



Orion Minerals

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Industrial Development Corporation to fund 43.75% of pre-development costs and facilitate BEE ownership at Okiep

IDC to sell shares, to progress HDSA ownership participation by BEE Entrepreneurs, in the New Okiep Mining Company

- ▶ **IDC to initially become a 43.75% shareholder in New Okiep Mining Company Proprietary Limited (NOM) alongside Orion, which will hold 56.25% of the NOM ordinary shares.**
- ▶ **Upon becoming a shareholder, IDC will advance its pro rata share of the ZAR79.037m total budgeted pre-development operating costs of NOM, with Orion having already advanced its entire pro rata share of ZAR 44.458m to NOM.**
- ▶ **NOM is acquiring the Prospecting Rights and the recently granted Mining Right from Southern African Tantalum Mining Proprietary Limited (SAFTA), in which, the IDC is currently a 43.75% shareholder.**
- ▶ **Upon NOM acquiring the SAFTA assets, the IDC will sell 22.22% of its shares in NOM to a BEECo, being a BEE Entrepreneur entity led by Lulamile Xate, in furtherance of the Historically Disadvantaged South Africans (HDSA) ownership objectives of the Mining Charter 2018.**
- ▶ **Thereafter, Community and Employee Trusts will each acquire a 5% meaningful economic participation interest in NOM resulting in a 30% meaningful economic participation interest being held by HDSAs in furtherance of the HDSA ownership objectives of the Mining Charter 2018.**

Orion's Managing Director and CEO, Errol Smart, commented:

"Following hard on the heels of last week's announcement regarding the grant of the SAFTA Mining Right for the Flat Mines area at Okiep, we are delighted to have reached agreement on the key principles for both the inclusion of Mining Charter 2018 HDSA structures and for the IDC to contribute 43.75% of the total budgeted pre-development costs for NOM, marking a significant step towards the broader commercial development of the Okiep Copper Project.

With Orion already having contributed ZAR44.458m, representing 56.25% pro-rata portion of the total pre-development budget, the IDC has now agreed on the key commercial terms on which it will fund the balance of the budget to complete feasibility studies by June 2023.

Having also received the long awaited grant of the mining right to the core area, we are finally able to complete the required drilling and metallurgical sampling to finalise the optimisation of the feasibility studies which are already well advanced.

The future ownership of NOM with high quality development partners, such as the IDC, Lulamile Xate and our employees and host community, puts the Okiep Project on a very solid footing for the near-term development of what we expect to be a very exciting, brown-fields copper mining project."

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce that it has entered into non-binding term sheets with the Industrial Development Corporation of South Africa Limited (**IDC**) and Lulamile Xate regarding the key principles of the funding and Historically Disadvantaged South African (**HDSA**) ownership participation arrangements for New Okiep Mining Company (**NOM**). Orion and the IDC anticipate finalising and executing the definitive agreements for the IDC share acquisition and pre-development funding arrangements by 30 September 2022, with the IDC funding to flow during October 2022, subject to fulfilment of conditions precedent standard for such arrangements.

Orion, the IDC and Lulamile anticipate finalising and executing the definitive agreements for the HDSA ownership arrangements within the next two months, with the implementation of the HDSA ownership arrangements being conditional on the transfer of the assets from SAFTA to NOM, per the terms and conditions of the SAFTA Asset Acquisition Agreement (refer ASX/JSE releases 2 February 2021 and 2 August 2021).

The IDC funding of pre-development costs in the amount of ZAR 34.579m will be advanced to NOM on the same terms as the pre-development funding amount of ZAR 44.458m already advanced by Orion to NOM.

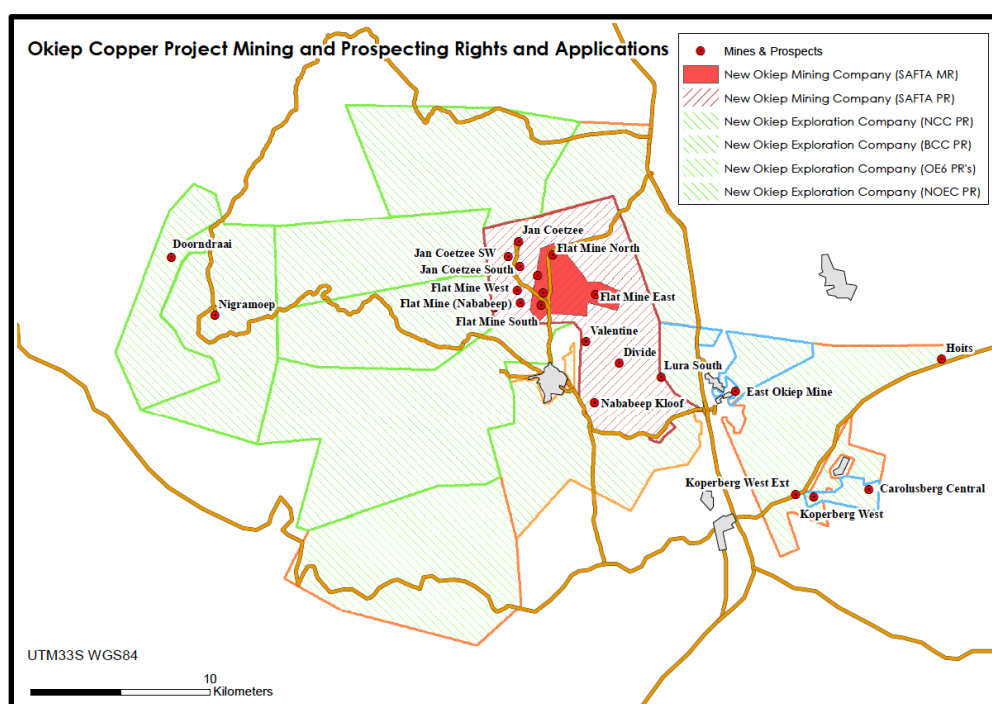


Figure 1: Location of the OCP mineral rights and NOM - SAFTA Mining and Prospecting Rights.

Orion has completed a positive Scoping Study (refer ASX/JSE release 3 May 2021; summary in Appendix 1) for the Flat Mines SAFTA area, which demonstrated the economic merit of developing a foundation phase mining operation at the SAFTA properties. The Scoping Study supported a moderate scale start-up mining operation on known, drilled copper deposits.

Orion's aspiration, with project partners the IDC and BEE partners led by Lulamile Xate, is the early re-establishment of mining operations on the brownfields SAFTA site, while conducting the required work and engineering studies to support the long-term aspiration of achieving production from the Okiep Copper Project (**OCP**) at a similar scale to past owners Newmont and later Goldfields under the Okiep Copper Company.

Orion announced on 16 September 2021, that the IDC had signalled its intention to remain a key strategic partner in the SAFTA project and to work with Orion in the development of NOM, which will acquire the assets owned by SAFTA, which is currently 43.75% owned by the IDC. The shareholding in NOM will, in the future, include Orion as the majority owner with 56.25% holding of the ordinary shares, the IDC as a key strategic partner, and with historically disadvantaged empowerment partners holding shares in furtherance of the ownership objectives of the Mining Charter 2018.

The OCP is a significant growth opportunity for Orion, with the potential to become a second base metal production hub for the Company in the Northern Cape, alongside its flagship Prieska Copper-Zinc Project, located 450km east of the OCP.

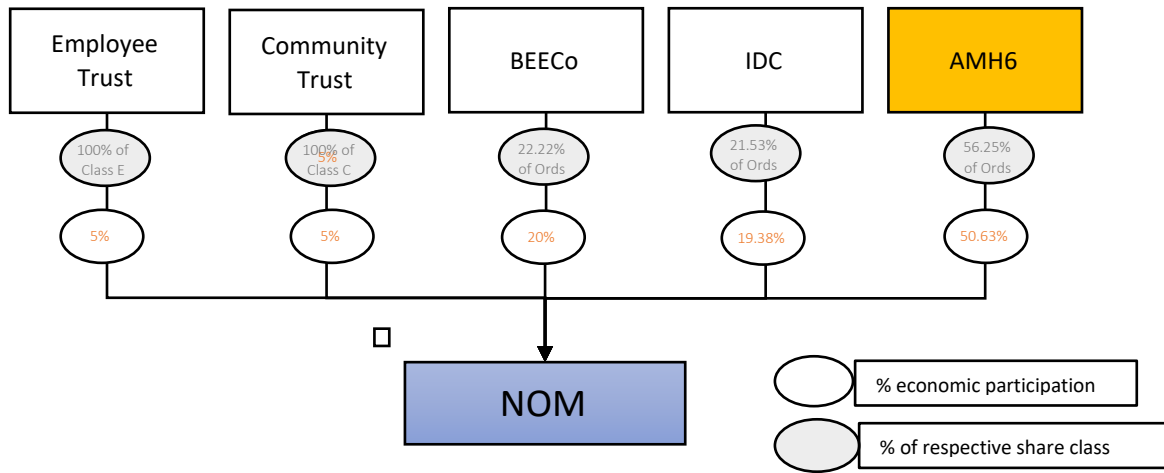


Figure 2: Future Ownership Structure for NOM

Next Steps

The development partners have agreed on a timetable to complete definitive agreements allowing draw down on the IDC funding, by 31 October 2022.

Feasibility studies upgrading the 2021 scoping feasibility study (refer ASX/JSE release 2 August 2021) for the OCP are well advanced, with targeted completion in Q2 2023.

About Lulamile Xate

Lulamile Xate has a wide range of business experience. He is an ex-political prisoner and read for his B Com through UNISA while being incarcerated on Robben Island. Lulamile also has qualifications from the University of Murdoch, Perth in Australia, where he studied energy management and renewable energy systems at post graduate level. Having completed articles at Pricewaterhouse Coopers, he has developed a number of successful businesses in the fishing, gas, eco-tourism, agriculture, bioenergy and forestry industries and was and is a director and chairman of a number of unlisted and listed companies. He also has interests in gold and copper mining.

About the IDC

The Industrial Development Corporation (IDC) was established in 1940 through an Act of Parliament and is fully owned by the South African Government. The Corporation pursues development impact through job-rich industrialisation and contributes to an inclusive economy by, among others, funding black-owned and black-empowered companies, black industrialists, women and youth-owned enterprises. For more information visit www.idc.co.za.

For and on behalf of the Board.

Errol Smart
Managing Director and CEO

ENQUIRIES

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Appendix 1

OCF – Flat Mines Pilot Project Scoping Study

Executive Dashboard							
Price and Forex Assumptions			Financial Performance				
Unit	Value		Unit	Value	Unit	Value	
Metal price - Cu	USD/t	7,593	NPV (pre-tax) approximated @10% discount rate	ZAR (M)	1,896	AUD (M)	170
Metal price - Au	USD/oz	1,889	NPV (post-tax) approximated @10% discount rate	ZAR (M)	1,267	AUD (M)	114
Metal price - Ag	USD/oz	24	IRR (pre-tax)	%	44%		
Exchange rate	ZAR : USD	17.2 : 1	IRR (post-tax)	%	37%		
Exchange rate	ZAR : AUD	11.1 : 1	Payback from first production	years	3.25 years		
Production Metrics			Project Cost Metrics				
Unit	Value		Unit	Value	Unit	Value	
Life of Mine (Proof-of-Concept Phase)	Years	11.8	Undiscounted free cash flow (pre-tax)	ZAR (M)	4,607	AUD (M)	413
Treatment plant capacity	ktpa	780	Peak funding	ZAR (M)	643	AUD (M)	58
Proof-of-Concept Phase tonnage - RoM	kt	9,011	Average cash operating unit cost (C1)	ZAR/t	781	AUD/t	70
Proof-of-Concept Phase tonnage - RoM U/G	kt	7,479	All-in-sustaining cost per unit RoM †	ZAR/t	873	AUD/t	78
Proof-of-Concept Phase tonnage - RoM O-Pit	kt	1,531	All-in-sustaining cost per unit Cu † sold	USD/t Cu	4,478	AUD/t Cu	6,904
RoM Plant Feed Grade - Cu - U/G	%	1.29%	Price received (net of NSR) - Cu	USD/t Cu	7,441	AUD/t Cu	11,473
RoM Plant Feed Grade - Cu - O-Pit	%	1.28%	All-in-sustaining margin	%	40%		
RoM Plant Feed Grade - Au	g/t conc	2.2	Operating breakeven grade - Cu	%	0.83%		
RoM Plant Feed Grade - Ag	g/t conc	34	Project Cash Flows				
Unit	Value	Unit	Value	Unit	Value		
Overall Plant Recovery - Cu	%	87.4%	LoM net revenue	ZAR (M)	12,712	AUD (M)	1,142
Concentrate tonnage - Cu	kt	386	LoM operating costs (plus State Royalty)	ZAR (M)	7,320	AUD (M)	657
Concentrate grade - Cu	%	25.8%	Project Start-up Capital Expenditure	ZAR (M)	595	AUD (M)	53
NSR as % of metal price - Cu	%	96.9%	Sustaining Capital Expenditure	ZAR (M)	188	AUD (M)	17
Metal sold (in concentrates) - Cu	Tonnes	102,329	Income Tax	ZAR (M)	1,368	AUD (M)	123
Total Cu Sales	Tonnes	386,787	Cash Flow After Tax	ZAR (M)	3,241	AUD (M)	291

Level of Accuracy of Financial Model \pm 25%, LoM = Life of Mine, NSR = Net Smelter Return, NPV = Net Present Value, IRR = Internal Rate of Return

There is a low level of geological confidence associated with Inferred Mineral Resources and therefore there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target or financial forecast information referred to in this Study will be realised. Source: ORN Okiep Financial Model revision 4.0

Table: Key assumptions and project performance parameters for the Okiep Copper Project (Flat Mines Project area) (numbers may contain apparent rounding errors).

Refer ASX/JSE release 3 May 2021