



ASX/JSE RELEASE: 15 MARCH 2023

Strategic Funding Package to Accelerate Orion's South African Base Metal Projects Towards Development

Highly regarded South African mining group Clover Alloys (SA) to cornerstone A\$13m Placement, with an attaching options package that provides a clear pathway to secure additional equity funding of up to A\$60m

- ▶ Firm commitments received for a two-tranche Placement to sophisticated and professional investors comprising 882 million Shares at an issue price of 1.5 cents per Share (ZAR18 cents) to raise up to ~A\$13 million.
- ▶ Clover Alloys (SA), a privately owned South African mining group which has an outstanding track record in developing and operating chrome operations, is to cornerstone the Placement by subscribing for 440 million Shares or ~A\$6.7 million (ZAR80 million).
- ▶ Clover Alloys is led by prominent mining executives Adam Fleming (Chairman) and Philip Kotze (CEO), both of whom have an exceptional history of value creation in the global natural resources sector and the South African mining industry.
- ▶ Clover's expertise in the rapid and highly capital efficient development of modular processing plants in South Africa will be of enormous strategic value to Orion in developing its SA base metal assets.
- ▶ The Placement is also being strongly supported by existing long-term shareholders Delphi Group, and subject to shareholder and regulatory approval, Tembo Capital, amongst others, who are collectively subscribing for A\$2.6 million (with the Shares to be issued to Tembo being in repayment of amounts owing to Tembo under its Loan Facility to Orion).
- ▶ Participants in the Placement will also be offered four free attaching options for each Share issued under the Placement, exercisable at 1.7 cents (ZAR20 cents) and expiring on 30 November 2023 (Placement Options). The issue of the Shares to be issued under tranche 2 of the Placement, and the issue of all Placement Options, is subject to shareholder approval at the General Meeting of shareholders to be held around 19 May 2023 (General Meeting).
- ▶ Orion Directors, Denis Waddell, Errol Smart and Tom Borman, have agreed to subscribe for Shares and Placement Options on the same terms as participants in the Placement (raising a further ~A\$0.8 million (in aggregate)), subject to shareholder approval at the General Meeting.
- ▶ The total value of the equity funding package, assuming all Placement Options are ultimately exercised, is ~A\$73 million, providing a very strong platform for Orion to progress its accelerated production plans on both the Prieska Copper-Zinc Project and Okiep Copper Project in South Africa's Northern Cape.
- ▶ The capital raise will also put Orion in a strong position to access the recently announced US\$87 million funding package from Triple Flag Precious Metals and the ZAR250 million funding facility secured from the Industrial Development Corporation (IDC) to underpin the development of Prieska.
- ▶ Clover Alloys CEO Philip Kotze is to be offered a seat on the Orion Minerals board as a non-executive Director following completion of the capital raising.

Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce that it has secured firm commitments for a two-tranche Share placement to sophisticated and professional investors to raise ~A\$13 million (**Placement**), as part of a broader strategic funding package that will result in the introduction of a new cornerstone investor group and provide the Company with an exceptional springboard to accelerate the development of both of its key base metal production hubs in South Africa's Northern Cape Province.

Approximately 882 million Shares will be issued under the Placement, at an issue price of 1.5 cents per Share (ZAR18 cents).

Privately owned South African mining group Clover Alloys (SA) has subscribed for 440 million Shares at the issue price of 1.5 cents (ZAR18 cents) per Share as part of the Placement, to raise ~A\$6.7 million (ZAR80 million), with other long-term shareholders and sophisticated investors, including Delphi Group, and subject to receipt of shareholder and regulatory approvals, Tembo Capital and Orion Directors and management subscribing for the balance of the Shares to be issued under the Placement.

The Shares to be issued to Tembo Capital will (subject to receipt of shareholder and regulatory approvals) be issued in repayment of the outstanding balance of its Loan Facility. Those Shares will be issued on the same terms as the Placement, and at a deemed issue price of the price per Share payable by investors under the Placement (refer below).

Clover Alloys (see background below) 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 of significant strategic value to Orion as it advances the development of its Prieska Copper-Zinc Project and Okiep Copper Project in South Africa towards production.

The Placement includes a significant options package, with Placement participants offered four free attaching unquoted options for each Share issued under the Placement, exercisable at 1.7 cents (ZAR20 cents) and expiring on 30 November 2023 (**Placement Options**). The issue of the Shares under tranche 2 of the Placement, and the issue of all Placement Options, is subject to shareholder approval at the General Meeting to be held around 19 May 2023.

The total value of the equity funding package, assuming all Placement Options are ultimately exercised, is ~A\$73 million, putting Orion in a strong position to execute its accelerated development strategy in the Northern Cape.

The Placement, together with other funding sources already announced, including the US\$87 million funding package from Triple Flag Precious Metals and the ZAR250 million funding facilities secured from the Industrial Development Corporation (**IDC**), comprises a strategic funding package which will position Orion 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 decarbonisation efforts.

Share Placement Details

The capital raising, which is being conducted via a two-tranche placement to sophisticated and professional investors, pursuant to Section 708A of the Corporations Act 2001 (Cth) (**Placement**), comprises 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: the Company has received commitments from investors to raise A\$10.7 million through the issue of 710 million Shares at an issue price of 1.5 cents (ZAR18 cents) (**Placement One**). The Shares to be issued under Placement One will be 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 (ZAR20 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 and 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) (**Placement Two**). The issue of Shares under Placement Two is subject to shareholder approval, to be sought at the General Meeting; and

- Placement Options: for every Share issued under the Placement, each investor shall receive 4 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. If shareholder approval for the issue of the Placement Options is not subsequently obtained at the General Meeting, the Placement Options will not be issued and application monies for the Placement Shares will not be refunded.

Orion has been supported in South Africa by a local advisor and has agreed to pay a fee of 5% of the proceeds raised from certain South African resident investors, importantly including Clover Alloys, who were introduced by the advisor.

Use of Funds

The capital raising, combined with other funding arrangements, will allow Orion to:

- Settle the outstanding amount of the Anglo American sefa Mining Fund 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;
- Progress the development of the Company's **Prieska Copper-Zinc Mine**, including the commencement of trial mining and processing of ore, mine dewatering and the completion of feasibility studies for the Prieska Copper-Zinc Mine Early Production Scenario;
- Progress the Feasibility Study, permitting and acceleration of early production at the **Okiep Copper Project (OCP)**, the Company's second advanced near-term production asset in the Northern Cape;
- Advance 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;
- Maintain all of the Company's prospecting rights, to ensure timely applications for mining rights are submitted for projects in the Northern Cape of South Africa and related activities; and
- For general working capital purposes.

Tembo Capital

On 3 January 2023, Orion announced that substantial shareholder Tembo Capital Mining Fund II LP (**Tembo Capital**) had continued its strong support of Orion by providing a new unsecured Convertible Loan Facility of US\$0.50M (~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).

About Clover Alloys (SA)

Clover Alloys is a privately owned specialist South African resources group which was formed in 2004, commencing with a single wash plant in the Benoni area washing approximately 24,000 t/annum of foundry waste. The current shareholders bought out the previous management and took control of the Company in 2013, with Philip Kotze (see CV below) joining in 2014 as CEO with a mandate to grow the Company.

By 2015, the Company had constructed a processing plant at their Rietfontein site, which was built and commissioned within four months. The plant had a crushing, screening and processing capacity of 240,000 t/annum.

By 2016, Clover Alloys had signed a toll treating agreement with Lanxess Mine to produce a high-quality chemical and foundry concentrate, and continued toll-treating for the mine as its preferred processing contractor.

In November 2019, the Company was successful in acquiring the Lanxess Chrome Mine, a transaction which took two years to secure all the required regulatory approvals to allow the operation to commence. During this period, the mine was placed on care and maintenance.

In January 2022, Clover Alloys commenced open pit mining at the Rustenburg Chrome Mine, with an existing Gravity Plant that had been mothballed subsequently commissioned in March 2022 to process ore from the open pit operation. The Company then constructed an additional processing plant which was dedicated to the processing of ore from the tailings dam. This facility was commissioned in May 2022. In September 2022, a Heavy Media Separation (HMS) plant that had been mothballed was also recommissioned.

In January 2023, the company decided to build a third chrome recovery plant on site to be dedicated to low grade ore. This plant will be commissioned during August 2023.

The company has increased production and processing capacities from an initial 24,000 t/year to 1.5 million t/year over the last two years with a LOM in excess of 20 years.

An example of one of Clover Alloy's modular, capital efficient metal processing plants which it has successfully deployed at its chrome mines in South Africa is shown in Figure 1 below. This expertise will be extremely valuable to Orion as it progresses its development and production strategy at Prieska and Okiep.



Figure 1: One of Clover Alloys Modular Processing Plants.

About Clover Alloys (SA) Management

Adam Fleming (Chairman)

Adam was born in 1948 and educated at Eton College in the UK. He worked for the family banking business in London, Hong Kong, and Singapore for over thirty years and re-established the business in South Africa in 1991, while privately funding a new greenstone gold deposit discovered by Shell in 1995. Kalgold was subsequently acquired by Harmony Gold and Adam became Chairman during a period that saw the Group become one of the largest gold mining operations in the world.

Adam retains significant investments in natural resources in the region and remains an outspoken champion of the tremendous opportunities for South Africa in the world of mining.

Philip Kotze (CEO)

Philip started his career in 1981 with Anglovaal Mining Corporation. During his career he worked for a number of companies including Anglogold Ashanti, Kalgold, Harmony Gold Mining Co Ltd, Deloitte and Anoroq Resources Corporation. He has accumulated significant operational experience over the last 40 years on a number of different mines and has distinguished himself as an expert in finding innovative solutions for complex problems.

Philip served on the executive level of listed mining companies since 1996. He operated as Operations Director for Harmony Gold Mining Co Ltd and in 2008 Philip joined Atlatsa Resources Corporation, a public company, listed on TSX-Venture Exchange, Amex and the JSE, in the role as President and Chief Executive Officer, a position he held until March 2011. Thereafter, Philip took up the position as Chief Executive Officer of Witwatersrand

Consolidated Gold Company in 2011 with the objective to take the company from exploration into production. The company was subsequently acquired by Sibanye Gold at the end of March 2014.

Philip joined Clover Alloys (SA) Pty Ltd in 2014 when he took over the reigns as Chief Executive Officer. At that time the company had a single wash plant with an annual capacity of 24,000 t/annum. During 2015 the company increased its processing capacity to 270,000 t/annum by building a new processing plant in the Kroondal area. During 2019, the company was successful in acquiring the Lanxess chrome mine in Kroondal and took a loss-making operation to a profitable business in the first year of ownership, whilst establishing it in the bottom quartile of cost producers. The company has continued to grow the processing capacity of the company, which now stands at more than 1.5 million t/annum.

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

"Securing the involvement of Clover Alloys as part of a broad strategic funding package represents a game-changer for Orion. The combination of a strongly supported A\$13 million Placement plus an options package that provides a clear pathway to securing a total equity funding injection of A\$73 million, puts us in a strong position to realise our growth vision as a major new South African base metals producer."

"Clover Alloys is a highly-regarded privately owned mining group with an enviable track record of value-creation and success in rapidly constructing and operating highly efficient processing plants. Clover Alloys' expertise will be invaluable to Orion as we complete the Feasibility Studies at Prieska and Okiep and execute our rapid development plan. This investment brings huge momentum to our Company and, together with the support of our other cornerstone shareholders, puts us in an outstanding position to become a near-term producer. We are delighted to have Clover on board and we look forward to developing a long-term strategic partnership with Clover that will deliver significant benefits to all our shareholders."

Clover Alloys CEO, Philip Kotze, said:

"Our strategy at Clover Alloys is to invest in outstanding growth opportunities."

"We believe that the Orion team has accumulated a valuable basket of future facing metal assets that presents a great diversification and growth opportunity to Clover Alloys. We are excited about our investment in this premium portfolio of advanced stage base metal projects, and we are looking forward to working with the Orion team to bring these opportunities to book."

General Meeting

The Company will seek the required shareholder approvals for the issue of Shares under Tranche 2 of the Placement, and issue of all Placement Options, and the issue of Placement Shares and Placement Options to Tembo at a General Meeting of shareholders planned to be held on or around 19 May 2023.

Appendix 3B filings for the proposed issue of Placement Shares and Placement Options will follow this announcement.

For and on behalf of the Board.



Errol Smart

Managing Director and CEO

ENQUIRIES

Investors

Errol Smart – Managing Director & CEO

Denis Waddell – Chairman

T: +61 (0) 3 8080 7170

E: info@orionminerals.com.au

Media

Nicholas Read

Read Corporate, Australia

T: +61 (0) 419 929 046

E: nicholas@readcorporate.com.au

JSE Sponsor

Monique Martinez

Merchantec Capital

T: +27 (0) 11 325 6363

E: monique.martinez@merchantec.com

Disclaimer

This release may include forward-looking statements. Such forward-looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion. Such forward-looking statements are based on numerous assumptions regarding the Orion's present and future business strategies and the political and economic environment in which the Orion will operate in the future, which are not guarantees or predictions of future performance. Actual results and developments may vary materially from those that may be contemplated or implied by forward-looking statements in this release.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this release (where applicable). To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information in this release to reflect any events, circumstances or change in expectations or assumptions after the date of this release;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this release, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).