



Orion Minerals

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Orion Progresses the Acquisition of the Okiep Copper Project

- ▶ Acquisition agreements are in the process of being signed to allow closing in several stages as and when the outstanding conditions precedent are met.
- ▶ The remaining total aggregate purchase consideration of approximately ZAR59.60M payable by Orion, in combination of cash and issue of Orion Shares remains unchanged, with CPI adjustment for deferred phases of consideration also payable.
- ▶ The first Phase settlement, being ZAR10.86M cash and ZAR35.10M in Orion Shares, will be completed immediately following South African Exchange Control Approval being received.
- ▶ The initial consideration includes the important SAFTA Mining Right which was transferred to the ownership of NOM in December 2023.

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

"We are extremely pleased that we have finally received confirmation that the majority of the outstanding conditions have been fulfilled for the acquisition of the Okiep mineral rights first announced on 2 February 2021.

"While we have been able to continue operating on the properties and progressing the projects, we have now moved to finalise the Flat Mines Bankable Feasibility Study on the NOM Mining Right. We are now only awaiting the approval of the water use licence before the project is fully permitted, allowing us to commence mine development. The timing is therefore opportune to complete the acquisition of the Mining Right before progressing the funding of the mine.

"The conclusion of the BFS report is only awaiting the results of confirmation drilling and metallurgical test work that is currently underway and is expected to be concluded by June 2024."

Orion Minerals Ltd (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to advise that it has taken another key step in its strategy to become a leading diversified international base metals producer after it and all the relevant parties, other than the Industrial Development Corporation of South Africa Ltd (**IDC**) (which is in the process of finalising internal approval), have signed addenda to the agreements pursuant to which Orion will acquire the controlling interest in the Okiep Copper Project (**OCP**), located approximately 570km north of Cape Town in the Northern Cape Province of South Africa.

As set out in the announcements by Orion on 2 February 2021 and 2 August 2021, Orion exercised a restructured option to directly acquire the mineral rights (**Mineral Rights**), mineral data, rehabilitation guarantees, any specified contracts and any other assets identified by Orion (**Sale Assets**) held by Southern African Tantalum Mining (Pty) Ltd (**SAFTA**), Nababeep Copper Company (Pty) Ltd (**NCC**) and Bulletrap Copper Co (Pty) Ltd (**BCC**) (collectively the **Target Entities**), rather than acquire the shares in the Target Entities themselves (**Okiep Transaction**).

The Sale Assets will be acquired by two Orion subsidiary companies, namely, New Okiep Exploration Company (Pty) Ltd (initially 100% Orion-owned) (**New Okiep Exploration**) and New Okiep Mining Company (Pty) Ltd (initially 56.25% owned by Orion and 43.75% owned by the IDC) (**New Okiep Mining**) (collectively the **Purchasers**).

For various reasons, including the nature and timing of certain regulatory processes and approvals required for the transfer of the Sale Assets to the Purchasers, the parties to the Okiep Transaction agreements, other than IDC in respect of the SAFTA, have signed the addenda to amend the Okiep Transaction agreements (**Addenda**). The nature and purpose of the Addenda is to change, amongst other things, the timing and manner of implementing the Okiep Transactions.

The aggregate purchase consideration remaining payable by Orion and its subsidiary, Area Metals Holdings No 6 (Pty) Ltd (**AMH6**), for the Sale Assets is approximately ZAR59.60 million (approximately A\$4.88 million¹, which purchase consideration will be adjusted in certain inflation-related respects (**Purchase Consideration**). Whilst the Purchase Consideration will still be settled partly in cash and partly by way of Orion fully paid ordinary shares (**Orion Shares**), the transfer of the Sale Assets and the payment of the Purchase Consideration will now occur in various phases over a period of time (as and when the various Sale Assets are capable of transfer to the Purchasers) and the Orion Shares comprising the Purchase Consideration in respect of the first phase will be subject to certain restrictions on their disposal.

In addition to the Purchase Consideration, the conditional deferred payment (as set out in more detail in Appendix 1) (**Agterskot**) will be adjusted in certain inflation-related respects. In addition, if any of the following events occur, namely the Orion Shares cease to be traded on the JSE, there is a change in control of a Purchaser and/or there is a disposal of the relevant Mineral Rights by a Purchaser (each a **Liquidity Event**), then the Agterskot will be settled in cash by way of production-related payments.

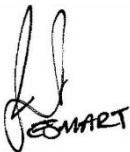
A summary of the material terms of the Okiep Transaction agreements (as varied by the Addenda) is included in Appendix 1.

Next Steps

The parties anticipate implementing the first phase of the BCC and NCC transactions in the coming weeks, subject to the receipt of the final regulatory approvals in respect of that phase. Once the IDC has obtained all of its required internal approvals and signed the Addenda relating to the Sale Assets held by SAFTA, Orion will proceed to submit the final application for regulatory approval in respect of the first phase of the SAFTA transactions and upon receiving such regulatory approval, implement same.

Orion will seek shareholder approval for the ratification of the agreement to issue Orion Shares in part payment of the Purchase Consideration as detailed above, at a General Meeting of shareholders, planned to be held in Q2 CY2024.

For and on behalf of the Board.



Errol Smart
Managing Director and CEO

¹ Based on the AUD:ZAR exchange rate of 12.18 as at 15 April 2024.

ENQUIRIES

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Appendix 1:

Salient Details of Amended Okiep Transaction Agreements

- **Agreements Overview**

- In order to record the terms and conditions pursuant to which the Purchasers would acquire the Sale Assets, Orion, certain of its subsidiaries, the Target Entities and their respective shareholders (collectively the **OCP Shareholders** and excluding the IDC (in respect of SAFTA), Ten to Twelve (Pty) Ltd (in respect of NCC) and Blue Mountain Strategy (Pty) Ltd (in respect of BCC), the **Selling Shareholders**) on or about 31 July 2021, entered into:
 - the SAFTA Asset Acquisition Agreement, in terms of which New Okiep Mining will acquire the Sale Assets owned by SAFTA (**SAFTA Transaction**);
 - the NCC Asset Acquisition Agreement, in terms of which New Okiep Exploration will acquire the Sale Assets owned by NCC (**NCC Transaction**);
 - the BCC Asset Acquisition Agreement, in terms of which New Okiep Exploration will acquire the assets owned by BCC (**BCC Transaction**); and
 - the Transaction Cooperation Agreement, in terms of which the parties to each of the SAFTA Asset Acquisition Agreement, NCC Asset Acquisition Agreement and the BCC Asset Acquisition Agreement (collectively, **the Acquisition Agreements**) agreed to co-operate with each other in the period between the signature date of the Acquisition Agreements and the date on which the assets of each of the Target Entities are transferred to either New Okiep Mining or New Okiep Exploration, as the case may be (**Interim Period**).
- The rationale for separating the SAFTA Transaction, the NCC Transaction and the BCC Transaction into separate agreements is principally due to each of the Target Entities having different shareholders.
- For various reasons, including the nature and timing of certain regulatory processes and approvals required for the transfer of the Sale Assets to the Purchasers, the parties to the Acquisition Agreements have agreed to amend the Acquisition Agreements on substantially the same terms (save for the quantum of consideration) by entering into addenda thereto, the nature and purpose of which is to change, amongst other things, the timing and manner of implementing the Okiep Transactions (**Addenda**) (the Acquisition Agreements, as varied by the Addenda, are the **Transaction Documents**).

- **Transaction Documents**

A summary of the Transaction Documents is set out below:

- Purchase Consideration
 - The aggregate purchase consideration which remains payable by Orion and AMH6 to the Selling Shareholders for the Sale Assets is approximately ZAR59.60 million (approximately A\$4.88 million) (**Purchase Consideration**) and is to be settled as follows:
 - ZAR37.37 million in relation to the Sale Assets held by SAFTA (**SAFTA Purchase Consideration**), which is to be settled in three phases (upon receipt of the required regulatory approvals for the transfer of the relevant Sale Assets from SAFTA to New Okiep Mining in respect of that phase) as follows:

Phase of SAFTA Transaction	Portion of SAFTA Purchase Consideration payable in cash by AMH6 to the Selling Shareholders of SAFTA	Portion of SAFTA Purchase Consideration settled by way of Orion issuing Orion Shares to the Selling Shareholders of SAFTA, which Orion Shares will then be admitted to trading on the JSE ("SAFTA Share Consideration")
1	ZAR1.34 million	ZAR26.68 million
2	ZAR0.27 million	ZAR5.34 million
3	ZAR0.18 million	ZAR3.56 million
Total	ZAR1.79 million	ZAR35.58 million

(the aggregate of the SAFTA Purchase Consideration in respect of the first phase of the SAFTA Transaction being collectively referred to as the **SAFTA Phase 1 Consideration**);

- o ZAR15.14 million in relation to the Sale Assets held by NCC (**NCC Purchase Consideration**), which is to be settled in two phases (upon receipt of the required regulatory approvals for the transfer of the relevant OCP Sale Assets from NCC to New Okiep Exploration in respect of that phase) as follows:

Phase of NCC Transaction	Portion of NCC Purchase Consideration payable in cash by AMH6 to the Selling Shareholders of NCC	Portion of NCC Purchase Consideration settled by way of Orion issuing Orion Shares to the Selling Shareholders of NCC, which Orion Shares will then be admitted to trading on the JSE ("NCC Share Consideration")
1	ZAR6.76 million	ZAR5.97 million
2	ZAR1.19 million	ZAR1.21 million
Total	ZAR7.96 million	ZAR7.18 million

(the aggregate of the NCC Purchase Consideration in respect of the first phase of the NCC Transaction being collectively referred to as the **NCC Phase 1 Consideration**); and

- o ZAR7.09 million in relation to the Sale Assets held by BCC (**BCC Purchase Consideration**), which is to be settled in two phases (upon receipt of the required regulatory approvals for the transfer of the relevant OCP Sale Assets from BCC to New Okiep Exploration in respect of that phase) as follows:

Phase of BCC Transaction	Portion of BCC Purchase Consideration payable in cash by AMH6 to the Selling Shareholders of BCC	Portion of BCC Purchase Consideration settled by way of Orion issuing Orion Shares to the Selling Shareholders of BCC, which Orion Shares will then be admitted to trading on the JSE ("BCC Share Consideration")
1	ZAR2.76 million	ZAR2.45 million
2	ZAR0.49 million	ZAR1.39 million
Total	ZAR3.25 million	ZAR3.84 million

(the aggregate of the BCC Purchase Consideration in respect of the first phase of the BCC Transaction being collectively referred to as the **BCC Phase 1 Consideration**),

(the SAFTA Share Consideration, the NCC Share Consideration and the BCC Share Consideration being collectively referred to as the **Share Consideration**).

- The issue price of the Orion Shares in settlement of the Share Consideration (**Orion Consideration Shares**) is 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**) during the period:
 - o ending on 19 January 2024 in respect of the Phase 1 Consideration Shares (being ZAR0.173); and
 - o immediately prior to the date on which the relevant Selling Shareholders become entitled to the balance the Share Consideration in respect of the relevant remaining phase of the transaction (**Residual Share Consideration**).

- The Orion Shares to be issued to the Selling Shareholders in partial settlement of the SAFTA Phase 1 Consideration, the NCC Phase 1 Consideration and the BCC Phase 1 Consideration (collectively, the **Phase 1 Consideration Shares**) are subject to the following restrictions on disposal:
 - 25% will not be disposed of prior to the date that is 3 months after the issue of the Phase 1 Consideration Shares;
 - 25% will not be disposed of prior to the date that is 6 months after the issue of the Phase 1 Consideration Shares; and
 - 25% will not be disposed of prior to the date that is 9 months after the issue of the Phase 1 Consideration Shares,

with the remaining 25% not being subject to any disposal restrictions. If a change of control of a Purchaser or the disposal of the OCP Sale Assets by a Purchase (**Liquidity Event**) occurs, the Phase 1 Consideration Shares will immediately prior to such Liquidity Event cease to be subject to the disposal restrictions).

- The Purchase Consideration will escalate at an annual rate equal to the South African weighted annual average consumer price index (**CPI**) plus 1.5% with effect from 31 January 2024 to the date of issue of the Phase 1 Consideration Shares or the Orion Shares in settlement of the relevant Residual Share Consideration, as applicable.
- Orion will be entitled in its sole discretion by way of notice in writing to the relevant Selling Shareholders at any time (and, if the Orion Shares cease to be traded on the JSE, Orion will be obliged) to settle the Share Consideration in respect of the second and/or third phase of the Okiep Transactions in cash (and not by way of Orion Shares), which payment will occur on the same date as AMH6 settles the corresponding cash portion of the Purchase Consideration in respect of that phase.
- Orion and AMH6 will be entitled at any time by way of notice in writing to the Selling Shareholders to accelerate and settle their obligations in full in relation to the Purchase Consideration (in respect of second and/or third phase of the Okiep Transactions) and/or the Agterskot, provided that the issue price of the Orion Shares will be the 30 Day VWAP during the period immediately prior to the date of the relevant notice in writing to the Selling Shareholders.

○ Pre-Payment

The obligation to pre-pay a portion of the Purchase Consideration to the OCP Shareholders ceased with effect from 29 February 2024 and, accordingly, the Purchase Consideration disclosed above is the amount remaining after the deduction of the ZAR1 million and ZAR7.75 million already paid by AMH6 to the OCP Shareholders of NCC and BCC, respectively.

○ Deferred Payment

- In addition to the Purchase Consideration, 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 to the mineral projects which are the subject of the Mineral Rights (**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.

	SAFTA	NCC	BCC	TOTAL
Maximum 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	–
Lower Cut Off Grade: Ore 0 - 400m below surface (% Cu)	1.0%	1.1%	1.1%	–
Lower Cut Off Grade: Ore more than 400m below surface (% Cu)	1.2%	1.2%	1.2%	–

Note: The ZAR amounts in the table above will escalate at an annual rate equal to CPI plus 1.5% with effect from 31 January 2024 to the date of settlement of the Agterskot and/or Agterskot Production Payment (as such term is defined below).

- Orion may, at the time of settlement of the Agterskot, agree to satisfy payment of the Agterskot by way of cash payment or by way of issue of Orion Shares. If the Agterskot will be settled by way of Orion issuing Orion Shares to each Selling Shareholder in the Target Entity concerned (**Agterskot Shares**):
 - the relevant number of Agterskot Shares will be issued (i) in relation to any Mineral Resources identified in relation the Target Entity concerned that may have been published by Orion on the ASX on or prior to the applicable closing date, at the same time as the Orion Consideration Shares; and (ii) thereafter 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 (i) in relation to the Agterskot Shares contemplated in (i) above, at the same issue price as the Orion Consideration Shares; and (ii) in relation to the Agterskot Shares contemplated in (ii) above, at the 30-day VWAP of the Orion Shares traded on the ASX and the JSE in the period immediately after to the publication date of the relevant half-year or full-year results (as the case may be).
- Pursuant to the Transaction Documents, the Agterskot has been adjusted to cater for:
 - the Agterskot being settled quarterly (with relevant quarters coinciding with the financial year of the Purchasers) in cash if the relevant Purchaser (or any of its affiliates) undertakes mining on the Minerals Project which is the subject of the relevant Sale Assets (**Agterskot Production Payment**); and
 - the occurrence of a Liquidity Event, in which case:
 - the relevant Phase 1 Consideration Shares will cease to be subject to the restrictions on disposal specified above; and
 - the relevant Purchaser (or its successor in title) will elect to either settle the remaining balance of the Agterskot (if any) or offer to sell the relevant Sale Assets back to the relevant Selling Shareholders subject to, amongst other things, the purchase price (payable in cash) being equal to the aggregate of the Purchase Consideration and Agterskot payments (other than the Agterskot Production Payment) settled by Orion and AMH6 in favour of the relevant Selling Shareholders and the approval of applicable regulatory authorities.

○ Supplementary Suspensive Conditions

Phase 1 of the Okiep Transactions are each subject to the fulfilment of the following suspensive conditions:

- the Foreign Surveillance Department of the South African Reserve Bank has granted its approval for the relevant components of the Okiep Transaction (as amended by the Addenda); and
- the South African Takeover Regulation Panel has granted the relevant exemptions for the Okiep Transaction (as amended by the Addenda).

It is currently expected that these conditions will be satisfied by no later than 3 months after the date of the planned General Meeting of shareholders.

- Residual Conditions

The second phase and the third phase of the Okiep Transactions are each subject to the granting of the relevant Mineral Rights and, if applicable, approval from the Minister of the Department of Mineral Resources and Energy (or his lawful delegate) in terms of the South African Mineral and Petroleum Resources Development Act, 2002 for the transfer of the relevant Mineral Rights from each Target Entity to the relevant Purchaser (**S11 Approval**). In the event that granting of the relevant Mineral Rights and/or S11 Approval in respect of the second and/or third phase of the Okiep Transactions is not obtained by 6 July 2026, then the relevant Purchaser (or any of its affiliates) may apply for a mineral right that incorporates the same minerals (and in the same location) within 30 days (**Substitute Mineral Right**), and, if such Substitute Mineral Right is granted to the relevant Purchaser (or any of its affiliates), the Purchase Consideration in respect of that phase becomes payable to the relevant Selling Shareholders.

It is currently expected that these conditions will be satisfied by no later than 3 months after the date of the planned General Meeting of shareholders.

- **Transaction Cooperation Agreement**

- Access and Developmental Activities

- In terms of the Transaction Cooperation Agreement, the Purchasers are given full and prompt access to all of the books, records, contracts, documentation, financial information, personnel, advisors and premises of the Target Entities as well as access to the Mineral Project sites for the duration of the Interim Period.
- The Purchaser is also entitled to carry out exploration and mining activities at the Mineral Projects, as may be permissible in terms of the relevant Mineral Rights and subject to all such activities being undertaken in terms of all applicable laws.

- Mineral Rights Optimisation

In consultation and collaboration with the Target Entities, the Purchasers may propose and implement various measures and steps that may be taken to supplement, amend or substitute the Mineral Rights with the primary objective of securing and/or increasing the security of tenure and/or the value of the Mineral Projects.

- Post-Closing Expenditure Commitment

Orion will, within a period of 12 months after the closing date of each Okiep Transaction, incur aggregate exploration expenditure of at least ZAR4.0 million (~A\$0.33 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.

- **Other terms and conditions**

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