



## Orion Minerals

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# Orion set to fast-track exploration and evaluation of the Okiep copper district after securing major database

Option to purchase mining and exploration records and extensive data of the O'Okiep Copper Company is a significant coup, giving Orion access to data covering +60 years of mining history

- ▶ Orion secures an option to acquire the entire furnished head office and database of the O'Okiep Copper Company for ZAR25 million, payable in cash and Orion shares.
- ▶ This includes all historical mining and exploration records over areas included in the recently announced OCC Option (refer ASX release 2 February 2021).
- ▶ Data includes exploration records and historical due diligence reviews over much of the Northern Cape Province, including Orion's own Prieska Copper-Zinc Mine and the Areachap Belt, undertaken by Newmont and Goldfields through the O'Okiep Copper Company.
- ▶ Consolidating important datasets and records with current Prospecting Rights and Mining Rights that are subject to the OCC option agreement unlocks enormous value and positions Orion to fast-track exploration and feasibility studies on a number of high-priority targets.
- ▶ A large proportion of the hard copy records have been converted into high-resolution digital format and have been used to capture a large digital database of drilling data. This will allow resource modelling and target generation to proceed rapidly.

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

*"The OCC transaction is continuing to deliver in spades for Orion and provide us with new and exciting opportunities to fast-track our evaluation of this premier global copper district. The acquisition of this incredible dataset comprising more than 150,000 hard copy records and including drilling and sampling of more than 26,000 drill holes is a remarkable coup for the Company. With a replacement value of hundreds of millions of Rand and encompassing more than 60 years of intensive work by top explorationists and geologists of the time, this acquisition is a tremendous step forward for Orion.*

*"While the OCC Vendors did have some access to review the historical data, the lack of direct ownership of the data and the ability to use digitised data and to access drilling databases suitable for use with modern software modelling packages limited their ability to extract meaningful value from the historic reports. This was a significant impediment to attracting investment by the OCC Vendors.*

*"As a result of this deal, we now have immediate access and use of all of the data, which will allow a giant step forward with our due diligence investigations over the next six months. Significantly, the data, which was not available to Orion previously, also adds value to Orion's existing Mineral Rights in the Northern Cape, as it includes important information on the Prieska Copper-Zinc Mine and other prospects where we are currently drilling.*

*"As any geologist will tell you, data is key – and this is one of the largest and highest quality datasets that I have seen in my career, illuminating some of the best exploration and development opportunities that I have ever seen anywhere in the world."*

“Alongside the data, we are also acquiring the original O’Okiep Copper Mines head office, which is functionally furnished with drawing, survey, geology and engineering offices that previously supported a team of 250 staff. Several accommodation units are also included in the Option to purchase, allowing our team to move on site and get to work immediately without any logistical challenges. It’s worth remembering that the O’Okiep Copper Company under Newmont and later Goldfields was one of the largest base metal mining companies in South Africa for many decades, during a time when South Africa was a major base metal producer. The quality of the office, and the database, duly reflects this.”

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or **Company**) is pleased to advise that It has secured the right to acquire the freehold title to the partially furnished original O’Okiep Copper Mines head office and data archives housing detailed records of more than 60 years of high intensity and high-quality mining and exploration work undertaken across most of the Northern Cape region of South Africa.

The proposed acquisition represents a significant step forward for Orion, positioning it to fast-track its evaluation, feasibility and exploration activities across the **Okiep Copper Complex (OCC)**, located 570km north of Cape Town, following the recently announced option agreement to consolidate dominant ownership of this Tier-1 copper mining province (refer ASX release 2 February 2021).

The Option also includes the work undertaken by an Australian company to scan and digitise a significant proportion of the exploration and drilling records and produce preliminary digital models to evaluate selected targets. The cost of acquisition of data relating to OCC, which amounts to half of the data acquisition price, is deductible from the OCC acquisition price announced on 2 February 2021.

The Option excludes some data covering approximately 30% of the area of the historic O’Okiep Copper Mines mining properties currently owned by third parties.



Figure 1 O’Okiep Copper Company head office in Nababeesb, Northern Cape.



Figure 2: Example of a small portion of the hard copy records in the O’Okiep Copper Company Archives.

## Agreement Overview

The key terms of the Option are:

- **Exclusivity Undertaking and Option**

- Southern African Tantalum Mining Proprietary Limited (**SAFTA**), Nababeep Copper Company Proprietary Limited and Bulletrap Copper Company Proprietary Limited (collectively, **Project Companies**) each hold various mineral rights (or applications for mineral rights) granted or applied for in terms of the Mineral and Petroleum Resources Development Act, 2002 (**Mineral Rights**) in relation to the historical copper mining region known as the Okiep Copper Complex (**OCC**). As announced on 2 February 2021 the Project Companies have granted exclusive rights to Orion to undertake due diligence in respect of the Mineral Rights and acquire shares in the Project Companies (excluding the shares held by Industrial Development Corporation of South Africa Limited (IDC) in SAFTA).
- Separately, O'Okiep (*Okiep*) Copper Company Proprietary Limited, O'Okiep Australia Pty Ltd (**OCC Australia**), N7 Transport CC (**N7 Transport**) (**Vendors**) own, or have an interest in certain historical mine data, files, maps, reports and records in relation to the area within, and in the vicinity of, the Mineral Rights, as well as certain analyses and modelling of such information (**Mining and Exploration Data**). N7 Transport owns the premises in which hard copies of the Mining and Exploration Data is stored, including the land, buildings, residential accommodation and the contents thereof (**Premises**) (**Mining and Exploration Data and Premises** together referred to as **Sale Assets**).
- The Vendors have granted Orion:
  - the exclusive right to review the Mining and Exploration Data and utilise the Premises; and
  - an exclusive option to purchase the Sale Assets (**Option**),
 from 12 February 2021 until 31 July 2021 (**Exclusivity Period**).
- The Vendors also undertake that, for the duration of the Exclusivity Period, they will engage exclusively with Orion and will not solicit, entertain or consider any proposal or discussion, or enter into any agreement, which would be the same as or substantially similar to the Option (or any acquisition contemplated in terms of the Option).
- In consideration for the Vendors granting the Option to Orion as set out above, Orion shall issue 1.88M fully paid ordinary shares (**Shares**) at an issue price of \$0.046 per Share to OCC Australia, equal in value to ZAR1.0M (**Option Fee**) (**Option Consideration Shares**). The Option Consideration Shares will be issued by Orion before 12 March 2021.
- Orion may exercise the Option on any date until 31 July 2021 (the date on which Orion exercises the Option, being the **Option Exercise Date**).

- **Option Exercise**

- The aggregate purchase price payable by Orion to the Vendors for the Sale Assets following Orion's exercise of the Option (**Option Exercise Price**) is as follows:

Target Entity	Option Exercise Price		Total
	Cash	Cash or Shares <sup>1</sup>	
<b>Stage 1:</b>			
Mining and Exploration Data	ZAR3.5M	ZAR2.5M	ZAR6.0M
Premises	ZAR0.5M	---	ZAR0.5M
<b>Sub-total</b>	<b>ZAR4.0M</b>	<b>ZAR2.5M</b>	<b>ZAR6.5M</b>
<b>Stage 2:</b>			
Mining and Exploration Data	---	ZAR18.0M	ZAR18.0M
Premises	ZAR0.5M	---	ZAR0.5M
<b>Sub-total</b>	<b>ZAR0.5M</b>	<b>ZAR18.0M</b>	<b>ZAR18.5M</b>
<b>Total</b>	<b>ZAR4.5M</b>	<b>ZAR20.5M</b>	<b>ZAR25.0M</b>

<sup>1</sup> Orion may at its election, settle the Option Exercise Price in cash or Shares (refer below).

- The Option Exercise Price will be settled as follows:
  - Stage 1 Cash: Payable within 5 business days following the Option Exercise Date.
  - Stage 1 Shares: Where Orion elects to settle the Option Exercise Price in Shares, the Shares will be issued within 30 days following the Option Exercise Date as follows:
    - i) the Share issue price of the Option Exercise Price will be equal to the 30 trading-day volume weighted average price of the Orion Shares (in AUD) traded on the JSE and the ASX in the period immediately prior to the Option Exercise Date; and
    - ii) the Option Exercise Price shall be converted from ZAR into AUD using an exchange rate equal to the average ZAR / AUD exchange rate in the 30 trading-day period immediately prior to the Option Exercise Date.
  - Stage 2 Cash: Payable on or before 12 February 2022.
  - Stage 2 Shares: Where Orion elects to settle the Option Exercise Price in Shares, the Shares will be issued on or before 12 February 2022 on the same terms as those Shares issued by Orion in Stage 1, above.
- The Option Exercise Price payable in respect of the Mining and Exploration Data shall be reduced by the Option Fee, and the Option Exercise Price payable in respect of the Premises shall be adjusted to account for certain expenses, rates, taxes and levies incurred up to the date of registration of the transfer.
- On exercise of the Option, the Exclusivity Period shall be automatically extended to the earlier of 12 February 2022, or the date on which ownership of the Sale Assets transfer to Orion (or its nominee).
- The agreement otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary to include in transactions of this nature.

For and on behalf of the Board.



Errol Smart  
**Managing Director and CEO**

## ENQUIRIES

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