



## Orion Minerals

ASX/JSE RELEASE: 26 April 2023

# March 2023 Quarterly Activities Report

## HIGHLIGHTS

- ▶ **Strategic equity funding package secured by Orion to accelerate the development of its portfolio of advanced base metals projects in the Northern Cape Province, South Africa:**
  - Firm commitments received for a two-tranche Share Placement to raise ~A\$13 million, with tranche one completed, being A\$10.66 million, and tranche two subject to shareholder approval. The placement also offered participants four free attaching options for each Share issued under the Placement, exercisable at 1.7 cents (ZAR20 cents) and expiring on 30 November 2023. The total value of the equity funding package, assuming all Placement Options are ultimately exercised, is ~A\$73 million.
  - Clover Alloys (SA), a privately-owned South African mining group, becomes a cornerstone investor in Orion by subscribing for ~A\$6.7 million.
  - Clover Alloys has extensive experience in the development of modular processing plants, which will be of significant strategic value to Orion as it brings its key base metal projects into production.
  - The capital raise puts Orion in a strong position to access the previously announced US\$87 million funding package from Triple Flag Precious Metals and a ZAR250 million funding facility secured from the Industrial Development Corporation (IDC).
  - Clover Alloys CEO, Philip Kotze, takes up a seat on the Orion board as a Non-Executive Director.
- ▶ **Definitive agreement signed with the IDC for the advance of ZAR250 million (~A\$21 million) as a senior secured convertible loan facility to fund early works at the Prieska Copper-Zinc Mine (PCZM):**
  - The IDC convertible loan, together with the US\$87 million Triple Flag funding package, will underpin Orion's early production strategy at Prieska, including the completion of a Feasibility Study for early mining and the commencement of mine dewatering.

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

*"The March Quarter has been a game-changer for Orion. Our efforts to secure the right partners and the necessary funding to progress our core base metal projects in South Africa's Northern Cape culminated in the March 2023 announcement of a strategic share placement which saw the introduction of Clover Alloys as a cornerstone shareholder.*

*"Securing the support of this highly regarded South African investor and mining group as a key part of this broad funding package puts Orion in an outstanding position to realise our vision to become a major new near-term South African base metals producer – and is testament, not only to the quality of our assets but also to the extremely capable and experienced development and operations team we have assembled."*

"We are very pleased that the key elements of our overarching strategic funding package have now come together and – despite being a junior miner – we have been able to secure total funding of almost ZAR2.5 billion, more than double our current ZAR900 million market cap. Our ability to raise this capital clearly reflects the fact that Orion is now poised for a rapid transformation from explorer to developer and, ultimately, operating mining company of a premium portfolio of copper focussed, base metal mines.

"The combined pre-development funding being provided by Triple Flag and the Industrial Development Corporation of South Africa (**IDC**) will allow us to progress our development plans both for the flagship Prieska Copper-Zinc Project and the Okiep Copper Project.

"It has been six years since Orion exercised its option to acquire the Prieska Copper-Zinc Project and the progress that we have made in that time is testament to the quality of the asset and the team on the ground. We have taken our first base metals project, closed over thirty years ago, to its current status as a fully-permitted, ready-to-mine project with a long life of mine. We have also expanded our business to include other base metal hubs within the Northern Cape.

"Orion is now in a strong position to become a rapidly growing supplier of future-facing metals to global markets, at a time when demand for these metals is anticipated to surge as a result of global efforts to decarbonise."

## Commodity Markets

The 2023 outlook for base metals hinges on the interplay between a slowing global economic outlook and the green energy transition. Future-facing commodities like copper had a subdued start to the year, as tightening central bank monetary policies, the strengthening US dollar and weak demand from China resulted in price volatility.

Copper prices opened the year at US\$8,386/t and started an early ascent to reach a seven-month high of US\$9,436/t by 20 January 2023. The bellwether metal then spent the rest of the first quarter trying to return to this peak, but after failing to scale its January heights, closed at US\$8,933/t. As Kitco has pointed out, copper has become a long-term critical metal, as the world upgrades its energy infrastructure and transitions to green renewable energy. The metal of electrification, copper is essential to all energy transition plans.

Commenting on copper's outlook, analysts at ING said: "Longer-term, we believe copper demand will improve amid the accelerated move into renewables and electric vehicles (**EV**). In EVs, copper is a key component used in the electric motor, batteries and wiring, as well as in charging stations. Copper has no substitutes for its use in EVs, wind and solar energy, and its appeal to investors as a key green metal will support higher prices over the next few years."

Analysts at S&P Global expect global demand for copper to double by 2035. Demand growth will, however, be suppressed into 2023, causing the refined market surplus to widen. "We expect the supply response to lag, however, on a thinning pipeline caused by dwindling exploration budgets and a dearth of significant discoveries," S&P said.

Zinc prices followed copper's example, scaling to US\$3,509/t at the end of January 2023 after starting the year at US\$3,025/t. In 2022, zinc experienced its highest price volatility for a decade and analysts at Wood Mackenzie expect heightened volatility to remain a feature throughout the year. Moody's Investor Service noted that while zinc prices will be supported by tight supply, low inventories and higher energy costs will displace high-cost producers.

Regarding nickel, the ratings agency foresees a surplus of nickel in 2023 but points out that incremental growth in demand from the electric vehicle market will create supply deficits. While nickel prices rallied late in 2022, prices declined in the first quarter of 2023. Rising to US\$32,100/t a day after the market opened in 2023, nickel declined to close US\$23,050/t by the end of March 2023 on expectations of easing supply tightness. Data from the International Nickel Study Group shows a massive 22% year-on-year jump in global nickel production in January 2023.

**LME COPPER PRICES JANUARY 2023 – MARCH 2023**



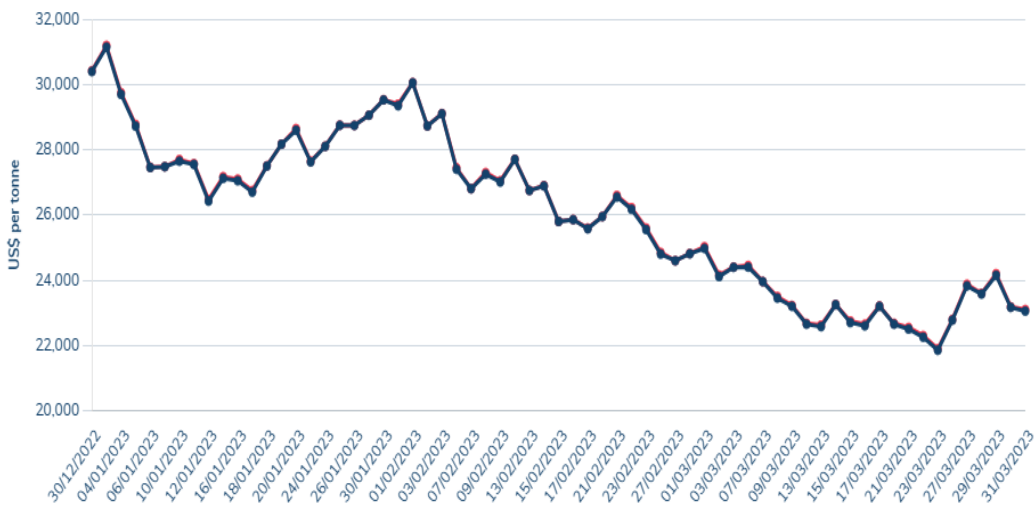
Source: London Metal Exchange

**LME ZINC PRICES JANUARY 2023 – MARCH 2023**



Source: London Metal Exchange

**LME NICKEL PRICES JANUARY 2023 – MARCH 2023**



Source: London Metal Exchange

# Operations Report

## Health and Safety, Community Engagement and Environmental Management

### Health and Safety

No injuries were recorded during the Quarter and the hours worked for the Quarter and financial year to date are shown in the table below:

**Table 1: Hours worked at the Group's Areachap and Okiep Copper Projects (South Africa).**

Category of Work	Hours Worked	
	Quarter	FY2023 YTD Total
Exploration	---	8,375
Surface	3,053	3,053
U/G Construction	8,880	29,892
Contractors	7,778	26,487
<b>Total</b>	<b>19,711</b>	<b>67,807</b>

The Lost-Time Injury Frequency Rate (**LTIFR**) per 200,000 hours worked is **0.0** for the Quarter.

At the end of the Quarter, the Prieska Copper-Zinc Mine (**PCZM**) team celebrated 153 shifts without an injury and the Lost Time Injury (**LTI**) free days as at Quarter end was 1,327.

### Community and Stakeholder Engagement

#### Orion community participation

The Siyathemba PCZM Task Team (**Task Team**) has developed a roadmap for the achievement of socio-economic development and, more specifically, the aspirational host community employment and procurement targets agreed at a Bosberaad in October 2021.

The Task Team was established to bring together PCZM and stakeholders in a spirit of collaboration, and to foster good working relationships so that all stakeholders could collectively identify areas of socio-economic development that would maximise value creation for all.

Comprised of host community representatives and business forums in the Siyathemba Local Municipality and Vanwyksvlei areas, the Task Team met throughout 2022 to assess the capacity of the available host community businesses and skill-sets, and to compare these to the future needs of PCZM during both its construction and operational phases.

The roadmap is the bridge between what will be required by the mine and what host communities can offer. It sets out the procurement, employment, training and development policies that will be implemented by PCZM to facilitate the ultimate target of enabling community participation of 50% in employment, 30% in the procurement of goods and services and 40% in sub-contracting opportunities at the mine.

The resultant Task Team report was completed during the Quarter and has subsequently been distributed to stakeholders including the attendees of the October 2021 Bosberaad, the Department of Mineral Resources and Energy (**DMRE**), the office of the Premier of the Northern Cape Province, the Siyathemba Local Municipality, the Orion management team and the Orion Siyahamba Stakeholder Engagement Forum.

Orion remains committed to reaching the aspirational targets for host community participation and upliftment.

### Stakeholder Engagement Forum Site and Underground Visit

The Orion Siyathemba Stakeholder Engagement Forum participated in a visit to the PCZM site where they were given firsthand insight into the plans and preliminary work completed in preparation for the early dewatering and trial mining.

### PCZM donates pecan nut trees to Prieska High School

PCZM has agreed to donate 200 pecan nut trees to Prieska High School to help promote agricultural studies and education in the community. Over 20 trees were handed over in the first phase of the donation. This will help to sustain funding at the school and educate the learners on the pecan nut value chain. The school needs ZAR5 million just to sustain themselves and this will contribute to the critical funding needed by the school.

The intention is that treated water from PCZM will be used for similar agricultural projects in the communities immediately surrounding the mine.

Prieska High School is the only school in the area to offer agricultural studies as a subject and Orion is committed to continuing its support for the advancement of education within its host communities.

### PCZM installs a generator connection for the Siyathemba Local Municipality water pumps

PCZM has assisted the Siyathemba Local Municipality by providing technical support and the equipment needed to connect a power generator to the local water pumps and reclamation plant.

The pumps require an uninterrupted power supply to ensure continuous water delivery. The connection of the generator ensures that the community has access to running water during power outages and load-shedding.

Orion is proud to assist its surrounding communities to ensure they have access to clean running water.

### Orion facilitates sponsorship for community NPO to flourish

The Australian Trade and Investment Commission (Austrade), in collaboration with Orion, has facilitated the sponsorship by Qantas of a return flight to Australia for Niekerkshoop community member, Zelna Barends.

Zelna founded Zenisha's Play and Learning Centre (**ZPLC**) in January 2017 to help children with Downs Syndrome, Fetal Alcohol Syndrome and other intellectual disabilities by creating a supportive learning environment where they can flourish.

Zelna, who has had very limited financial resources, has kept the centre running on donations and a social grant. Together with a group of volunteers, she provides care for 8 children (5 of whom have disabilities), runs an after-school program for 29 underprivileged learners, holds workshops for 22 adults with disabilities, facilitates parent support sessions and runs outreach groups from a converted 12 metre cargo container in her backyard.

State care for children with intellectual and learning difficulties, particularly those born with Fetal Alcohol Syndrome, is virtually non-existent in towns outside of the major South African cities. In the Northern Cape's Siyathemba Municipality, ZPLC is still the only centre supporting children and adults with intellectual and learning disabilities.

During her visit to Australia, Zelna will be given the opportunity to get exposure to community-based Fetal Alcohol Syndrome centres and care programs, where she will share learnings and best practice and raise funds in support of ZPLC and its expansion plans.

Orion is a previous donor to ZPLC and believes that Zelna's work is truly inspirational and is something that could be replicated in communities throughout Africa.

## Orion publishes its Social and Labour Plan (SLP) for the SAFTA Mining Right

Orion has published the SLP for the SAFTA Mining Right covering the Flat Mines Project, part of the Okiep Copper Project (**OCP**), near Nababeep. The SLP outlines Orion's human resources, skills development and local economic development plans for the mine.

Hard copies of the SLP are available for viewing at the Orion community liaison office in Springbok, as well as at the public library and municipal office in Nababeep. The SLP can be downloaded via the Orion website.

### **Environmental Management**

Orion recognises that its environmental performance is a critical component of its success. The Company strives to deliver the highest level of environmental compliance, with a commitment to monitoring and managing the environmental impacts of its activities during and beyond the life of its operations.

There were no environmental incidents recorded during the March 2023 Quarter.

## **Prieska Mine Development and Exploration**

### **Prieska Copper-Zinc Project Funding**

Orion's flagship Prieska Copper-Zinc Project (**PCZM** or **Prieska Project**) is transitioning to the mine development and construction phase following the conclusion of the key elements of an overarching strategic funding package. In March 2023, Orion announced a A\$13 million two-tranche Share placement, which led to the introduction of a new cornerstone investor, Clover Alloys (refer to ASX/JSE release 15 March 2023).

Clover Alloys is a highly regarded mining group with significant mine development and operational expertise, including a strong track record in the successful development and operation of modular, capital efficient metal processing plants at its chrome mines in South Africa. This expertise will be invaluable as Orion advances the development of its Prieska Project and OCP towards production. Orion has also received support from existing long-term shareholders, the Delphi Group and Tembo Capital Mining Fund II LP (**Tembo Capital**).

The placement includes a significant options package and, assuming all placement options are ultimately exercised, the total value of the equity funding package amounts to ~A\$73 million. This equity funding, together with previously announced funding including the US\$87 million funding package from Triple Flag (refer ASX/JSE release 13 December 2022) and the ZAR250 million funding facilities secured from the IDC (refer ASX/JSE release 8 February 2023), puts Orion in a strong position to execute its accelerated development strategy in the Northern Cape.

Refer to the Corporate Section for further detail.

This funding package allows Orion to progress the development of PCZM, including the commencement of trial mining and processing of ore, mine dewatering and the completion of feasibility studies for the PCZM Early Production Scenario.

The PCZM Early Production Scenario, which was first announced in January 2022 (refer ASX/JSE release 20 January 2022), brings forward revenue generation and potentially reduces the upfront external peak funding requirements by phasing the mine build while retaining the option to scale-up to the full-scale project (as outlined in the Bankable Feasibility Study published in 2020, refer ASX/JSE release 26 May 2020) as sufficient funding becomes available.

The recent capital raising, combined with other funding arrangements, also allows Orion to progress the Feasibility Study, permitting and acceleration of early production at the OCP, the Company's second, advanced, near-term production asset in the Northern Cape. It also contributes to advancing metallurgical processing and refining test work and feasibility studies for the Jacomynspan nickel-copper-cobalt-PGE project, the Company's third key asset in the Northern Cape.

## **Prieska Copper-Zinc Project Development**

With its continued focus on operational readiness, Orion started small-scale dewatering at PCZM late in 2022 and plans are in place for the dewatering of the underground workings to start in Q2 CY2023 with the commissioning of the first modules of its scalable system. The dewatering setup consists of a mine dewatering and water treatment network, with a pumping rate that will build up from 120m<sup>3</sup>/hr to 500m<sup>3</sup>/hr over time.

Small-scale dewatering, while limited to an average of 13m<sup>3</sup>/hr, has allowed Orion to conduct a series of field trials for the treatment of mine water at PCZM. Using Rotowinner water treatment technology and reverse osmosis, Orion aims to extract sodium hydroxide and iron oxide which are used in the chemical industry. Calcium and magnesium could also be extracted and made available for use as agricultural nutrients using the Rotowinner technology.

Construction of additional underground water storage in the form of water reticulation dams was completed during the Quarter. This water will be used to mine the 105 Level when trial mining begins.

Trial mining will first target the +105 Level Crown Pillar using underground mining methods; with development then moving into the remnant pillars. Trial mining support services were completed, enabling equipment to be re-fuelled and serviced underground, close to the working ends.

Orion is in the process of procuring the required equipment and processing plant. The Company has been engaging with various technical and turnkey process plant service providers for the supply of a 30ktpm process plant to treat ore from the trial mining phase at PCZM.

Orion is also investigating the viability of sourcing and commissioning a low-capacity ore processing plant (with crushing, milling, flotation concentration capacity) as part of the trial mining and processing exercise. Several new and second-hand plants have been identified and are being assessed for suitability and availability.

Orion and PCZM continue to engage with South Africa's power utility, Eskom, and during the Quarter, resubmitted an application for a 15MVA supply to support the first phase of PCZM development.

## **Prieska Copper-Zinc Project Exploration**

An updated JORC, +105-level Crown Pillar Mineral Resource is expected in Q2 CY2023 after in-fill drilling confirmed the presence of enriched copper mineralisation in the previously drilled supergene sulphide mineralisation (refer ASX/JSE release 11 July 2022).

The interpretation of the mineral resource model has been updated, and the Mineral Resource will be re-estimated and re-classified in terms of JORC Code (2012) where appropriate.

## **Okiep Copper Project Development and Exploration**

### **Okiep Project Development**

The bulk of the technical studies required for the OCP Feasibility Study were completed in 2022. Drafting of the Feasibility Study report document and the completion of a few remaining technical studies were the major workstreams undertaken during the Quarter. The finalisation of the Tailings Storage Facility Design Report is the only remaining technical study outstanding and is nearing completion.

### **Environmental Management**

#### Water Use Licence Application (WULA)

The Water-Use-Licence application Public Participation Process (in which participation in, and comment on the draft Water and Waste Management Plan is invited from Interested and Affected Parties (I&AP)) closed during the Quarter in accordance with the specified timetable.

Comments and concerns were received from various parties which will be addressed by the environmental consultants. Objections or additional concerns that were raised will be assessed and mitigated in the final Water and Waste Management Plan and a section 21 application will be required to be submitted. Of the concerns raised, a number had already been considered in the draft document provided to the I&AP's.

Phase II of the WULA process is in progress and Department of Water and Sanitation (**DWS**) officials are now required to conduct a site visit early in April 2023 to conclude Phase II. Thereafter, the DWS will list the technical documents that must be submitted with the WULA. Preparation of the documents typically required is already at an advanced stage.

Results from the Radiological Risk Classification of flotation tailings and development waste rock have confirmed no significant radiological risks exist.

### **Tailings Storage Facility (TSF)**

As previously reported, the TSF is planned on an area previously impacted by prior mining operations. Comprehensive geotechnical and geohydrological work has been undertaken on the TSF basin with a view to installing an unlined TSF, as the tailings to be deposited in the TSF are benign in terms of the leachable concentration thresholds for various elements as detailed in the Waste Management Regulations. Recent decisions made by DWS in the permitting of unlined TSF designs for other mining projects require that clarity be sought on the criteria for the approval of unlined facilities.

A meeting was held with DWS to discuss the TSF design options. Subsequent to this discussion, it was concluded that the design of a partially lined facility would have a high probability of being permitted, whereas a totally unlined design could be at risk of not being approved. This has resulted in additional design work to accommodate the partial lining of the TSF basin. In parallel, additional test work has been commissioned to investigate the option of neutralising the legacy paddy material and the suitability of fine tailings for use in the inverted liner design. This additional work will be completed in Q2 CY2023.

Although the partial liner design is a compromise on the original design, the improved certainty in the permitting of this design should result in the lowest permitting time required.

### New Okiep Mining Company Permitting

No change in the status of the Mining and Prospecting Rights occurred in the Quarter:

- The SAFTA Mining Right application over the Flat Mines mining area was granted in July 2022. The execution of the Mining Right was completed and registered in December 2022;
- SAFTA prospecting right applications over the areas contiguous to the Mining Right area are still in process and no further news of these has been received from the authorities; and
- Land access discussions or negotiations with the landowners on the Mining Right and adjacent prospecting right areas are continuing.

### Mine Planning

Mining layouts and schedules have been finalised, taking into account recommendations from the geotechnical engineer. The backfill study was updated to incorporate backfilling of the Flat Mine East stopes following the finalised layouts.

Detailed capital and operating cost requirements for the Flat Mines Project have been completed and the final mining study report is due for completion during Q2 CY2023.

### Metallurgical Processing Plant

The conceptual design and costing of the processing plant to feasibility-level accuracy was completed in the December 2022 Quarter. No further work in this area was undertaken during the Quarter.



## Infrastructure

As reported in the December 2022 Quarter, plans for the provision of power and water to the Flat Mines operations have been finalised and incorporated in the Feasibility Study Report. Layouts and cost estimates for all the required offices, stores, change-houses, etc. for the mining operations have also been concluded.

The mine has been collaborating with municipal leadership in efforts to rehabilitate the NababEEP Wastewater Works, with the commitment that the mine will use the effluent water in the processing plant. The Nama Khoi Municipality has secured funding from the National Government to undertake this project which is due to commence in July 2023. The mine will take a keen interest in the refurbishing works to ensure the effluent water will meet the required quality.

## Land Access

As reported previously, access to the land on which the bulk of the surface mining infrastructure will be located has been secured through a lease agreement with the local municipality. The Rezoning application for mining use is in progress, subject to the completion of the Engineering Services Report. This report can now be completed following the completion of the power supply design and resolution of the Sewage Treatment Works Refurbishment Plan.

Negotiations with other key landowners are ongoing. Orion continues to negotiate in good faith with all affected landowners to seek positive outcomes for all parties.

## Community Liaison

Communications with the Nama Khoi Municipality Executive team continue to be regular and cordial. Good progress has been made in forging common ground, particularly in the area of shared infrastructure, as outlined above.

A Stakeholder Engagement Forum (**SEF**) meeting was held in March 2023, where the mine presented the progress on planning for the roll-out of the Social and Labour Plan commitments (linked to the Mining Right) for the first year, 2023.

## **Okiep Copper Project Exploration**

Exploration activities continued with ongoing target generation over the OCP area. This included digital compilation of historical drilling information over various old mines and prospects together with remodelling of the mineralisation aimed at re-estimating the mineral resources. The current focus of this work has been on the SAFTA Mining Right and contiguous prospecting right application areas, with the objective of including additional prospects as JORC Mineral Resources in Q2 CY2023.

Notification of the grant by the DMRE of the prospecting right application to Orion Exploration No.6 (Pty) Ltd, for an area north-east of the SAFTA Mining Right and prospecting right applications, was received during the Quarter.

## **Areachap Near Mine Exploration**

Areachap is an under-explored belt with multiple copper-zinc and nickel-copper-cobalt-PGE-gold intrusive targets within Orion's tenements. Chief among these are:

- The Prieska copper-zinc near mine, open pit and underground targets with high-grade intersections;
- The Jacomynspan Project, with potential for sulphide nickel-copper-cobalt-PGE-gold open pit and shallow underground mining. The Namaqua Nickel Mining Right, which was granted by the DMRE in September 2016, was notarially executed with the DMRE in December 2022. The right has been lodged for registration with the Mineral and Petroleum Titles Registration Office;
- Several high-grade copper-gold targets with historical and recent drill hole intersections; and
- Li, Be, Rare Earth Element opportunities are being investigated.

No exploration work was undertaken during the Quarter, however notifications of the grant by the DMRE of three of the four Orion Minerals No. 5 (Pty) Ltd prospecting right applications in the 'near-mine' areas adjacent to the PCZM project were received during the Quarter.

## Australian Projects

### Fraser Range – Nickel-Copper Projects (Western Australia)

The Fraser Range Project in Western Australia is highly prospective for high-value magmatic nickel-copper-cobalt sulphide discoveries. Extending over a total strike distance of some 430km, the Fraser Range Project tenements are held by IGO Limited (ASX: IGO), as well as through numerous joint ventures.

Orion maintains a sizeable tenement package in the Fraser Range under a joint venture with IGO. Under the terms of the joint venture, IGO is responsible for all exploration of the tenements and provides regular updates to Orion on activities and results. Orion is free-carried by IGO through to the first pre-feasibility study on any of the tenements.

This allows Orion to maintain exposure to the ongoing exploration and development of the project, without any ongoing financial commitment.

The mineral riches of the belt have been demonstrated at IGO's Nova nickel-copper-cobalt operation and other neighbouring discoveries including Silver Knight by the Creasy Group and Mawson by Legend Mining.

During the Quarter, IGO undertook work on JV tenements E39/1653, E39/1654, E69/2379, E69/2707, E28/2596, E28/2367, E28/2378 and E28/2462. Results were received for Pike North (E28/2367) and five aircore holes totalling 507m were completed at Artemis target (E28/2367) with the sampling results also received at Quarter end from the laboratory. The drilling program was planned to be eighteen holes, to test the mafic and ultra-mafic intrusions however, due to weather conditions, difficulty in drilling and potential risk during the seasonal bushfire period, the program was shortened.

IGO plans to undertake a moving-loop electromagnetic survey in the coming Quarter, to follow up on the mafics intersected at the Artemis target.

### Walhalla – Gold and Polymetals Project (Victoria)

While the Walhalla-Woods Point District is best known for gold mining, high-grade copper-nickel and PGE mineralisation also occurs within the belt. Both the gold and copper-nickel-PGE mineralisation within this district are hosted within dykes from the Woods Point Dyke Swarm, a series of ultramafic to felsic dykes occurring over a 75km long north-south belt.

No field or exploration work was carried out on the Walhalla Project during the reporting period. During the Quarter, the Company received notification of grant of two exploration licence applications in the Walhalla area.

## Corporate

### Cash and Finance

Cash on hand at the end of the Quarter was A\$12.18 million. Payments made to related parties and their associates during the Quarter was A\$158k for director fees and consulting fees, as listed in Section 6 of the Company's Quarterly Cash Flow Report (Appendix 5B).

### Capital Raising

On 15 March 2023, Orion announced a capital raising of up to A\$13 million through a two-tranche placement to sophisticated and professional investors, pursuant to Section 708A of the Corporations Act 2001 (Cth) (**Placement**), comprising the issue of up to 882 million fully-paid ordinary shares (**Shares**) at an issue price of 1.5 cents (ZAR18 cents) per Share, together with four free attaching options for each Share issued on the principal terms set out below (**Options**).

The Placement will occur in two stages, being:

- Tranche 1: in March 2023, the Company issued 710 million Shares at an issue price of 1.5 cents (ZAR18 cents), to raise A\$10.7 million (**Placement One**). The Shares issued under Placement One were issued without shareholder approval, using the Company's 15% placement capacity under ASX Listing Rule 7.1;
- Tranche 2: the Company has received commitments from investors to raise A\$2.6 million through the issue of 171 million Shares at an issue price of 1.5 cents (ZAR18 cents) per Share, including A\$0.5 million from Orion non-executive Director Tom Borman, A\$0.25 million from Orion's Chairman Denis Waddell, A\$30k from Orion's Managing Director & CEO Errol Smart and A\$0.77 million from Tembo Capital (which will be issued at the deemed offer price, in satisfaction of amounts to be repaid by Orion under the Loan Facility (refer below)) (**Placement Two**). The issue of Shares under Placement Two is subject to shareholder approval; to be sought at the General Meeting of shareholders to be held on 19 May 2023 (refer below); and
- Placement Options: for every Share issued under the Placement, each investor shall receive four free attaching Options. The issue of 3.5 billion Options to investors is also subject to shareholder approval, to be sought at the General Meeting. The Placement Options have an exercise price of 1.7 cents (ZAR20 cents) and an expiry date of 30 November 2023. The Options are not transferrable and will not be quoted on the ASX or the JSE.

#### Tembo Capital – Convertible Loan Facility

On 3 January 2023, Orion announced that substantial shareholder Tembo Capital had continued its strong support of Orion by providing a new unsecured convertible loan facility of US\$0.50 million (~A\$0.73 million) (**Loan Facility**). Under the terms of the Loan Facility, the amount outstanding (including capitalised interest and fees) of ~A\$0.77 million will be repaid by the issue of Shares to Tembo Capital at a deemed issue price of the price per Share payable by investors under the Placement and on the same terms as the Placement (including Placement Options) (subject to receipt of shareholder and regulatory approvals).

Orion will also seek shareholder approval at the upcoming General Meeting for the issue of the Shares under Tranche 2 of the Placement (together with the attaching Placement Options).

#### **Prieska Project Funding**

##### IDC - Convertible Loan

On 21 October 2022, Orion announced a pivotal non-binding term sheet with the IDC for a ZAR250 million (~A\$22 million) senior secured loan facility (**IDC Convertible Loan**) to fund early mining works and key pre-development activities at the Prieska Project. Orion, Agama Exploration & Mining Proprietary Limited (a wholly-owned subsidiary of Orion) (**Agama**) and PCZM (a majority-owned subsidiary of Orion) reached agreement with the IDC on the key terms of the IDC Convertible Loan, which were recorded in a non-binding term sheet (**Term Sheet**), with IDC Executive Committee approval.

Under the Term Sheet, the IDC will provide the ZAR250 million (~A\$22 million) IDC Convertible Loan to Agama, or its wholly-owned subsidiary, which will be on-lent to PCZM on similar terms to fund the completion of the Feasibility Study for the previously-articulated Early Production Plan at Prieska (refer ASX/JSE release 20 January 2022), while also allowing the Company to commence dewatering of the existing underground mine – a critical path activity required for the broader long-term development of the project. The Early Production Plan Feasibility Study and the Dewatering Project are key pre-development workstreams that are already well advanced.

Definitive agreements were signed with the IDC in February 2023. The IDC Convertible Loan funding is expected to be available for draw-down in Q2 CY2023, subject to fulfilment of conditions precedent and draw-down conditions standard for such arrangements. Draw-down of the ZAR250 million Convertible Loan will be in tranches and will be pro rata matched by the draw-down requests that Orion will make under the A\$10 million Triple Flag Funding Arrangement (refer ASX/JSE release 13 December 2022). A

summary of the material terms of the definitive agreement is provided in Appendix 1 of the 8 February 2023 ASX/JSE release.

#### Anglo American sefa Mining Fund - Loan

In November 2015, PCZM (a 70% owned subsidiary of Orion) and Anglo American sefa Mining Fund (**AASMF**) entered into a ZAR14.25 million loan agreement for the further exploration and development of the Prieska Project (**Loan Facility**). Under the terms of the Loan Facility, on 1 August 2017, AASMF advanced ZAR14.25 million to PCZM. The key terms of the Loan Facility are:

- Loan amount: ZAR14.25 million (~A\$1.19 million);
- Interest rate: Prime lending rate in South Africa; and
- Security: 29.17% of the shares held in PCZM by Agama (a wholly owned subsidiary of Orion), have been pledged as security to AASMF for the performance by PCZM of its obligations in terms of the Loan Facility.

As at 31 March 2023, the balance of the Loan Facility was ZAR23.6 million (~A\$1.97 million) (including capitalised interest). Funds received from the Placement will enable Orion to settle the outstanding amount of the Loan Facility, thereby satisfying one of the key conditions precedent to draw-down of the A\$10 million Triple Flag early funding arrangement and the ZAR250 million IDC convertible loan facility.

#### **OCP Okiep Copper Project Funding**

##### IDC Shareholder Loan

In November 2022, Orion and the IDC entered into definitive agreements in terms of which the IDC acquired 43.75% of the issued ordinary shares in New Okiep Mining Company Proprietary Limited (**NOM**) and triggered pre-development funding arrangements for the Flat Mines area (**Flat Mines Project**) (refer ASX/JSE release 7 September 2022).

Under the terms of the NOM memorandum of incorporation, the IDC funding of pre-development costs in the aggregate amount of ZAR34.58 million will be advanced to NOM as a shareholder loan on the same terms as the pre-development funding amount of ZAR44.46 million that Orion had already advanced to NOM, including that the loan is unsecured, interest free until such time as the Flat Mines Project commences commercial production and will be repaid when NOM is in a financial position to make repayment.

Pursuant to the definitive agreements having been implemented and the IDC becoming a shareholder in NOM, during the Quarter, the IDC advanced ZAR12.67 million (~A\$1.06 million) of its pre-development funding commitment and at Quarter end, the IDC had advanced ZAR34.58 million (~A\$2.9 million) in total.

#### **General Meeting**

A General Meeting of shareholders of the Company will be held at the offices of Clayton Utz, Level 27, QV1 Building, 250 St Georges Terrace, Perth, Western Australia on Friday 19 May 2023, commencing at 3:00 p.m. (Perth time).

At the General Meeting, the Company will seek the required shareholder approvals for the issue of Shares under Tranche 2 of the Placement, the issue of all Placement Options, and the issue of Placement Shares and Placement Options to Tembo.

## Tenement Table

Tenement	Project	Ownership Interest	Change in Quarter	Joint Venture Partner
<b>South Africa</b>				
NC30/5/1/1/2/11850PR NC30/5/1/1/2/13528PR <sup>1</sup>	Bartotrax	100%	---	---
NC30/5/1/2/2/10138MR	Prieska Copper-Zinc Mine	70%	---	---
NC30/5/1/2/2/10146MR	Prieska Copper-Zinc Mine	70%	---	---
NC30/5/1/1/2/12258PR	Prieska Near Mine	100%	Granted	---
NC30/5/1/1/2/12287PR	Prieska Near Mine	100%	Granted	---
NC30/5/1/1/2/12405PR	Prieska Near Mine	100%	Granted	---
NC30/5/1/1/2/11840PR	Doonies Pan	70%	---	---
NC30/5/1/2/2/10032MR	Namaqua-Disawell	25%	---	Namaqua Nickel Mining (Pty) Ltd
NC30/5/1/1/2/12216PR	Namaqua-Disawell	25%	---	Namaqua Nickel Mining (Pty) Ltd
NC30/5/1/1/2/10938PR NC30/5/1/1/2/13397PR <sup>1</sup>	Namaqua-Disawell	25%	---	Disawell (Pty) Ltd
NC30/5/1/1/2/11010PR NC30/5/1/1/2/13398PR <sup>1</sup>	Namaqua-Disawell	25%	---	Disawell (Pty) Ltd
NC30/5/1/1/2/12292PR	Masiqhame	50%	---	Masiqhame 855 (Pty) Ltd
NC30/5/1/1/2/12197PR	Bokspits North	70%	---	---
NC30/5/1/1/2/11125PR NC30/5/1/1/2/13395PR <sup>1</sup>	Okiep	100%	---	---
NC30/5/1/1/2/12357PR	Okiep	100%	---	---
NC30/5/1/1/2/12897PR	Okiep	70%	Granted	---
NC30/5/1/2/2/10150MR	Okiep	56.25%	---	Industrial Development Corporation of South Africa Limited (IDC)
<b>Western Australia</b>				
E28/2367	Fraser Range	30%	---	IGO Limited
E28/2378	Fraser Range	30%	---	IGO Limited
E28/2462	Fraser Range	30%	---	IGO Limited
E28/2596	Fraser Range	30%	---	IGO Limited
E39/1653	Fraser Range	35%	---	IGO Limited & Geological Resources Pty Ltd
E39/1654	Fraser Range	10%	---	IGO Limited & NBX Pty Ltd
<b>Victoria</b>				
EL6069	Walhalla	100%	Granted	---
EL5042	Walhalla	100%	Granted	---

<sup>1</sup> Renewal application reference number

This Quarterly Report is authorised by the Board.