indicates quarterly expenditure on operating activities (including exploration and evaluation and corporate costs) of ~\$5.1m. With the DFS completed, we see potential for expenditure rates to reduce below the ~\$20m per annum run-rate. Offsetting this is the ongoing progress of the Resettlement Action Plan, which potentially may require material lump-sum payments to compensate local landowners. However, we expect that this will most likely be the subject of ongoing project financing discussions and funded by the main debt and equity raising proceeds.

We expect that ORR's last reported \$31.9m cash balance will be sufficient through to the completion of project financing activities and a Final Investment Decision (FID), likely in 1H CY23.

## Solstice Minerals demerger and IPO:

Exploration expenditure has historically also been directed to a portfolio of gold and base metal exploration assets in Western Australia, including the Yarri, Ponton, Kalgoorlie and Yundamindra project areas in the north-eastern goldfields of WA. These assets were demerged and IPO'd into a separate vehicle, Solstice Minerals (SLS, not rated) in April 2022.

This included a \$5.0m cash distribution from ORR, which supplemented IPO proceeds of \$12.0m. ORR shareholders also received 1 SLS share for each 9.94 ORR shares held.

## Quarterly cash flows

The table below summarises ORR's quarterly cash flows for the last 8 quarters. Expenditure rates increased as workstreams for the NGP DFS were advanced. The Study was completed in August 2022. This work and final acquisition costs for the NGP were funded by the June 2021 capital raising of \$56.0m, via the issue of 70.0m shares at \$0.80/sh.

**Table 9 - Quarterly cash flow summary (A\$'000)**

Quarter ending	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Development	-	-	-	-	-	-	-	-
Exploration & evaluation	(822)	(1,159)	(1,622)	(1,204)	(3,276)	(4,350)	(6,996)	(3,229)
Staff, administration & corporate	(484)	(444)	(487)	(721)	(919)	(1,403)	(1,129)	(1,783)
Other operating	(63)	136	(55)	(70)	9	21	(8)	(3)
<b>Total operating cash flows</b>	<b>(1,369)</b>	<b>(1,467)</b>	<b>(2,164)</b>	<b>(1,995)</b>	<b>(4,186)</b>	<b>(5,732)</b>	<b>(8,133)</b>	<b>(5,015)</b>
<b>Total investing cash flows</b>	<b>(19)</b>	<b>(148)</b>	<b>(31)</b>	<b>(17)</b>	<b>(313)</b>	<b>(11,489)</b>	<b>(13)</b>	<b>(5,097)</b>
Proceeds from shares/note issues, net of costs	62	6	97	55,084	5,620	-	5	3
Net proceeds from/(repayment of) borrowings net of costs	(24)	(20)	(19)	(20)	(26)	(52)	(31)	(19)
Other financing cash flows	(4)	(12)	(18)	(5,346)	(410)	-	(10)	(6)
<b>Total financing cash flows</b>	<b>34</b>	<b>(26)</b>	<b>60</b>	<b>49,718</b>	<b>5,184</b>	<b>(52)</b>	<b>(36)</b>	<b>(22)</b>
Beginning cash balance	24,800	22,977	20,448	18,452	66,302	67,443	50,166	41,924
Total change in cash	(1,823)	(2,529)	(1,996)	47,850	1,141	(17,277)	(8,242)	(10,047)
Ending cash balance	<b>22,977</b>	<b>20,448</b>	<b>18,452</b>	<b>66,302</b>	<b>67,443</b>	<b>50,166</b>	<b>41,924</b>	<b>31,877</b>

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

## Equity outstanding

ORR currently has 399.0m fully paid ordinary shares on issue and 9.25m unlisted options and performance rights. Combined, the options and Performance Rights represent 2.3% of ORR's outstanding capital.

**Table 10 - ORR capital structure summary**

Shares on issue	m	399.0
Escrow shares / other	m	0.0
<b>Total shares on issue</b>	<b>m</b>	<b>399.0</b>
Share price	\$/sh	0.435
<b>Market capitalisation</b>	<b>\$m</b>	<b>173.6</b>
Net cash	\$m	31.9
<b>Enterprise value (undiluted)</b>	<b>\$m</b>	<b>141.7</b>
Options outstanding	m	9.3
Options (in the money)	m	4.1
Issued shares (diluted for options)		403.1
Market capitalisation (diluted)	\$m	175.3
Net cash + options	\$m	31.9
<b>Enterprise value (diluted)</b>	<b>\$m</b>	<b>143.4</b>

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

## Share register

ORR's largest shareholder is Federation Mining, a private gold mining development company, in which Australian Super acquired an interest in via a transaction using ORR shares as the consideration. Australian-Super maintains its indirect interest in ORR via this holding. Wilson Asset Management became a substantial shareholder in ORR upon its acquisition of Westoz Investment Company, which had been a long-term investor in ORR. ORR's Board and Management hold 9.9% of the company

**Table 11 - ORR substantial shareholders**

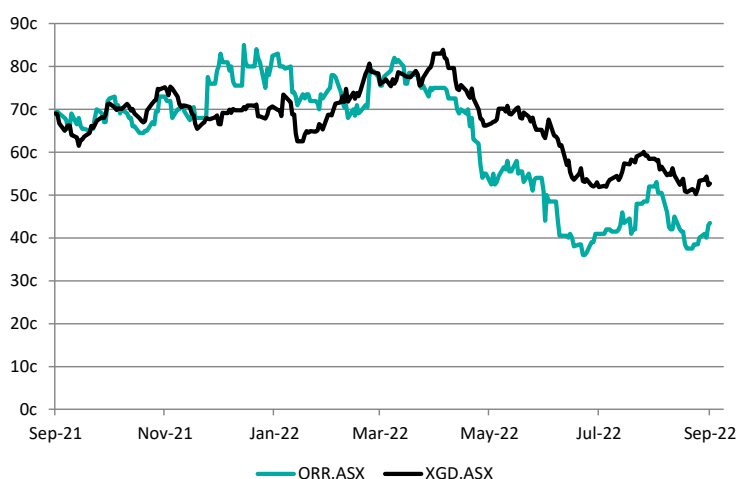
Major shareholders	%	Shares (m)
Federation Mining/Australian-Super	12.4%	49.6
Wilson AM	11.3%	45.1
Board, Management and Associates	9.9%	39.7
Rollason	9.0%	35.9
Mutual Investments	6.5%	25.7

SOURCE: IRESS, COMPANY REPORTS

## Share price performance vs ASX Gold Index

Relative performance chart below:

**Figure 12 - ORR relative share price performance vs XGD**



SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

ORR's relative performance has underperformed the ASX Gold Index over the last 12 months. In our view this reflects a general underperformance of ASX-listed gold companies and a negative shift in sentiment that has had a greater impact on exploration and development companies in comparison with the production companies, which dominate the Index.

# Board and Management

## Board of directors

### **Mr Craig Williams - Non-Executive Chairman (retiring)**

Mr Williams is a geologist with over 40 years' experience in mineral exploration and mine development. He was the President and CEO of Equinox Minerals Limited, a dual listed TSX/ASX resources company which he co-founded in 1993 with the late Dr Bruce Nisbet. Mr Williams was instrumental in the financing and development of the major Lumwana Copper mine in Zambia which resulted in Equinox being one of the world's top 20 copper producers. Following the ramp up of Lumwana, Equinox embarked on an acquisition program that resulted in the takeover of the Citadel Resource Group for \$1.2 billion, targeting development of the Jabal Sayid Mine in Saudi Arabia. Equinox was taken over in mid-2011 by Barrick Gold Corporation for \$7 billion, ending a challenging and exciting 18-year history at Equinox. Mr Williams was appointed as Director and Chairman of OreCorp on 27 February 2013.

### **Matthew Yates - CEO & Managing Director B.Sc. (Hons), MAIG**

Mr Yates is a geologist with over 30 years' industry experience, covering most facets of exploration from generative work to project development. Prior to founding OreCorp Limited, he was the Managing Director of OmegaCorp Limited and then Joint Managing Director of Mantra Resources Limited and was instrumental in the acquisition of a number of uranium projects, including Mkuju River (Tanzania), Kariba (Zambia) and Mavuzi (Mozambique). He has worked in Australia and southern, east and west Africa, Central Asia and the Gulf Region. He managed exploration teams in Western Australia and Tanzania respectively. Mr Yates has an applied technical background and has held senior positions for over 25 years, including resident Exploration Manager in Tanzania for Tanganyika Gold Limited. Mr Yates was appointed a Director of the Company on 27 February 2013.

**Alastair Morrison - Non-Exec. Director, M.Sc.(Hons), Grad.Dip. App.Fin&Inv, MAIG, GAICD** Mr Morrison is a geologist with more than 30 years' experience in mineral exploration and investment. He initially worked for more than six years in Australia as an exploration geologist in Western Australia, then for North Flinders Mines in the Northern Territory during the development of the +5Moz Callie gold deposit. From 1996 to 2003 he worked in Tanzania for East African Gold Mines Limited at the North Mara Gold Project. He was responsible for the management of exploration, the delineation of more than 5Moz of resources, including the discovery of the high-grade Gokona gold deposit. In later years, he had additional responsibilities for all in-country development activities, through feasibility and permitting until the commencement of construction. East African Gold Mines was acquired by Placer Dome Inc. in mid-2003 for US\$252 million. Since 2004, he has worked as a portfolio manager for a family office investment fund. Mr Morrison was appointed a Director of the Company on 27 February 2013.

### **Robert Rigo - Non-Executive Director, B.App Sc, FAusIMM, MIEAust, GAICD**

Mr Rigo is an engineer with over 40 years' experience. He has previously held a number of executive and senior management positions with publicly listed mining companies. He was Vice President - Project Development at Equinox from 2002 - 2011, where he managed the feasibility study, related technical studies and engineering design and construction contracts for the Lumwana Copper Mine in Zambia, which commenced production in 2008. He also established Lumwana's copper concentrate off-take and logistics contracts. Following Lumwana, Mr Rigo managed the construction of the Jabal Sayid (underground) Copper Mine in Saudi Arabia initially for Equinox and then Barrick. Amongst Mr Rigo's

roles prior to Equinox, he was the Mill Manager at the Boddington Gold Mine, at the time Australia's largest gold mine. He then became General Manager – Technical Services for Newcrest Mining Ltd, Australia's major gold producer. His particular expertise lies in the management of mining operations, feasibility studies and construction of mining and mineral processing projects. Mr Rigo joined the board of OreCorp as a Director on 1 April 2016.

**Tania Cheng - Chief Financial Officer, B.Com, CA**

Ms Cheng is a Chartered Accountant with over 20 years of accounting and finance experience primarily within the resources sector. After commencing her career in a large international Chartered Accounting firm, Tania has subsequently worked with the Apollo Group Pty Ltd group of companies and at Myanmar Metals Limited. Tania's involvement with OreCorp commenced in 2012 and she has held senior finance roles within the Company from September 2016 to February 2018 and since September 2019. Ms Cheng was appointed CFO in July 2021.

**Henk Diederichs - Chief Operating Officer, B.Eng (Mech), MAusIMM**

Mr Diederichs is an engineer with over 20 years of experience in the mining industry with extensive expertise in project development and operations. He was recently the Senior Vice President Operations for West African producer Allied Gold Corp, which operates the Bonikro, Agabou and Sadiola gold mines. Mr Diederichs formed an integral part in the successful development and operation of Equinox Minerals' Lumwana Copper Mine in Zambia. During this time Lumwana was developed into one of Africa's largest open cut copper mines at a capital cost exceeding US\$800m. He initially joined OreCorp Limited as Vice President Project Development in late 2016 and was instrumental in leading the Nyanzaga Gold Project in north-western Tanzania through the Scoping and Pre-Feasibility Study phases. Mr Diederichs was appointed Chief Operating Office in October 2021.

**Jessica O'Hara - Company Secretary**

Ms O'Hara is a corporate lawyer with extensive experience advising clients on general corporate law, as well as regulatory and compliance issues. Jessica has been with the Company since August 2021 in the role of Legal Counsel. Ms O'Hara was appointed as Company Secretary in December 2021.

Source: Company website (<https://orecorp.com.au/who-we-are/directors-management>).

# Resource sector risks

Risks to ORR include, but are not limited to:

- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. ORR's assets are located in Tanzania, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. ORR's assets are in Tanzania, formally recognised as a middle-income country and the 7<sup>th</sup> largest economy in Africa. Its sovereign debt is rated below investment grade by the Moody's ratings agency.
- **Geopolitical risks:** Mining companies' assets are subject to geopolitical risks, arising from events in, and outside, the jurisdictions they operate in.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions.

**Table 12 - Financial summary**

PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending June	Unit	2022e	2023e	2024e	2025e	2026e	Year ending June	Unit	2022e	2023e	2024e	2025e	2026e
Revenue	A\$m	-	-	-	-	401.1	<b>VALUATION</b>						
Expense	A\$m	(21.3)	(15.0)	(6.6)	(6.8)	(155.1)	NPAT	A\$m	(20.7)	(14.8)	(24.4)	(23.1)	164.9
<b>EBITDA</b>	<b>A\$m</b>	<b>(21.3)</b>	<b>(15.0)</b>	<b>(6.6)</b>	<b>(6.8)</b>	<b>246.0</b>	Reported EPS	Ac/sh	(5.3)	(3.4)	(5.2)	(3.0)	15.4
Depreciation	A\$m	-	-	-	-	(39.5)	Adjusted EPS	Ac/sh	(5.3)	(3.4)	(5.2)	(3.0)	15.4
EBIT	A\$m	(21.3)	(15.0)	(6.6)	(6.8)	206.5	EPS growth	%	nm	nm	nm	nm	nm
Net interest expense	A\$m	0.5	0.2	(17.8)	(16.3)	(17.8)	PER	x	nm	nm	nm	nm	2.8x
Unrealised gains (Impairments)	A\$m	-	-	-	-	-	DPS	Ac/sh	-	-	-	-	-
Other	A\$m	-	-	-	-	-	Franking	%	0%	0%	0%	0%	0%
<b>PBT</b>	<b>A\$m</b>	<b>(20.7)</b>	<b>(14.8)</b>	<b>(24.4)</b>	<b>(23.1)</b>	<b>188.7</b>	Yield	%	0%	0%	0%	0%	0%
Tax expense	A\$m	-	-	-	-	23.8	FCF/share	Ac/sh	(0.3)	(0.1)	(1.2)	(1.4)	0.5
<b>NPAT (reported)</b>	<b>A\$m</b>	<b>(20.7)</b>	<b>(14.8)</b>	<b>(24.4)</b>	<b>(23.1)</b>	<b>164.9</b>	P/FCFPS	x	(3.9)	-8.0x	-0.8x	-0.7x	2.2x
NPAT (underlying)	A\$m	(20.7)	(14.8)	(24.4)	(23.1)	164.9	EV/EBITDA	x	-6.7x	-9.5x	-21.4x	-20.9x	0.6x
<b>CASH FLOW</b>							EBITDA margin	%	nm	nm	nm	nm	61%
Year ending June	Unit	2022e	2023e	2024e	2025e	2026e	EBIT margin	%	nm	nm	nm	nm	51%
<b>OPERATING CASHFLOW</b>							Return on assets	%	-28%	-22%	-9%	-4%	19%
Receipts	A\$m	0.4	-	-	-	381.1	Return on equity	%	-39%	-22%	-55%	-7%	34%
Payments	A\$m	(33.1)	(16.6)	(8.7)	(6.7)	(118.1)	<b>LIQUIDITY &amp; LEVERAGE</b>						
Tax	A\$m	-	-	-	-	-	Net debt (cash)	A\$m	(53)	(64)	489	897	410
Net interest	A\$m	0.5	0.2	(17.8)	(16.3)	(17.8)	ND / E	%	-99%	-93%	1109%	280%	84%
Other	A\$m	-	1.5	-	15.0	-	ND / (ND + E)	%	-174%	-157%	190%	126%	62%
<b>Operating cash flow</b>	<b>A\$m</b>	<b>(32.2)</b>	<b>(14.9)</b>	<b>(26.5)</b>	<b>(8.0)</b>	<b>245.2</b>	EBITDA / Interest	x	nm	nm	-0.4x	-0.4x	13.8x
<b>INVESTING CASHFLOW</b>							<b>ORE RESERVE AND MINERAL RESOURCE</b>						
Property, plant and equipment	A\$m	(6.7)	-	(121.9)	(279.9)	(20.0)	<b>Nyanzaga Gold Project (NGP)</b>						
Mine development	A\$m	(4.5)	-	(81.3)	(186.6)	(13.3)	<b>Nyanzaga deposit Resource</b>						
Exploration & evaluation	A\$m	-	(8.8)	(17.2)	-	-							
Other	A\$m	-	-	-	-	-	Measured	Mt	4.6	5.0	738		
<b>Investing cash flow</b>	<b>A\$m</b>	<b>(11.2)</b>	<b>(8.8)</b>	<b>(220.3)</b>	<b>(466.5)</b>	<b>(33.3)</b>	Indicated		16.2	3.8	1,977		
<b>Free Cash Flow</b>	<b>A\$m</b>	<b>(43.4)</b>	<b>(23.6)</b>	<b>(246.8)</b>	<b>(474.5)</b>	<b>211.9</b>	Inferred		2.9	3.8	358		
<b>FINANCING CASHFLOW</b>							<b>Total</b>	<b>Mt</b>	<b>g/t Au</b>	<b>(koz)</b>			
Share issues/(buy-backs)	A\$m	-	30.0	-	300.0	-							
Debt proceeds	A\$m	-	-	434.8	-	-	Kiliman deposit Resource						
Debt repayments	A\$m	-	-	-	-	-	Measured		-	-	-		
Dividends	A\$m	-	-	-	-	-	Indicated		3.4	1.1	119		
Other	A\$m	-	(1.5)	-	(15.0)	-	Inferred		2.9	1.0	94		
<b>Financing cash flow</b>	<b>A\$m</b>	<b>-</b>	<b>28.5</b>	<b>434.8</b>	<b>285.0</b>	<b>-</b>	<b>Total</b>	<b>6.3</b>	<b>1.05</b>	<b>213</b>			
Change in cash	A\$m	(43.4)	4.9	187.9	(189.5)	211.9	<b>Ore Reserve - NGP</b>	<b>Mt</b>	<b>g/t Au</b>	<b>(koz)</b>			
<b>BALANCE SHEET</b>							Proven		40.1	2.0	2,600		
Year ending June	Unit	2022e	2023e	2024e	2025e	2026e	Probable		40.1	2.0	2,600		
<b>ASSETS</b>							<b>Total</b>		<b>40.1</b>	<b>2.0</b>	<b>2,600</b>		
Cash & short term investments	A\$m	23.0	27.8	215.8	26.3	238.2	<b>ASSUMPTIONS - Prices</b>						
Accounts receivable	A\$m	-	-	-	-	20.1	Year ending June (avg)	Unit	2022e	2023e	2024e	2025e	2026e
Property, plant & equipment	A\$m	7.0	7.0	128.9	408.7	412.9	Gold	US\$/oz	\$1,841	\$1,856	\$1,900	\$1,953	\$1,993
Mine development expenditure	A\$m	4.5	4.5	85.7	272.3	269.8	Silver	US\$/oz	\$23.81	\$22	\$22	\$23	\$24
Exploration & evaluation	A\$m	24.6	33.3	50.5	50.5	42.6	<b>Currency</b>						
Other	A\$m	0.2	0.2	0.2	0.2	0.2	AUD:USD	A\$/US\$	0.73	0.70	0.70	0.71	0.72
<b>Total assets</b>	<b>A\$m</b>	<b>59.2</b>	<b>72.8</b>	<b>481.1</b>	<b>758.1</b>	<b>983.9</b>	<b>ASSUMPTIONS - Production &amp; costs</b>						
<b>LIABILITIES</b>							Year ending June	Unit	2024e	2025e	2026e	2027e	2028e
Accounts payable	A\$m	5.3	3.7	1.7	1.7	38.8	<b>Gold production</b>						
Income tax payable	A\$m	-	-	-	-	23.8	Ore tonnes processed	kt	-	-	2,900	3,600	4,000
Borrowings	A\$m	-	-	428.6	416.7	416.7	Head grade	g/t Au	-	-	1.76	2.18	2.23
Lease liabilities	A\$m	0.3	0.3	0.3	0.3	0.3	Gold produced	koz	-	-	144,717	221,673	251,805
Other	A\$m	0.3	0.3	6.5	18.5	18.5	<b>Costs</b>						
<b>Total liabilities</b>	<b>A\$m</b>	<b>5.9</b>	<b>4.3</b>	<b>437.0</b>	<b>437.1</b>	<b>497.9</b>	Cash costs / oz Au	US\$/oz	-	-	\$768	\$768	\$862
<b>SHAREHOLDER'S EQUITY</b>							All-in-Sustaining-Costs (AISC)	US\$/oz	-	-	\$903	\$1,008	\$1,122
Share capital	A\$m	132.8	162.8	162.8	462.8	462.8	<b>VALUATION</b>						
Reserves	A\$m	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	<b>Ordinary shares (m)</b>						<b>399.0</b>
Retained earnings	A\$m	(79.5)	(94.3)	(118.7)	(141.8)	23.1	Options in the money (m)						4.1
<b>Total equity</b>	<b>A\$m</b>	<b>53.3</b>	<b>68.5</b>	<b>44.1</b>	<b>321.1</b>	<b>485.9</b>	Assumed equity raise (m)						73.2
Weighted average shares	m	392.5	435.6	472.2	772.2	1,072.2	<b>Diluted m</b>						<b>476.2</b>
<b>CAPITAL STRUCTURE</b>							<b>Sum-of-the-parts</b>						
Shares on issue	m					399.0							<b>Current</b>
Escrow shares / other	m					0.0	Nyanzaga (risk adjusted NPV12)						A\$m
<b>Total shares on issue</b>	<b>m</b>					<b>399.0</b>	Other exploration						\$/sh
<b>Share price</b>	<b>A\$/sh</b>					<b>0.435</b>	Corporate overheads						
Market capitalisation	A\$m					173.6	Subtotal						
Net cash	A\$m					31.9	Net cash (debt)						
<b>Enterprise value (undiluted)</b>	<b>A\$m</b>					<b>141.7</b>	<b>Total (undiluted)</b>						
Options outstanding (m)	m	(wtd avg ex. price \$0.53 per share)				9.3	Add cash from options						
Options (in the money)	m					4.1	Assumed equity raise						
Issued shares (diluted for options)	m					403.1	<b>Total (diluted)</b>						
Market capitalisation (diluted)	m					175.3							
Net cash + options	A\$m					31.9							
<b>Enterprise value (diluted)</b>	<b>A\$m</b>					<b>143.4</b>							
<b>MAJOR SHAREHOLDERS</b>													
Shareholder					%	m							
Federation Mining/AusSuper					12.4%	49.6							
Wilson AM					11.3%	45.1							
Board and Management					9.9%	39.7							
Rollason					9.0%	35.9							
Mutual Investments					6.5%	25.7							

SOURCE: BELL POTTER SECURITIES ESTIMATES



**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

**Research Team**

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
<b>Analysts</b>			
John Hester	Healthcare	612 8224 2871	jhester
Anubhav Saxena	Healthcare	612 8224 2846	asaxena
Tara Speranza	Healthcare	612 8224 2815	tsperanza
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Olivia Hagglund	Industrials	612 8224 2813	ohagglund
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Regan Burrows	Resources	618 9326 7677	rburrows
Joseph House	Resources	613 9235 1624	jhouse
<b>Associates</b>			
Daniel Laing	Associate Analyst	613 9256 2886	dlaing
Thomas Sima	Associate Analyst	612 8224 2843	tsima

**Research Coverage & Policies**

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: <https://bellpotter.com.au/research-independence-policy/>.

**Authoring Research Analyst's Certification**

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

**Research Analyst's Compensation**

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

**Prices**

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

**Availability**

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time

**Dissemination**

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.



**Disclaimers**

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

**Exploration Risk Warning:** The stocks of resource companies without revenue streams from product sales should always be regarded as speculative in character. Since most exploration companies fit this description, the speculative designation applies to all exploration stocks. Stocks with 'Speculative' designation are prone to high volatility in share price movements. Exploration and regulatory risks are inherent in exploration stocks. Exploration companies engage in exploration programs that usually have multiple phases to them where positive results at some stages are not indicative of ultimate exploration success and even after exploration success, there is often insufficient economic justification to warrant development of an extractive operation and there is still significant risk that even a development project with favourable economic parameters and forecast outcomes may fail to achieve those outcomes. Investors are advised to be cognisant of these risks before buying such a stock as ORR.

**Bell Potter Securities Limited**  
ABN 25 006 390 772  
Level 29, 101 Collins Street  
Melbourne, Victoria, 3000  
Telephone +61 3 9256 8700  
www.bellpotter.com.au

**Bell Potter Securities (HK) Limited**  
Room 1701, 17/F  
Prosperity Tower, 39 Queens  
Road Central, Hong Kong, 0000  
Telephone +852 3750 8400

**Bell Potter Securities (US) LLC**  
Floor 39  
444 Madison Avenue, New York  
NY 10022, U.S.A  
Telephone +1 917 819 1410

**Bell Potter Securities (UK) Limited**  
16 Berkeley Street London, England  
W1J 8DZ, United Kingdom  
Telephone +44 7734 2929