



Orion Minerals

ASX/JSE RELEASE: 16 April 2019

High-profile South African investors underpin \$8M capital raising at 29% premium as part of key BEE ownership re-structure

Prominent South African mining executives Godfrey Gomwe and Tom Borman appointed to the Orion Board

- ▶ **\$8.0M share placement to sophisticated and professional investors at \$0.04 per Share, together with one free attaching option for every two Shares issued (\$0.05 exercise price and expiring 31 October 2019) (Placement).**
- ▶ **Placement completed at a 29% premium to last ASX closing price.**
- ▶ **The Placement is related to a major value-enhancing restructure of Black Economic Empowerment (BEE) holdings at the Prieska Project level, securing strong technical and financial BEE partners including local Prieska community members.**
- ▶ **Black South African Investors subscribed for \$4M in the Placement, including \$2M subscribed for by investors who have signed an MOU to become BEE partners at the Prieska Project level.**
- ▶ **In addition to the Placement, founding BEE partners to exchange their shares at Prieska Project level for Orion Shares.**
- ▶ **New BEE partners to acquire a 20% holding at the Prieska Project level and fund their proportionate share of Prieska project development costs.**
- ▶ **Key existing shareholders support the proposed BEE transactions, recognising the potential to unlock value by participating in the Placement at a significant premium to market.**
- ▶ **Orion Board strengthened by the appointment of highly-respected South African mining executives Godfrey Gomwe (former senior Anglo American executive) and Tom Borman (former senior BHP Billiton executive).**

Orion's Chairman, Denis Waddell, commented:

"We are delighted with the outcome of these interrelated transactions, which have taken many months of negotiation and preparation. The proposed BEE restructuring ahead of the imminent Mining Right grant and completion of the Bankable Feasibility Study for the development of a world-class base metal mine at Prieska, shows that the South African Mining Charter 3 (MC3) ownership objectives can be achieved, while enhancing value for all shareholders. As a result of this restructuring, all Orion BEE partners will be aligned as shareholders at the ASX-JSE listed level, sharing the equity risk and reward on equal terms with all Orion shareholders. We have also secured the equity participation in terms of MC3 with the engagement of highly experienced BEE entrepreneurs, including Prieska-born, female executives with successful mining, banking and commercial backgrounds.

Our key shareholders have recognised the potential value uplift brought by our new BEE partners and have participated in the placement at a significant premium to market, matching the terms on which our incoming BEE partners are investing.

As part of this milestone, we are also very pleased to have attracted highly respected and experienced South African mining executives, Godfrey Gomwe and Tom Borman, as non-executive directors. Michael Hulmes has stepped down as a non-executive director, due to his increased commitments as an executive in a new role

elsewhere. We thank Michael for his significant contribution during the Feasibility Study period and wish him well in his new role."

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce a pivotal \$8 million capital raising underpinned by a group of high-profile South African investors as part of a proposed restructure of the Company's Black Economic Empowerment (**BEE**) equity participation at project level, achieving accelerated compliance with the ownership aspects of South African Mining Charter 3 (**MC3**).

The inter-related transactions represent a pivotal milestone for Orion, ahead of the imminent grant of the Mining Right for its flagship Prieska Zinc-Copper Project in South Africa's Northern Cape Province (**Prieska Project**) and the delivery of the Bankable Feasibility Study (**BFS**) later this quarter.

In addition to strengthening the Company's balance sheet as it moves towards project financing, the proposed transactions will result in the introduction of a high-profile South African BEE investor group to its share register, ensure an appropriate alignment and restructuring of its BEE interests across both project and listed company levels, and significantly elevate its profile amongst South African institutional investors as it prepares to develop the Prieska Project.

Capital Raising

The Company has received commitments from investors for a \$8.0M capital raising at an issue price of \$0.04 per fully paid ordinary share (**Share**), together with one free attaching option for every two Shares issued, to be conducted via a placement to sophisticated and professional investors (**Placement**).

It is proposed that the Placement will occur in two stages, being:

- Tranche 1 – 117.125M Shares, together with one free attaching option for every two Shares issued, using the Company's 15% placement capacity under ASX Listing Rule 7.1 to raise \$4.685M; and
- Tranche 2 – 83.50M Shares, together with one free attaching option for every two Shares issued, to raise \$3.34M (subject to shareholder approval, to be sought at a general meeting of Orion shareholders planned to be held in early June 2019).

The 100.3M options (being one option for every two Shares issued under the Placement) have an exercise price of \$0.05 and an expiry date of 31 October 2019. The options will not be quoted on the ASX or the JSE.

The Placement includes approximately \$4M placed to experienced South African BEE entrepreneurs, of which \$2M is being placed to incoming BEE equity investors who will also invest at the Prieska Project level.

As part of the Placement, Tembo Capital Mining Fund II LP and its affiliated entities (**Tembo Capital**), has confirmed its continued support of Orion through subscribing for \$2M in the Placement.

In addition to the support obtained from South African BEE entrepreneurs and Tembo Capital, other key existing shareholders have supported the Placement and the proposed BEE transactions.

Proceeds from the Placement will be used principally to finalise the BFS on the Company's Prieska Project, which is scheduled to be completed in the current quarter. Funds will also be used to continue exploration programs on the Company's highly prospective tenements located in the Northern Cape, South Africa and for working capital.

BEE Restructure

The proposed BEE restructuring transactions entail existing BEE shareholders in Orion's subsidiary, Repli Trading No 27 (Pty) Ltd (**Repli**), which owns the Prieska Project with a Mining Right pending, exchanging their 26.7% holding in Repli for JSE listed Orion shares. A new BEE company (**BEE HoldCo**) will then acquire a 20% shareholding in Repli, facilitated by way of Orion vendor funding.

The members of BEE HoldCo will have the entitlement to provide their proportionate share of Prieska mine development costs on equal terms with the other shareholders of Repli. Although Repli has five years to implement

the BEE ownership obligations to achieve MC3 compliance, the proposed BEE restructuring will satisfy the important ownership component of the MC3 compliance immediately.

The members of BEE HoldCo and Orion have agreed to accelerate the establishment of Employee and Community trusts, each of which will hold a 5% ownership interest in Repli.

New BEE

Orion has entered into a MOU with the BEE mining group entrepreneurs to establish BEE HoldCo, owned as outlined below:

BEE Entity Name	Ownership of BEE HoldCo	Principals	BEE Status
Black Star Minerals (Pty) Ltd (Black Star)	67%	Jowell Tobias Sharon Matthews Johanna Tobias	100% Black owned 75% Black female owned
Kolobe Nala Investment Company (Pty) Ltd (KNI)	33%	Billy Mawasha	100% Black Owned

The establishment of BEE HoldCo and the proposed acquisition of the 20% interest in Repli, is expected to be completed before 11 June 2019. Details of the terms of the acquisition of the 20% shareholding in Repli will be released once definitive agreements have been finalised.

BEE HoldCo members have demonstrated their commitment and financial capacity to complete the transaction by subscribing for \$2M in the Placement.

Founding BEE Interests Exchanged for Orion Shares

The founding BEE partners of the Prieska Project have signed agreements with Orion to relinquish their shares in Repli and other Areachap projects in exchange for approximately 135M JSE-listed Orion Shares (**Consideration Shares**). The proposed BEE restructure transaction is subject to conditions that are customary for transactions of this nature, including execution of definitive transaction agreements and applicable board and regulatory approvals.

Appointment of New Non-Executive Directors

As part of these milestone transactions, Orion will be appointing two highly experienced South African-based mining executives who have specific knowledge and skill in the South African mining industry.

Godfrey Gomwe

Mr Godfrey Gomwe has extensive experience as an executive in the metals and mining industries. He is the former Chief Executive Officer of Anglo American plc.'s Thermal Coal business, where his responsibilities included oversight over Anglo's Manganese interests in joint venture with BHP. Previously Executive Director of Anglo American South Africa until August 2012, his career included roles as Head of Group Business Development Africa, Finance Director and Chief Operating Officer of Anglo American South Africa. Previously, Godfrey was Chairman and Chief Executive of Anglo American Zimbabwe Limited. He also served on a number of Anglo American Operating Boards and Executive Committees including Kumba Iron Ore, Anglo American Platinum, Highveld Steel & Vanadium and Mondi South Africa, the latter two in the capacity of Chairman.

Tom Borman

Mr Tom Borman is a respected and highly experienced global mining executive who served more than 11 years working for the BHP Billiton Group in various senior managerial roles, including that of Chief Financial Officer of an Australian-listed mining company. He also held senior roles in strategy and business development and served as the project manager for the merger integration transaction between BHP Limited and Billiton.

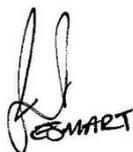
After leaving BHP Billiton in 2006, Mr Borman joined Warrior Coal Investments (Proprietary) Limited, where he formed part of the executive team which established and consolidated the portfolio of assets which became the

Optimum Group of companies. Optimum listed on the Johannesburg Stock Exchange in 2010, and was subsequently acquired by Glencore for R8.5 billion in March 2012.

Concurrent with the appointment of Mr Gomwe and Mr Borman, Michael Hulmes has stepped down as a non-executive director, due to his increased commitments as an executive in a new role elsewhere. The Directors thank Michael for his significant contribution during the Feasibility Study period and wish him well in his new role.

General Meeting

The Company will seek the required shareholder approvals for the Placement and other transactions listed above, at a General Meeting of shareholders planned to be held in early June 2019.



Errol Smart
Managing Director and CEO

ENQUIRIES

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Profile of BEE HoldCo Members

Black Star

Black Star is a 100% black South African owned business with half of its members having been born and raised in Prieska. 75% of the members of Black Star are black female graduate professionals including a graduate mining engineer and accountant.

Importantly, Black Star also owns the controlling interest in Gariep Mining and Exploration Services (Pty) Ltd, a contracting company, with strong established mining, mechanical and civil engineering, fabrication, erection and management capacity. Gariep is a joint venture between Black Star and Louwvliet Engineering who have a proven track record of constructing and operating open pit and underground mining operations in the Southern African region. Orion anticipates Gariep playing an active role in future construction and mining operations.

Black Star is led by CEO, **Jowell Tobias**.

Jowell spent 7.5 years as a Deal Maker at the Industrial Development Corporation in the Northern Cape where he participated and facilitated funding for diamond, copper, iron ore and manganese mines. He also did a number of agriculture transactions that includes table grapes, raisins and citrus. His exposure also includes renewable energy transactions that includes PV solar and hydro energy plants. In addition, the tourism transactions included hotels and guest houses. During his tenure at the IDC he also served as a director and trustee on companies and community trusts in the renewable energy industry.

- He also spent almost two years as Financial Planner at South African Breweries where he was responsible for the management accounting for the Northern Cape and areas of the Free State.
- He was employed as the Administration Manager at the Auditor General for almost 3.8 years, where he was responsible for the financial and administrative management of the Northern Cape.
- His first position after completing his training programme was as Revenue Accountant at Interstate Bus Lines for almost two years.
- He completed his accounting training programme at Coetzee Smit in Bloemfontein where he spent more than 4 years.
- He is currently self employed as a co-founder and MD of Black Tiger Agriculture, an integrated agriculture business that produces, packs and export table grapes, raisins, citrus and pecan nuts to international markets.

Kolobe Nala Investment Company (KNI)

KNI is a family owned mining investment company led by family member **Billy Mawasha**.

- Billy is a strategic, values-driven and people focussed business leader with strong commercial, stakeholder engagement, operational and technical skills which he applies to deliver sustainable results and shareholder value to businesses he leads.
- His working experience includes working for the De Beers Group, AngloGold Ashanti and Anglo American (Kumba Iron Ore), in South Africa and Ghana and doing beneficial work in 5 other countries in Africa (Namibia, Botswana, Tanzania, Mali and Guinea) in leadership, operational and technical roles. Billy also serves on the Board of Metair Investments (Pty) Ltd.
- Billy is passionate about education and the development of others. He is a member of the Witwatersrand University Mining School Industry Advisory Council.
- In 2017, Billy was selected as a Young Global Leader of the World Economic Forum. This is an honour bestowed each year to recognise the most distinguished leaders under the age of 40, nominated from around the world.
- In 2016, Billy was included in the South African Financial Mail Little Black Book as one of the country's top black leaders who want to lead South Africa to great things.

Profiles of New Orion Directors

Godfrey Gomwe

Godfrey, a businessman, has extensive experience as an executive in metals and mining industries. He is the former Chief Executive Officer of Anglo American plc.'s Thermal Coal business, whose responsibilities included oversight over Anglo's Manganese interests in the joint venture with BHP. Previously Executive Director of Anglo American South Africa until August 2012, his career included roles as Head of Group Business Development Africa, Finance

Director and Chief Operating Officer of Anglo American South Africa. Previously, Godfrey was Chairman and Chief Executive of Anglo American Zimbabwe Limited. He also served on a number of Anglo American Operating Boards and Executive Committees including Kumba Iron Ore, Anglo American Platinum, Highveld Steel & Vanadium and Mondi South Africa, the latter two in the capacity of Chairman. Prior to joining Anglo American in 1999, Godfrey held many Leadership positions and directorships in listed and unlisted companies.

Godfrey is currently non-executive Chairman of Tshikululu Social Investments NPC and also sits on the boards of AECI Limited and Thebe Investment Corporation Pty Ltd.

He currently manages his own businesses comprising a portfolio of branded franchised and non-franchised businesses in Southern Africa.

He is past President of Institute of Chartered Accountants of Zimbabwe, past Senior Vice-President of the Chamber of Mines of Zimbabwe in addition to serving on the Executive Council of the Chamber of Mines of South Africa.

Godfrey is a Chartered Accountant (Zimbabwe) who holds a Master's degree in Business Leadership, from the University of South Africa (Unisa) as well as a Bachelor of Accountancy (Honours) Degree from the University of Zimbabwe (UZ).

Tom Borman

Tom is a respected and highly experienced global mining executive who served more than 11 years working for the BHP Billiton Group in various senior managerial roles, including that of Chief Financial Officer of an Australian-listed mining company. He also held senior roles in strategy and business development, and served as the project manager for the merger integration transaction between BHP Limited and Billiton.

His wide-ranging experience in project development spans a range of commodities and countries across Africa, including the DRC, with previous roles including as Vice President, Strategy and Business Development and Chief Commercial Officer of BHP Billiton's Diamond Division between 2003 and 2006. Before this, he held other senior roles within BHP Billiton including Chief Financial Officer of QNI Pty Ltd and Financial Manager and Assistant Group Controller with the Billiton Group in the Netherlands.

After leaving BHP Billiton in 2006, Mr Borman joined Warrior Coal Investments (Proprietary) Limited, where he formed part of the executive team which established and consolidated the portfolio of assets which became the Optimum Group of companies. Optimum listed on the Johannesburg Stock Exchange in 2010, and was subsequently acquired by Glencore for R8.5 billion in March 2012.

He was also a Director of Alphamin Resources Corp. (TSXV: AFM) from March 2013 until January 2016, where he made a significant contribution to the Company's development strategy for the first large commercial tin mine in the DRC, the Alphamin Bisie Tin Mine, which is on track to commence production in 2019.

Tom is currently chairman of Nzuri Copper Limited, a company listed on the ASX. Nzuri is a developer/explorer of a high grade copper and cobalt project, Kalongwe, in the Democratic Republic of the Congo.

Mr Borman is currently self-employed and holds a number of other directorships.