



Orion Minerals

ASX/JSE RELEASE: 14 NOVEMBER 2022

Pre-development funding for Okiep Copper Project secured as the IDC completes the acquisition of 43.75% of New Okiep Mining Company from Orion

IDC to sell shares, progress HDSA ownership participation by BEE Entrepreneurs

- ▶ The Industrial Development Corporation of South Africa (IDC) has become a 43.75% shareholder in New Okiep Mining Company Proprietary Limited (NOM) alongside Orion, which holds the remaining 56.25% of the NOM ordinary shares.
- ▶ This marks a major step towards the re-establishment of mining operations at the advanced Okiep Copper Project, Orion's second emerging production hub in the Northern Cape Province.
- ▶ The IDC will now advance its pro rata share of the ZAR79 million (~A\$6.9 million) total budgeted pre-development operating costs of NOM, with Orion having already advanced its entire pro rata share of ZAR44 million (~A\$3.9 million) to NOM.
- ▶ NOM is acquiring the Prospecting Rights and the recently granted Mining Right at Okiep 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, to further 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 HDSA's, consistent with the HDSA ownership objectives of the Mining Charter 2018.

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

"We are very pleased with the swift progress that has been made in completing our NOM deal with the IDC. We have signed definitive agreements, met all conditions precedent and have issued the draw-down notice for funding – all in less than two months after signing non-binding term sheets with the IDC. We commend and thank the IDC for the professionalism, commerciality and vigor with which they participated in this process.

"Orion, the IDC and Lulamile Xate's BEECo all share a common vision to fast-track the feasibility studies, permitting and early development of the Flat Mines Project at Okiep, with a view to restarting mining operations in this richly endowed copper district as soon as possible. The Bankable Feasibility Study is already at an advanced stage and is expected to be completed and submitted for independent peer review in the first quarter of 2023.

"While the NOM – IDC deal has been progressing, our team has also been working in parallel on the definitive agreements with the IDC for the ZAR250 million funding of the Prieska Project, announced on 21 October 2022, and we expect completion of that agreement in the near future. Our growing business relationship with the IDC as a key development partner in unlocking the significant base metal potential of the Northern Cape will also position us to deliver value for our shareholders, our host communities and our staff, who will also be shareholders in our mines."

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Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to advise that, after finalising recently announced pre-development funding arrangements with the Industrial Development Corporation of South Africa (**IDC**), Orion has taken another important step in advancing its brownfields **Okiep Copper Project** in the Northern Cape Province of South Africa towards the planned restart of mining operations.

Orion has entered into definitive agreements which will see the IDC acquire 43.75% of the shares in New Okiep Mining Company Proprietary Limited (**NOM**) and trigger pre-development funding arrangements for the Flat Mines SAFTA area, as announced on 7 September 2022.

With the conditions precedent in the definitive agreements now fulfilled, the IDC funding of pre-development costs for the Flat Mines Project is expected to flow shortly, with initial funding of ZAR22 million (~A\$1.9 million) expected to be received by NOM during November 2022.

The IDC funding of pre-development costs in the amount of ZAR35 million (~A\$3.1 million) will be advanced to NOM on the same terms as the pre-development funding amount of ZAR44 million (~A\$3.9 million) that Orion has already advanced to NOM.

Orion announced on 16 September 2021 that the IDC had signalled its intention to remain a key strategic partner in the Flat Mines Project, currently owned by Southern African Tantalum Mining Proprietary Limited (**SAFTA**), 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's 100% owned Area Metal Holdings (Pty) Ltd (**AMH6**) 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 (refer Figure 1).

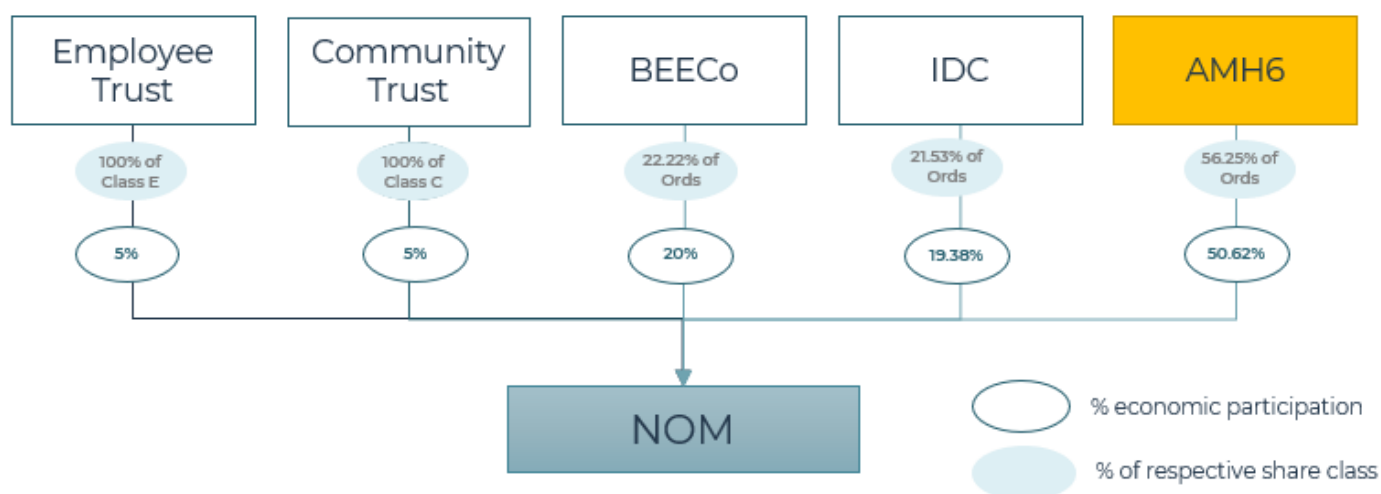


Figure 1: Future Ownership Structure for NOM.

The execution of definitive agreements, and acquisition of shares in NOM by the IDC, follows Orion's 7 September 2022 announcement that it had entered into non-binding term sheets with the IDC and Lulamile Xate regarding the key principles of the funding and Historically Disadvantaged South African (**HDSA**) ownership participation arrangements for NOM.

Orion, the IDC and Lulamile Xate anticipate finalising and executing the definitive agreements for the HDSA ownership arrangements within the coming 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).

Orion has completed a positive Scoping Study (refer ASX/JSE release 3 May 2021; summary in Appendix 1) for the Flat Mines SAFTA area (refer Figure 2) 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.

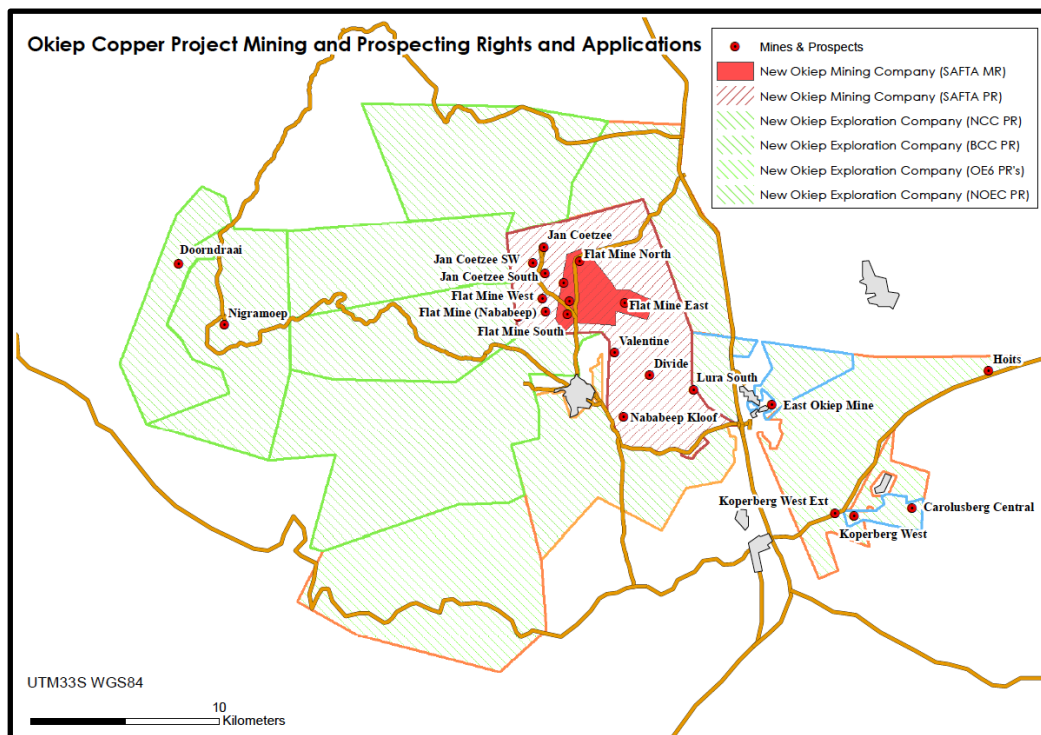


Figure 2: Location of the OCP mineral rights and NOM - SAFTA Mining and Prospecting Rights.

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.

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.

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 CY2023.

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 PwC, 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

OCP – Flat Mines Pilot Project Scoping Study

Executive Dashboard							
Price and Forex Assumptions	Unit	Value	Financial Performance	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	Unit	Value	Undiscounted free cash flow (pre-tax)	ZAR (M)	4,607	AUD (M)	413
Life of Mine (Proof-of-Concept Phase)	Years	11.8	Peak funding	ZAR (M)	643	AUD (M)	58
Treatment plant capacity	ktpa	780	Project Cost Metrics	Unit	Value	Unit	Value
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
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 ± 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.