

Revival of SA's historic Okiep mine well worth Orion's coin as copper booms

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Lisa Steyn
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Orion Minerals plans to revive the Okiep copper complex was closed down in 2003.

- Orion Mineral's test results in the Okiep copper district have yielded very good results, affirming the presence of high grade copper ore.
- The revival of copper mining in the area comes as metal prices remain close to record highs with demand anticipated to grow.
- One of Orion's projects at Okiep could be in production within two years.

Somewhere between Pofadder and Springbok, in the vast Northern Cape savannah, lies the sleepy town of Okiep, which had long since passed its heyday as a mining mecca when, in 2003, it closed its doors.

But unlike many mining towns throughout history, which have been swiftly abandoned when the mineral wealth runs out, rich copper resources remain below ground at Okiep and new owners, Orion Minerals, plan to resurrect copper mining here at just the right time to catch a green metals feeding frenzy.

Although the economy was founded by mining, South Africa isn't necessarily renowned for its copper production. Yet the lesser-known history of the Okiep Copper mine is an important part of the country's mining legacy and, at one point, it was the richest copper mine in the world.

With the copper here first discovered way back by Simon van der Stel – former governor of the Dutch Cape Colony – South Africa's first commercial mine was established in the Okiep area in 1850.

US miner Newmont mined the area from 1940 and exited in 1984 as international pressure mounted against the apartheid regime. The asset was at that time acquired by Gold Fields, which ran it until 1998 before selling to Metorex, which stopped mine development in 2003 and sold out in 2013.

'Exciting stuff'

New owners, Orion Minerals, came across the Okiep opportunity while developing its Prieska copper zinc project some 600km away. Having acquired about 70% of the Okiep copper district for a purchase price of A\$7.5 million (about R84 million), with a deferred payment of A\$8.5 million, Orion Minerals is now working to revive copper mining in the area. This week it released a handful of results from drilling tests performed at Okiep which are, in essence, very good.

"This is very exciting stuff," Orion Minerals CEO Errol Smart tells Fin24.

During the Newmont and Goldfields era, a great deal of drilling was performed at the properties in question says Smart, who began his career in mining as a geologist.

Numerous intersections were made, but they never were mined. For Orion, the first priority was to go back and validate the drilling to ensure that the mineralisation, as is recorded the vast Okiep records, is in fact there.

"We've got a lot of information already. These were discovered on surface, they were mined to 40 or 50 metres below surface, and then the mining stopped," Smart says. "And the question is, why did it stop? Is it because the ore stopped at 40 or 50 metres or did it stop because some other reason?"

The drill results suggest it must be the latter. "The ore definitely does continue. And it is very high grade," Smart says.

Peter Major, director of mining at Mergence Corporate Solutions – the corporate adviser and a shareholder of three entities which were acquired by Orion in the Okiep deal - says the report

shows that the holes were drilled to confirm historically reported mineralisation and returned "great results".

At shallow depths ranging between 50 and 70 metres below surface, Orion intersected a dyke with variable thicknesses, including 10.36 meters drilled width with 1.84% copper, 5.71 metres with 1.93% copper and 4.69 metres with 2.05% copper.

"That's good for Okiep," Major says. "At this copper price, anything over a percent is good. So there are those are good numbers but it's not a lot of holes yet."

Importantly, Orion's drilling also intersected a new mineralised zone at Koperberg West with a high-grade intercept of 4% copper over 4.76 metres at 65 metres below surface. This finding supports Orion's hunch that the ore body may cascade down in steps.

Smart points to Carolusberg, a rich copper mine not far from Koperberg, which extends 1 900 metres underground.

"But there was a lot of shallow mining 30 to 40 metres deep mining for four kilometres on either side of this deep mine. And people will say - if there's one mine that went down to 1 900 metres, why didn't the rest of it?"

Orion thinks it's possible that there is a step in the ore body but this was never realised by former owners.

"So you don't look directly below where you've picked up the mineralisation, you actually have to step a little bit to the side, but it does continue down," he says.

One can only speculate as to why intersections made by former owners at Koperberg, and now drilled by Orion, were not mined further.

Major reckons that the company was distracted by the "38 million-ton carrot" of solid, high grade ore at Carolusberg.

Smart, meanwhile, thinks the unmined intersections were symptomatic of what was happening in South Africa in the late 80s and 90s - which saw big mining houses stop capitalising operations because of political uncertainty. At Okiep the assets were sold off to mining group Metorex, which essentially stripped it before moving on to the Zambian copper belt.

Orion's acquisition of the mine would seem to come at the right time, well, almost, given that copper prices remain at near record highs of \$4.5 a pound.

"Errol bought this thing when copper was below \$3 a pound," says Major. "He must be losing sleep. He must want to go out there with a wheelbarrow and a pick."

Decarbonisation

Smart draws comfort from Orion's joint venture with the Industrial Development Corporation, which also falls within the Okiep mining district.

"We have shown that we can fast-track the mine to production. So we busy with the permitting and final feasibility studies on that and we would like to have that in production within two years. The Koperberg project will likely come six to 12 months later.

"It's not about finding one mine, this is going to be a whole district with a cluster of mines," Smart notes.

Regardless of the time it takes for Orion to produce its first copper, Smart doesn't expect to miss out on the price boom, especially in light of the growing decarbonisation agenda globally.

"We are just at the start of the whole electrification and electric vehicle explosion, you're looking at a decade of growing copper consumption," he says.

"There's just a massive shortage of copper that's going to be required in the world and there hasn't been enough copper discovered. Deposits like these really have really have huge opportunity to rapidly fill that hole."