

#### Stock Data

Share Price:	2.30p
Market Cap:	£4.34m
Shares in issue:	188.6m
52 week high/low:	13.50p/2.00p

#### Company Profile

Sector:	Gold Mining
Ticker:	OMI
Exchange:	AIM, TSX-V

#### Activities

Orosur Mining Inc. ('Orosur', 'the Group', 'OMI') is an international explorer and developer of high-quality mineral assets in key jurisdictions.

Company website: [www.orosur.ca/](http://www.orosur.ca/)

#### 5-year share price performance



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

#### Turner Pope contact details

Tel: 0203 657 0050  
Email: [info@turnerpope.com](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://www.turnerpope.com)

Andrew Thacker  
Corporate Broking & Sales

Barry Gibb  
Research Analyst

TPI acts as Joint Broker to Orosur Mining Inc.

Attention is drawn to the disclaimers and risk warnings at the end of this document.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

## Orosur Mining Inc.

In accordance with its strategy of securing high quality mineral exploration opportunities in key jurisdictions, Orosur has signed a joint venture ('JV') agreement to explore a number of exploration licences across Nigeria ('the Project') that it considers to be highly prospective for lithium mineralisation. Having examined options to enter the lithium space for over two years, the Board chose to dismiss initial opportunities focussed on Andean brines and Brazilian pegmatites that had become particularly competitive with correspondingly high entry costs, in favour of more recently identified Nigerian prospects which, to a large extent, offer a geological mirror image of the pegmatite fields in northeastern Brazil. Importantly, the local team of its Nigerian JV partner, Jurassic Mines Ltd ('Jurassic'), complements the long-standing relationships and experience gained in the territory by Orosur's executives, which should ensure alignment with several key geological and logistics experts, thereby minimising immediate upfront investment and addition to overheads. Field programs are scheduled to commence immediately, starting with preliminary reconnaissance that should deliver rapid results, possibly followed by rock sampling and surface mapping. In tandem with this, management will be continuing negotiations with Minera Monte Águila ('MMA') regarding the next stage of development of its Anzá Project in Colombia, while the stature of Orosur's earlier-stage projects in Argentina and Brazil also continues to move forward in alignment with its ambition to become a diversified international explorer. A cash balance of US\$2.87m as of 29 September 2023, suggests that in the absence of a significant Phase 1 ramp-up by its newly incorporated UK subsidiary, Lithium West Limited ('Lithium West'), the low burn rate of the Group's various assets presently provides a forward runway of around one year.

### Terms and commitments of the new JV

The terms of the JV signed with Jurassic permit Orosur, via its 100%-owned Lithium West, to earn up to 70% equity in the Project in two phases:

- Phase 1** – Lithium West can earn 51% equity in the Project by spending a total of US\$3m over a maximum of three years.
- Phase 2** – Lithium West can earn an additional 19% equity in the Project, up to a total of 70%, by spending an additional US\$2m over a maximum of two years.

Upon inception, the Project comprises four exploration licences across Nigeria's primary pegmatite belt, covering a total of c.322km<sup>2</sup>. Other prospective areas are currently being examined and it is possible that additional licences may be added to the Project in the near term. All licences were chosen specifically due to their location within the major lithostructural corridors that are known to control lithium pegmatite mineralisation in this region.

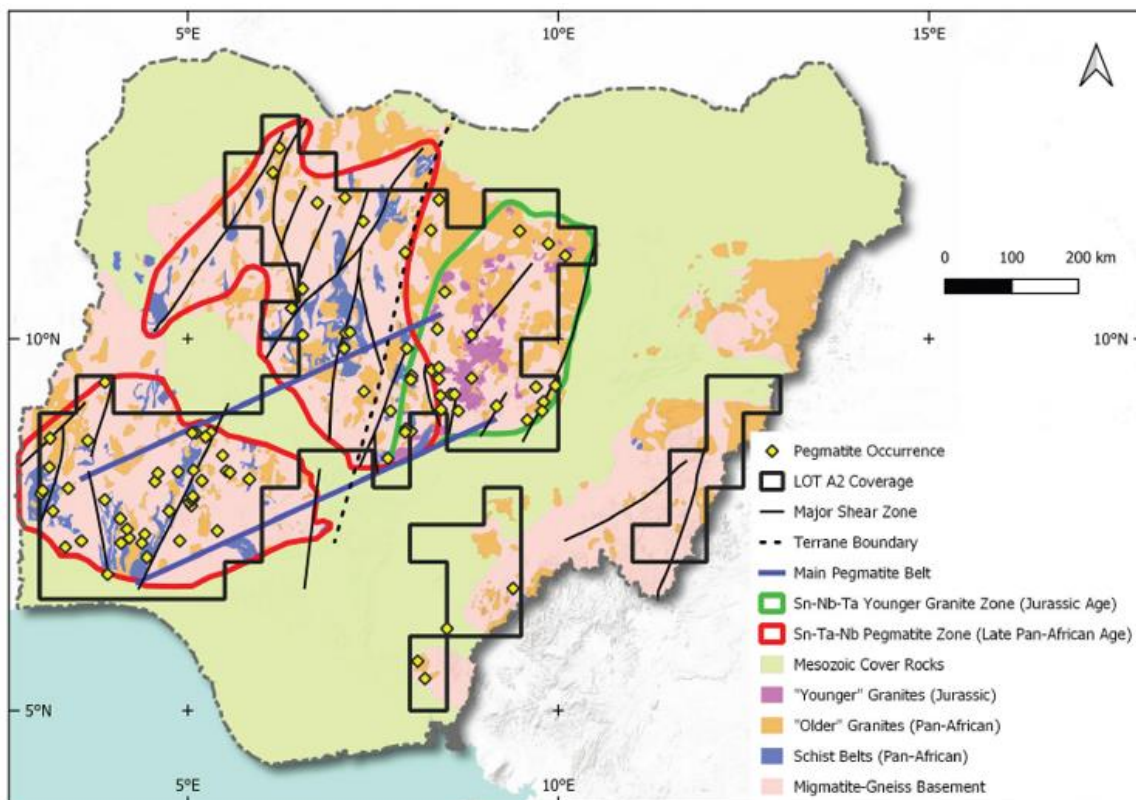
### Nigerian Lithium Belt – An area of high geological significance

The Nigerian Lithium Belt is a northeast-trending mineralised belt that stretches for about 450 miles from the southwest corner of Nigeria to Kano State in the north. It lies within the so called 'Basement Complex', an area covering roughly 50% of Nigeria, that is known for hosting large, commercially

valuable deposits. In 2018, the Nigerian Ministry of Mines and Steel Development undertook various geoscience mapping projects covering most of this area of crystalline rock to better define its potential as part of a strategy to reduce the nation's dependence on oil. Covering a broad range of commodities, this is now referred to as the National Integrated Mineral Exploration Project ('NIMEP').

The Basement Complex comprises a Precambrian structure with associated in-folded schist belts that are overlain by younger sedimentary rocks. Such lithium-caesium-tantalum ('LCT') pegmatite rock comprises a compositionally defined subset of granitic pegmatites, being rocks that form relatively small igneous bodies and characterised by large crystals and a variety of distinctive textures, whose major minerals comprise lithium, tantalum, niobium, tin, other rare earths and certain gemstones.

### **Nigerian Geology – Schematic Detailing the Main Pegmatite Belt**



Source: Orosur, [RNS of 16 October 2023](#)

Orosur's new JV's licences are expected to contain LCT pegmatites within their undeformed Acid and Basic Dykes. Lithium minerals of commercial interest, such as spodumene, montebasite, amblygonite, petalite and lepidolite, have already been mined by small-scale artisanal miners on obvious outcropping pegmatites within these and other geographic boundaries over past decades. Of these, the spodumene is likely to be the principal economic interest for Orosur, given that it has the most elementary conversion process to form lithium concentrates and hydroxides; petalite and lepidolite can also be converted by the cost involved often prohibits larger-scale commercialisation.

Orosur, of course, is not the first international company to enter the space. A number of private companies have been active there for some time including, for example, [Continental Lithium limited](#), which is actively pursuing systematic exploration across 15 exploration licenses situated on the Nigeria's main pegmatite belt. More recently, London and Canadian quoted Nigerian gold miner, [Thor Explorations Limited](#) (AIM, TSX-V: THX), also entered the territory with an initial focus on the south-west through its 100%-owned Newstar Minerals, which holds a land package of 600Km<sup>2</sup> that recently reported Encouraging initial scout rock-chip sampling to confirm presence of lithium mineralisation followed by drilling returning significant intersections of mineralised pegmatites.

It is understood that the Nigerian lithium space is rapidly coming into the focus of a number of international players, a fact that something that may become more apparent amongst the wider mining community at this week's Nigerian Mining Conference in Abuja. As such, Orosur's entry appears to be well timed.

### High grade lithium pegmatite to help satisfy looming deficit

A 2021 study conducted by the Nigerian Geological Survey Agency ('NGSA') describes the lithium pegmatite identified in its main pegmatite belt as being 'high grade' due to its 1% - 13% oxide content (noting that economic extraction has been achieved in other parts of the world at levels as low as 0.4%). The lithium content of spodumene and lepidolite minerals contained is accompanied by more minor concentrations of other commercially attractive products. Lithium, of course, is now recognised as a critical component in modern technology, including batteries for electric vehicles (EVs) and renewable energy storage solutions. A decade or so ago, the bulk of demand for the

mineral was split between ceramics and glasses (35%), while greases, metallurgical powders, polymers, and other industrial uses accounted for >35%, with <30% being utilised for batteries. By 2030, batteries are expected to account for >95% of total demand. With 2021 global production of just 540,000 metric tons expanding to over 3 million metric tons by 2030 according to the World Economic Forum, various recent [reports](#) are already predict a near-term supply deficit.

BMI, a Fitch Solutions research unit, for example, anticipates such an outcome as early as 2025 powered by Chinese demand, with the international market enjoying an average CAGR of 20.4% during 2023-2032. By contrast, however, independent research and business intelligence company, Rystad Energy, considers that total lithium mine supply will increase by 30% and 40% year-on-year in 2023 and 2024 that, amid the recent widely reported western slowdown in demand for EVs, could point to a temporary global surplus next year, although it too expects shortages to hit supply chains from 2028. Reflecting this, Lithium carbonate prices which surged to a record high of almost 600,000 yuan (US\$84,000) per ton in November 2022, more than 12 times January 2021's price, have since tracked back somewhat with the most traded January 2024 contract on [GFEX closing](#) at 164,950 yuan (US\$23,093) per tonne last Thursday. Understanding that lithium mines typically take 8 to 10 years or more from first discovery to fully-fledged production, a premium is likely to be secure by early movers capable of uncovering of major prospects in secure territories.

In 2022, Australia, Chile, China and Argentina dominated global lithium mining, while China, South Korea, Japan and The Netherlands were the top importers.

### Anticipating stricter enforcement through an updated Nigerian Mining Code

The Nigerian Geological Survey Agency ('NGSA') is the government body responsible for regulation, mineral exploration and mapping. The Federal Executive Council ('FEC') on 5 April 2023 approved a draft amendment of the Nigerian Minerals & Mining Act 2007 - the principal legislation regulating the mining of solid minerals in Nigeria. The new Bill (namely the Nigerian Minerals & Mining Bill 2023), has been sent to the National Assembly for initial review and is intended to replace the old law when enacted. Subsequent to this, it is anticipated that legislation encompassing lithium exploration, production and use, together with a detailed Environmental Impact Assessment ('EIA'), safety regulations, community involvement, and equitable benefit distribution will become more strictly enforced, thereby encouraging greater international participation.

### Limited immediate upfront investment or addition to Group overheads

Pursuing its early stage, low entry cost strategy, based upon detailed geological understanding of the local mineralising systems, Orosur had for some time been examining different opportunities to enter the lithium space. While its initial preference may have been to sustain its LATAM focus through identified Andean brine and Brazilian pegmatite opportunities, these regions became discounted due to high competition escalating costs associated with securing high-quality licenses and commencement of operations.

Given the high level of in-country experience of several members of the Group's executive along with Nigeria's lithium pegmatite potential which is, to a large extent, a geological mirror image of the pegmatite fields in northeastern Brazil, the licensing opportunities identified appeared too good to miss. Their selection was made on the basis of highest potential, rather than simply what was being offered. Furthermore, Orosur's long-standing relationships and experience, supported by Jurassic's local team, will enable it to align several key local geological and logistics experts, therein providing access to experienced exploration teams, field logistics, drill rigs, assay equipment and vast geological knowledge, without the need for any major upfront investment or addition of substantial overheads.

**THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.**

### **Conflicts**

This is a non-independent marketing communication under the rules of the Financial Conduct Authority ("FCA"). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited ("TPI") has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

### **Risk Warnings**

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI's research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently, AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.



### **Specific disclaimers**

TPI acts as Joint Broker to Orosur Mining Inc. ('Orosur') which is listed on the AIM Market of the London Stock Exchange ('AIM') and the Toronto Stock Exchange ('TSX'). TPI's private and institutional clients may hold, subscribe for or buy or sell Orosur's securities.

Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Orosur.

### **General disclaimers**

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2023 Turner Pope Investments (TPI) Limited, all rights reserved.