

## Opal miner starts exploration to widen its horizons

**Company: Opal Horizon Limited**  
**Proposed ASX code: OHZ**  
**Proposed listing date: August 6**  
**Capital to be raised: \$2.5-\$6 million**  
**Market capitalisation: \$15 million**  
**Issue price: 25c**  
**Recommendation: None**

THE opal-mining industry is relatively unknown despite the opal being Australia's national gemstone.

Enter Opal Horizon Limited, an opal mining company with 793sq km of exploration land in western Queensland, stretching from Longreach to Quilpie.

The company is looking to raise between \$2.5 million and \$6 million to further develop all areas of the business — including exploration, mining, production, marketing and selling.

Opal Horizon Limited has signed preliminary wholesale contracts in Britain, Italy, China, and the US.

Opal prices are generally higher overseas than in Australia and range in value depending on colour, carat weight, cut and clarity.

Wise-owl.com research analyst Sven Restel says: "The value in mining stock comes not only from cash flow, but also from stating a resource base — that is, how much copper or gold they have in the ground.

"However, opal-mining tenements are usually nuggety and a resource base is often difficult to confirm."

Although Opal Horizon Limited already has \$1.5 million in the bank, without a resource base or revenue stream it is difficult to place a value on the company.

At listing, the company will be valued at \$15 million to \$19 million, depending how much capital is raised.

"Until the company is cash flow positive, this is a fairly high figure," Restel says.

Opal Horizon is targeting western Queensland as

the area is known to host large-sized opal deposits and areas with high grade precious opal.

"Opal mining is relatively inexpensive and good stones can bring high margins, although revenue can be lumpy," Restel says.

"The industry has been declining for decades and few new mines have been brought into production.

"To keep up supply, Opal Horizon is buying stones from other mines and cutting them themselves."

Opal Horizon already has one producing mine and is looking to bring another into production next year.

Although excavation levels are currently higher than production, the company is looking to define the extent of the mineralisation before fully producing to minimise operational costs.

