



Orion Minerals

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Orion issues first drawdown notices in relation to ZAR370 million of committed funding for Prieska

Substantive funding arrangements with IDC and Triple Flag now finalised, materially clearing the way for drawdown to occur

Further to its announcement of 8 May 2023, Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to advise that it has taken another important step in advancing the multi-pronged funding strategy for its flagship Prieska Copper-Zinc Project (**Prieska Project**) in the Northern Cape Province of South Africa after satisfying numerous substantive conditions required to commence drawdown on project development funding facilities totalling ~ZAR370 million (~A\$30 million), with the remaining conditions to be satisfied ahead of receiving the initial drawdown amounts.

Orion has fulfilled all conditions precedent for the previously announced ZAR250 million (~A\$20 million) Industrial Development Corporation of South Africa Limited (**IDC**) Convertible Loan (as such term is defined below) and such other conditions to the Triple Flag A\$10 million Funding Arrangement (as such terms are defined below), enabling it to submit drawdown notices to both the IDC and Triple Flag for an initial drawdown totalling ZAR167 million (~A\$13.8 million).

Drawdown of the ZAR250 million Convertible Loan will be in tranches and will be pro rata matched by the drawdown requests that Orion will make under the A\$10 million Triple Flag Funding Arrangement.

The two funding facilities were detailed in the following announcements:

- 8 February 2023: Orion announced that it had entered into a definitive agreement with the IDC for a ZAR250 million (~A\$20 million) senior secured convertible loan facility (**Convertible Loan**) to fund early mining works and key pre-development activities at the Prieska Project; and
- 13 December 2022: Orion announced that it had signed definitive agreements with certain subsidiaries of Triple Flag Precious Metals Corp. (**TSX/NYSE: TFPM**) (collectively TF R&S Canada Ltd. and Triple Flag International Ltd., **Triple Flag**) for an US\$87 million secured funding package for Prieska Copper Zinc Mine Proprietary Limited (**PCZM**) to be comprised of the acquisition by Triple Flag (subject to the satisfaction of various conditions) of a precious metals stream (**Precious Metal Stream**) and an additional A\$10 million early funding arrangement (**Funding Arrangement**).

Both the IDC Convertible Loan and Triple Flag Funding Arrangement form part of Orion's broader funding strategy outlined in recent months that will underpin the near-term development of both the Prieska Project and Okiep Copper Project in the Northern Cape Province.

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

"This marks another significant milestone as we systematically check the boxes towards the development of our two key base metal hubs in South Africa's Northern Cape. After an exhaustive due diligence process, we have now satisfied the substantive conditions for the first two legs of our funding strategy – effectively unlocking ZAR370 million worth of project development funding for the Prieska Project.

"This will allow us to accelerate pre-development mine works, including trial mining in the upper levels of the mine and construction and commissioning of mine dewatering installations."

“The IDC/Triple Flag funding complements the third leg of our funding strategy, announced last quarter, which comprises the equity placement and associated options package underpinned by Clover Alloys and existing shareholders Tembo Capital and Delphi Group.

“In combination, this multi-faceted funding package puts Orion in a very strong position to execute our development strategy and prepare the Company to make the transition to developer and ultimately an operating mining company.”

IDC’s Senior Project Developer, Nico van Aardt, commented:

“As a funding partner, the IDC recognises this important milestone for the project and what it represents for long-life base metals assets in South Africa and the Northern Cape region.”

Triple Flag’s CEO, Shaun Usmar, commented:

“I congratulate the entire Orion team in achieving these financing milestones as they advance critical activities to deliver the Prieska project. The Prieska Project represents near-term, attractive supply of copper that is well-positioned to deliver into the copper demand growth that will result from the green energy transition.”

Next Steps

Orion's flagship 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 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 Okiep Copper Project towards production. Importantly, Orion has also received support from existing long-term shareholders, the Delphi Group and Tembo Capital Mining Fund II LP, who both participated in the recent placement.

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 (~A\$127 million) Triple Flag Precious Metal Stream and Funding Arrangement and the ZAR250 million IDC Convertible Loan (refer below), puts Orion in a strong position to execute its accelerated development strategy in the Northern Cape.

This funding package allows Orion to progress the development of the Prieska Project, 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 Bankable Feasibility Study (**BFS**) for the early mining development plan of the Prieska Project (**Early Mining Works BFS**) is well advanced, with targeted completion in late 2023.

The mine dewatering of the Prieska Project (**Dewatering Project**) is also well advanced, with underground storage dams and pump site construction completed, and the shaft platform installed to facilitate pump installation. Delivery of the first large scale pumps and piping are imminent.

Prieska Copper-Zinc Project Funding

IDC - Convertible Loan

In February 2023, Orion and the IDC signed a definitive agreement for the ZAR250 IDC Convertible Loan to fund early mining works and key pre-development activities at the Prieska Project. Under the terms of the IDC Convertible Loan, the IDC will provide the ZAR250 million to PCZM Holdco (Pty) Ltd, an indirect wholly-owned subsidiary of Orion, which will be on-lent to PCZM 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 Prieska Project. The Early Production Plan Feasibility Study and the Dewatering Project are key pre-development workstreams that are already well advanced.

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

Triple Flag – Precious Metal Stream and Funding Arrangement

On 13 December 2022, Orion announced that it had signed definitive agreements with Triple Flag for Triple Flag to acquire an US\$80 million (~A\$117 million) Precious Metal Stream and the additional ~US\$7 million (A\$10 million) early Funding Arrangement.

The Precious Metal Stream is conditional on the mine development being fully funded, finalisation of an executable mine plan to Triple Flag's satisfaction, South African regulatory approvals, and fulfilment of drawdown conditions standard for such arrangements.

Under the Funding Arrangement Triple Flag is providing up to an additional A\$10 million (~US\$7 million) in funding, in successive tranches, to complete the Early Mining Works BFS and Dewatering Project.

Under each of the Precious Metal Stream and the Funding Arrangement, PCZM and certain other subsidiaries of Orion will agree to grant a first ranking security in favour of Triple Flag and the IDC over certain assets and claims related directly and indirectly to the Prieska Project, with the security in respect of the Precious Metal Stream to be subordinated to Prieska Project financiers on terms to be agreed in an intercreditor arrangement that is consistent with the principles set out in the Precious Metal Stream agreement.

A summary of the material terms of the Triple Flag definitive agreements is provided in Appendix 1 of the 13 December 2022 ASX/JSE release.

About IDC

The IDC was established in 1940 through an Act of Parliament and is fully owned by the South African Government. The Corporation pursues development impact through job-rich industrialisation and contributes to an inclusive economy by, among others, funding black-owned and black-empowered companies, black industrialists, women and youth-owned enterprises. For more information visit www.idc.co.za.

About Triple Flag

Triple Flag is a pure play, gold-focused, emerging senior streaming and royalty company. Triple Flag offer bespoke financing solutions to the metals and mining industry with exposure primarily to gold and silver in the Americas and Australia, with a total of 229 assets, including 15 streams and 214 royalties. These investments are tied to mining assets at various stages of the mine life cycle, including 29 producing mines and 200 development and exploration stage projects. Triple Flag is listed on the Toronto Stock Exchange and New York Stock Exchange, under the ticker "TFPM".

For and on behalf of the Board.



Errol Smart
Managing Director and CEO

ENQUIRIES

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