



ORMINEX

ASX ANNOUNCEMENT

ASX Code: ONX

30 April 2020

DIRECTORS & MANAGEMENT

Daryl Henthorn
Executive Chairman

Michael Foulds
Non-Executive Director

John Correia
Non-Executive Director

Dean Hely
Non-Executive Director

Wayne McGrath
Non-Executive Director

Kelly Moore
Company Secretary

Share Capital – 539,102,168
Unlisted Options – 9,452,055

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31 MARCH 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Drilling at Comet Vale indicates the presence of multiple quartz reefs along the system
- February processing campaign and gold pour from Comet Vale delivers 2,120 recovered gold ounces – 91.3% recovery at an average head grade of 3.05 g/t
- Wayne McGrath of Wyllie Group appointed to the Board

Orminex Limited (ASX: ONX) ('the Company' or 'Orminex') is pleased to provide its quarterly activities report for the period ended 31 March 2020.

COMET VALE PROJECT (51% ONX; 49% Sand Queen Gold Mines Pty Ltd)

Mining Development Update

During the quarter, steady state production at Kings Bounty continued to progress towards a target production capacity of 10,000tpm. During the quarter, the development of the King's Bounty decline was paused at the 5.3 level with the mining of stope ore continuing to add to the stockpile.

During the quarter, the Company completed the drilling program comprising both infill and extensional drilling adjacent to current mining operations aimed at Comet Vale. The drilling program was strategically designed to test the northern and southern extension of the known Comet Vale mineral system, down dip of historic mining activity, with the aim of providing geological information for medium term mine planning.

The six-hole diamond drilling program consisted of 1,131.1 metres of core and consisted of three holes targeting mineralisation to the north below the historic Sand Queen and Gladsome workings and three holes targeting mineralisation to the south of the current workings of the Sand George lodes. The results of the program confirmed the presence of the multiple generation of quartz reefs along the Comet Vale system. Orminex is currently progressing plans for follow-up drilling at Comet Vale to further test a number of these high-grade mineralised extensions.

For table of significant intercepts, competent persons' statement and JORC Table 1, refer to ASX announcement 'Results of Comet Vale Drilling Program' released on 2 March 2020. There have been no material changes to the information or results included in the 2 March 2020 announcement.

Processing Update

During the quarter, the Company reported total gold production from the February 2020 processing campaign of 1,120 recovered ounces, at 91.3% recovery with an average reconciled head grade of 3.05g/t. The campaign consisted of a total of 12,536 dry tonnes of ore comprising 58% development ore and 42% stoping ore.

Post quarter end, the Company reported results from the April 2020 processing campaign and gold pour, noting unreconciled total gold production of 2,772 recovered ounces, at 95% recovery with an average unreconciled head grade of 3.67 g/t. The April 2020 campaign provides the first opportunity to reconcile the actual resource performance against the original resource model. The Company continues to progress the reconciliation and will announce results to market once finalised.

Review of Comet Vale Mining Operations

During the quarter, the Company announced that it had received reports from Entech Pty Ltd and an independent consultant who were appointed to provide an independent technical review and performance assessment of the project, as well as a specific mining engineering review of operations.

Key conclusions of the reports were that mining operations have generally been completed to a high quality but that improvements can be made to operational costs, management of the ore body and resource modelling. The reports note there remains a risk that mining operations will not generate sufficient revenue to recover the working capital contributed to date, plus costs that may be incurred to complete the current mine plan. The Company has provided the reports to Mineral Ventures Pty Ltd (**'Mineral Ventures'**) to consider and remains in ongoing discussions with Mineral Ventures on the outcome of the review.

PENNY'S FIND PROJECT (100% ONX)

During the quarter, a detailed review of the Penny's Find mine plan was completed by Mineral Ventures. Based on the review, it was decided that further drilling would be undertaken to provide more confidence in the resource at depth. The Company continues to discuss the ongoing funding requirements for the commencement of mining operations, including the proposed drill program, with Mineral Ventures.

CORPORATE UPDATE

Mineral Ventures Working Capital

On 3 December 2019, Orminex received its first repayment of working capital of \$250,000 from net gold proceeds. The current working capital loan balance and capitalised interest due to Orminex by Mineral Ventures stands at approximately \$3.22 million. On 13 March 2020, the Company announced that net proceeds of the latest processing campaigns from Comet Vale had been used to fund ongoing working capital requirements of the project, reflecting the low recovered grade (partly due to larger amounts of development ore) and increases in operational costs.

On 13 March 2020, the Company advised that there was an increased risk of potentially not fully recovering the working capital loan to Mineral Ventures as it remained subject to the performance of the Comet Vale project. Mineral Ventures had advised that it remains committed to the success of the project and therefore recovery of the loan.

Board Appointment

Post quarter end, on 23 April 2020, Mr Wayne McGrath was appointed to the Board as a Non-Executive Director.

Mineral Ventures Model Overview and Strategy

In 2018, Orminex entered into a strategic alliance with WA-based contract mining company Mineral Ventures Pty Ltd (formerly GBF Mining Pty Ltd) to form the Mineral Ventures model. The primary aim of the Mineral Ventures model is to source, develop and fund stranded, high-grade gold assets into production.

Orminex currently has a 51% joint venture interest in the producing Comet Vale gold project and 100% ownership of the high-grade Penny's Find Gold Mine near Kalgoorlie. The Company also owns 100% of the Golden Lode project located 130km from Coolgardie and 100% of the Happy Jack project located 30km south of Menzies.

GBF Holdings (WA) Pty Ltd was recently acquired by mining services company Macmahon Holdings Limited (ASX: MAH) which has significantly enhanced Orminex's ability to expand the Mineral Ventures Model to include surface mining projects. Importantly, the strategic alliance with Mineral Ventures Pty Ltd remains unchanged, with Mineral Ventures Pty Ltd continuing to oversee all operational management across the Mineral Ventures portfolio.

Investor queries:

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About Orminex Limited

Orminex has a strategic alliance with underground mining contractor Mineral Ventures Pty Ltd who oversee operational management of the Company's projects. This strategic alliance facilitates a Mineral Ventures Model that provides capital and mining service solutions to suitable near-term production gold projects.

INTERESTS IN MINING TENEMENTS HELD

Project	Tenement	Location	Ownership at the beginning of the quarter	Ownership at the end of the quarter	Acquired during the quarter	Disposed of during the quarter
Comet Vale Project	E29/927 L29/67 M29/35 M29/52 M29/85 M29/185 M29/186 M29/197 M29/198 M29/199 M29/200 M29/201 M29/232 M29/233 M29/235 M29/270 M29/321	Western Australia	51%	51%	-	-
Golden Lode Project	P30/1100 P30/1101 P30/1102 P30/1103 P30/1104 P30/1105 P30/1131	Western Australia	100%	100%	-	-
Happy Jack Project	P29/2271	Western Australia	100%	100%	-	-
Penny's Find Project	M27/156 G27/01 L27/90 L27/91 L27/92 L27/93	Western Australia	100%	100%	-	-

SUMMARY OF CASH EXPENDITURE PER PROJECT

Project	Cash Expenditure \$'000
Comet Vale Project	-
Golden Lode Project	2
Happy Jack Project	-
Penny's Find	1
Total	3