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Tuesday 17 June, 2014

Origo Partners PLC Portfolio Company Update

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17 June 2014

17 June 2014

Origo Partners PLC

Portfolio Company Update - Moly World Ltd scoping study identifies low capex, high return option to develop molybdenum project

Origo Partners Plc ("Origo") is pleased to announce the results of a scoping study on the Mandal Moly molybdenum and tungsten project ("the Project") wholly owned by its portfolio company Moly World Ltd ("Moly World"). The study has identified the potential for an initial small scale open pit operation (producing 3,000 tonnes of molybdenum and 155 tonnes of tungsten concentrate per annum) that could be brought into production for an investment of US\$43.6 million, including working capital, with the option of further expansion, dependent upon future molybdenum prices.

The study has estimated that the Project, which benefits from world class grades and a low strip ratio, is capable of returning an IRR of 46.8%, with a net present value of US\$80.8m (at a 12% discount rate) at current molybdenum prices.

The Mandal Moly project is located in North West Mongolia and consists of a single exploration licence covering an area of 2,360 hectares. Based upon a JORC compliant resource statement issued in 2012, the Project contains 203.4 million tonnes of ore grading 0.1261% molybdenum with total contained molybdenum metal of 256,000 tonnes. The Project also benefits from high levels of associated tungsten and is strategically well placed - located close to existing water and power infrastructure.

The study identified an initial mining area with favourable conditions that could be accessed via a small scale open pit located on a shallow high grade zone of the deposit with molybdenum grades of 2,110 ppm and a strip ratio of 0.55:1. In addition, the study defined processing and infrastructure requirements to support average annual production of approximately 3,000 and 155 tonnes of molybdenum and tungsten concentrate respectively per annum. The initial pit has a 14 year operating life with an average life of mine cash cost of US\$ 21.4 per tonne of ore extracted. Initial total capital for this development is estimated to be US\$43.6 million, and production could start within two years of construction commencing.

Work on a detailed mining feasibility study will begin shortly and discussions with the Government around conversion of the Project's licence to a mining licence are underway.

Origo acquired a 20 per cent stake in Moly World, a holding company which owns the Mandal Moly deposit, for US\$10 million in 2011. In addition, a subsidiary of Origo has an off-take agreement covering up to 20 per cent of all production from Mandal Moly while Origo holds an interest of between 5 and 20 per cent in Moly World.

Commenting on today's announcement, Chris Rynning said:

"The results of the study confirm the potential to develop an initial small scale operation at Mandal Moly with high rates of return and low initial capital investment. This approach minimizes risks whilst giving us the option to significantly expand production at a later date."

For further information about Origo please visit www.origopl.com or contact:

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Notes to editors:

Origo Partners:

Origo is a private equity investment company, focused exclusively on growth opportunities created by the urbanization and industrialization of China. Origo is listed on the London Stock Exchange (LSE: OPP).

Origo's investment strategy is focused on the natural resources and renewable energy/clean-tech sectors.

This information is provided by RNS
The company news service from the London Stock Exchange

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