



Orion Minerals

ASX/JSE RELEASE: 2 FEBRUARY 2021

Orion secures option to acquire and consolidate dominant ownership of a premier historic copper mining district in South Africa's Northern Cape Province

Proposed acquisition of the Okiep Copper Complex represents a significant growth opportunity

- ▶ **Exclusive option to undertake due diligence and acquire a 56.25% interest in Southern African Tantalum Mining (Pty) Ltd (SAFTA) – alongside Industrial Development Corporation of South Africa Limited (IDC) with 43.75%, 100% of NababEEP Copper Company (Pty) Ltd (NCC) and 100% of Bulletrap Copper Company (Pty) Ltd (BCC).**
- ▶ **These entities, collectively known as the Okiep Copper Complex (OCC), hold the mineral rights to the majority of the large historical mines of the Okiep Copper Company, which historically produced more than 2Mt of copper metal from a significant copper-producing district in the Northern Cape Province, ~570km north of Cape Town.**
- ▶ **The OCC Project includes several unmined, drilled copper deposits – many with mine access declines and shafts in place. The current owners have completed resource estimates and a scoping-level Feasibility Study that Orion will subject to due-diligence scrutiny in coming weeks.**
- ▶ **Based on its initial investigations and based on the Sellers' estimates, Orion believes there is an opportunity to restore mining at OCC to historical production levels when it was operated by Newmont, establishing a second base metal production hub that could supplement production of copper and zinc concentrates from Orion's flagship Prieska Project, located 450km east of OCC.**
- ▶ **Orion intends to apply its proven expertise in permitting and developing large-scale base metal projects to the OCC opportunity, with work to commence immediately on resource modelling to upgrade the Sellers' estimates using good quality drill data, mostly from the Goldfields ownership era.**
- ▶ **The 2019 scoping-level Feasibility Study will also be reviewed before reporting and, if appropriate, advancing to a Bankable Feasibility Study.**
- ▶ **The total acquisition cost assuming the option is exercised, payable in stages at various milestones through a combination of cash and Orion Shares (subject to any necessary Orion shareholder approvals), amounts to an aggregate total of ~A\$7.5 million of initial purchase consideration, with possible deferred consideration of an additional ~A\$8.5 million, subject to future exploration success.**
- ▶ **The deferred consideration is payable on successful definition of JORC compliant Mineral Resources above cut-off grades ranging from 1% - 1.2% Cu in addition to a baseline of 8.9Mt.**

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

"This is a unique opportunity to acquire a dominant position in a historic world-class copper mining district – an exceptional growth and diversification opportunity. We believe that the complementary combination of the advanced Okiep Copper Complex with our flagship Prieska Copper-Zinc Project will transform Orion into a significant base metals mining house, accelerating our journey to become a major producer in the Northern Cape region."

"The option, if exercised will deliver Orion a 56.25% stake in South African Tantalum Mining (Pty) Ltd, alongside South Africa's highly-regarded Industrial Development Corporation, which will hold 43.75%, plus, we will hold 100% of two other companies (NCC and BCC) with adjoining prospecting rights.

"Between them, these companies control a significant majority of a major copper-producing district that has produced more than 2 million tonnes of copper over a 150-year period to 2003. This production history was dominated by Newmont, which produced up to 40,000 tonnes a year of copper before exiting South Africa in 1984. We believe that subsequent owners Goldfields and Metorex never really maximised the value of the assets, and the result is a richly endowed copper complex with numerous fully-developed dormant mines and large, shallow deposits with extensive historic (non-JORC) resource estimates.

"Given the shallow nature of many of the deposits – many of which have been extensively drilled out – we see an outstanding opportunity to fast-track resource delineation and feasibility studies to underpin near-term production. Our immediate focus will be to upgrade the existing SAFTA resources and Feasibility Study to JORC status, which we anticipate will be a relatively quick and cost-effective process. If due diligence confirms the Sellers' projections, we are confident that this project, with a Mining Right under application, can deliver production within 18-24 months as per the submitted mining works program.

"Should this work be successful, production from OCC would supplement Prieska's forecast production of 22ktpa of copper and 70ktpa of zinc. This would transform Orion into a substantial base metal mining house with two operating hubs in Tier-1 mining districts in the Northern Cape.

"We are very excited about the synergies and opportunities that we expect to flow from this potential acquisition, and we are looking forward to completing due diligence and moving ahead with this significant growth opportunity."

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce that it has entered into an agreement giving it exclusive rights and a clear pathway to acquire and consolidate a significant interest in an extensive copper mining complex, the **Okiep Copper Complex (OCC)**, located approximately 570km north of Cape Town in the Northern Cape Province of South Africa (Figure 1).

Acquisition Overview

This potentially significant growth opportunity could become a future second base metal production hub for Orion in the Northern Cape alongside its flagship Prieska Copper-Zinc Project (**Prieska Project**), located 450km east of OCC.

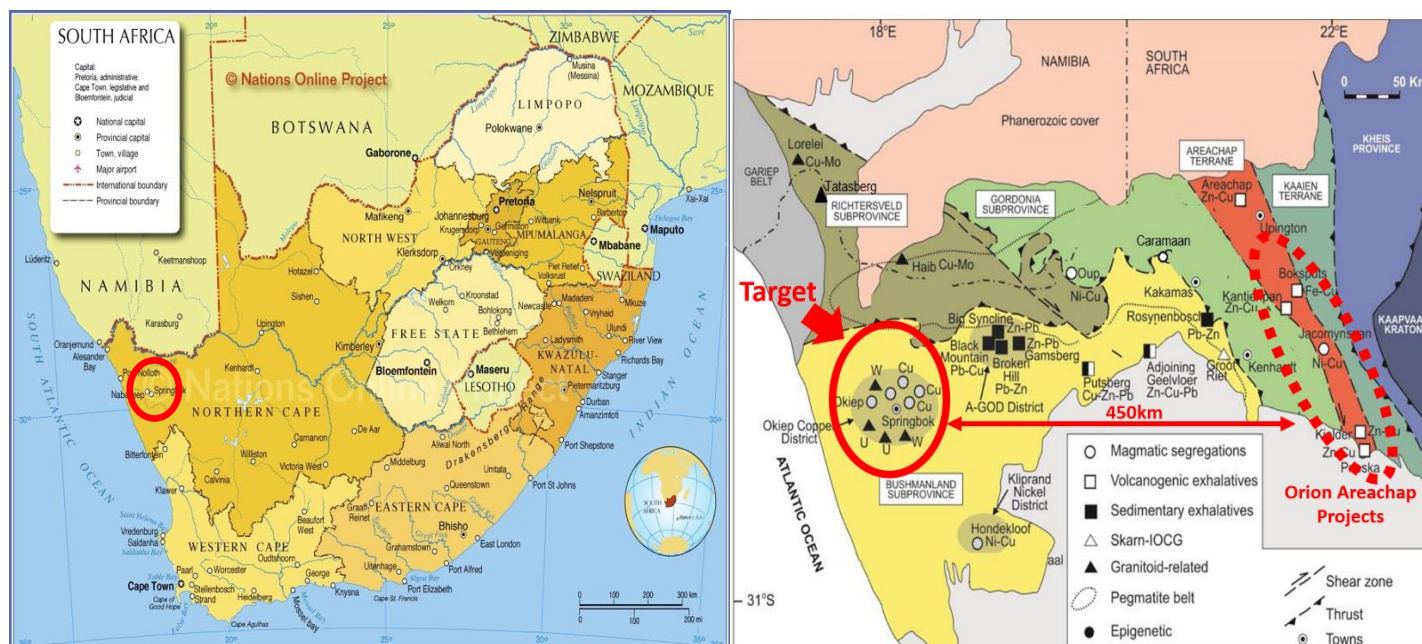


Figure 1: Location of the Okiep Copper Complex (OCC) in relation to Orion's existing Areachap projects.

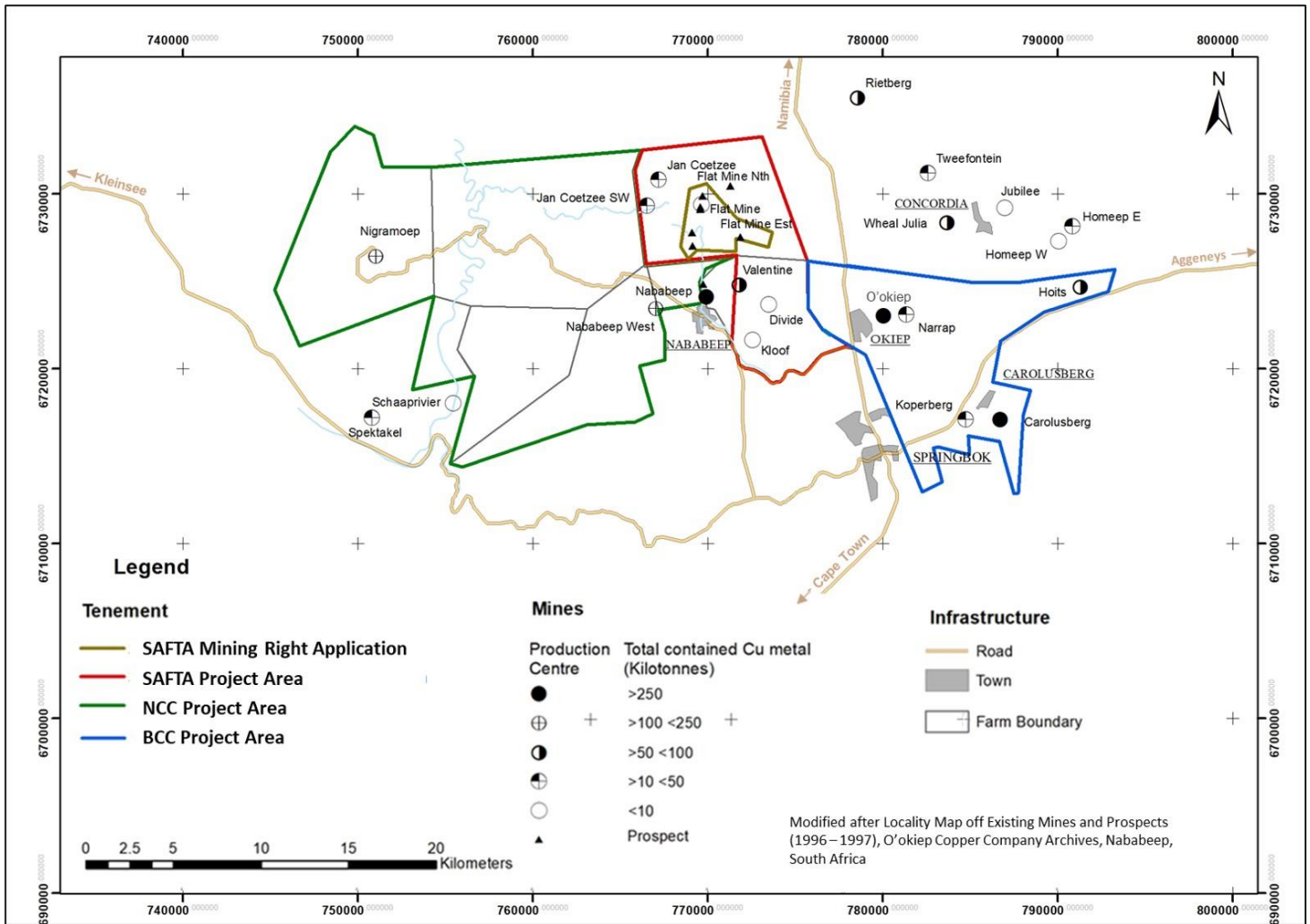


Figure 2: Location of the Okiep Copper Complex (OCC) Mineral rights.

The OCC companies hold the majority of large historical mines in this significant copper-producing district, which has produced more than 2Mt of copper metal over a 150-year period to 2003. The mineral rights held by the OCC companies include numerous existing drilled copper orebodies with decline mine access and services in place.

SAFTA has filed a Mining Right application based on the owner's resource estimates and feasibility studies which have not yet been confirmed by Orion's due diligence and are therefore not yet presented by the Company. Most importantly, a vast database, including approximately 150,000 technical reports and data for 26,000 drill-holes (surface and underground), is available for OCC and is expected to fast-track the estimation of mineral resources on the property.

From 1940, Newmont mined at rates of up to 40,000tpa of copper production, averaging 1.9% Cu on a run-of-mine basis, before exiting South Africa and selling the project to Goldfields, which in turn divested it to Metorex in 1998.

The Company intends to apply a similar strategy to the successful approach adopted at its Prieska Project, which saw it rapidly advance from project acquisition to establish a globally significant Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (JORC) compliant Mineral Resource and Ore Reserve, high-quality Bankable Feasibility Study and secure full permitting – making it one of the few development-ready base metal assets worldwide.

Orion's initial focus will be on SAFTA, where a Mining Right application has been submitted to the Department of Minerals and Energy and an Environmental Approval has been applied for, based on a Mine Works Program that will allow initial mining of three deposits within a 2km radius. The works program under application will permit the construction of a central milling and float concentration plant and a new tailings storage facility.

The application is for underground mine access via three declines from surface. Initial mining is targeted from already-developed stopes less than 150m below surface at Flat Mine North. These stopes were the last producing sections of the Wheel Flat Section of Metorex's operations. Production ceased when the central processing plant was closed.

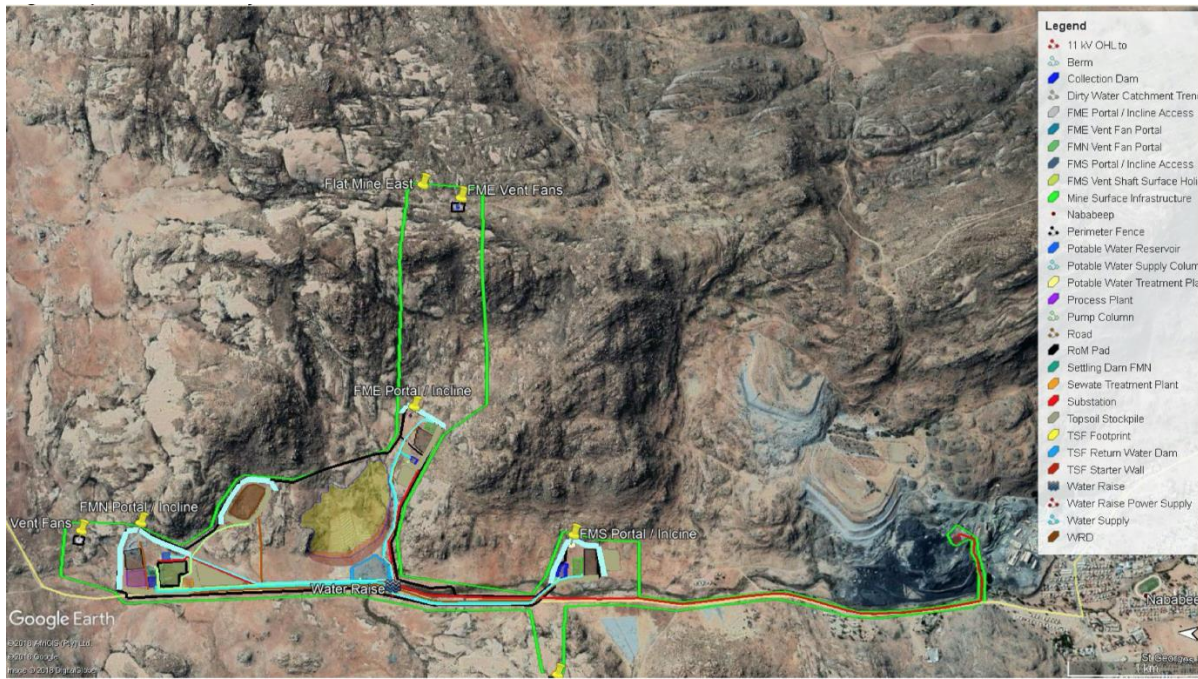


Figure 3: SAFTA Flat Mines application for siting of works plan.



Figure 4: SAFTA Flat Mine North Decline Portal (Previously Metorex Wheel Flat Mine).

Background of The Okiep Copper Complex (OCC)

The OCC comprises the core of a premier historical copper-producing district that produced >2Mt Cu over a 150-year period ending 2003. About 20% of recorded production was pre-1920 including production from the Okiep Copper Company that produced approximately 2.2Mt of hand-sorted ore and concentrates at an average grade of 14% copper¹. Main sources of ore production pre-1920 were:

- Okiep Mine (907,000 tonnes at 21% copper);
- Tweefontein (at least 139,000 tonnes at 25% copper); and
- Nababeep South (816,000 tonnes at 5.5% copper).

After 1940, Newmont consolidated the mines of the district and mined at a production rate of up to 40ktpa Cu at an average ROM head grade of 1.9% Cu, sourcing ore from multiple mines feeding to central plant and smelter facilities. Goldfields and later Metorex focused on lower cost, massive mechanised mining, yielding diluted lower grades. Mining since the 1960's was characterised by the extraction of large dimension orebodies amenable to bulk mechanised mining, with simple favourable metallurgy and predominantly very strong ground conditions.



Figure 5: Historic underground mining activities at the Nigramoep and Carolusberg mines, showing the extensive underground development and infrastructure in place.

Much of the unmined, drilled mineralisation is adjacent to, or down-dip of historic mines with good quality underground access via shafts and ramp declines. The district is infrastructure-rich with good roads, grid power, and a water pipeline from Orange River.

The well-serviced and well-maintained town of Springbok lies at the heart of the mining district, with three smaller

¹ Cairncross, Bruce. "History of the Okiep copper district: Namaqualand, Northern Cape Province South Africa." *The Mineralogical Record*, vol 35, no. 4, 2004.

mining villages located around OCC. The OCC mines are also located 160km by sealed road from Vedanta's Black Mountain and Gamsberg mines, providing support for a well-established mining supply and services community.

Geology and Exploration Opportunity

Copper deposits are hosted by easterly-trending mafic/ultramafic dykes, with plug like bodies forming at the intersection with less common northeast-trending dykes of the same composition. A structural control on intrusives in the form of "steep structures" or monoclinical folds is well established.

Copper mineralisation occurs as disseminations of chalcopyrite and bornite with local massive sulphide concentrations within and adjoining mafic intrusive bodies. A strong correlation is recognised between high-grade massive ore and favourable lithological target horizons, with high grade blows forming where the dykes cut three specific lithologies:

- Springbok Quartzite and Schist;
- Mixed Zone or Wolfram Schist; and
- Ratelpoort Quartzite and Schist.

The individual orebodies mined varied in size from 25kt - 38Mt (Carolusberg Mine). Twenty-seven larger mines within a 25km radius produced a total of 105.6Mt at 1.71% Cu between 1940-1998 (Newmont & Goldfields production records).

Importantly, dozens of mineralised intrusive outcrops were located and drilled, but were not tested lower down dip of the discovery outcrops and projecting down to where these should intersect the most favourable horizons. Near-mine exploration ceased in 1993 and the district has not had the benefit of advances in modern geophysics over the past 40 years.

The district has not had regional or ground electromagnetic surveys (**EM**) applied apart from a single survey over a small area that was covered with an experimental drone survey in 2018. Orion has identified the potential to identify the massive sulphide blows that are the historic source of the highest-grade ore in the district using EM methods and other modern geophysics.

In addition, Orion recognises the significant opportunity to explore beneath up to 250m of more recent sediment cover that obscures approximately 25% of the most prospective area of the district that has never been explored.

During the Newmont and later Goldfield eras, a substantial amount of exploration was undertaken and many mineralised outcrops were intensely drilled at shallow depths, but without progressing to mine development on all of the discoveries that were drilled. A massive data library detailing all of GoldField's work and all the post 1940's mining records is available in hard copy, with a lot of data also available in digital form.

Strategic Rationale

The proposed acquisition of a majority interest in the OCC provides Orion with the opportunity to develop a second base metals production hub in the Northern Cape, alongside its existing flagship Prieska Project located 450km to the east.

Importantly, the advanced nature of the OCC, provides the opportunity to target progress to production within the next 18-24 months.

The OCC complex will benefit from the substantial engineering, administration and logistic supply chain being developed by Orion for Prieska and the combined assets could contribute to typical cost savings resulting from consolidation.

Orion believes there is strong potential to recommence production at OCC in the near term and grow to similar production levels as Newmont's historical mining operations. The acquisition has potential to significantly increase the Company's total production and enhance its status as a meaningful new base metals miner.

The OCC properties also provide an exceptional opportunity for new Cu discoveries both at surface and at depth, with the ability to apply modern exploration techniques, including EM. Importantly, the district offers many untested and underexplored mineral outcrops and occurrences which have been subject to very little

exploration over the past 30 years.

Agreement Overview

Under the terms of the agreement, Orion is granted an exclusive right to undertake a due diligence investigation in relation to the OCC mineral interests, which are held by Southern African Tantalum Mining (Pty) Ltd (**SAFTA**), Nababeep Copper Company (Pty) Ltd (**NCC**) and Bulletrap Copper Company (Pty) Ltd (**BCC**)(**Target Entities**)(**Exclusivity Undertaking**) and an exclusive option to acquire all of the shares in, and shareholder claims against, SAFTA, NCC and BCC (excluding those shares in and claims against SAFTA held by the Industrial Development Corporation of South Africa Limited (**IDC**)) (**Option**).

The key terms of the agreement are:

- **Exclusivity Undertaking**
 - The Target Entities and their respective shareholders (excluding the IDC) (**Selling Shareholders**) have granted Orion the exclusive right to carry out due diligence investigation in relation to the Target Entities, their business, status and their respective mineral projects (**Mineral Projects**);
 - In consideration for the Exclusivity Undertaking, Orion will make periodic cash payments to the Selling Shareholders of up to ZAR1.8 million (~A\$157k) (**Exclusivity Payments**) during the Exclusivity Period, which ends on 31 July 2021. Orion is entitled at any time to withdraw and it will then not be obliged to make any further Exclusivity Payments and the Option and the Exclusivity Undertaking will lapse; and
 - During the Exclusivity Period, Orion undertakes to spend up to ZAR5 million (~A\$435k) in carrying out the due diligence Investigation, which may include engineering and geological investigations such as geophysical surveys, exploration drilling and resource and reserve estimation.
 - Orion will engage with IDC regarding its shareholder rights enshrined in SAFTA memorandum of incorporation in order for the transaction to proceed.
 - **Option to Purchase**
 - The Selling Shareholders have granted Orion the exclusive option to acquire all of the issued shares in the Target Entities held by the Selling Shareholders (**Sale Shares**) and all of the claims which the Selling Shareholders may have against the Target Entities (**Sale Claims**) (collectively, the **Sale Equity**);
 - Orion is entitled to exercise the Option in relation to the Target Entities at any time during the Exclusivity Period; and
 - As noted above, IDC will retain an initial 43.75% interest in SAFTA.
 - **Option Exercise Price**
 - The purchase price payable by Orion to the Selling Shareholders for the sale of the Sale Equity following Orion's exercise of the Option (**Option Exercise Price**) is as follows:
 - ZAR24.1 million (~A\$2.1 million) cash; and
 - ZAR62.0 million (~A\$5.4 million) Orion fully paid ordinary shares (**Shares**) (**Consideration Shares**).
 - The aggregate of the Exclusivity Payments made to the Selling Shareholders will be deducted from the cash portion of the Option Exercise Price; and
 - The issue price of the Consideration Shares will be equal to the 30-day volume weighted average price (**VWAP**) of the Orion Shares traded on the Australian Securities Exchange (**ASX**) and the Johannesburg Stock Exchange (**JSE**) in the period immediately prior to the date on which the Suspensive Conditions have been fulfilled and/or waived.
 - **Suspensive Conditions to the Sale**
 - The Sale will be subject to the fulfilment (or, where possible, waiver) of various suspensive conditions on or before the second anniversary of the date that Orion exercises the Option (refer Appendix 1).
 - **Deferred Payment**
 - In addition to the Option Exercise Price, the Selling Shareholders will be entitled to a conditional deferred payment of up to ZAR98.3 million (~A\$8.5 million) (**Agterskot**);
 - The Agterskot will be calculated on the basis of the number of tonnes of Mineral Resources published
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by Orion in relation to the Mineral Projects in compliance with the JORC Code in addition to the initial baseline of 8.9Mt and calculated in accordance with the table set out in Appendix 1;

- o The Agterskot will be settled by way of Orion issuing Shares to each Selling Shareholder in the Target Entity concerned (**Agterskot Shares**) where:
 - the relevant number of Agterskot Shares will be issued twice-annually within 30 days after the publication by Orion of each of its half-year results and its full year results, in each case in relation to the Mineral Resources identified and reported in relation to each Mineral Project since the last half-year or full-year results publication (as the case may be); and
 - the issue price of the Agterskot Shares will be equal to the 30-day VWAP of the Orion Shares traded on the ASX and the JSE in the period immediately prior to the publication date of the relevant half-year or full-year results (as the case may be).
- **Post-Closing Expenditure Commitment**
 - o Orion will, within a period of 12 months after the Closing Date of each Target Entity, incur aggregate exploration expenditure of at least ZAR12.0 million (~A\$1.0 million) in exploring the Mineral Projects and in seeking to satisfy the Mineral Resource requirements on the basis of which the Agterskot will become payable to the Selling Shareholders.

The agreement otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary to include in transactions of this nature.

Full details regarding the agreement are included in Appendix 1.

Next Steps

Orion will immediately commence due diligence programs, with an initial focus on verifying the data quality and estimation modelling work and if satisfactory, report Resources as baseline estimates. A large inventory of historic non JORC compliant estimates will then be systematically remodelled and if satisfactory, will be reported to JORC compliant resource status. The Company expects to complete an initial JORC Resource and Scoping Study for the OCC by the end of the March 2021 Quarter.

In addition, planning has commenced for initial exploration programs, including EM surveys, to identify and prioritise targets for initial drill testing.

Investor Conference Calls

A conference call and webcast on the proposed OCC acquisition will be held for the investment community on **Tuesday, 2 February 2021** commencing at **1pm (WST) / 4pm (AEDT)**. Investors, brokers, analysts and media can join the webcast via <http://redback.events/ir-160bf8>.

A second conference call and webcast on the proposed OCC acquisition will also be held on **Tuesday, 2 February 2021** commencing at **3pm South African time / 9pm (Australian WST)**. Investors, brokers, analysts and media can register for the webcast via https://zoom.us/webinar/register/WN_VZsY5O9TLmVuTZYLnextQA.

A presentation on the OCC opportunity will also be lodged separately today.

For and on behalf of the Board.



Errol Smart
Managing Director and CEO

ENQUIRIES

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Competent Person Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Mr Errol Smart, a Competent Person who is registered with the South African Council for Natural Scientific Professionals, a 'Recognised Professional Organisation' (**RPO**). Mr Smart is a full-time employee of Orion in the role of Managing Director. Mr Smart has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Appendix 1:

The key terms of the Option are:

- **Exclusivity Undertaking**

- SAFTA, NCC and BCC (collectively, **the Target Entities**) and their respective shareholders (excluding the IDC) (collectively, **the Selling Shareholders**) grant Orion the exclusive right to carry out a comprehensive due diligence investigation (**Due Diligence Investigation**) in relation to the Target Entities, their business, status and their respective mineral projects (**Mineral Projects**);
- The Target Entities and the Selling Shareholders also undertake that, for the duration of the Exclusivity Period (as described below), 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 Exclusivity Undertaking, Orion will make the following cash payments to the Selling Shareholders:

Payment Date	Exclusivity Period	Exclusivity Payment		
		SAFTA	NCC	BCC
Acceptance Date	until 31 Mar 2021	ZAR200,000	ZAR200,000	ZAR200,000
1 April 2021	until 30 Apr 2021	ZAR100,000	ZAR100,000	ZAR100,000
1 May 2021	until 31 May 2021	ZAR100,000	ZAR100,000	ZAR100,000
1 June 2021	until 30 Jun 2021	ZAR100,000	ZAR100,000	ZAR100,000
1 July 2021	until 31 Jul 2021	ZAR100,000	ZAR100,000	ZAR100,000

- Orion is obliged to make payment of the first Exclusivity Payment within 5 business days after the Acceptance Date (30 January 2021), being an aggregate payment amount of ZAR600k, but thereafter Orion will be entitled at any time to withdraw and Orion will not be obliged to make any further Exclusivity Payments and the Option and the Exclusivity Undertaking (including the Option) will lapse;
- During the Exclusivity Period, Orion undertakes to spend the following minimum amounts (**Minimum Due Diligence Expenditure Amount**) in carrying out the Due Diligence Investigation in each Due Diligence Period as described below. In addition to corporate, financial and legal due diligence, the due diligence work may include engineering and geological investigations such as geophysical surveys, exploration drilling and resource and reserve estimation:

Due Diligence Period	Minimum Due Diligence Expenditure Amount	Cumulative Due Diligence Expenditure Amount
Acceptance Date to 31 March 2021	not less than ZAR500,000	ZAR500,000
1 April 2021 to 30 April 2021	ZAR1,000,000	ZAR1,500,000
1 May 2021 to 31 July 2021	ZAR3,500,000	ZAR5,000,000

- If Orion at any time elects to withdraw from the Due Diligence Investigation, it will be obliged to pay the remaining Minimum Due Diligence Expenditure Amount (if any) in relation only to the Due Diligence Period concerned in cash to the Selling Shareholders, but will not be obliged to incur or pay any Due Diligence Investigation amounts in relation to any subsequent Due Diligence Period(s); and
- Orion and the Selling Shareholders will establish a technical forum through which they will engage with each other and discuss, advise, guide and monitor the interim business and activities of the Target Entities during the Exclusivity Period.

- **Option**

- The Selling Shareholders grant Orion the exclusive option to acquire all of the:
 - issued shares in the Target Entities held by the Selling Shareholders (**Sale Shares**); and
 - claims which the Selling Shareholders may have against the Target Entities (**Sale Claims**),

(collectively, the **Sale Equity**);

- o The Option excludes 43.75% of the shares in SAFTA held by the IDC;
- o Orion is entitled to exercise the Option in relation to the Target Entities at any time during the Exclusivity Period, provided that Orion may only elect to exercise the Option in relation to all (and not only some) of the Target Entities and all (and not only a portion) of the Sale Equity;
- o Upon the exercise of the Option by Orion, an agreement of sale of the Sale Equity by and between Orion (as purchaser) and the Selling Shareholders (as sellers) (**Sale**) will be deemed to have come into existence; and
- o Should Orion elect to exercise the Option then the Exclusivity Period will be extended until such time as the Option has been implemented or the Suspensive Conditions have failed, Orion will not be obliged to make any further Exclusivity Payments and/or incur any further Minimum Due Diligence Expenditure Amounts and Orion will be entitled to nominate one of its representatives for appointment to the Board of each of the Target Entities for the duration of the Exclusivity Period.

• **Option Exercise Price**

- o The purchase price payable by Orion to the Selling Shareholders for the sale of the Sale Equity following Orion's exercise of the Option (**Option Exercise Price**) is as follows:

Target Entity	Option Exercise Price		Total
	Cash	Shares	
SAFTA	ZAR7,593,750	ZAR37,968,750	ZAR45,562,500
NCC	ZAR10,500,000	ZAR10,000,000	ZAR20,500,000
BCC	ZAR6,000,000	ZAR14,000,000	ZAR20,000,000

- o The Option Exercise Price above will be adjusted as follows:
 - The aggregate of Exclusivity Payments made to the Selling Shareholders will be deducted from the cash portion of the Option Exercise Price;
 - If a proposed IDC loan facility to SAFTA is not concluded and/or is not capable of draw down on or prior to 31 July 2021, the Orion cash consideration portion of the Option Exercise Price for SAFTA will be reduced; and
 - On the basis that the Target Entities are being acquired on a "debt free-cash free" basis, the aggregate value of outstanding creditors, claims against and liabilities of the Target Entities (excluding the Sale Claims) will be deducted, first, from the cash portion of the Option Exercise Price and, thereafter, from the Orion shares portion of the Option Exercise Price.
- o The portion of the Option Exercise Price in respect of each Target Entity to be settled by way of Orion fully paid ordinary shares (**Orion Shares**) will be settled by way of Orion issuing the Orion Shares to each Selling Shareholder (**Consideration Shares**), where:
 - the issue price of the Consideration Shares will be equal to the 30-day volume weighted average price of the Orion Shares traded on the Australian Securities Exchange (ASX) and the Johannesburg Stock Exchange (JSE) in the period immediately prior to the date on which the Suspensive Conditions (described below) have been fulfilled and/or waived; and
 - Orion will procure that the Consideration Shares issued to the Selling Shareholders are admitted to trading on the JSE within 10 business days after the Closing Date.
- o The Sale in relation to the Sale Equity of each Target Entity will be implemented on the 5th day after the date on which the Suspensive Conditions in relation to that Target Entity have been fulfilled and/or waived (each a **Closing Date**). Due to different Suspensive Conditions being applicable to each Target Entity, the Closing Date for each Target Entity may occur on different dates.

• **Suspensive Conditions to the Sale**

- o The Sale will be subject to the fulfilment (or, where possible, waiver) of various suspensive conditions

(Suspensive Conditions) on or before the second anniversary of the Option Exercise Date **(Suspensive Conditions Deadline Date)**:

- approval, where required or so elected by Orion, from Orion's shareholders for the terms of the Sale (including the issue of the Consideration Shares);
 - receipt of any and all regulatory approvals as may be required for the purposes of implementing the Sale, including (but not limited to):
 - approval from the Minister of the Department of Mineral Resources and Energy in terms of section 11 of the MPRDA; and
 - approval from the Financial Surveillance Department of the South African Reserve Bank in terms of the Exchange Control Regulations;
 - confirmation to the satisfaction of Orion that all of the relevant Mineral Project data is owned and held by or under the control of the Target Entities;
 - there being no material adverse change in the business, operations, assets, compliance, position (financial, trading or otherwise) or prospects of the Target Entities between the Option exercise date and the Closing Date **(Interim Period)**;
 - the applications made by a Target Entity for the grant and/or renewal of its prospecting rights and/or mining rights in relation to their respective Mineral Projects have been successful (as evidenced by the letter of grant issued by the Department of Mineral Resources and Energy to the Target Entity concerned); and
 - agreement between the IDC and Orion regarding the principal terms of a revised memorandum of incorporation and shareholders' agreement in relation to SAFTA.
- The Suspensive Conditions (except any Suspensive Conditions that are not, in terms of applicable law, capable of being waived in order to implement the Sale) may at any time prior to the Suspensive Conditions Deadline Date be waived by Orion; and
 - If Orion, in its reasonable opinion, considers that the Suspensive Conditions might be fulfilled within a reasonable period after the expiry of the Suspensive Conditions Deadline Date then Orion may extend the Suspensive Conditions Deadline Date by a further period not exceeding 6 months.
- **Deferred Payment**
 - In addition to the Option Exercise Price, the Selling Shareholders will be entitled to a conditional deferred payment **(Agterskot)**. The Agterskot will be calculated on the basis of the number of tonnes of Mineral Resources published by Orion in relation the Mineral Projects in compliance with the JORC Code, estimated with reference to the relevant cut-off grade described in the table below, less the tonnes of the baseline JORC Code Mineral Resource, as follows:
 - for SAFTA, ZAR11 per tonne of JORC Code Mineral Resource in excess of the baseline Mineral Resource for the SAFTA Mineral Project of 8,900,000 tonnes and above the relevant cut-off grade described in the table below; and
 - for BCC and NCC, ZAR20 per tonne of JORC Code Mineral Resource that is above the relevant cut-off grade described in the table below (there being no baseline Mineral Resource applicable to BCC and NCC),subject to the maximum Agterskot amount in relation to each Target Entity described in the table below.
 - The Agterskot is payable for JORC compliant resource tonnes declared by Orion that are in excess of an agreed baseline of 8.9Mt of ore; and
 - The table below sets out the relevant parameters in relation to the Agterskot and the potential maximum Agterskot value in relation to each Target Entity:

	SAFTA	NCC	BCC	TOTAL
Agterskot value	ZAR38,812,500	ZAR29,500,000	ZAR30,000,000	ZAR98,312,500
Agterskot payment per tonne of ore	ZAR11.00	ZAR20.00	ZAR20.00	–
Required Tonnes ore	3,528,409	1,475,000	1,500,000	6,503,409
Lower Cut Off Grade: Ore 0 - 400m below surface (% Cu)	1%	1.1%	1.1%	–
Lower Cut Off Grade: Ore more than 400m below surface (% Cu)	1.2%	1.2%	1.2%	–

- The Agterskot will be settled by way of Orion issuing Shares to each Selling Shareholder in the Target Entity concerned (**Agterskot Shares**) where:
 - the relevant number of Agterskot Shares will be issued twice-annually within 30 days after the publication by Orion of each of its half-year results and its full year results, in each case in relation to the Mineral Resources identified and reported in relation to each Mineral Project since the last half-year or full-year results publication (as the case may be); and
 - the issue price of the Agterskot Shares will be equal to the 30-day volume weighted average price of the Orion Shares traded on the JSE and the ASX in the period immediately prior to the publication date of the relevant half-year or full-year results (as the case may be).
- **Post-Closing Expenditure Commitment**
 - Orion will, within a period of 12 months after the Closing Date of each Target Entity, incur exploration expenditure of at least ZAR4,000,000 in exploring the Mineral Projects of each Target Entity (for an aggregate exploration expenditure commitment of no less than ZAR12,000,000 for all of the Target Entities) and in seeking to satisfy the Mineral Resource requirements on the basis of which the Agterskot will become payable to the Selling Shareholders.
- The agreement otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary to include in transactions of this nature.