



Orion Minerals

ASX/JSE RELEASE: 12 September 2019

Completion of BEE Restructure Share Issue marks another key step forward for Prieska Copper-Zinc Project

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce that the major component of the Black Economic Empowerment (**BEE**) Restructure referred to in its recent announcements has now been completed, marking another important step forward for its flagship **Prieska Copper-Zinc Project** in South Africa.

The transactions announced today includes the issue of Orion shares to key existing BEE shareholders at the asset level and a simultaneous transaction with new BEE partner company Prieska Resources (Pty) Ltd (**Prieska Resources**).

The effect of the transactions is to implement an ownership structure whereby Orion holds a 70% interest in Repli Trading No. 27 (Pty) Ltd (**Repli**) (which owns the majority of the Prieska Project), alongside Prieska Resources with 20% and the Prieska Community Trust and Prieska Employees Trust with 5% each – a structure that complies fully with the objectives of South Africa's Mining Charter 3.

Commenting on the transactions, Orion's Managing Director and CEO, Errol Smart, said:

"We are pleased to have completed the major component of our BEE restructuring today. This comes hard on the heels of the grant of the Mining Right last week and shows that we are continuing to tick all of the key boxes required to move the Prieska Project forward as rapidly as possible. The structure now in place, means that all of our key BEE partners are now fully aligned with international investors as Orion shareholders, while also complying with the objectives of Mining Charter 3.

Our original BEE shareholders in Repli are exchanging their shares at the asset level for Orion shares. At the same time, we welcome the inclusion of top-class BEE partners Safika, KNI and Black Star, who through Prieska Resources, will fund their proportionate share of Prieska development costs through their 20% shareholding at the asset level. These BEE partners are already Orion shareholders after participating in the \$4 million share placement at \$0.04 a share completed earlier this year."

Transaction Details

Shareholders are referred to the announcements by the Company on 16 April 2019 and 2 August 2019, regarding the restructure of its BEE participation in its subsidiaries, being Repli, which owns the majority of the Prieska Copper-Zinc Project (**Prieska Project**) and which has recently been granted a Mining Right (refer ASX release 3 September 2019), Vardocube (Pty) Limited (**Vardocube**), Bartotrax (Pty) Limited (**Bartotrax**) and Rich Rewards Trading 437 (Pty) Limited (**Rich Rewards**) (**BEE Restructure**).

In terms of the BEE Restructure, the existing BEE shareholders in Repli, Rich Rewards and Bartotrax, being the Mosiapoa Family Trust (**Mosiapoa**) and Power Matla (Pty) Ltd (**Power Matla**), have exchanged their shares in Repli, Rich Rewards and Bartotrax (as applicable) for 48.48M and 37.58 M Orion fully paid ordinary shares (**Shares**), respectively, at a deemed issue price of \$0.0314 per Share.

In a simultaneous transaction, new BEE shareholder, Prieska Resources, whose shareholders recently subscribed for a ZAR20M placement of Orion Shares at ZAR0.40 per Share (~\$2.0M at \$0.04) (refer ASX release 6 September 2019) has acquired an effective 20% interest in Repli for a purchase consideration of ZAR142.78M (~\$14.08M), with this acquisition being vendor financed by Orion.

Prieska Resources is a BEE company whose shares are held by Black Star Minerals (Pty) Ltd (17.31%), Kolobe Nala Investment Company (Pty) Ltd (37.97%) and Safika Resources (Pty) Ltd (44.72%) (refer Figure 1 and ASX release 2 August 2019).

The vendor finance advanced by Orion comprises two parts, namely:

- A secured loan for ZAR10.14M plus interest, at South African Prime Interest Rate, repayable within 12 months after the project finance for the Prieska Project is closed; and
- Preference shares in Prieska Resources issued to Orion to the value of ZAR132.64M which are redeemable by Prieska Resources at any time prior to the 8th anniversary of their date of issue at an IRR of 12% to Orion, failing which, any of the preference shares, held by Orion, remaining after the 8th anniversary, will be automatically converted *pro rata* into ordinary shares in Prieska Resources up to a maximum of 49% of the shares in Prieska Resources or, subject to compliance with South African laws, an equivalent number of shares directly in Repli.

Simultaneously with the acquisition by Prieska Resources, the Orion Siyathemba Community Trust (**Prieska Community Trust**) and the Orion Siyathemba Employees Trust (**Prieska Employees Trust**) have each acquired an effective 5% interest in Repli (refer Figure 1). While this acquisition was for nominal consideration, in terms of the prevailing Mining Charter 3 legislation, Orion and Prieska Resources will be entitled to recover the costs incurred on behalf of the two trusts in developing the Prieska Project from future project cash-flows.

Orion and Prieska Resources will both contribute on a pro-rata basis to the equity financing costs of the Prieska Mine construction.

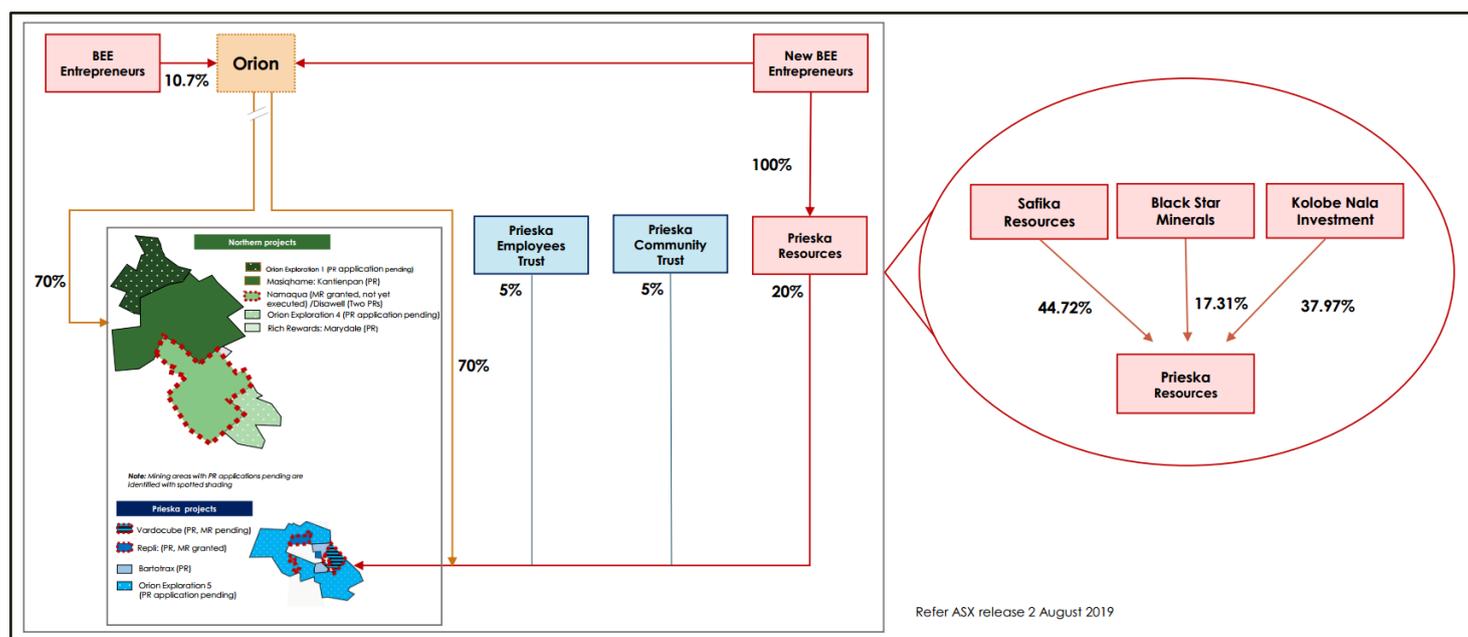
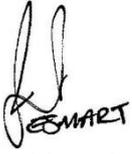


Figure 1: Repli group structure following BEE Restructure.

The BEE Restructure also involves a proposed exchange of shares by Mosiapoa and another existing BEE shareholder, African Exploration and Mining Finance Corporation (SOC) Limited in Vardocube, for Orion Shares. The completion of this component of the BEE Restructure remains subject to the satisfaction of certain conditions precedent which are being progressed. Once the conditions precedent have been satisfied, Orion will finalise the implementation of this final component of the BEE Restructure shortly.

The Shares were issued pursuant to shareholder approval obtained at the Company's general meeting on 7 June 2019 and ASX waiver granted 11 September 2019.

Please find attached an Appendix 3B relating to today's issue of the Shares to Mosiapoa and Power Matla.



Errol Smart
Managing Director and CEO

ENQUIRIES

Investors

Errol Smart – Managing
Director & CEO

Denis Waddell – Chairman

T: +61 (0) 3 8080 7170

E: info@orionminerals.com.au

Suite 617, 530 Little Collins Street
Melbourne, VIC, 3000

Media

Nicholas Read

Read Corporate, Australia

T: +61 (0) 419 929 046

E: nicholas@readcorporate.com.au

Barnaby Hayward

Tavistock, UK

T: +44 (0) 787 955 1355

E: orion@tavistock.co.uk

JSE Sponsor

Rick Irving

Merchantec Capital

T: +27 (0) 11 325 6363

E: rick@merchantec.co.za

Disclaimer

This release may include forward-looking statements. Such forward-looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion. Actual results and developments may vary materially from those expressed in this release. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Orion makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release. All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this release (where applicable). To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this release, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Orion Minerals Ltd

ABN

76 098 939 274

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|-----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 86,056,022 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares rank equally with all other fully paid ordinary shares on issue.</p>
<p>5 Issue price or consideration</p>	<p>Deemed issue price of 3.14 cents per fully paid ordinary share.</p> <p>Issue of fully paid ordinary shares to existing Black Economic Empowerment (BEE) Investors to satisfy, in full, the repurchase of shares held by existing BEE investors in Orion's subsidiary entities, Repli Trading No 27 (Pty) Ltd, Rich Rewards Trading 437 (Pty) Ltd and Bartotrax (Pty) Ltd (Subsidiaries).</p> <p>The deemed issue price of 3.14 cents per fully paid ordinary share is in consideration for the price payable by the Company's Subsidiaries to the relevant Existing BEE Investor for the repurchase of shares.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The fully paid ordinary shares were issued as consideration for the repurchase by the Company's subsidiaries Repli, Rich Rewards and Bartotrax of shares held by the Existing BEE Investors in those companies and as such, no funds will be raised from the issue of the fully paid ordinary shares.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable.</p>

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable.	
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable.	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable.	
6f	Number of +securities issued under an exception in rule 7.2	Not applicable.	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable.	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable.	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 337,601,257. Rule 7.1A – Not applicable.	
7	+Issue dates <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.</small>	12 September 2019.	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 2,250,675,046	+Class Fully paid ordinary shares

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class	
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
		222,307,679	Convertible notes.
		100,466,749	Unlisted options exercisable at \$0.05 expiring 31 October 2019.
		250,000	Unlisted options exercisable at \$0.045 expiring 30 November 2019.
		250,000	Unlisted options exercisable at \$0.06 expiring 30 November 2019.
		2,200,000	Unlisted options exercisable at \$0.05 expiring 30 June 2020.
		1,900,000	Unlisted options exercisable at \$0.035 expiring 30 June 2020.
		16,333,333	Unlisted options exercisable at \$0.02 expiring 30 November 2020.
		18,333,333	Unlisted options exercisable at \$0.035 expiring 30 November 2020.
		18,333,334	Unlisted options exercisable at \$0.05 expiring 30 November 2020.
		12,100,000	Unlisted options exercisable at \$0.03 expiring 31 May 2022.
		12,100,000	Unlisted options exercisable at \$0.045 expiring 31 May 2022.
		12,100,000	Unlisted options exercisable at \$0.06 expiring 31 May 2022.
		5,100,000	Unlisted options exercisable at \$0.05 expiring 31 March 2023.
		5,100,000	Unlisted options exercisable at \$0.06 expiring 31 March 2023.
		5,100,000	Unlisted options exercisable at \$0.07 expiring 31 March 2023.
		30,500,000	Unlisted options exercisable at \$0.04 expiring 30 April 2024.
	30,500,000	Unlisted options exercisable at \$0.05 expiring 30 April 2024.	
	30,500,000	Unlisted options exercisable at \$0.06 expiring 30 April 2024.	
	11,000,000	Unlisted options exercisable at \$0.03 expiring 17 June 2024.	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable.	

Part 2 - Pro rata issue

Questions 11 to 33 Not Applicable

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities

(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Questions 35 to 37 - Not Applicable

Entities that have ticked box 34(b)

Questions 38 to 42 - Not Applicable

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Martin Bouwmeester
Company Secretary

Date: 12 September 2019

+ See chapter 19 for defined terms.