Orion Minerals NL

ASX/JSE RELEASE: 31 January 2018

Quarterly Activities Report
For Period Ending 31 December 2017

HIGHLIGHTS

- **Resource drilling continues to deliver positive results:**
  - 44 massive sulphide intersections in Deeps confirm historical results at Prieska Project.
  - Drilling on +105 Level Target (Open Pit) completed, with resource estimation underway.
  - Down hole EM surveys tested positive for massive sulphides outside the historic drill grid showing EM to be an effective exploration tool and the potential to discover extensions to the known mineralisation.

- **Safety, environment and community engagement ongoing:**
  - Another LTI-free quarter achieved for the Prieska Project with 92,737 hours worked.
  - A collaboration Memorandum of Understanding signed with the Siyathemba Municipality.

- **Mine feasibility studies progressing as scheduled:**
  - Phase 1 of the feasibility studies concluded and Peer Reviews identify optimisation opportunities.
  - Environmental baseline studies completed and public participation process commenced.

- **Mine Re-entry and infrastructure assessment:**
  - Detailed inspection of Prieska water pipeline completed.
  - Preparation for detailed inspection of Hutchings Shaft under way.

- **Regional Exploration Program initiated:**
  - SkyTem survey underway.
  - Re-appraisal of Jacomynspan data is underway to include a JORC compliant mineral resource statement of the Nickel-Copper-Cobalt-PGE deposit.

- **$7.19 million raised under capital raising initiatives during the Quarter:**
  - $5.50 million raised via private placements of shares at 2.4 cents per share.
  - $1.44 million raised via placement of shares at 2.4 cents per share to private equity group Tembo Capital, allowing it to maintain its 19.99% holding in Orion under the terms of its Top-up Right. Tembo Capital's share subscription enabled Orion to reduce the balance of the Tembo Capital Loan Facility.
  - $0.25 million raised via private placement of shares at 2.4 cents per share to the Company's Chairman, Mr Denis Waddell.

Exploration

Areachap Belt Projects (South Africa)

The Company continued an intensive drilling campaign at the Prieska Zinc-Copper (**Prieska**) Project. Work intensified on drilling at the Deep Sulphide Target with the aim of outlining Mineral Resources compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) (**JORC Code**) at the Prieska Project along with other key studies which will be used as the basis of a Bankable Feasibility Study (**BFS**), which the Company aims to complete by Q4 CY18. Resource drilling on the +105 Level Target (Open Pit) was completed and a resource estimation is in progress.

Regional exploration on the Masiqhame and Namaqua-Disawell permits continue, with an airborne electromagnetic (**EM**) survey, data compilations and geochemical studies being carried out.

Prieska Zinc-Copper Project

The Prieska Project covers unmined dip and strike extensions from a historical underground mining operation. Mineralisation was delineated by extensive drilling by the previous owners. Orion has digitally captured, validated and modelled all relevant project drilling data available from hard-copy sources. This work has enabled the Company to define targets for near surface mineralisation comprising oxide, supergene and primary sulphide material to a depth of 100m which is potentially accessible via an initial open pit (+105 Level Target (Open Pit)) and the deeper sulphide mineralisation identified by historic drilling (Deep Sulphide Target). The targets are based on 182 historical drill intersections, which can be relied on for width and depth of mineralisation, while 88 historical drill holes provide information on grade of mineralisation. Since the acquisition of the Prieska Project in March 2017, 160 additional drill holes have been digitized from historic mine plans below the -800m level. While the data has shortcomings due to loss of some historic records which prevent estimation of Mineral Resources compliant with the JORC Code, the Company is encouraged by the infill and confirmatory drilling results to date. By 31 December 2017, 44 intersections have been drilled in the Deep Sulphide Target and 35 intersections completed in the +105 Level Target (Open Pit).

Safety and Environment

No lost time injuries were reported during the Quarter.

Category of Work	Hours Worked	
	Quarter	Year to Date
Exploration	88,993	198,227
Mine Re-Entry	3,744	11,138
Total	**92,737**	**209,365**

The Year to date Lost Time Injury Frequency Rate (**LTIFR**) for 200,000 manhours worked is: **0.88**
The Quarterly LTIFR for 200,000 manhours worked is: **0**
These compare well to industry averages of 10.32 and 1.50 respectively.

Workshops on managing heat stress and awareness sessions on minimising the environmental footprint were conducted during the Quarter. Specific procedures were developed to manage the shutdown and restart of operations around the Christmas holiday period. Preventative safety audits continued with the focus for the Quarter, ensuring the workplaces were secured for the holiday shutdown.

Community and Stakeholder Engagement

The Company continued constructive engagements with the local government and communities in preparation for mine development. In October 2017, a memorandum of understanding (**MoU**)

was entered into with the Siyathemba Municipality. The MoU aims to facilitate cooperation on community and social investment projects. The Municipality will be co-opted to participate in some of the social and labour planning projects that are a mandatory requirement during mine development and operation.

An Orion office was established in the town of Prieska as a community information centre. The office will be used as a base for disseminating information to the surrounding community on the progress of development operations at the Prieska project, as well as a means by which the community can contact and communicate with Orion.

Feasibility Studies and Environmental Impact Assessment

Progress Peer Review and Study progression

Mine feasibility studies are being progressed in three stages, these being: Phase 1 – a review of historical information and all existing conceptual studies; Phase 2 – option studies; Phase 3 – detailed design and completion of a BFS.

Phase 1 work is now complete and culminated in a study-progress peer review attended by third party consultants. Phase work 1 aimed to review proposed design concepts to assess for fatal flaws prior to the concepts being advanced to detailed engineering assessment and design. A multi discipline peer review was conducted over a 4-day period with RSV (SA) Pty Ltd and METS Pty Ltd invited as external peer reviewers. No fatal flaws were identified during the peer review process and several optimisation opportunities were highlighted that are now being prioritised and selectively implemented.

Overall, feasibility studies are progressing as scheduled and are due to be completed in Q4 CY18.

Mining

Geotechnical investigations to determine inputs into open pit mine design are now completed. High resolution digital scanning of underground excavations and sinkhole areas was conducted to supplement structural mapping. Geotechnical logging of core was also completed. All gathered information is being interactively incorporated into mine designs.

Plans are being formulated to locate, quantity and determine the best method of filling voids created by mining below the crown pillar, targeted for mining during the early phase of mining operations.

The technical review of proposed open pit and underground mining concepts was also completed. Underground mining methods of longhole open stoping and variants of drift and filling are being further refined and advanced.

Open pit optimisation re-runs using the latest design assumptions are scheduled for Q2 CY18. The re-runs will use the latest mineral resource estimate figures to determine pit limits for infrastructure placement planning and voids management assessment.

Ore processing

Overview - The metallurgical testwork program is being conducted in two phases largely informed by how ore processing was successfully undertaken historically. The first phase of testwork consists of scouting testwork to evaluate material response to differential flotation and developing an ore processing flowsheet suitable for the materials likely to be mined. The second phase consists of testing to ensure the optimised flowsheet can successfully treat the range of material likely to be treated over the life of mine and obtaining input parameters for costing and scheduling to develop feasibility study production schedules.

The initial phase of metallurgical test work was largely completed during the Quarter and yielded positive results, that demonstrate the potential for the Prieska Project to produce high quality marketable zinc and copper concentrates. (summarised in Table 1 below).

Test Description		Test Head Grade		Total Recovered to Concentrate			Combined Tails		
		Cu (%)	Zn(%)	Mass (%)	Cu Rec. (%)	Zn Rec. (%)	Mass (%)	Cu (%)	Zn(%)
Cu Rich Deeps	Rougher	2.41	2.79	37	93.5	93.4	63	0.25	0.29
Zn-Rich Deep	Rougher	1.47	6.48	34	94.1	96.9	66	0.13	0.30
Zn-Rich Supergene	Rougher-Cleaner	1.53	8.87	17	92.0	92.8	83	0.19	0.94

Test Description		Copper Concentrate				Zinc Concentrate			
		Cu Rec. (%)	Cu Grade (%)	Zn Rec. (%)	Zn Grade (%)	Cu Rec. (%)	Cu Grade (%)	Zn Rec. (%)	Zn Grade (%)
Cu Rich Deeps	Rougher	89.5	12.0	22.2	3.4	4.0	0.5	71.2	10.3
Zn-Rich Deep	Rougher	88.9	8.6	10.4	4.4	5.2	0.4	86.6	30.5
Zn-Rich Supergene	Rougher-Cleaner	-	-	-	-	89.7	8.0	91.2	47.2

Table 1: Summary of Initial Metallurgical Test Work Results.

The results confirm that the remaining Prieska mineralisation, intersected to date, also responds well to metal concentration by froth flotation and recoveries, such that matching or exceeding historical performance may be expected (refer ASX release 15 November 2017). All samples tested achieved greater than 92% copper and zinc recoveries into rougher concentrates, which are the products of the first stage of froth flotation. Mass pulls to rougher concentrates ranging between 27% and 37% demonstrated the materials' amenability to concentration.

Optimised rougher flotation conditions to produce differentiated copper and zinc concentrates from the **Deep Sulphide Target** have also been determined, as have preliminary rougher conditions to produce a bulk copper and zinc concentrate from the shallow **+105 Level Target (Open Pit)**. Historical rougher flotation conditions have been improved on through a combination of varying reagent dosages and the use of supplementary modern reagents. The resultant rougher products are well-suited for upgrading in cleaner circuits to produce saleable products. Cleaner flotation test work is continuing.

The initial test work is being undertaken to verify the amenability to recovery and concentration using froth flotation, of both the remaining massive sulphide mineralisation and the supergene mineralisation that is being targeted for first production using open pit mining. Froth flotation was used successfully when the historic Prieska Copper Mine operated between 1971 and 1991. During that period, some 45.6 Mt of ore was processed to produce 428kt of copper and 1.01Mt of zinc as high quality concentrates[1]. Mine records show that a life-of-mine metal recovery of 85% for Cu and 84% for Zn was achieved (refer to Figure 1 for historical metallurgical performance of Prieska Mine)[2].

[1] Obtained from mine production records.
[2] Obtained from mine production records.

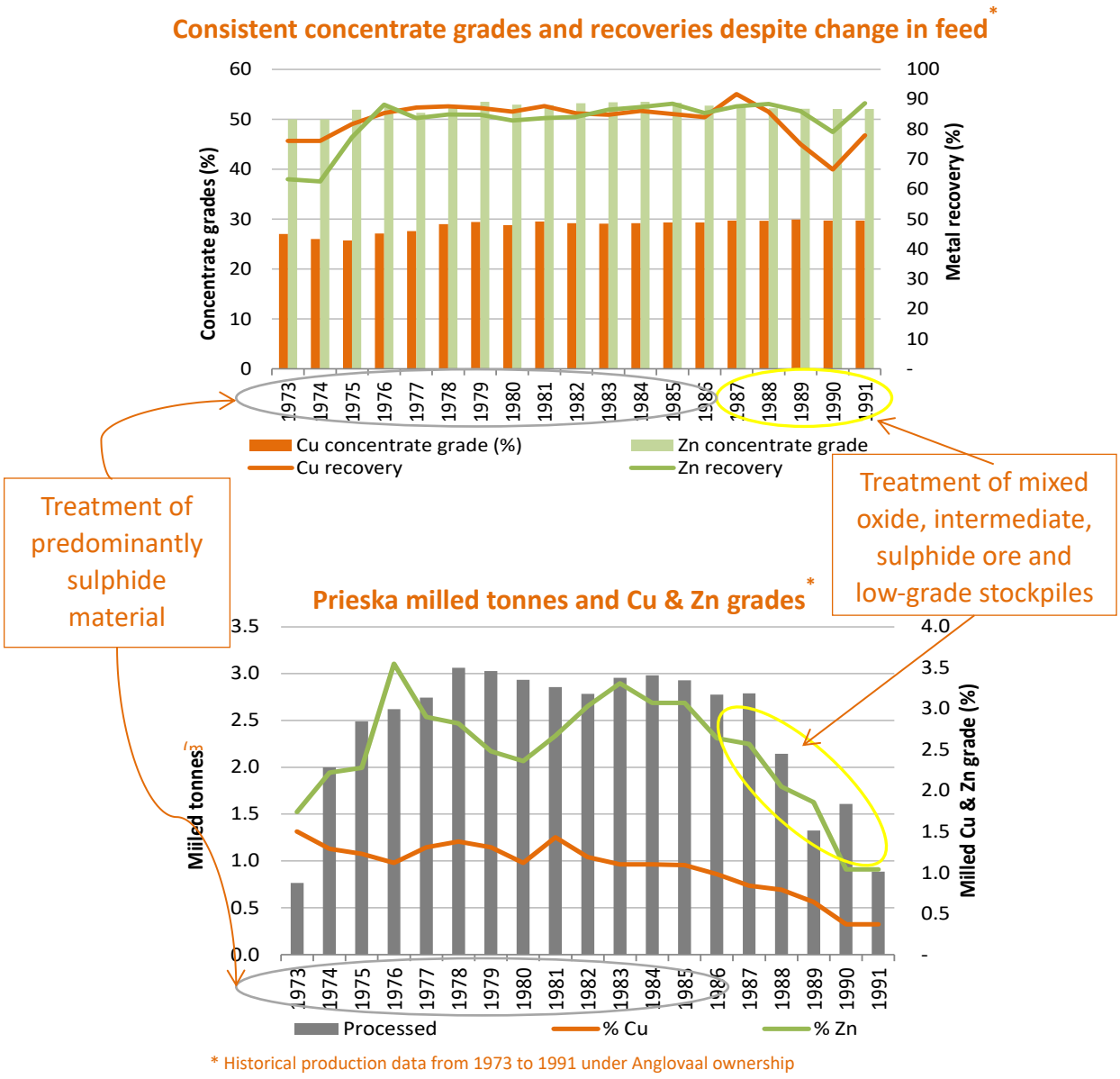

Figure 1: Prieska Mine historic production and metallurgical performance 1971 -1991.

The ongoing test work aims at confirming that:

- all variants of hypogene and supergene sulphide mineralisation, intersected in drilling to date, are amenable to recovery and concentration using froth flotation;
- grade variation within the deposit, from high copper to high zinc grade mineralisation, does not negatively affect the flotation response;
- the Prieska mineralisation is amenable to modern, conventional flotation reagents; and
- flotation recoveries and concentrate grades may potentially be enhanced with finer grinding.

The subsequent phase of metallurgical test work, now started, is directed at developing optimum cleaner conditions, comminution characterisation, variability assessments and other design test work required to formulate the most profitable processing design.

Test Work Program - Detailed metallurgical test work will be conducted using 1,583kg of diamond drill core samples obtained from mineralised intersections in 21 holes drilled across the mineralised

zones of the Prieska deposit that are targeted for mining, (refer Figure 2 for location of metallurgical sample holes). These zones are generally demarcated into the near-surface supergene sulphide zones (**+105 Level Target (Open Pit)**) and the deeper hypogene sulphide zones (**Deep Sulphide Target**), (refer Figure 3 for targeted mineralised zones). The **+105 Level Target (Open Pit)** is being considered for mining by open pit methods while the **Deep Sulphide Target** is being assessed for extraction by underground mining methods utilising the significant underground infrastructure remaining from the historic mine such as shafts and declines.

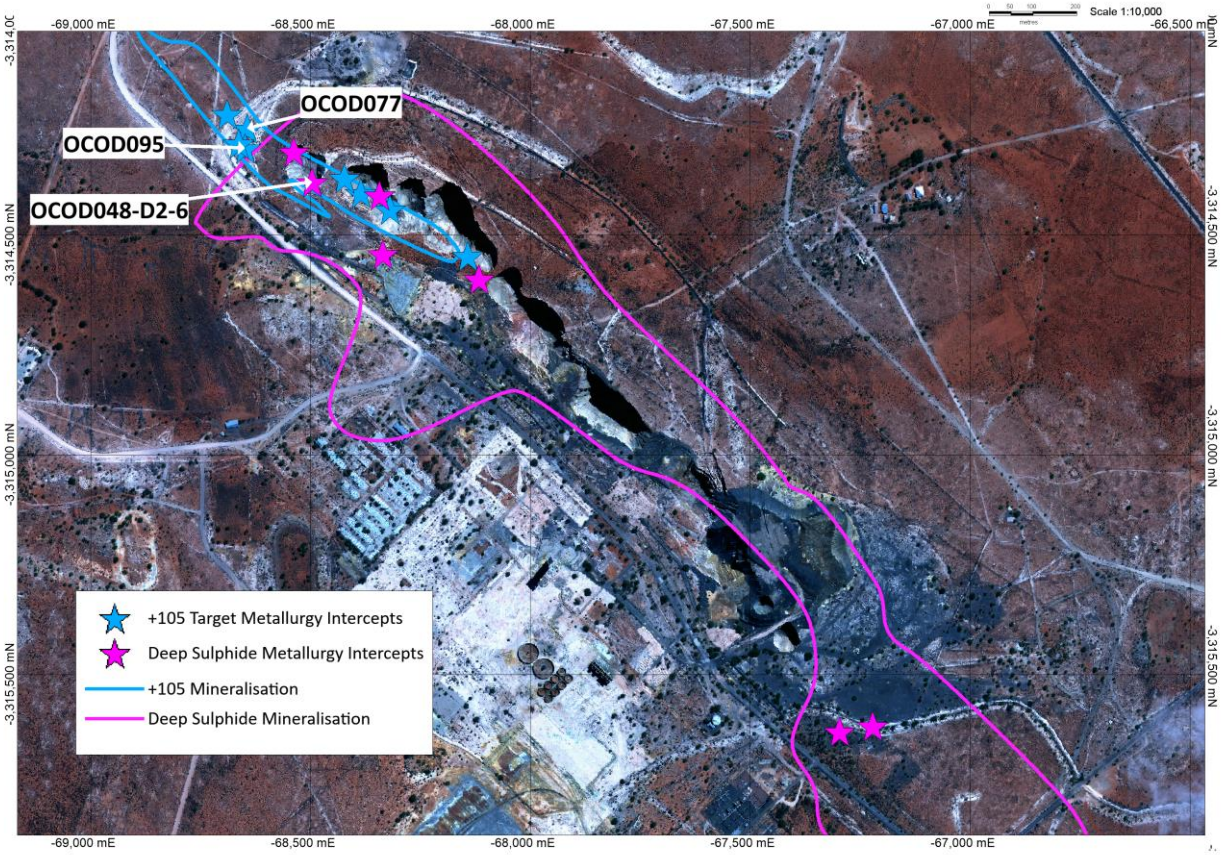

Figure 2: Plan view showing location of drill holes used to obtain samples for metallurgical test work, within Prieska mineralisation envelope.

The complete metallurgical test work program will consist of flotation scouting, flotation optimisation, comminution characterisation, variability assessments and advanced design work to determine the most profitable process design. The results presented in this release form part of the flotation scouting stage of the whole program. Flotation scouting work is being conducted on drill core composite samples obtained from 3 of the 21 drill holes[3], with a total mass of approximately 130kg, (refer Figures 2 for sample sources).

Test Work Results - Based on metallurgical test results obtained to date, the following has been achieved, (Table 1 provides a summary of the results):

- the copper-rich material from the **Deep Sulphide Target** responded well to a differential rougher float, achieving 89.5% copper rougher recovery to the copper concentrate and 93.4% zinc rougher recovery to the combined copper and zinc concentrates, under optimal rougher flotation conditions;

[3] Hole ID's OCOD077 and OCOD95 for the supergene samples and OCOD048_D2_6 for the Deeps samples.

- the zinc-rich material from the **Deep Sulphide Target** also responded well to a differential rougher float, achieving 88.9% copper rougher recovery to the copper concentrate and 96.9% zinc rougher recovery to the combined copper and zinc concentrates, under optimal rougher flotation conditions; and

- the zinc-rich supergene material from the **+105 Level Target (Open Pit)** responded well to a bulk flotation flowsheet, achieving 89.7% copper and 91.2% zinc recovery into a bulk concentrate after rougher flotation, regrind and cleaning. A marketable concentrate with a grade of 47% zinc and 8% copper was produced.

Follow-up Work - The positive results allow the test work program to progress to the next phase. This follow-on work entails conclusion of the scouting work on the copper-rich mineralised supergene zone of the +105 Level Target (Open Pit). Further bulk flotation, differential flotation, cleaner flotation and concentrate regrind tests will be undertaken to determine the expected cleaner upgrade potential and ultimately expected concentrate grades for marketing assessments. Further comminution characterisation and variability assessments will also be conducted as part of the detailed variability test work program.

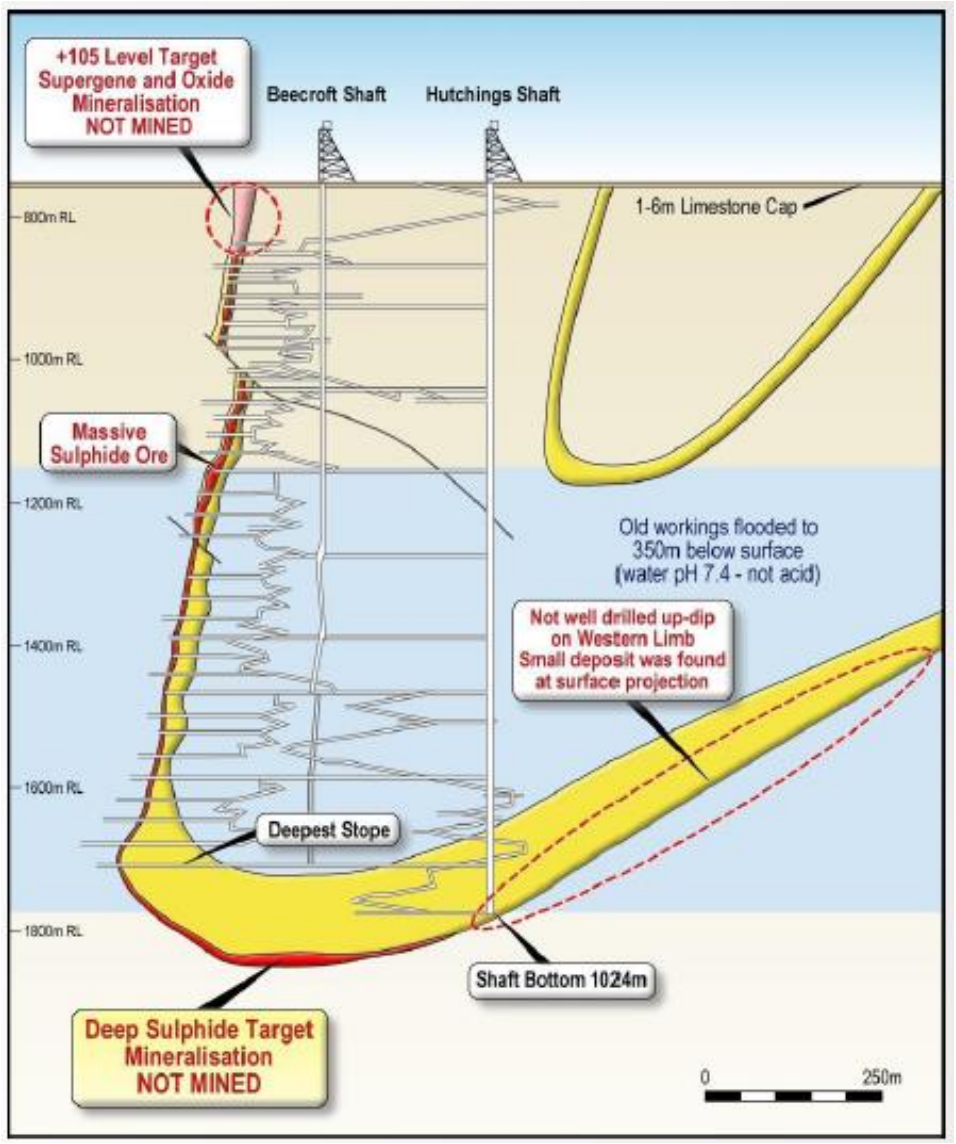

Figure 3: Cross-section of the Prieska deposit's targeted mineralisation.

Mining Infrastructure

Water Supply - A detailed inspection of the Prieska water treatment facility and the pipeline transporting water to the Prieska Project site from the Orange River was completed. The treatment facility which currently services Prieska town and the surrounds, has a capacity to draw and treat approximately 15 million litres of water a day from the Orange River. The water pipeline extends from Prieska to Copperton town 60km away. The inspections included the dismantling and internal examination of a section of the pipeline including the various types of valves installed to regulate water supply. The inspections confirmed that the pipeline integrity is in excellent condition and there is sufficient spare capacity in the system to supply contemplated mine water needs. Some of the pipeline valves will require replacement to ensure the pipeline remains serviceable for the life of mine. Gathered information is now being used to develop and cost the pipeline and water treatment facility refurbishment plan.

Power Supply – Eskom were commissioned to complete a feasibility study into re-establishing the power supply to the mine from the Eskom Cuprum Substation located onsite. The Eskom feasibility studies have progressed during the Quarter and are due to be completed in Q1 CY18. The option of obtaining power directly from one of the neighbouring renewable energy projects continued to be investigated with proposals having been received from project developers. The proposals are being assessed.

Shaft Refurbishment – Preparation for the detailed inspection of the shaft barrel and headframe is underway, which is scheduled for Q1 CY18. Further to the peer review and assessment of the shaft refurbishment strategy, the requirement to obtain a sample of steelwork from below the accumulated water level, as well as obtaining camera or video footage of the submerged shaft steelwork was highlighted.

Mine dewatering – Approximately 8.5 million cubic metres of water has accumulated in the underground workings over 26 years. Several mine dewatering concepts are being investigated and preliminary inquiries have been made to the water authorities on the permissibility of the various options. Options being considered include accelerated evaporation, water treatment and storage and recycling of the water. Work on selection of pumps and the configuration of the pumping assembly is well advanced and expected to be completed by Q1 CY18.

Social and Labour Plan

Preparation of the Social and Labour Plan (**SLP**) for the Prieska Project, which is a mandatory requirement when operating a mine, continued with the first draft document now prepared and awaiting specific inputs from other study disciplines. The SLP is required by law to incorporate community projects promoting local enterprise development (**LED**), human development and the management of the impacts of downscaling mining operations at mine closure. Several LED projects have been identified in consultation with the local municipality and these projects are being further formulated and costed for inclusion as part of the SLP.

Environmental

Specialist baseline studies and reports on soils, ecology, heritage, air quality and hydrology, (including 1:100 year flood lines) are now completed. The environmental design criteria, to be used to guide the feasibility studies, was also completed and disseminated to the feasibility study team.

Geochemical static leach testing of soils and rock has commenced and will be completed by Q1 CY18.

Baseline dust monitoring network was established and monitoring has been ongoing for two months.

A hydrocensus survey has been conducted and water quality monitoring holes drilled and now being monitored. A water use licence application was prepared and submitted for the use of accumulated underground water for prospecting activities.

An interested and affected parties database and register have been established. The mandatory public participation process has commenced with the project description baseline document prepared, public notices and advertisements drafted and to be distributed in Q1 CY18. Pre-application meetings with the various authorities have also commenced. Environmental assessment work is on schedule to allow for the submission of applications for a water use licence, waste management permit and environmental authorisation by Q1 CY18.

Product Logistics and Marketing

Investigations into optimal route for the transport of copper and zinc concentrates have continued with several port options and transport modes being considered. Preliminary inquiries have been sent out to 11 potential service providers seeking proposals. Various pricing models are being assessed and preliminary inquiries to Transnet on availability of rail for use by the project has been made.

Preliminary metallurgical results as well as historical production have been used as the basis for estimating the type of concentrates likely to be produced from the Prieska operation. These preliminary product quality estimates are being used to make initial inquiries with concentrate marketers and off-takers. Selection of concentrate marketing option is yet to be concluded.

Mining Right Application

The application for a Mining Right for the Prieska Project is scheduled for submission in Q1 CY18. All mine design concepts will be finalised by the time of submission, with detailed feasibility study work to follow. Work on compiling the submission has commenced, with the mandatory survey plans being compiled, as well as all other elements of the submission being compiled.

Deep Sulphide Target drilling progress

During the Quarter, the Company continued with an intensive drill program on the Deep Sulphide Target (Figure 4). A total of 40,836m of drilling has been completed on the Deep Sulphide Target as at the end of December 2017 (Figure 5). At the height of activity, 13 surface diamond drill rigs and one percussion rig were in operation. A total of 13,585m of diamond drilling and 1,096m of percussion drilling were completed during the Quarter.

Orion's drilling aims to provide statistical validation of historic drill data in the Deep Sulphide Target and infill data points to meet the required drill spacing for a Mineral Resource estimate compliant with the JORC Code. Drilling also tested new targets and extended mineralisation outside the historic drill grid. Drilling results from 16 drill holes targeting the Deep Sulphide were announced during the Quarter (refer ASX releases 5 October 2017, 9 October 2017, 8 November 2017 and 12 December 2017) (Table 2).

High level comparison of Orion drill results with historic drill results compares well (refer ASX releases 5 October 2017, 9 October 2017, 8 November 2017 and 12 December 2017). Detailed geostatistical analysis is underway with definitive results expected shortly.

While drilling has concentrated on validation within confines of historically detected mineralisation several holes were successfully drilled to test for upside potential, intersecting both strike extensions and new target horizons.

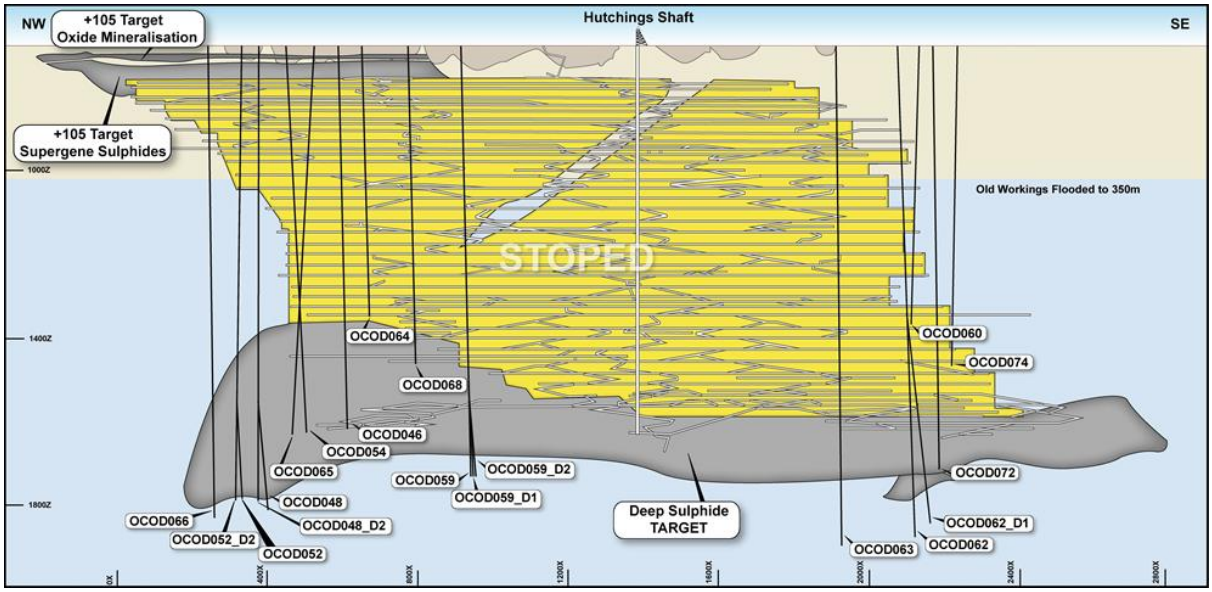

Figure 4: Longitudinal projection showing the +105 Level and Deep Sulphide targets as well as drilling on the Deep Sulphide target.

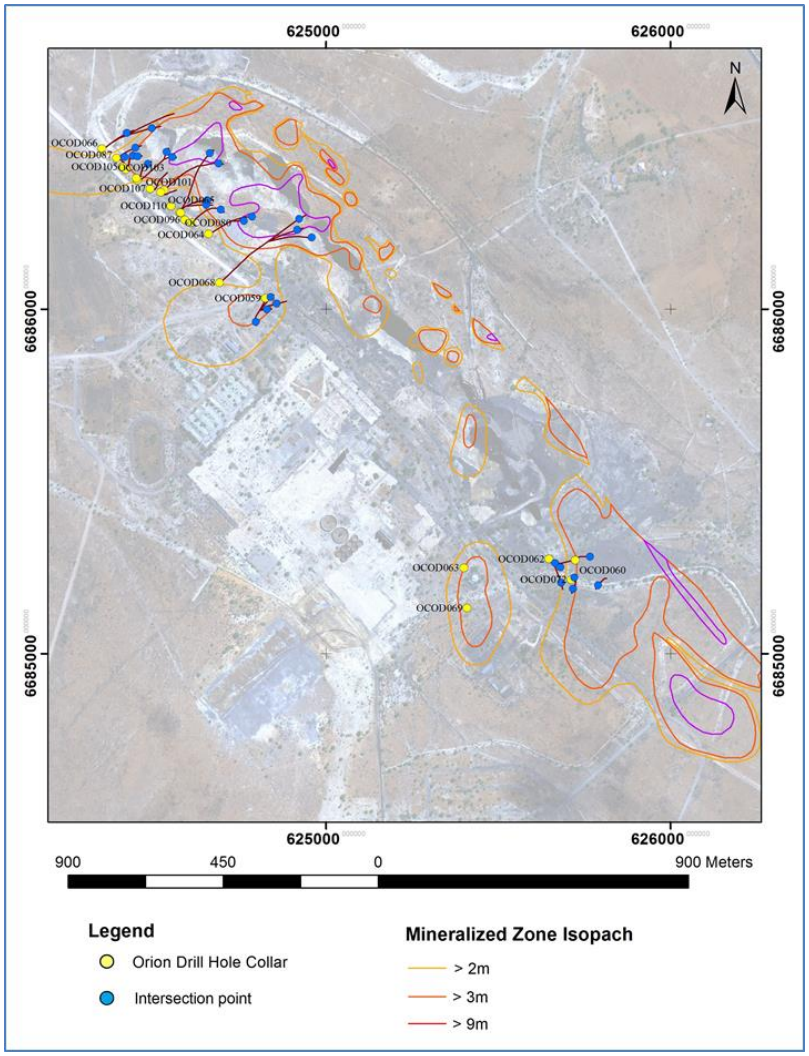

Figure 5: Plan showing Orion drill hole collars and intersection points on the Deep Sulphide Target.

Drill hole	East (UTMz34S)	North (UTMz34S)	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
OCOD046	**624610**	**6686251**	1017	1027.65	10.65	0.8	4.19	0.15	5.72
			1031.7	1034	2.3	1.04	4.14	0.33	5.4
	including		1022	1027.65	5.65	1.16	6.19	0.2	7.5
OCOD059_D1	**624824**	**6686282**	998	1009.15	11.15	0.33	3.42	0.15	9.7
	including		1004.83	1009.15	4.32	0.31	5.08	0.22	15.9
			1023.6	1033.4	9.8	0.72	7.96	0.13	5.5
			1040.86	1045.32	4.46	0.55	5.06	0.1	8.42
OCOD059-D2	624824	6686032	1028	1032.39	4.39	0.63	3.18	0.13	7.55
OCODO59_D3	624576	6686282	984.25	1037.3	7.85	0.16	0.65	0.07	3.5
			1044	1047	3	0.13	9.2	0.08	2
OCOD060	625722	6685271	1123	1126.6	3.6	0.69	5.71	0.2	8.21
OCOD062_D1	**625647**	**6685275**	1108.45	1110.52	2.07	0.61	5.33	0.28	7.6
OCOD064	624659	6686219	979.43	981	1.57	1.82	5.87	0.45	11.7
OCOD066-D1	624350	6686466	1072.2	1099	26.8	1.22	2.38	0.23	9.29
	Including		1072.2	1086.7	14.5	1.09	3.06	0.26	7.15
OCOD066_D4	624350	6686466	1076.9	1099.1	22.2	1.69	2.7	0.24	10.3
OCOD068	624691	6686077	974.55	997.85	23.3	0.84	5.45	0.18	6.8
	including		977.65	988	10.35	0.7	6.92	0.18	5.95
OCOD068_D2	624691	6686077	977	1000.7	23.7	1.02	3.8	0.22	11.9
	including		978	985.1	7.1	0.99	6.68	0.17	8.8
			1003.35	1006.8	3.45	0.93	3.58	0.21	11
OCOD072	**625714**	**6685217**	1101.7	1107.05	5.35	0.72	5.14	0.22	6.28
OCOD072_D3	625712	6685214	1105.95	1122	16.05	0.8	2.71	0.2	13.8
	including		1110.41	1113.41	3	0.24	7.16	0.08	5
OCOD074	625815	6685218	1084.1	1086.65	2.55	1.99	0.1	1.48	38.2
	including		1103.63	1129.8	26.17	1.31	6.51	0.26	13.8
			11036.63	1115.04	11.41	0.92	7.69	0.19	9.3
			1184.7	1193.4	8.7	0.97	2.43	0.21	22.3
OCOD080	624578	6686280	1034.3	1046.9	12.6	0.73	4.23	0.2	9.9
OCOD087	624392	624392	1121.2	1124	2.8	0.25	1.36	0.16	4.7
			1129.9	1142.35	12.45	1.12	5.17	0.25	10.8

Table 2: Drill hole intersections reported from the Deep Sulphide Target for the October – December 2017 Quarter (refer ASX releases 5 October 2017, 9 October 2017, 8 November 2017 and 12 December 2017). All intersections weighted by length and specific gravity.

By the end of December 2017, Orion had completed 47 intersections from 19 mother holes on the Deep Sulphide target (Figure 5). The intersections have been achieved at vertical depths of 974m – 1,193m and have required 9,319m of percussion pre-collar and 32,778m of diamond drilling with 140 directional wedges were set to steer the drilling to pre-determined target points. Assay results from 4 more intersections are awaited while 6 holes are in progress.

Deep Sulphide Target Drilling Results – validation and infill drilling

While statistical comparison between historic and Orion drilling is ongoing, with positive initial indications, several holes have also added additional important information such as mine survey checking.

Mine Survey Validation

Drill holes OCOD046 and OCOD068 intersected mineralisation in an area where historic mine plans show mineralisation to be blocked out but not stoped prior to the mine closing in 1991 (Figures 6 and 7). The intersection of intact, high grade mineralisation in this area represents a key finding as it confirms the limited extent of previous mining in this area. Importantly the strong geotechnical

conditions, in proximity to mine development, support an attractive target for potential early production.

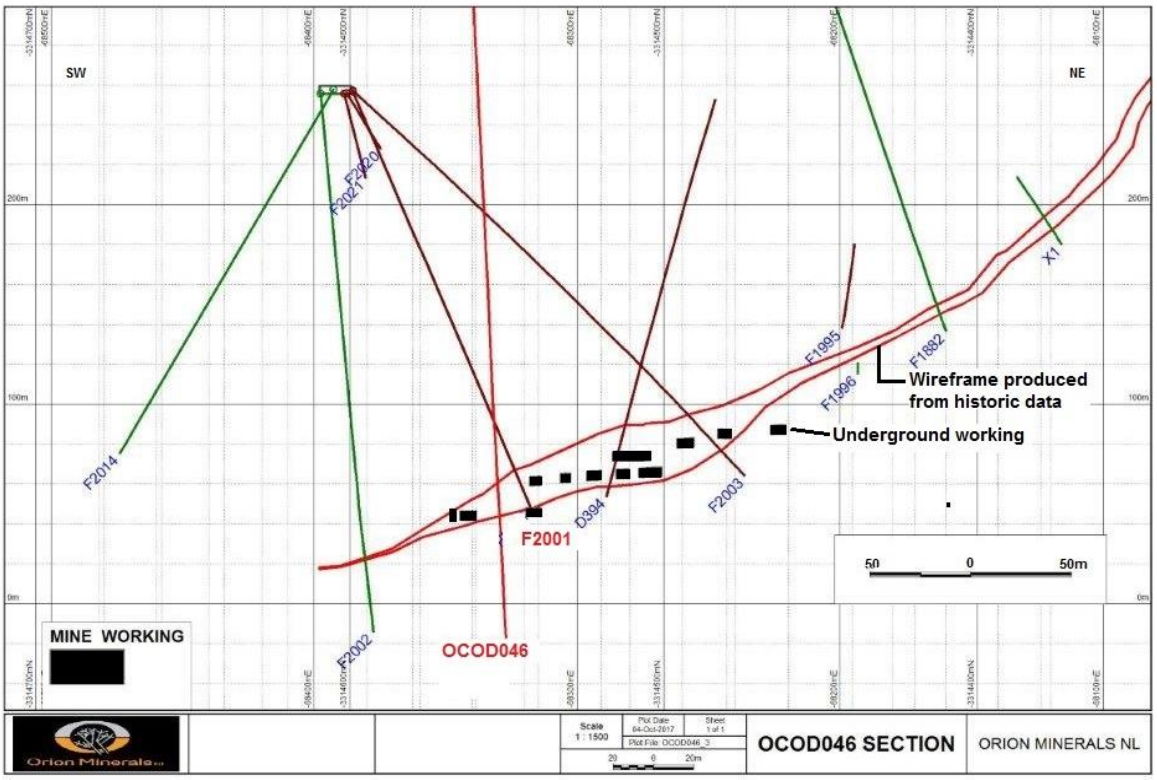

Figure 6: Cross - section through drill hole OCOD046.

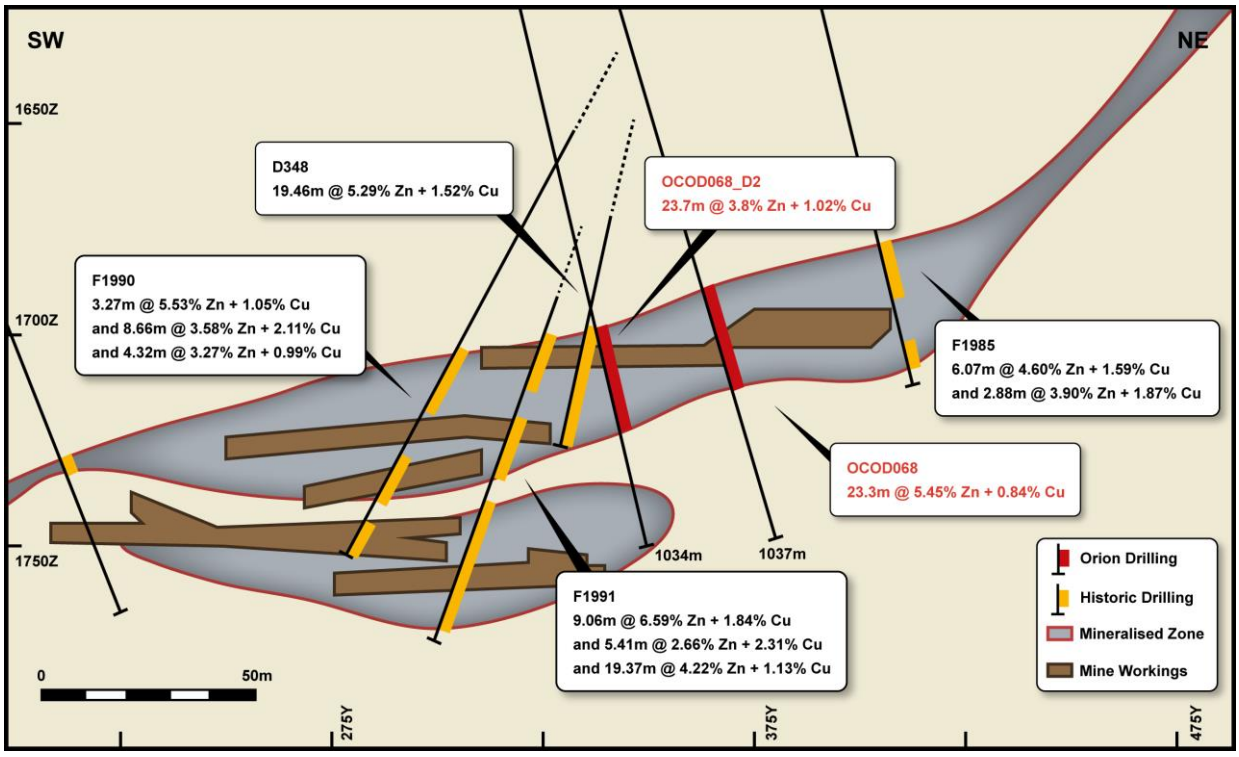

Figure 7: Cross section through OCOD068 and OCOD068_D2 showing the intersection position relative to the historic mine workings and adjacent holes.

Drill hole OCOD064 was planned to drill through the preparatory development drives to confirm the locality and dimensions of the drive and if possible, intersect mineralisation below the drives (Figure 8). The hole intersected the targeted drive at 981.00m.

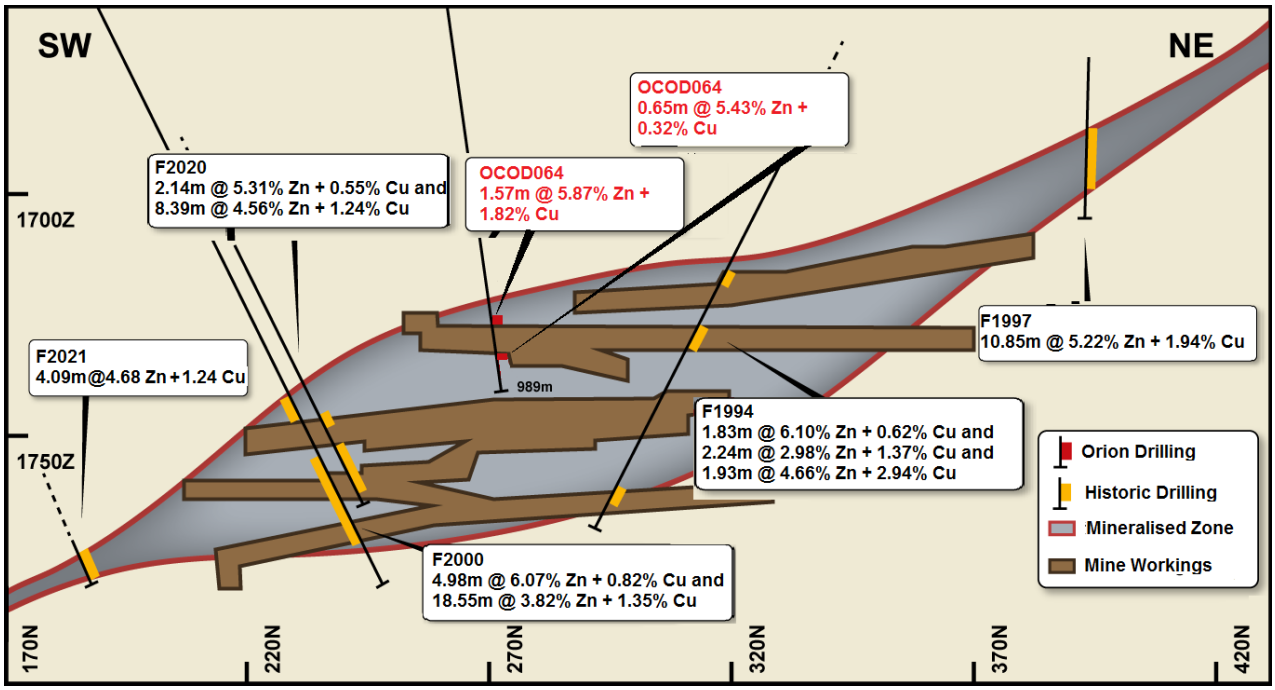

Figure 8: Section through OCOD064_D1 and adjacent historic drill holes showing the mineralisation intersected in the hanging and footwall of the drive.

Outlining of new mineralised target horizons

Hole OCOD074, drilled in the south eastern section of the Deep Sulphide Target, intersected 3 zones of mineralisation 60m down dip and 120m south east (along strike) of historic intersections. Wide high grade massive sulphide mineralisation was intersected in the Main Zone of mineralisation with 26.17m at 6.51% Zn, 1.31% Cu, 0.26g/t Au and 13.8g/t Ag from 1,103.63m including 11.41m at 7.69%Zn, 0.92% Cu, 0.19g/t Au and 9.3g/t Ag from 1,103.63m.

A second zone of mineralisation, the Lower Zone, was intersected 55m below the Main Zone. The Lower Zone reported 8.7m at 2.43% Zn, 0.97% Cu, 0.21g/t Au and 22.3g/t Ag from 1,184.7m. The Lower Zone was not always intersected in historic drill holes as holes were stopped short of this zone. The intersection confirms promising continuity of the Lower Zone and highlighting the potential to add substantial tonnages to the Deep Sulphide Target (Figure 9).

Importantly, a narrow intersection of 2.55m at 0.10% Zn, 1.99% Cu, 1.48g/t Au and 38.2g/t Ag from 1,084.10m was intersected approximately 29m above the main zone. This mineralisation with relatively high grade Cu, Au and Ag content was intersected in the stratigraphic footwall of the overturned stratigraphic package and has characteristics suggestive of a possible feeder zone to the exhalative massive sulphides. This intersection merits further investigation as a potential mineralised channel at high angle to the main massive sulphide, which is bedding parallel.

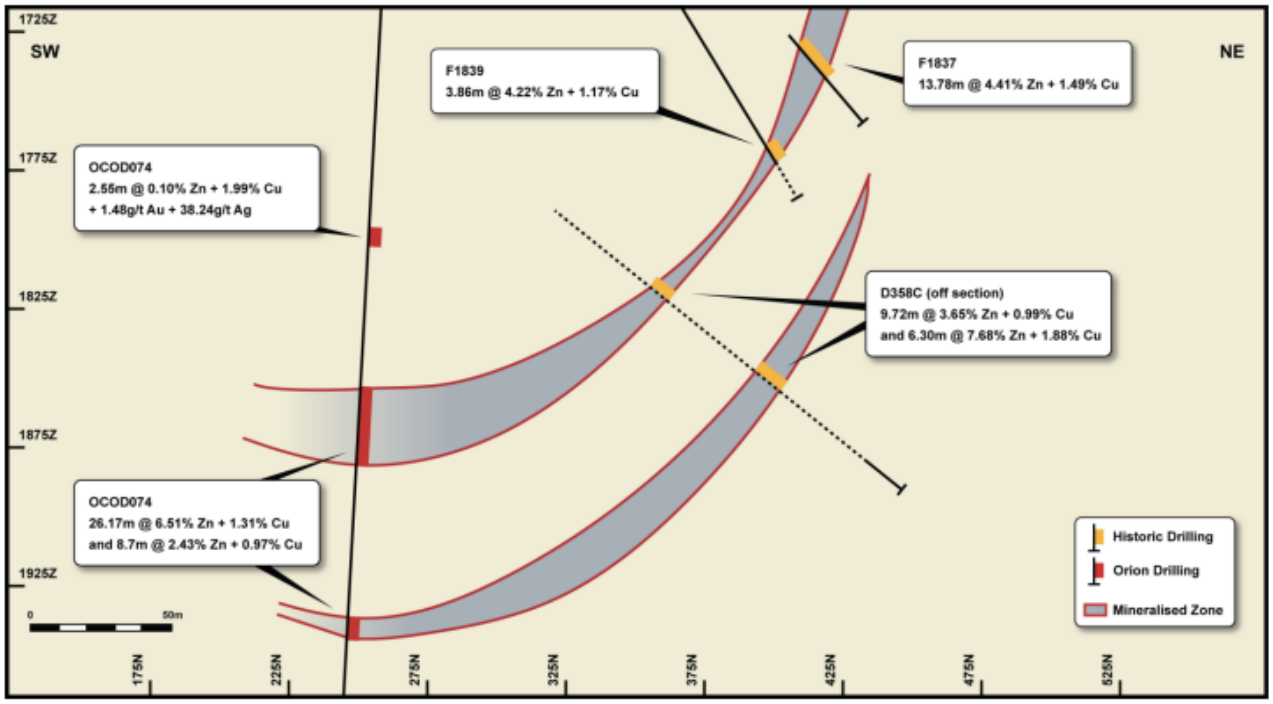

Figure 9: Geological cross-section showing mineralisation intersected in OCOD074.

Drilling on the margins of and outside and on the periphery of the historic drill grid

Drilling on the margin of the historic drilled grid and in areas with low drill density has demonstrated significant upside potential, with thicker than expected mineralisation persisting beyond the core area.

OCOD059_D1, D2, D3

Drill hole OCOD059_D1 was drilled as a deflection from hole OCOD059 and intersected mineralisation 60m from OCOD059 (Figure 10). While the parent hole OCOD059 only intersected two thin zones of mineralisation of 0.68m and 1.00m, OCOD059_D1 intersected 3 wide zones of high grade mineralisation:

- 11.15m at 3.42% Zn, 0.33% Cu, 0.15g/t Au and 9.7g/t Ag from 998.00m,
  including 4.32m at 5.08% Zn, 0.31% Cu, 0.22g/t Au and 15.9g/t Ag from 1,004.83m;
- 9.8m at 7.96% Zn, 0.72% Cu, 0.13g/t Au and 5.5g/t Ag from 1,023.60m; and
- 4.46m at 5.06% Zn, 0.55% Cu, 0.10g/t Au and 8.42g/t Ag from 1,040.86m.

Intersection OCOD059_D2, a deflection drilled from OCOD059 intersected 4.39m at 3.18% Zn, 0.63% Cu, 0.13g/t Au and 7.55g/t Ag from 1,028m and intersection OCOD059_D3 also drilled as a deflection from OCOD059 also intersected high grade Zn mineralisation over 3m in an area south east of the main Deep Sulphide Target in an area with little historic drill information, reporting 3m at 9.2% Zn, 0.13% Cu, 0.08g/t Au and 2g/t Ag and confirms the exploration potential in the alteration zone towards the south eastern limb of the Deep Sulphide Synform.

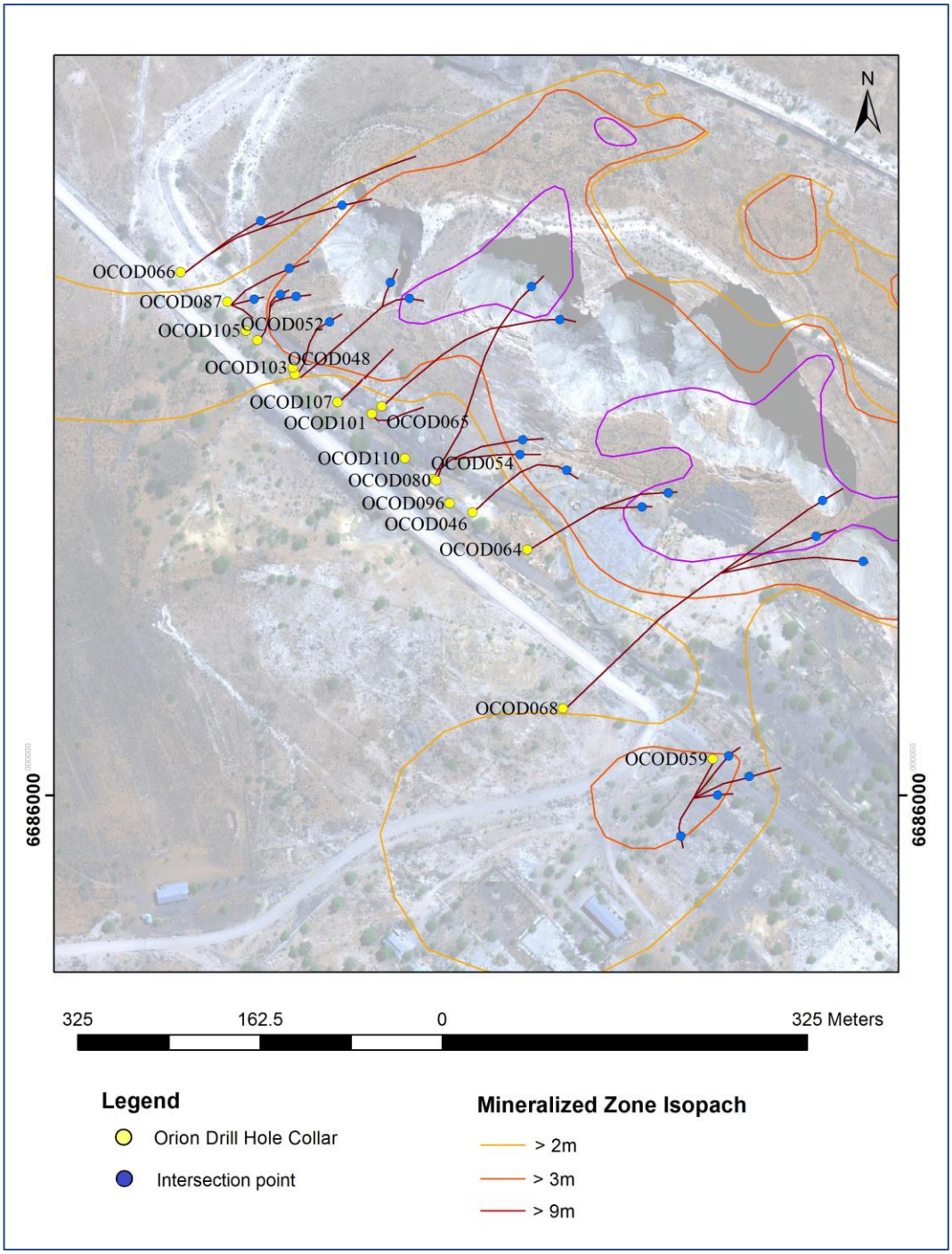

Figure 10: showing drill hole collar positions in the North West Target Area.

OCOD060

Drill hole OCOD060 intersected 3.6m at 5.71% Zn, 0.69% Cu, 0.2g/t Au and 8.21g/t Ag from 1,123m in an area where historic isopach model data had also interpreted that mineralisation was pinching out, with expected thickness less than 2m. This result therefore provides encouragement for the presence of wide mineralisation available for mechanised mining in this area (Figure 11).

Intersection OCOD062_D1 a deflection drilled from OCOD062 intersected 2.07m at 5.33% Zn, 0.61% Cu, 0.28g/t Au and 7.6g/t Ag from 1,123m down-hole depth in the south eastern part on the edge of the Deep Sulphide target (Figure 11).

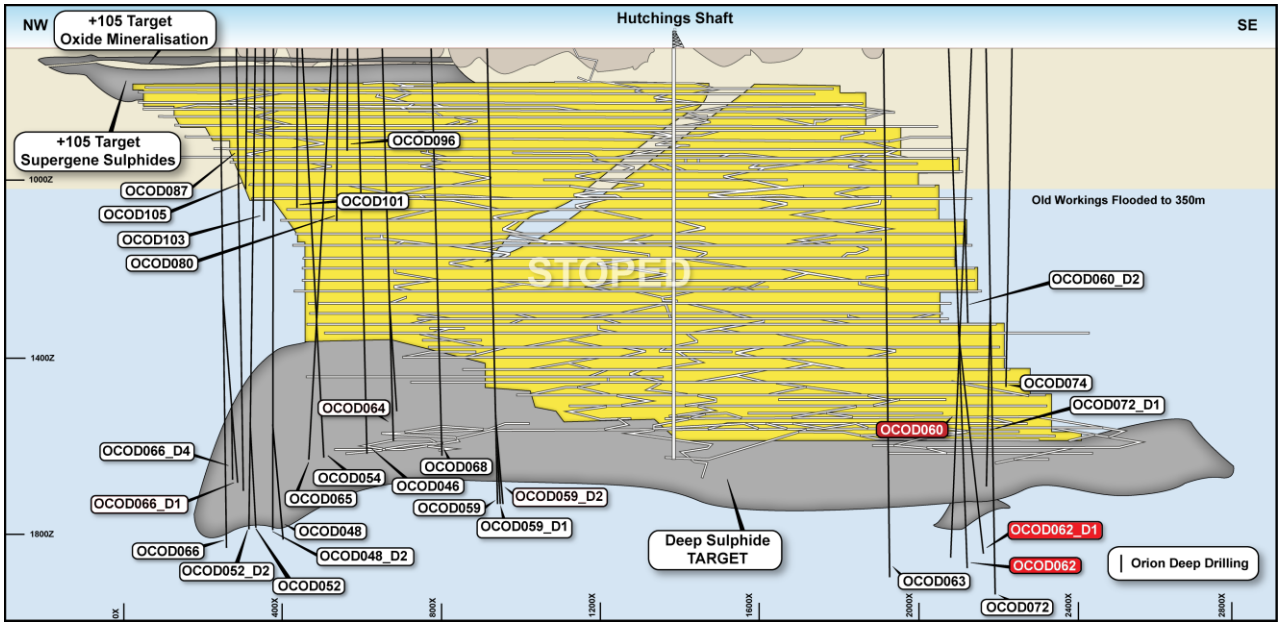

Figure 11: Longitudinal projection showing the position of holes OCOD60, OCOD062 and OCOD62_D1 in the south eastern part of the target area.

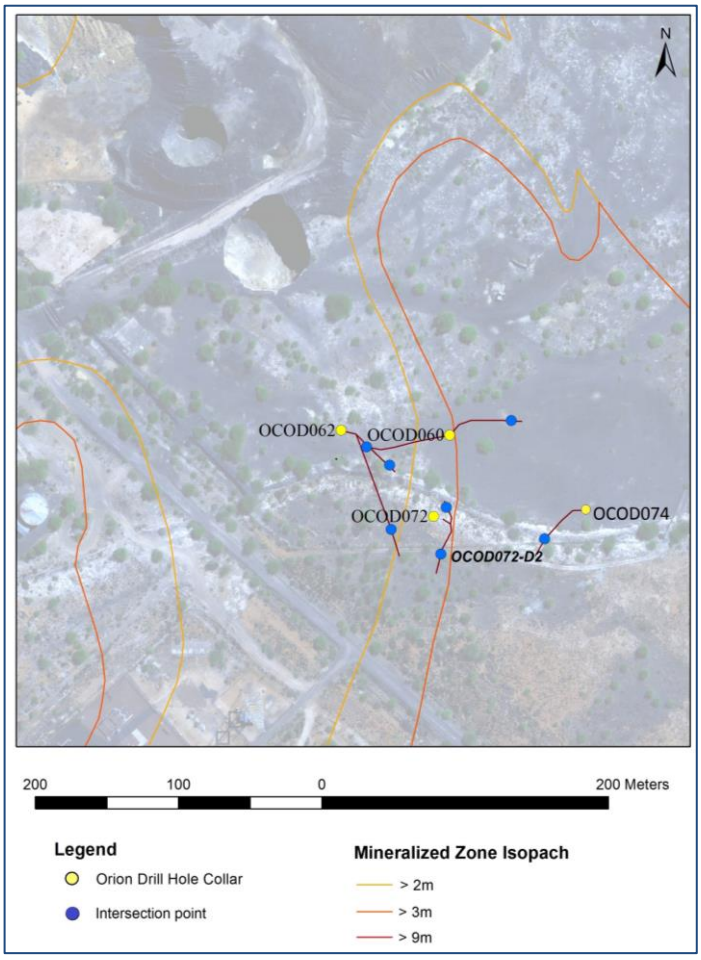

Figure 12: Map showing the historic isopachs and drill hole collars in the South East Section.

OCOD072_D3

Hole OCOD072_D3 drilled as deflection from OCOD072 intersected 16.05m at 2.71% Zn, 0.80% Cu, 0.2g/t Au and 13.8g/t Ag from 1,105.95m including 3.00m at 7.16%Zn, 0.24%Cu, 0.08g/t Au and 5.0g/t Ag from 1,110.41m on the periphery of the south east section of the Deep Sulphide Target. The mineralised zone was intersected in an area where historic data suggest the width of mineralisation to be between 2 and 3m wide. The hole confirms upside tonnage potential in the south east (Figure 12).

Drilling on down hole EM anomalies

OCOD066

A down hole EM survey on OCOD066 detected two off-hole conductors (refer ASX release 6 September 2017). The first anomaly occurs up-dip of OCOD066 and trend northwest. The second anomaly occurs to the south east of OCOD066 and trends northwest-southeast, parallel to the fold axis of the PCM synform (Figure 13). Subsequent drill results prove downhole EM to be a successful geophysical method to apply, with both conductors drill tested and successfully intersecting mineralised massive sulphides. The intersections in OCOD066_D1 and D4, drilled as a deflections from OCOD066 tested the anomaly up dip of OCOD066 and intersected 26.8m of massive and semi massive sulphides. The intersection was made 100m along strike and to the north west of historic drilling. Results for OCOD066_D1 and D4 are set out below:

- 26.8m at 2.38% Zn, 1.22% Cu, 0.23g/t Au and 9.29g/t Ag from 1072.20m including 14.50m at 3.06% Zn, 1.09% Cu, 0.26g/t Au and 7.15g/t Ag from 1072.20m (OCOD066_D1); and
- 22.2m at 2.7% Zn, 1.69% Cu, 0.24g/t Au and 10.3g/t Ag from 1076.90m (OCOD066_D4).

The wide zone of mineralisation in this area represents a key finding as it confirms exploration potential outside the previously defined exploration target and emphasises the value of modern geophysical methods applied by Orion. Importantly this is in an area not previously tested by drilling and proves mineralisation to be open ended to the northwest and up dip of OCOD066_D1 and D4.

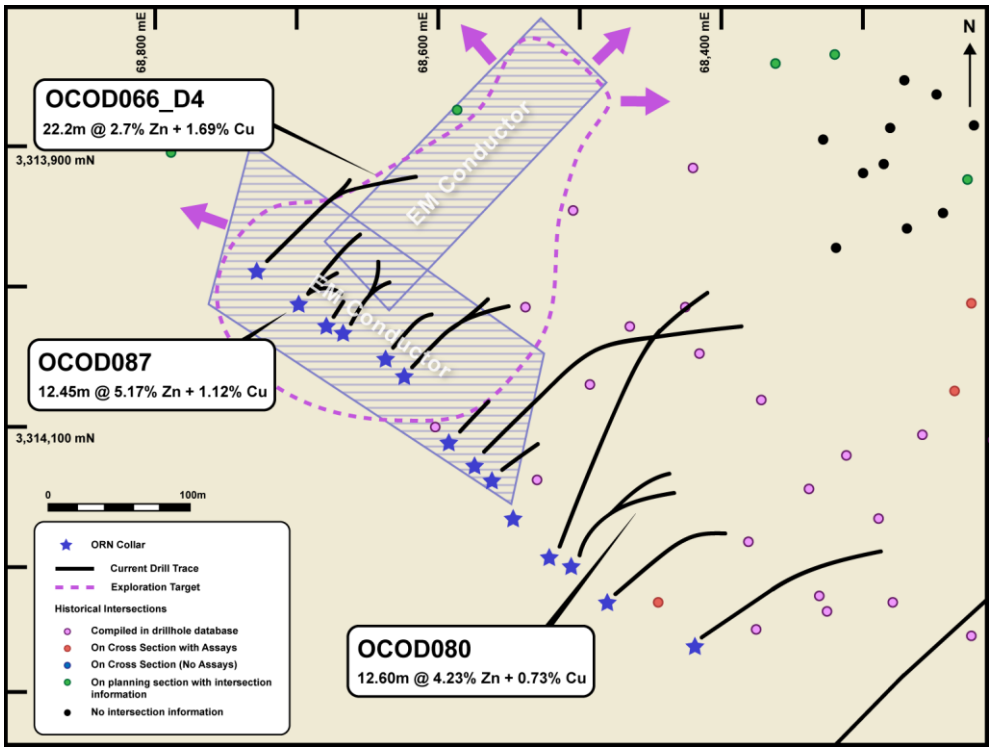

Figure 13: Plan showing EM conductors and drill holes OCOD066_D4 and OCOD087 at Prieska Project.

OCOD087

Hole OCOD087 tested the northwest-southeast trending EM plate the EM conductor suggested that mineralisation is developed down dip to the south east of the current Exploration Target and that additional drilling in this area may significantly increase tonnages of massive sulphide mineralisation. OCOD087 confirmed this concept, intersecting 12.45m at 5.17% Zn, 1.12% Cu, 0.25g/t Au and 10.8g/t Ag (Figure 13).

Drilling continues on the Deep Sulphide Target and permitting is awaited to extend drilling onto the South Eastern Target area.

+105 Level Target (Open Pit) Area

A total of 12 drill holes were completed during the Quarter on the +105 Level Target (Open Pit). These included:

- 1 infill hole from the +105 level Target (Open Pit) underground;
- 5 metallurgical sample holes from the 105 Level underground;
- 3 metallurgical sample holes from surface; and
- 3 geotechnical holes from surface.

To the end of December 2017, the Company had announced the results from 25 intersections drilled into the +105 Level Target (Open Pit) (Figure 14).

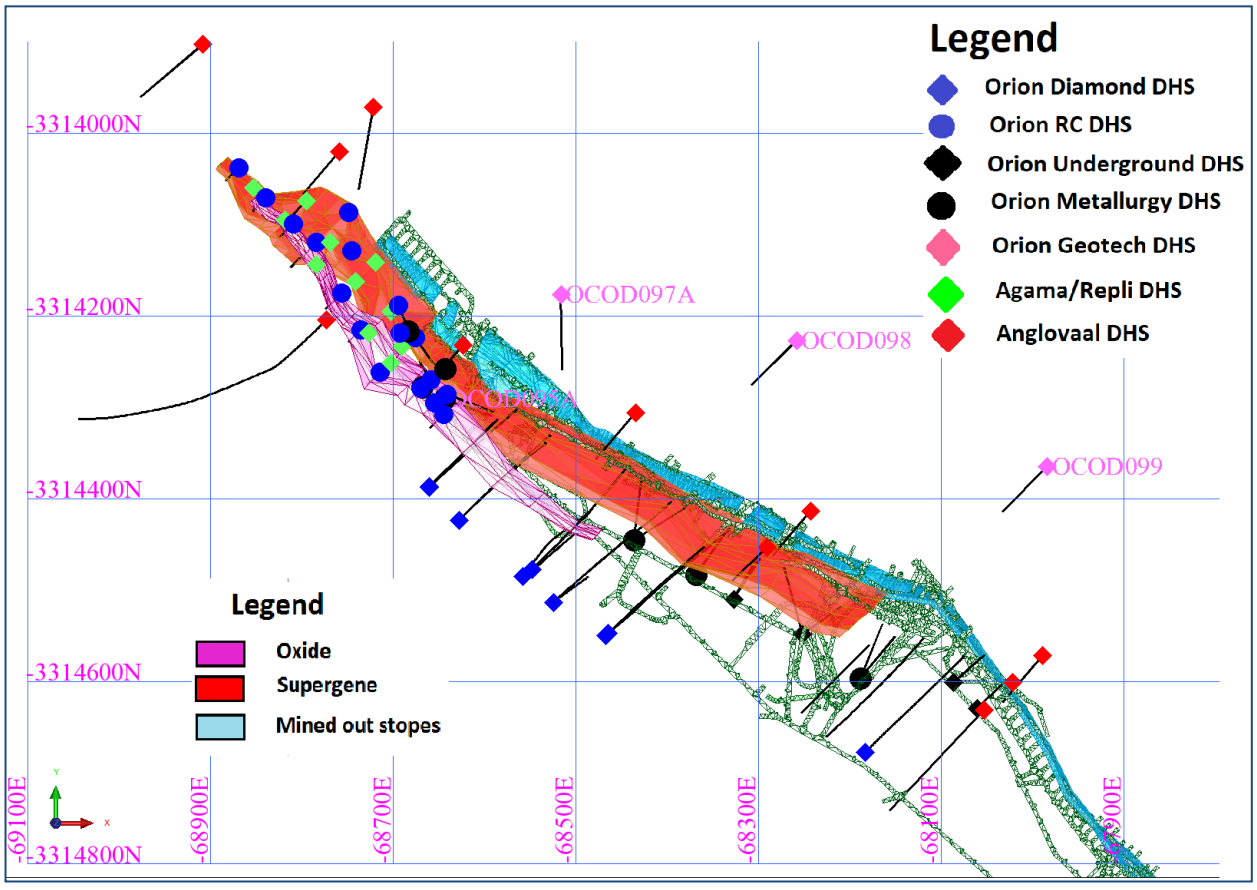

Figure 14: Plan showing holes drilled on the +105 Target (Open Pit) with the holes drilled by Orion showed in blue.

The Company has announced drilling results of 24 drill holes from the +105 Level Target (Open Pit)

with significant results shown in Table 3.

Drill hole	East (UTM34S)	North (UTM34S)	Depth (m)	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
OCOR012A	624166	6686808	39	23	31	8	0.31	0.92	0.03	0.5
				36	39	3	0.50	1.36	0.02	0.6
OCOR013A	624199	6686776	42	15	20	5	0.92	1.56	0.04	0
				36	42	6	0.60	0.68	0.03	0.3
OCOR014	624228	6686776	42	35	40	5	2.10	0.34	0.01	0
OCOR015	624228	6686744	108	83	86	3	0.40	1.40	0.05	2.3
OCOR016	624340	6686653	108	57	79	22	1.38	10.8	0.30	9.7
			incl.	62	69	7	1.41	17.8	0.26	6.9
OCOR017	624361	6686618	77	57	69	12	4.14	1.89	0.29	9.9
			incl.	63	66	3	7.40	4.34	0.08	1.3
OCOR020	624300	6686626	38	10	20	10	0.39	1.13	0.16	1.0
OCOR023	624347	6686621	85	48	68	20	2.21	8.58	0.36	12.1
			incl.	63	66	17	2.01	9.98	0.37	2.3
OCOR025	624378	6686544	49	8	25	17	0.86	1.00	0.55	8.1
OCOR027	624393	6686556	110	55	97	42	2.36	4.41	0.42	13.6
			incl.	55	60	5	9.28	0.10	0.65	31.6
			incl.	75	81	6	0.90	12.4	0.29	6.7
OCOR028	624363	6686561	43	7	24	14	0.94	0.56	0.09	0.9
OCOR029	624394	6686534	46	5	25	20	0.53	0.65	0.10	1.5
OCOR030	624292	6686713	103	71	77	6	1.90	0.85	0.39	8.2
OCOR031	624252	6686723	61	17	20	3	1.22	0.26	0.03	1.0
				46	60	14	0.30	0.71	0.01	0.6
OCOD033	624503	6686323	186.14	161	163	2	0.14	1.02	0.14	7.0
				170.71	180.05	9.34	1.40	4.00	0.13	9.0
OCOD035	624477	6686355	184.7	156.1	176.7	20.6	0.63	1.36	0.11	8.9
			incl.	167.9	170.5	2.6	0.49	5.20	0.11	13.9
OCOD036	624375	6686455	149.25	103	105	2	3.25	0.52	0.37	20.1
				112.6	142	29.4	1.52	3.06	0.36	9.0
			incl.	115	123.5	8.5	2.17	4.33	0.35	11.3
			incl.	129.06	131.11	2.05	1.09	4.86	0.24	7.4
			incl.	134	137.35	3.35	3.82	3.31	0.47	23.5
			incl.	139	142	3	0.44	7.13	0.13	2.9
OCOD037	624406	6686417	157.29	147.53	152.75	5.22	1.42	4.95	0.38	15.6
OCOD038	624406	6686417	141.21	103.8	106.5	2.70	1.20	1.02	0.21	2.7
				110.98	111.90	0.92	3.04	0.06	0.14	4.0
				113.80	115.63	1.83	1.38	0.50	0.07	3.3
				126.44	130.88	4.44	1.46	3.03	0.13	4.2
				132.28	137.17	4.89	1.19	1.78	0.16	5.7
OCOD040	624553	6686302	149	119.48	123.60	4.12	2.83	0.35	0.01	0.5
OCOD043	624563	6686287	202.3	187.76	199.29	11.53	0.97	3.23	0.22	8.8
			incl.	189.22	192.56	3.34	1.51	5.26	0.36	8.3
OCOD044	624483	6686360	94.6	59.56	65.50	5.94	0.58	1.16	0.01	0.9
OCOD047	624844	6686154	117.8	143.70	147.47	3.07	0.47	1.06	0.09	1.3
OCOU073	624777	6686284	75	50.00	54.82	4.82	1.10	0.63	0.33	12.7
				56.00	59.00	3.00	5.65	1.00	0.34	17.0
OCOU076	624843	6686231	49.67	63.00	13.33	13.33	3.08	0.23	0.17	6.34

Table 3: Drill hole intersections from the +105 Level Target (Open Pit). All intersections are length weighted.

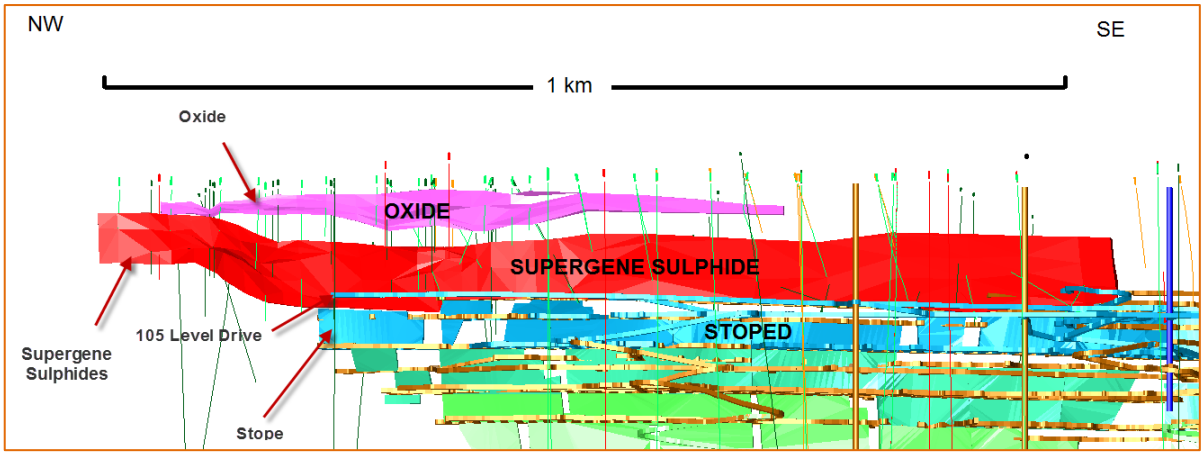

Figure 15: Longitudinal projection showing the Oxide and Supergene Zones of the +105 Level Target (Open Pit).

+ 105 Level Target (Open Pit) – Metallurgical drilling

A total of 8 diamond drill holes were drilled to obtain samples for metallurgical test work. Drill holes OCOU100, OCOU102, OCOU104 and OCOU109 were drilled from underground to obtain samples from the supergene zone. Holes OCOD106, OCOD106A and OCOD108 were drilled from surface to obtain samples from the Oxide and Supergene Zones of mineralisation. All samples were dispatched to Mintek in Johannesburg for test work with results awaited.

+105 Level Target (Open Pit) – Geotechnical drilling

A total of 3 diamond drill holes, OCOD097A, OCOD098 and OCOD099 were drilled into the hanging wall of the +105 Mineralised Zone to obtain orientated core for geotechnical logging to help optimise the open pit design (Figure 14).

Regional Exploration

With the completion of the Agama transaction in March 2017, the focus of the Company has been on rapidly advancing the Prieska Project through feasibility studies towards a development decision point. The Company maintains a substantial and prospective landholding in the Areachap Belt (Figure 16) and intends to apply increasing attention to exploration for potential satellite deposits to feed into the life of mine plan for the Prieska Project. It is noteworthy that Volcanogenic Massive Sulphide (**VMS**) deposits almost always occur as "clusters" associated with volcanic centres with four such centres having been identified in the Areachap Belt. The Company's prospecting rights overlie the bulk of the Copperton and Boksputs Volcanic Centres. Further details of the work programs will be released as they are designed and implemented, with results to be released as they are received.

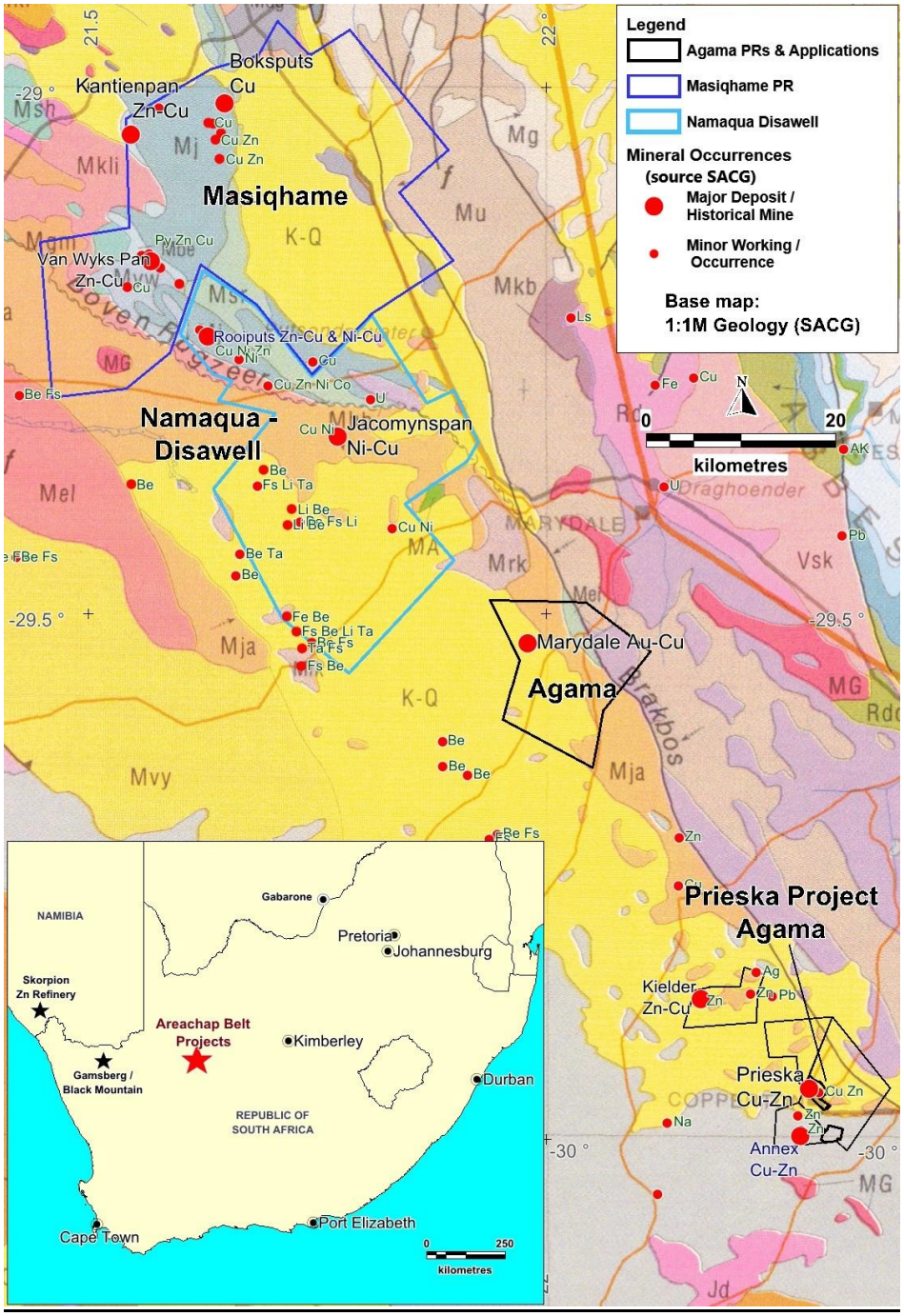

Figure 16: Regional geology map of the Areachap Belt showing prospecting rights owned by Orion and currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

SkyTEM survey underway

Orion contracted SkyTEM, a leading AEM survey company headquartered in Denmark which offers state-of-the-art helicopter borne transient electromagnetic (**TEM**) and magnetic acquisition system, to fly an extensive (6,025-line km) TEM survey. The survey covers a large portions of the Company's Masiqhame and Namaqua-Disawell JV Project areas located in the Northern Cape (Figure 19).

The first flight block over the survey covering the Masiqhame Prospecting Right was completed on 6 December 2017. The SkyTEM survey is being flown with the SkyTEM312 high power technology for deep target imaging. This high-power system, with a peak moment up to 1,000,000 NIA, is optimised

to provide an exceptional depth of investigation due to the high moment mode with high current and low base frequency of 12.5 Hz.

SkyTEM production flights over Orion's Masiqhame and Namaqua-Disawell Prospecting Rights commenced late November 2017. The survey was planned for completion in late January 2018, but weather conditions have resulted in some delays. All data is being continually reviewed and processed by Orion's Perth based international expert consultants, Southern Geoscience Consultants.

Four primary (higher priority shown in red) and eleven secondary priority (show in yellow) AEM anomalies were detected on the Masiqhame Mineral Right during the preliminary data review (Figure 17) (refer ASX release 14 December 2017). Encouragingly, nine of the anomalies are spatially associated with the interpreted paleo sea floor. This stratigraphic location significantly elevates the potential of these anomalies to be associated with VMS massive sulphide deposits. Further, the magnetic signature associated with the seafloor contact is prominent in the high quality magnetic data reviewed and will provide a valuable additional tool in the evaluation of the EM anomalies detected. Orion plans to follow up selected anomalies with infill AEM and/or high-powered ground EM. In addition to the AEM data, the accompanying magnetic data will significantly improve understanding of the geology and structure in this area of poor outcrop (Figure 18).

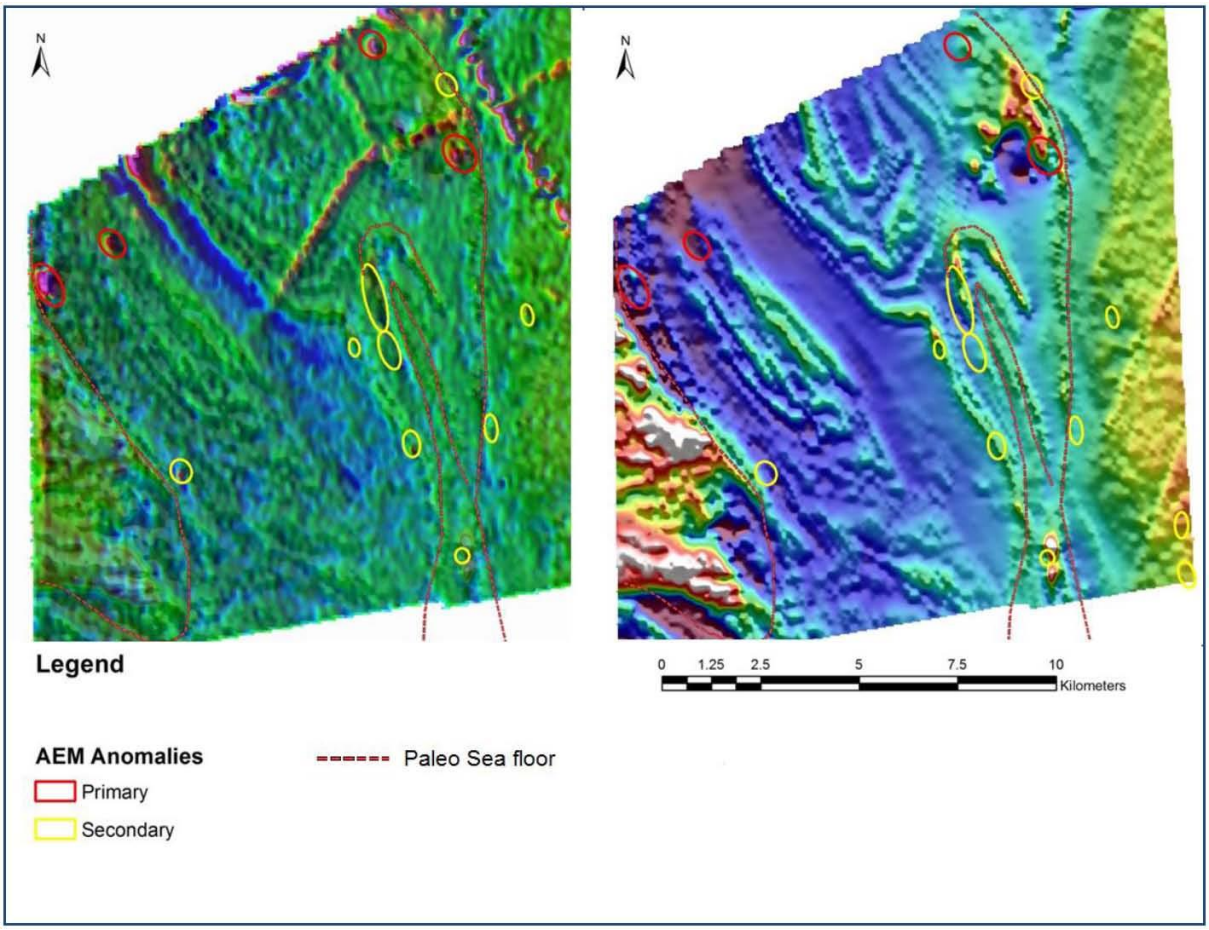

Figure 17: Airborne EM anomalies shown on the AEM Map on the left and the magnetic map on the right.

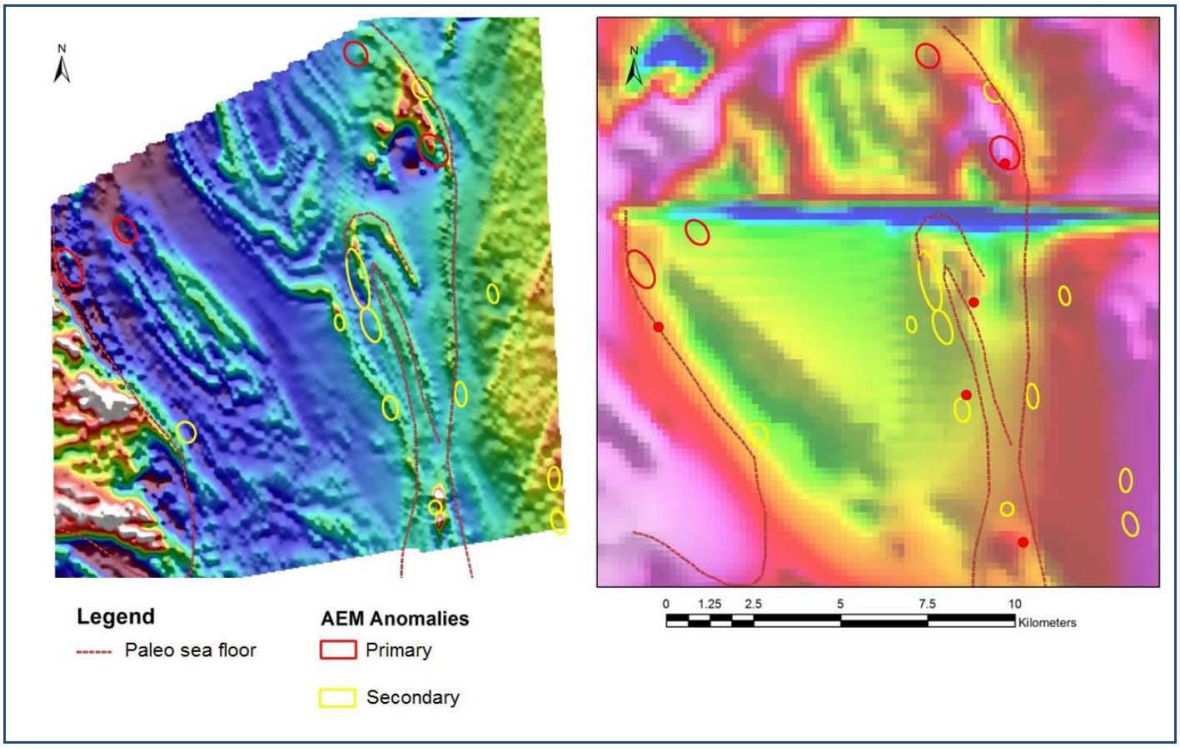

Figure 18: Plans showing the improved newly acquired magnetic data on the left versus historically available airborne magnetic data on the right.

The survey is demonstrating the value of applying modern airborne EM methods, in order to identify key follow-up targets. The Company intends to expand its activities to begin drill testing the highly prospective paleo seafloor for Zn – Cu rich massive sulphide mineralisation in early 2018.

Kantienpan Zinc-Copper Deposit (Masiqhame)

During Orion's first phase of ground EM and follow up drilling on the Kantienpan Prospect during 2016, the potential for success of the application of modern EM as a key tool for targeting VMS mineralisation was demonstrated. Modern EM methods have advanced a great deal since the last systematic exploration took place in the Northern Cape belt and Orion stands to benefit from its research and development of exploration techniques applicable for massive sulphides undertaken in the Fraser Range belt in Western Australia during 2013-2014.

An exploration program consisting of airborne electromagnetic (**AEM**) and airborne magnetic (**AM**) surveys, follow up ground geophysics, geological mapping and geochemistry to identify and further drill targets is planned.

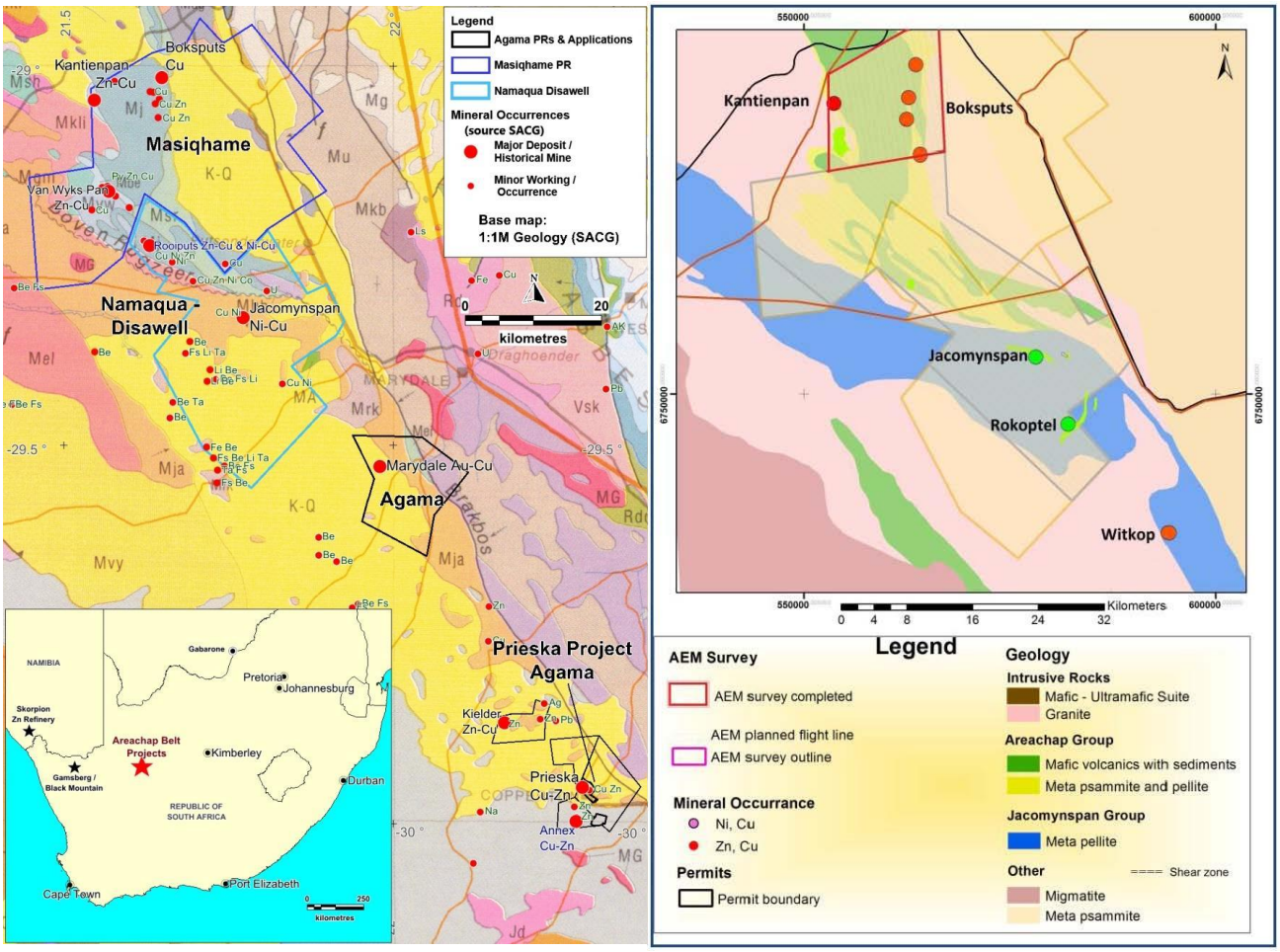

Figure 19: Locality plan for the proposed 962km² SkyTEM (AEM) survey area. The area completed is shown in red. The contact with the geological unit indicated in green on the right-hand diagram represents the priority target area.

Jacomynspan Nickel-Copper-Cobalt-PGE Project (Namaqua-Disawell)

During the Quarter, Orion continued to review data relating to the Namaqua – Disawell project area (Figure 19). A substantial amount of pre-digital data exists from exploration pre 2000 by (amongst others) Anglo American/AAPS, Phelps Dodge, Anglovaal and Iscor (now Kumba).

The SkyTEM survey is continuing on blocks 2 and 3, which cover the Namaqua-Disawell Prospecting right (Figure 20). A total of 2867 line km of flights were completed at the end of December 2017.

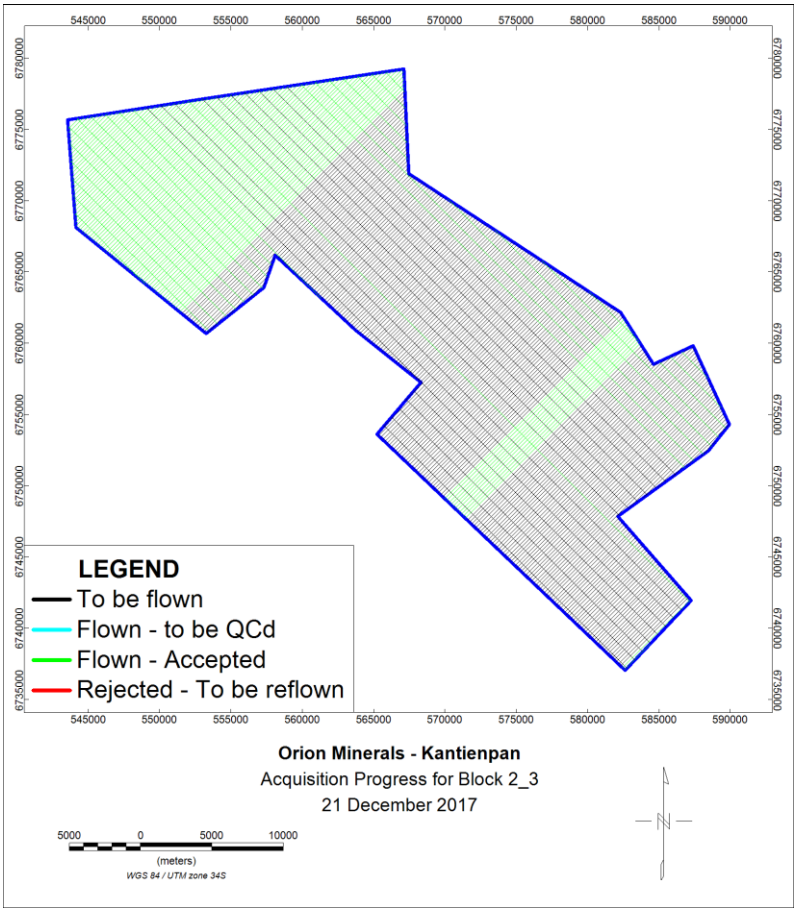

Figure 20: Airborne EM progress over Blocks 2 and 3 at the end of December 2017.

In addition to the airborne EM survey, Orion is continuing with:

- Litho-geochemical characterisation of the Jacomynspan intrusive;
- Defining the tectonic setting, intrusive characteristic and mineralisation hosted by the Jacomynspan Intrusive;
- Updating the existing database; and
- Compiling data into a GIS format.

Re-appraisal of Jacomynspan data is underway to include a JORC compliant mineral resource statement of the Nickel-Copper-Cobalt-PGE deposit.

Orion will be utilising its experience and expertise developed in exploring for magmatic nickel-copper deposit in the Fraser Range Province of Western Australia to reinterpret the extensive database for the Jacomynspan Project area and rank the exploration targets. These will then be followed up with modern high-powered geophysical tools and methods which have not previously been applied in the Areachap belt before drill testing.

About the Jacomynspan Nickel-Copper-Cobalt-PGE Project Deposit

The Jacomynspan-Deposit was first identified by Anglo American Prospecting Services (**AAPS**) with drilling carried out along a 4km strike length. In one portion of the deposit AAPS drilled to a depth of 900m. Disseminated nickel sulphide mineralisation was intersected with widths between 30 – 70m (refer ASX release 14 July 2016).

Orion believes a substantial exploration opportunity exists within the project area to search for higher grade, massive and semi-massive accumulations of nickel-bearing sulphides, analogous to the Nova-Bollinger deposit in the Fraser Range Province of Western Australia.

Marydale Gold-Copper Project

In addition to the Prieska Project, the Agama transaction gives the Company exploration rights over the Marydale Gold-Copper Project, a gold copper deposit located 60km north of the Prieska Project (Figure 16).

Past work by Orion includes an IP survey over 2.6 km strike following the target horizon. The Company drilled two holes within the historic drill grid that confirms the Cu – Au mineralisation and 4 holes on IP anomalies. Drilling show the IP response to be caused by broad zones containing disseminated sulphides with low levels of Cu-Au mineralisation.

Orion is currently planning follow-up exploration on the Marydale Gold – Copper Project.

Connors Arc Epithermal Gold Project (Queensland)

During the Quarter, no work was undertaken at the Connors Arc Project due to the fast tracking of drilling and the BFS at the Prieska Project. The Company is actively seeking opportunities to progress the Connors Arc Project through a joint venture or similar partnership.

Fraser Range - Nickel-Copper Projects (Western Australia)

Orion maintains a sizeable tenement package in the Fraser Range Province of Western Australia which Independence Group NL (ASX: IGO) is currently earning in to via a Joint Venture Agreement (**JVA**, refer ASX release 10 March 2017).

During the Quarter, IGO completed an aircore drilling program, which commenced during the September Quarter. The aim of the drilling was to improve the understanding of the bedrock geology in the project area with areas of prospective geology or geochemical anomalism to be followed up with further work.

In addition to drilling, IGO has completed and is continuing with, ground gravity and Moving Loop EM surveys in the project area similar to, and infilling, those completed by Orion (refer ASX release 6 October 2016) along with starting a regional Spectrem airborne EM survey.

Data from these surveys will be used in conjunction with results from drilling to determine the prospectivity of the Orion tenement package. IGO has advised Orion that assays have been received and interpretation of the data is currently in progress.

Walhalla Gold and Polymetals Project (Victoria)

During the Quarter, the Company did not carry out any exploration activity on the Walhalla Project.

Tenement Schedule

Tenement	Project	Ownership Interest	Change in Quarter	Joint Venture Partner
South Africa				
NC30/5/1/1/2/10445PR	PCM	73.33%	---	---
NC30/5/1/2/2/10244PR	Marydale	73.33%	---	---
Western Australia				

Tenement	Project	Ownership Interest	Change in Quarter	Joint Venture Partner
E28/2367	Fraser Range	30%	---	Independence Group NL
E28/2378	Fraser Range	30%	---	Independence Group NL
E28/2462	Fraser Range	30%	---	Independence Group NL
E28/2596	Fraser Range	30%	---	Independence Group NL
E39/1653	Fraser Range	35%	---	Independence Group NL & Geological Resources Pty Ltd
E39/1654	Fraser Range	10%	---	Independence Group NL & NBX Pty Ltd
E69/2379	Fraser Range	10%	---	Independence Group NL & Ponton Minerals Pty Ltd
E69/2380	Fraser Range	10%	---	Independence Group NL & Ponton Minerals Pty Ltd
E69/2707	Fraser Range	10%	---	Independence Group NL & Ponton Minerals Pty Ltd
Queensland				
EPM19825	Connors Arc	100%	---	---
EPM25122	Connors Arc	100%	---	---
EPM25283	Connors Arc	100%	---	---
EPM25703	Connors Arc	100%	---	---
EPM25708	Connors Arc	100%	---	---
EPM25712	Connors Arc	100%	---	---
EPM25714	Connors Arc	100%	---	---
EPM25763	Connors Arc	100%	---	---
EPM25764	Connors Arc	100%	---	---
EPM25813	Connors Arc	100%	---	---
EPM26081	Connors Arc	100%	---	---
EPM26082	Connors Arc	100%	---	---
EPM26083	Connors Arc	100%	---	---
Victoria				
MIN5487[(1)]	Walhalla	100%	---	---
EL5340	Walhalla	100%	---	---
EL5348	Walhalla	100%	---	---

[(1)] MIN 5487 has been sold to Centennial Mining Ltd.

Corporate

Cash and Finance

Cash on hand at the end of the Quarter was $4.57M.

Placement

On 30 October 2017 the Company announced that it was undertaking a capital raising of up to 229.167M ordinary fully paid shares (**Shares**) at an issue price of 2.4 cents per Share to raise up to $5.5M. The capital raising occurred in two stages, being:

- Tranche 1 – 144.583M Shares to raise $3.47M were issued on 3 November 2017, using the Company's 15% placement capacity under ASX Listing Rule 7.1. The issue of Shares was subsequently approved by shareholders at the Company's General Meeting held on 13 December 2017 (**General Meeting**); and
- Tranche 2 – 84.583M Shares to raise $2.03M were issued on 18 December 2017 and 19 December 2017 as approved by shareholders at the General Meeting.

In addition, on 18 December 2017, the Company issued 10.417M Shares at 2.4 cents per Share to raise $0.25M, to Orion's Chairman, Mr Denis Waddell as approved by shareholders at the General Meeting,

(together the **Capital Raisings**).

Tembo Top-Up Right and Loan Facility

On 2 January 2018, the Company announced that mining focused, private equity group Tembo Capital Mining Fund II LP and its affiliated entities (**Tembo Capital**), confirmed its continued support of Orion through subscribing for Shares allowing Tembo Capital to maintain its 19.99% holding in the Company.

Orion announced on 12 April 2017 that it had entered a formal placement agreement in respect of a placement and strategic relationship with Tembo Capital, pursuant to which Tembo Capital was granted an anti dilution right to maintain its percentage holding in Orion where the Company conducts subsequent equity raisings (**Top-up Right**). Tembo Capital's interest in Orion was diluted as a result of the Capital Raisings. Pursuant to the Top-up Right, Orion offered Tembo Capital the right to subscribe for up to 60M Shares, allowing Tembo Capital to maintain its 19.99% holding in Orion (**Top-up Shares**) at an issue price of 2.4 cents (the same Share issue price as the Capital Raisings).

On 29 December 2017, Orion issued 60M Shares in the Company at an issue price of 2.4 cents per Share to raise $1.44M as approved by shareholders at the General Meeting.

Orion announced on 18 August 2017 that it had entered into a $6.0M bridge loan facility agreement with Tembo Capital, pursuant to which Tembo Capital has advanced funds to Orion (**Loan Facility**). The $1.44M raised was used to reduce the balance of the Loan Facility.

On 15 November 2017, the Company announced an extension to the term of the Loan Facility from 15 December 2017 to 31 May 2018. The extension to the term of the Loan Facility relieved Orion of its requirement to repay the Loan Facility by 15 December 2017 ensuring that proceeds from the Capital Raisings and Loan Facility can be used principally to progress the intensive resource drilling campaign at the Company's Prieska Zinc-Copper Project, where significant drill results have been returned in recent months (refer ASX releases 12 December 2017, 8 November 2017, 9 October 2017, 5 October 2017, 19 September 2017 and 6 September 2017).

The current program is the next step in the process to define a maiden Mineral Resource estimate as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and will be fed into the BFS (refer ASX release 11 July 2017). The BFS will build on both the substantial existing historical dataset relating to mining and processing activities as well as the new information being generated by the onsite activities. Funds will also be used to continue exploration programs, including a large airborne electromagnetic survey and regional geochemistry on the Company's Northern Cape South African tenements, and for working capital purposes (refer ASX release 14 December 2017).

As part of the terms of amendment to the Loan Facility, Orion agreed to an increase in the establishment fee from 5% to 6.67% of the Loan Facility amount (capitalised).

At the end of the Quarter, $3.56M had been drawn down against the Loan Facility.

Small Shareholding Sale Facility

On 21 November 2017 the Company announced that it had established a small shareholding sale facility (**Sale Facility**) for shareholders who held less than $500 worth of Shares and whose registered

address was in Australia. The Sale Facility allowed those shareholders to sell their Shares cost effectively, while also assisting the Company reduce the costs associated with servicing smaller shareholdings. The Company established the Sale Facility for the following reasons:

- To give holders of a small parcel of Shares (i.e. less than a marketable parcel of Shares as defined in the ASX Listing Rules (that is a parcel of shares with a value of less than $500, based on the Share price of 3.1 cents on the Record Date) (**Small Holding**)) the opportunity to sell their shareholding, without incurring brokerage or handling costs which, in proportion to the value of their investment, may otherwise render a transaction of this size unattractive or uneconomic; and
- To reduce the expense and administration involved in maintaining shareholders with small Shareholdings.

Shareholders who on 20 November 2017 (**Record Date**) held a Small Holding received a letter and share retention slip from the Company. The letter explained that, unless those shareholders notified the Company that they wished to retain their Shares by submitting the share retention slip or they hold more than $500 worth of Shares on the Sale Facility closing date, those Shares would be sold, and the proceeds remitted to them free from brokerage and handling fees.

On 23 November 2017, a first notice was sent to shareholders of Small Holdings and on 10 January 2018 a second letter to shareholders was dispatched to all shareholders who held a Small Holding of Shares on the Record Date and who were yet to return a completed share retention slip. The Sale Facility closed on 19 January 2018.

Change of Status, Name and Replacement Constitution

At the General Meeting, shareholders approved the change of status from a no liability company, "Orion Minerals NL", to public company limited by shares, "Orion Minerals Limited". Importantly at the General Meeting, shareholders also approved the cancellation of partly paid shares which will allow the change in status to be affected. The 58,775 partly paid shares were cancelled during the Quarter. ASIC were notified of the passing of the resolution for the change of status and under subsection 164(3) of the Corporations Act, ASIC published a notice in the Commonwealth Gazette that states the intention to alter the details of the Company's registration.

The change to the status and name of the Company will come into effect one month after the notice is published in the Commonwealth Gazette (being 2 February 2018). The change of name and status on the ASX will be effective after the change is confirmed by ASIC. The ASX Code for the Company will remain unchanged.

Also at the General Meeting, a new constitution of Orion was adopted by shareholders by special resolution and will come into effect on and from the change of status and name.

Numis Securities

During the Quarter, the Company appointed Numis Securities Limited as a corporate advisor. As part of the fee payable to Numis, the Company issued the 1,900,000 unlisted options to Numis on 21 December 2017. The Options have an exercise price of 3.5 cents, an expiry date of 30 June 2020 and will not be quoted on the ASX.