



ORMINEX

ASX ANNOUNCEMENT

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DIRECTORS & MANAGEMENT

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Non-Executive Director

Michael Foulds
Non-Executive Director

John Correia
Non-Executive Director

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CORPORATE AND OPERATIONS UPDATE

Orminex Limited ('Orminex' or 'the Company'; ASX: ONX) provides the following update on its Comet Vale gold project (51% ONX; 49% Sand Queen Gold Mines Pty Ltd) ('Comet Vale') located in the Goldfields region of Western Australia. Comet Vale is currently managed by Mineral Ventures Pty Ltd ('Mineral Ventures') under a mine management agreement ('MMA').

Comet Vale Mining Development and Processing Campaign Update

As previously advised (see ASX announcement dated 30 April 2020), the April processing campaign provided the Company with the first opportunity to reconcile the actual resource performance against the original resource model. Mineral Ventures has confirmed that the final reconciled grade was not materially different from the original announcement.

Mining operations continue at Comet Vale with the next processing campaign at the Lakewood Mill scheduled for 29 June 2020. Ore is currently being mined from the 4.6, 5 and 5.3 Levels. The development of the King's Bounty decline has been paused at approximately 40m from the 5.6 Level access, with the mining of stope ore continuing to add to the stockpile, in readiness for an estimated 25kt campaign.

The June processing campaign is the last currently scheduled for the Lakewood Mill. Decisions in relation to the viability of ongoing mining at Comet Vale, will be considered once the June campaign results are received. This would include updated resource modelling, cost analysis and mine planning.

Mineral Ventures is evaluating the opportunity to conduct future processing through the Burbanks processing facility, which would require a degree of refurbishment. The Company would need to enter into an industry based commercial arm's length toll milling agreement with Mineral Ventures, the 100% owner of Burbanks.

Independent Reviews

As previously reported, (see ASX announcement dated 13 March 2020), independent reviews of the Comet Vale mining operations have been completed and the key conclusions from those reports were advised to the market at that time, which included the risk that current mining operations may not generate sufficient revenues to repay all working capital costs to date. To date, no material changes have been made to operations by Mineral Ventures as a result of the independent reviews. Mineral Ventures has confirmed that when new resource modelling is completed on the Comet Vale project, they will engage with the independent consultants to consider the implementation of the appropriate recommendations.

Mineral Ventures Working Capital Update

As previously reported (see ASX announcement dated 13 March 2020), under the MMA, Mineral Ventures is obliged to fund the working capital required to deliver the mine plan for Comet Vale from net gold proceeds. The current working capital loan balance and capitalised interest due to Orminex by Mineral Ventures stands at approximately A\$3.1 million as of 16 June 2020.

As part of the acquisition of its 51% interest in Comet Vale, Orminex co-funded part of the start-up working capital by providing Mineral Ventures with an unsecured but repayable A\$3 million loan. Under the cash flow waterfall in the MMA, net proceeds from Comet Vale gold sales are to be used to repay the A\$3 million loan, in a pro rata arrangement with any return of working capital to Mineral Ventures, less amounts reserved by Mineral Ventures to meet future working capital needs.

On 3 December 2019, Orminex received its first repayment of working capital of A\$250,000 from net gold proceeds and received a further A\$200,000 during May 2020. All other net proceeds from processing campaigns have been used to fund ongoing working capital requirements.

As noted in the half yearly accounts, the Company's auditors noted an Emphasis of Matter regarding the recoverability of the working capital loan to Mineral Ventures. In order to address this issue, the Company has requested that Mineral Ventures enter into a repayment plan in the order of \$200,000 per month, on appropriate terms and conditions. The Company has been advised by its auditors that a satisfactory repayment schedule and terms, will be necessary to minimise the risk of a loan impairment. The parties have agreed to negotiate and implement a suitable agreement by 25 June 2020.

Valuation of the Comet Vale Mine

The Company purchased a 51% interest in the Comet Vale Mine for consideration of \$6m through the issue of 200m shares in the Company at \$0.03 per share to the vendors. Due to the performance of the mine and uncertainty regarding its future viability, the Board has decided to obtain an independent valuation to assess the reasonableness of the assets current carrying value. The outcome of the independent valuation may result in a write down of the Comet Vale asset.

Further corporate and operational updates will be provided in due course.

This announcement has been authorised and approved for release by the Board of ONX.

-ENDS-

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About Orminex

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.