

20th November 2023

Stock Data

Ticker

Share Price:

Market Cap:

Price Chart



Oriole Resources is an AIM-listed gold exploration company holding an expansive suite of prospective gold licences across West Africa, with a particular focus in Cameroon, a deeply under-explored and recently reformed mining jurisdiction.

ORR LN

0.13p

Today the Company announces the signature of non-binding Heads of Terms with Ghanaian £5.3m mining and civil contracting firm BCM International Limited for the development of the Bibemi and Mbe projects.

As a result of this development, we consider Oriole a buy at current depressed SP levels.

Earn-in agreement with BCM to develop flagship Bibemi orogenic gold project

- Today Oriole has signed a non-binding HoT for an earn-in agreement at its Bibemi gold project in Cameroon with BCM, an established Ghanaian mining and civil contractor.
- BCM's clients have and currently include AngloGold Ashanti, (Leone Rock Metal Group) Tonkolili Iron Ore, Abosso Goldfields, Ausenco, Bogosu Ghana Limited and Endeavour. The group specialises in mine technical and management support alongside mining contracting.
- The agreement enables BCM to earn up to 50% of Oriole's Bibemi project, in which Oriole holds a 92.2% interest.
- Execution of the Earn-In Agreement will see BCM make a US\$500k cash payment to Oriole by 31st December 2023. BCM will then commit to spend US\$4m in exploration expenditure, primarily targeting resource-expansion drilling. US\$50k has been sent to Oriole as 'Advanced Payment.'
- Drilling is expected to begin in 1Q24, with Oriole managing the technical programme.
- Subsequent expenditure on the project will be on a 'contribute or dilute' basis. However, if Oriole's percentage falls below 5%, it's stake will automatically convert into a 3% NSR royalty on Bibemi's future production.

Agreement supports the further definition of the Bibemi JORC Resource

- In addition to the US\$4m exploration spend, BCM has also committed to the following success-based payments for the definition and expansion of the Bibemi Resource:
- **Payment 1:** BCM will pay Oriole US\$1m on the release of a 1moz JORC Resource.
- **Payment 2:** BCM will pay Oriole an additional US\$1m on the release of a 2moz resource.
- **Payment 3:** BCM will pay Oriole an additional US\$1m on the release of a 3moz JORC-classified resource. The success-based payments require the JORC-classified Resources to be at least 50% classified within the Indicated/Measured categories.

We re-rate Oriole as a buy. The combination of a meaningful cash injection and the opportunity for exploration success at the two prospective licence packages is a true major development in the Oriole story. The deal suggests an implied valuation of US\$9m for Bibemi and US\$10m for Mbe. Gaining BCM as an exploration partner will be transformative for Oriole as they drill out highly prospective targets generated over the past field season. Oriole's legacy assets, including Senala and Muratdere, reinforce the balance sheet whilst Cameroonian gold development accelerates.

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Current Bibemi JORC Resource – Bakassi Zone 1 prospect*

Material	Category	Tonnage	Grade (g/t Au)	Total contained gold (oz)
Oxide	Inferred	200,000	1.53	10,000
Fresh	Inferred	4,100,000	2.23	295,000
Total	Inferred	3,870,000	2.19	305,000

Source: SP Angel, Company

*Oriole holds a 92.2% interest in the project

Conclusion: This is a transformational agreement for Oriole and the development of their flagship Bibemi asset. Although the team successfully delivered a Maiden JORC Resource at the Bakassi Zone 1 prospect in 4Q22, Management has long held the belief that it holds substantial room for expansion in both tonnage and ounces. BCM seemingly agrees and is set to support the further development of the asset with a sizeable cash investment. Additional infill drilling and exploration drilling aims to expand the existing Resource and will target other currently undefined but prospective prospects within the licence package. The end goal for Bibemi is to develop a multi-pit mine operation, with BCM's support now making this a possibility.

Earn-In Agreement at Mbe gold project for accelerated exploration programme

- Similar to the Bibemi agreement, Oriole has signed a non-binding HoT for an Earn-In Agreement with BCM to earn up to a 50% interest in its 90%-owned Mbe licence, which is also prospective for orogenic gold.
- BCM will now undertake a period of due diligence at Mbe, ending by 31st January 2024.
- On the signing of the Earn-In Agreement, and subject to the success of the DD period, BCM will make a cash payment to Oriole of **US\$1m**.
- Additionally, BCM will commit to spend US\$4m in exploration expenditure, with the aim of delineating a JORC Resource.
- A Maiden drilling programme, conditional on the above-mentioned DD period, will begin in 1Q24.
- The agreement holds a similar contribute or dilute structure to the Bibemi agreement, whereby Oriole will convert to a 3% NSR royalty on future production from Mbe, should its interest fall below 5%.
- Oriole has received a non-refundable US\$50k advanced payment following the HoT signature.
- The Earn-In Agreement is expected to be signed by end of this year. Oriole will manage the technical exploration programme, with Exploration and Resource drilling provided through BCM at cost +10%.
- In addition to the US\$4m exploration funding, BCM will make additional payments to Oriole on the release of JORC Inferred Resource milestones, delineated by 1moz increments.
- An initial US\$1m will be paid on the delivery of 1moz of JORC-classified resource, 50% of which must fall within the Indicated/Measured categories.
- A maximum cumulative resource payment of US\$20m will be payable to Oriole by BCM on delivery of a 10moz JORC-classified resource.

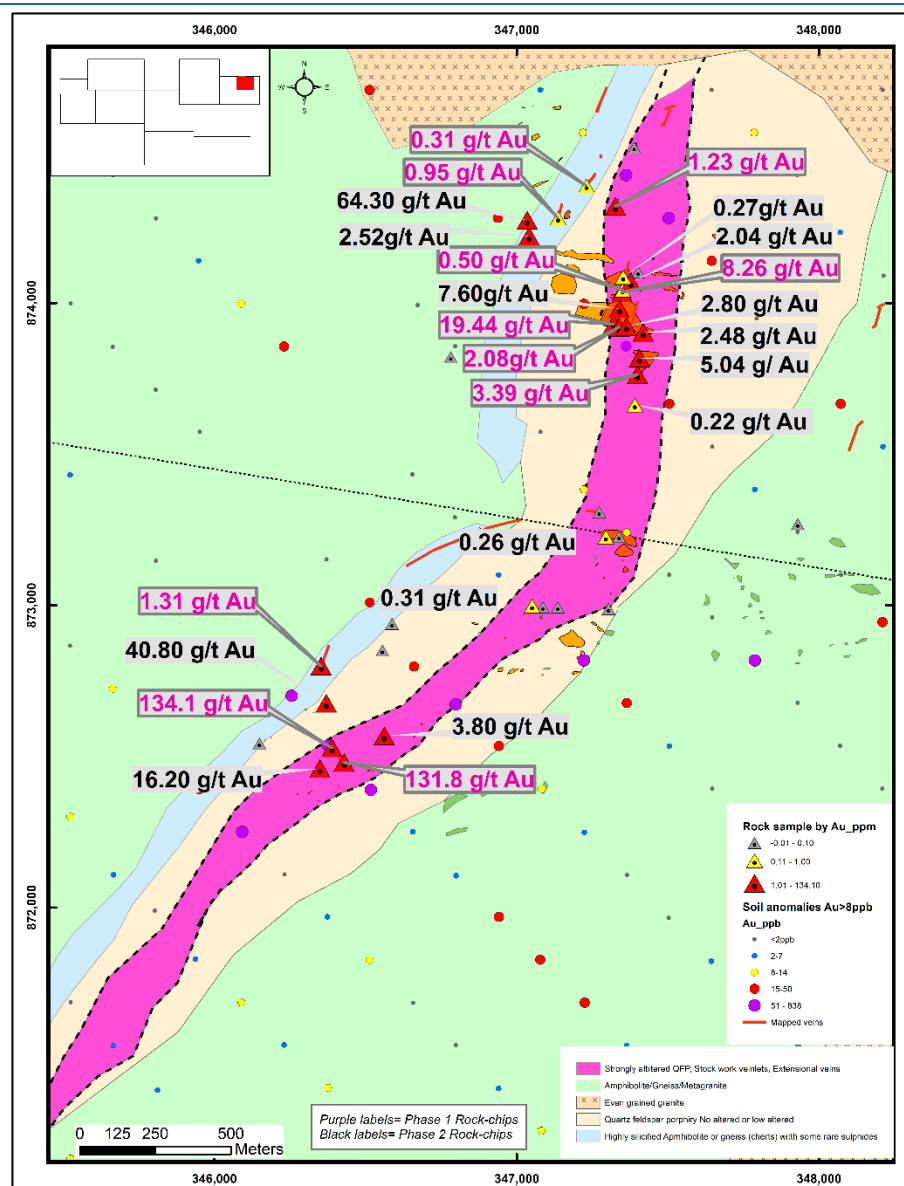
Conclusion: This agreement perhaps even more exciting for Oriole given the highly encouraging initial exploration results generated by the team at Mbe. Rock chip sampling has returned grades up to 134g/t and the Project contains a 3km long anomaly of sulphide-rich, locally brecciated quartz veins. Through the support of BCM, we expect the Maiden drilling programme early next year to generate exciting results in the first step towards the delivery of another maiden JORC-Resource by the team in Cameroon. Importantly, Mbe is just one of five licences within the 'Eastern CLP', which collectively covers over 2,266km² of prospective ground. The team has identified multiple other targets within this wider package which provides further exploration upside and the potential for further deals.

Mbe mineralised intervals (using 0.30 g/t Au cut off) from channel-chip sampling

Trench number	Interval Length (m)	Average Grade (g/t)
MBTR001	2.20	8.47
MBTR002	5.00	0.90
MBTR004	5.00	2.03
MBTR005	2.10	3.69
MBTR006	3.00	0.88

Source: SP Angel, Company

3km-long gold-mineralised corridor at Mbe



Source: SP Angel, Company

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SP Angel Corporate Finance LLP definition of research ratings:

Expected performance over 12 months: Buy - Expected return of greater than +15%, Hold - Expected return from -15% to +15%, Sell - Expected return of less than -15%

*SP Angel acts as Broker to this Company