Orla Mining Increases Gold Reserves by 54%

Orla Mining Ltd. (TSX: OLA)

Provided the results of an updated Feasibility Study and mineral reserve estimate on its Camino Rojo Oxide Gold Project located in Zacatecas, Mexico.

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Orla Mining	TSX : OLA
Stage	Development
Metals	Gold
Market cap	C$1.51 Billion @ C$6.59
Location	Zacatecas, Mexico + Panama

Comment

It's such a shame that Orla's announcement of a 54% increase in gold mineral reserves was made just as gold was falling, and resulted in a small drop in the share price on the day.

This updated feasibility study is calculated at a conservative US$1,600 for gold, well below the current spot price.

Orla has had a strong run recently and maybe this was already baked into the price?

I note the start of production is still slated for late 2021, so they're obviously overcoming any hurdles that the covid pandemic is placing in their way.

Orla Mining Increases Gold Mineral Reserves by 54% With Updated Feasibility Study at the Camino Rojo Oxide Gold Project

VANCOUVER, BC – January 11, 2021 – **Orla Mining Ltd.** (TSX: OLA; NYSE: ORLA) ("Orla" or the "Company") is pleased to provide the results of an updated Feasibility Study and mineral reserve estimate on its Camino Rojo Oxide Gold Project (the "Project" or "Camino Rojo") located in Zacatecas, Mexico. The updated Feasibility Study highlights a 54% increase in contained gold mineral reserves and a 3.5-year extension to the mine life of the Project, which is currently in construction. The estimated Project after-tax net present value ("NPV") (5% discount rate) is now $452 million with an after-tax internal rate of return ("IRR") of 62% at a gold price of $1,600 per ounce.

"The updated Feasibility Study for the Camino Rojo Oxide Project demonstrates an increase in recovered gold, mine life, and cash flows, an already excellent project has been improved due to the hard work of the entire Orla team and I thank them for their efforts.

We are pleased to announce this important enhancement and we will continue to optimize this asset as we move through construction and into production."

Jason Simpson, President and Chief Executive Officer of Orla Mining.

Key Updated Feasibility Study Highlights:

Table 1: Feasibility Study Highlights

	Units	Values
Throughput Rate per Day	tonnes	18,000
Total Ore to Leach Pad	M tonnes	67.4
Gold Grade (Average)	g/t	0.73
Silver Grade (Average)	g/t	14.5
Contained Gold	ounces	1,588,000
Contained Silver	ounces	31,506,000
Average Gold Recovery	%	62%
Average Silver Recovery	%	20%
Recovered Gold	ounces	980,000
Recovered Silver	ounces	6,189,000
Mine Life	years	10.4

Average Annual Gold Production	ounces	94,000
Strip Ratio	waste : ore	0.92
Initial Capex	US$ million	$134
Avg. Life of Mine Operating costs	$/t ore processed	$8.17
Total Cash Cost (net of by-product credits)[1]	$/oz Au	$490
All-In Sustaining Cost ("AISC")[1]	$/oz Au	$543
Pre -Tax – NPV (5% discount rate)	US$ million	$668
Pre-Tax IRR	%	82%
After-Tax – NPV (5% discount rate)	US$ million	$452
After-Tax IRR	%	62%
Payback	years	1.5

1 Total cash cost and AISC are non-GAAP measures and are net of silver credits and includes royalties payable. See reference below regarding non-GAAP measures.

* All dollar amounts in US dollars

Feasibility Study

The updated Feasibility Study reflects some of the benefits resulting from a pit expansion made possible through the completion of the layback agreement with Fresnillo Plc ("Fresnillo") announced on December 21, 2020 (the "Layback Agreement"). Closing of the Layback Agreement is subject to receipt of Mexican antitrust approval from the Federal Competition Commission (Comisión Federal de Competencia Económica or "COFECE").

The Layback Agreement allows Orla to expand the north wall of the oxide pit onto the Fresnillo property immediately adjacent to Orla's mineral concession. This expansion will increase oxide ore available for extraction on Orla’s property below the pit outlined in the previous feasibility study dated June 25, 2019 (“2019 Feasibility Study”). The increase in mineral reserves in the updated Feasibility Study is derived from the conversion of measured and indicated mineral resources located solely on Orla’s concession. There has been no change to the mineral resource estimate dated effective June 7, 2019.

The Layback Agreement also provides Orla with the right to mine from Fresnillo’s mineral concession, and recover for Orla’s account, all oxide and transitional material amenable to heap leaching that is within an expanded open pit. Results from holes drilled on Fresnillo’s concession in close proximity to the most northern holes on the Orla property appear to be consistent with projections of the geological and oxidation models created from Orla’s data and assay results.

Additional work is required to bring material on the Fresnillo concession to the measured and indicated mineral resource categories. Therefore, in the updated Feasibility Study, all material to be mined on the Fresnillo concession is classified as waste. Upon the completion of a confirmatory drill program on Fresnillo’s concession by Orla, and integration of Fresnillo’s drill database, a subsequent mineral reserve update is expected which would include all economic oxide and transitional material from the expanded pit.

The updated Feasibility Study continues to support a technically simple open pit mine and heap leach operation but improves upon the economics outlined in the 2019 Feasibility Study. The main notable physical changes from the 2019 Feasibility Study are an increase in the size of the open pit, heap leach pad, and mine waste dump as a result of the Layback

Agreement, all of which were anticipated in the initial design. The majority of the infrastructure will remain as presented in the 2019 Feasibility Study and as being currently constructed.

The updated Feasibility Study was conducted using a gold price of $1,600 per ounce and a silver price of $20 per ounce and is expressed in U.S. dollars.

The new mineral reserve estimate at Camino Rojo includes proven and probable mineral reserves of 67.4 million tonnes at a gold grade of 0.73 grams per tonne ("g/t") and a silver grade of 14.5 g/t, for total mineral reserves of 1.59 million ounces of gold and 31.5 million ounces of silver. All mineral reserves are contained within Orla's mineral concession. Approximately two-thirds of the mineral reserves are within the currently permitted mine plan. The remaining portion will require a Cambio de Uso de Suelo ("CUS") and related permit amendments for an expanded pit; approval of the Layback Agreement from COFECE and subsequent transfer of surface rights. These permit amendments and approvals are expected to be received in a reasonable time frame.

Measured and indicated mineral resources are unchanged at 353.4 million tonnes at 0.83 g/t gold and 8.8 g/t silver, resulting in an estimated 9.46 million ounces of gold and 100.4 million ounces of silver. Inferred mineral resources are 60.9 million tonnes at 0.87 g/t gold and 7.4 g/t silver, resulting in an estimated 1.70 million ounces of gold and 14.5 million ounces of silver. Mineral resources are inclusive of mineral reserves.

To read the full news release, please click HERE

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Disclosure

The writer is a shareholder in Orla Mining, bought in the market at the prevailing price on the day.