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Orion satisfies key condition precedent for drawdown of ZAR370 million of committed funding for Prieska

A\$2M loan repayment to AASMF satisfies key condition for funding being provided by the IDC and Triple Flag

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 base metal project in the Northern Cape Province of South Africa after repaying a legacy loan facility.

The Company has satisfied one of the key conditions precedent to draw-down of both the ZAR250 million (~A\$21 million) Industrial Development Corporation of South Africa Limited (**IDC**) convertible loan facility and the A\$10 million Triple Flag Precious Metals Corp. (**TSX/NYSE: TFPM**) (with its subsidiaries, **Triple Flag**) early Funding Arrangement, through the repayment of the Anglo American sefa Mining Fund (**AASMF**) Loan Facility.

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

In November 2015, Prieska Copper Zinc Mine Proprietary Limited (a majority-owned subsidiary of Orion) (**PCZM**) and AASMF entered into a ZAR14.25 million loan agreement for the further exploration and development of the Prieska Copper-Zinc Project (**Loan Facility**).

Orion has paid AASMF A\$1.9 million (ZAR23.9 million) in cash, as repayment of the Loan Facility in full and importantly, AASMF has released the security associated with the Loan Facility, being 29.17% of the shares held in PCZM by Agama Exploration & Mining Proprietary Limited (a wholly-owned subsidiary of Orion) (**Agama**), that were pledged as security to AASMF for the performance by PCZM of its obligations in terms of the Loan Facility.

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

"The repayment of this legacy Loan Facility with AASMF is a very important milestone for Orion and our development strategy. While quite technical in nature, the release of the security associated with this 2015 funding arrangement is a critical milestone that will allow us to draw down the new funding sources we have put in place with the IDC and Triple Flag."

"The third leg of our new funding strategy is the recent placement and associated options package underpinned by Clover Alloys and existing shareholders Tembo Capital and Delphi Group."

"This clears the decks for us to move forward with our broader funding and development strategy for PCZM, as recently announced."

Next Steps

The repayment of the Loan Facility finalises one of the key conditions precedent to the draw-down of the ZAR250 million IDC Convertible Loan and the Triple flag A\$10 million Early Funding Arrangement. Drawdown of these funding arrangements will enable Orion to complete the feasibility study for early mining works and commence mine dewatering at the Prieska Project in South Africa.

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 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 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\$128 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 Early Mining Works BFS for the Prieska Project is well advanced, with targeted completion in late-2023. The 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.

The IDC Convertible Loan funding and Triple Flag Funding Arrangement are expected to be available for draw-down in Q2 CY2023, subject to fulfilment of draw-down conditions standard for such arrangements. Draw-down of the IDC 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.

Prieska Copper-Zinc Project Funding

IDC - Convertible Loan

In February 2023, Orion and the IDC signed definitive agreements for a ZAR250 million (~A\$21 million) senior secured loan facility (**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 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.

A summary of the material terms of the 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 an US\$87 million (~A\$128 million) secured funding package for PCZM made up of a precious metals stream (**Precious Metal Stream**) and additional early funding arrangement (**Funding Arrangement**) (refer ASX / JSE release 13 December 2022).

The Precious Metal Stream, which comprises US\$80 million (~A\$118 million) of funding to be drawn down in tranches, alongside other bank and/or third-party funding during mine development, 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.

Triple Flag will also provide an additional A\$10 million (~US\$7 million) Funding Arrangement, to complete the Early Mining Works BFS and Dewatering Project.

Under each of the Precious Metal Stream and the Funding Arrangement, PCZM and other obligors 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 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.

For and on behalf of the Board.



Errol Smart
Managing Director and CEO

ENQUIRIES

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