



ORMINEX

ASX ANNOUNCEMENT

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DIRECTORS & MANAGEMENT

Michael Foulds
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Non-Executive Director

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Orminex Enters Development Joint Venture For The Penny's Find Underground Gold Project

Orminex Limited ('Orminex' or 'the Company'; ASX: ONX) is pleased to announce the execution of a binding joint venture term sheet ('JVTS') for the sale of 50% of the Penny's Find Gold Mine (M27/156) ('Penny's Find') to Black Mountain Gold Limited ('Black Mountain'), a wholly owned subsidiary of Horizon Minerals Limited (ASX: HRZ) ('Horizon').

The Company acquired Penny's Find in 2019 from Empire Resources Ltd (ASX: ERL) (refer to ASX announcements dated 4 March 2019 and 7 May 2019) for staged cash payments totaling A\$600k and a net smelter royalty of 5% payable on the first 50,000 ounces produced from M27/156 and thereafter a 2.5% net smelter royalty for the life of mine.

Since acquisition, Orminex has focused on securing the pre-requisite mining approvals ahead of the commencement of initial site works at Penny's Find. On 13 March 2020, the Company announced that following a detailed review of the Penny's Find mine plan, it was decided that further drilling would be undertaken to provide more confidence in the resource at depth and undertake confirmatory metallurgical test work.

In order to fast track the further development of Penny's Find, the Company has agreed to enter into a binding JVTS with Black Mountain, with the key acquisition terms being as follows:

- The Company agrees to sell 50% of its right, title and interest in M27/156 and associated miscellaneous and general purpose leases including all related mining information;
- Black Mountain has agreed to pay acquisition consideration of A\$1.5 million in cash and to fund the advancement of Penny's Find to the value of A\$1 million, with Orminex free carried for the period until the sum of A\$1 million has been spent by Black Mountain;
- At the end of the free carry period, all further approved expenditure will be funded on a 50:50 basis; and
- Black Mountain to assume 50% of Orminex's obligations in respect of royalties under its original acquisition agreement for Penny's Find.
- An exclusive right for Horizon to acquire the remaining 50% of the Penny's Find Project at a price and on terms to be agreed towards the end of 2022, following completion of 230,000 tonnes of contracted toll milling.

The settlement of the acquisition is subject to all necessary approvals being obtained and final documentation, which is expected to be completed before the end of the calendar year.

Residual ore of 3,578t from Penny's Find has already produced 251 recovered gold ounces with an average grade of 2.75 g/t resulting in generating \$543k in revenue for the Company (refer to ASX announcement dated 10 September 2019).

The Board of Orminex looks forward to working with the highly experienced technical and management team at Horizon to jointly fast track the remaining resource definition and technical works with the aim of commencing site works for project development in the first half 2021.

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

-ENDS-

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