



Orion Minerals

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South Africa's Industrial Development Corporation to become a strategic partner with Orion in the development of the Okiep Copper Project, Northern Cape

SA's leading national development finance institution signals its intention to partner with Orion, as the Company completes the restructured acquisition of a potential second base metals production hub

- ▶ South Africa's Industrial Development Corporation (IDC) has signalled its intention to become a key strategic partner along with Orion in the development of New Okiep Mining Co (a subsidiary of Orion) and the Okiep Copper Project (OCP), located 570km north of Cape Town in the Northern Cape Province.
- ▶ The IDC is a national development finance institution mandated to promote economic growth and industrial development and develop domestic industrial capacity in South Africa.
- ▶ The IDC is a 43.75% shareholder in Southern African Tantalum Mining (Pty) Ltd (SAFTA), one of the entities subject to Orion's original option agreement over the OCP announced in February this year.
- ▶ The IDC has now approved the SAFTA shareholder resolution regarding the sale of SAFTA's OCP assets to New Okiep Mining Co.
- ▶ The IDC has agreed to become a party to the SAFTA Asset Acquisition Agreement and the Transaction Cooperation Agreement, satisfying one of the key suspensive conditions required for Orion to complete the transaction.
- ▶ The IDC will remain a shareholder and development partner in the OCP, which supports and de-risks the project's future funding pathway.
- ▶ Prospecting Rights on New Okiep Mining Co neighbour BCC are notarially executed, allowing drilling to immediately commence on high priority targets.

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

"Orion is delighted that South Africa's leading national development finance institution, IDC, will maintain its interest in the Okiep Copper Project and become a strategic partner alongside Orion in the ongoing development of this exceptional base metal asset."

"The IDC has had a long involvement with the OCP through its significant shareholding in SAFTA, one of the original project vendors. IDC's decision to maintain this involvement following Orion's acquisition of the project is a vote of confidence in the work we have completed to date and our future development strategy."

"The IDC's decision means that New Okiep Mining Co, the new holding company of mineral rights over the SAFTA tenements, will initially be held 56.3% by Orion and 43.7% by IDC, de-risking the project's future development pathway and strengthening potential future funding opportunities. The shareholding in New Okiep Mining Co will in future include empowerment partners in compliance with the requirements of the Mining Charter 2018, which will include a 30% holding by historically disadvantaged groups including a 5% community interest and 5% employee interest. New Okiep Mining Co will remain a subsidiary of Orion."

"We are grateful for the IDC's ongoing support and look forward to working with them as a development partner at the OCP."

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Orion Minerals Limited (**ASX/JSE: ORN**) (**Orion** or the **Company**) is pleased to announce that its development strategy for the recently-acquired Okiep Copper Project (**OCP**), located approximately 570km north of Cape Town in the Northern Cape Province of South Africa (Figure 1), has received a significant boost after the Industrial Development Corporation of South Africa Limited (**IDC**) signalled its intention to become a key strategic partner in the OCP's future development.

As part of this, it is envisaged that the IDC will be a strategic shareholder in the New Okiep Mining Company (Pty) Ltd (**New Okiep Mining Co**). This newly-created Orion subsidiary that will hold the SAFTA assets and be responsible for advancing its development as a potential second base metals production hub for the Company in the Northern Cape region. The shareholding in New Okiep Mining Co will in the future, include empowerment partners in compliance with the requirements of the Mining Charter 2018.

Orion is planning to develop the OCP alongside its flagship Prieska Copper-Zinc Project in the Northern Cape as part of its strategy to become a leading diversified producer of future-facing metals in the Northern Cape region.

On 2 August 2021, Orion exercised its restructured option (**OCP Option**) to acquire a controlling interest in the majority of the properties that make up the OCP. In addition to the OCP Option acquisition, Orion has also applied for additional Prospecting Rights to supplement the OCP mineral rights.

The OCP Option was granted to Orion by each of Southern African Tantalum Mining (Pty) Ltd (**SAFTA**), Nababeep Copper Company (Pty) Ltd (**NCC**) and Bulletrap Copper Co (Pty) Ltd (**BCC**). These entities hold the majority of the large, historical mines in this significant copper-producing district, which has produced more than 2Mt of copper metal over a 150-year period to 2003. The mineral rights include numerous existing drilled copper orebodies with decline mine access and services in place.

In terms of the OCP acquisition, New Okiep Mining Co will acquire, amongst other things, the assets owned by SAFTA, including its mineral rights and data relating to SAFTA (**SAFTA Transaction**).

With the IDC currently being a 43.75% shareholder in SAFTA, one of the suspensive conditions to the SAFTA Transaction was that the IDC was required to approve the SAFTA shareholder resolution regarding the SAFTA Transaction as well as become a party to the relevant transaction agreements relating to the SAFTA Transaction, being the SAFTA Asset Acquisition Agreement and the Transaction Cooperation Agreement.

These suspensive conditions have now been satisfied. The IDC has approved the SAFTA shareholder resolution regarding the SAFTA Transaction and becoming a party to the SAFTA Asset Acquisition Agreement and the Transaction Cooperation Agreement. In doing so, the IDC has signalled its intention to become a key strategic partner along with Orion in developing New Okiep Mining Co and the OCP.

There remain various other suspensive conditions to implementing the OCP Option, as set out in Orion's ASX/JSE announcement released on 2 August 2021, which Orion and the other transaction parties are making good progress towards completing.

For the key terms of the Okiep transaction agreements, refer to Orion's ASX / JSE announcement, released on 2 August 2021.

The OCP is a significant growth opportunity for Orion, with the potential to become a second base metal production hub for the Company in the Northern Cape, alongside its flagship Prieska Copper-Zinc Project (**Prieska Project**), located 450km east of the OCP (Figure 1 and Figure 2).

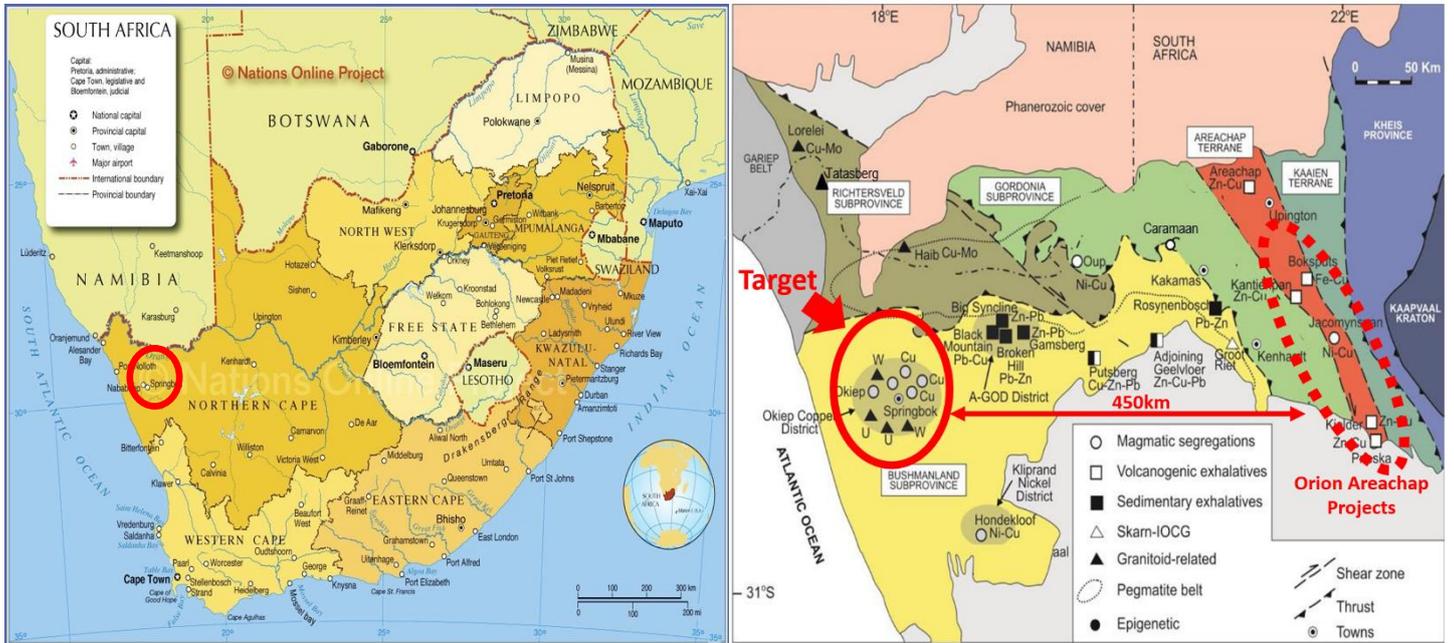


Figure 1: Location of the Okiep Copper Project (Okiep Project) in relation to Orion's existing Areachap projects.

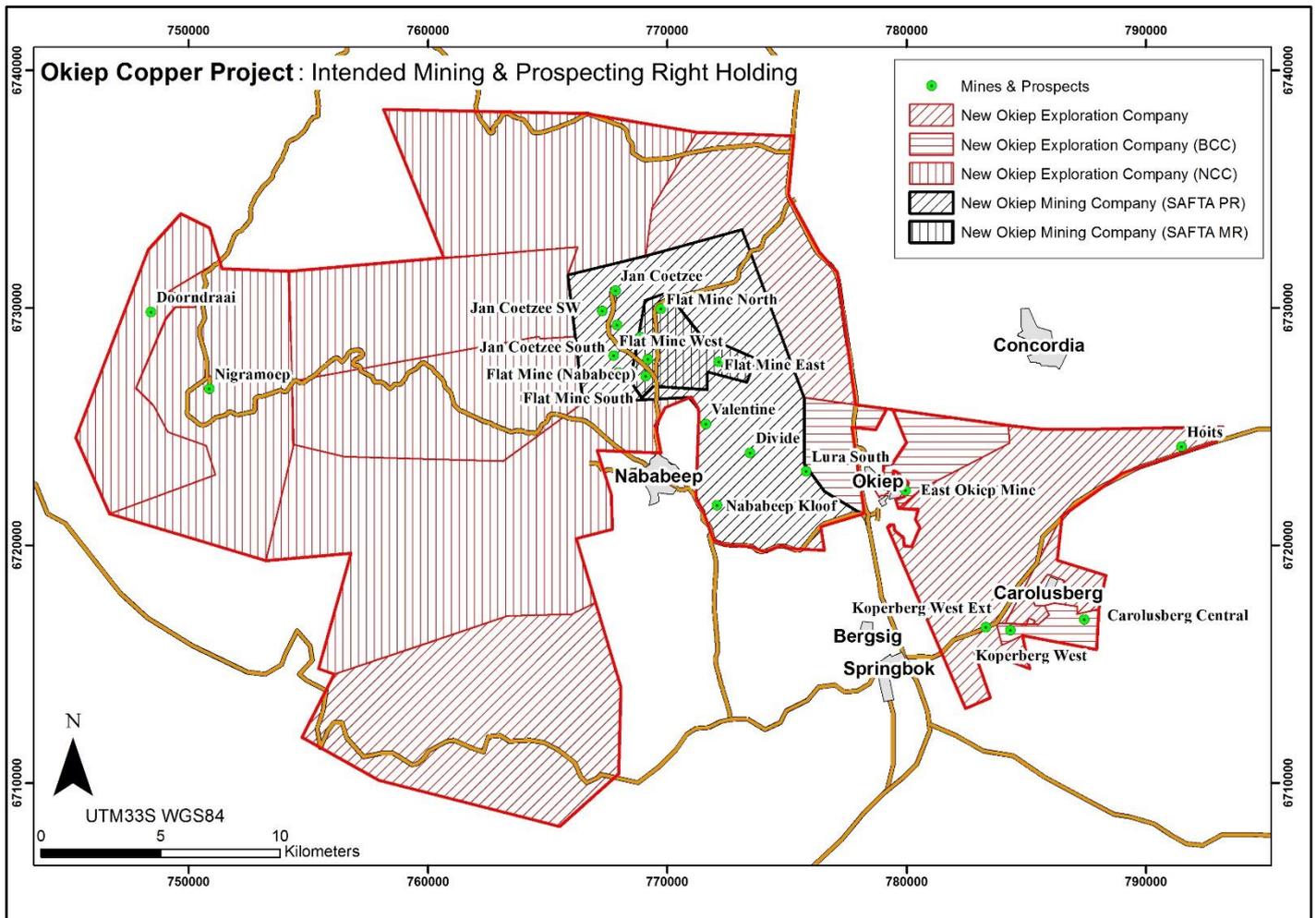


Figure 2: Location of the Okiep Copper Project (Okiep Project) Mineral rights.

Since signing the OCP Option Agreement, Orion has undertaken extensive due diligence work at the OCP, including the completion of JORC 2012 Mineral Resource Estimates for an initial six deposits totalling 11.5 million tonnes grading 1.4% copper for 159,000 tonnes of contained copper (refer ASX / JSE release 29 March 2021).

In addition, the Company also completed a positive Scoping Study (refer ASX / JSE release 3 May 2021), which

demonstrated the economic merit of developing a foundation phase mining operation at the OCP while Orion conducts the required work and engineering studies to support its aspiration for achieving a larger mining operation with production at a similar scale to past owners Newmont and Goldfields who produced 30,000 - 40,000 tonnes per annum of copper.

Orion's objective of rapidly expanding the Mineral Resource base at the OCP is supported by the exercise of a separate option agreement to acquire the extensive historical mining and exploration database held by the O'Okiep Copper Company (and its affiliates) (refer ASX / JSE release 2 August 2021), covering more than 60 years of production and exploration history.

Drilling and geological information within this database has already supported the completion of the initial Mineral Resource estimates outlined above, as well as enabling Orion to define a series of high-priority initial drill targets within the OCP, particularly along the Carolusberg – Koperberg line (refer ASX / JSE release 21 May 2021).

Exploration targeting at the OCP is further supported by a recent agreement with the Council for Geoscience, Republic of South Africa (**CGS**) to collaborate on exploration initiatives across the Northern Cape (refer ASX / JSE release 1 June 2021). A major regional SkyTEM™ survey was recently completed, with data currently being processed under this collaboration agreement, targeting copper sulphide mineralisation hosted in mafic intrusive bodies within the OCP area.

On 1 September 2021, Orion announced that it had successfully completed the extensive SkyTEM™ helicopter-borne electromagnetic geophysical (**AEM**) survey at the OCP. The regional survey covered a total area of 1,872km² with approximately 1,073 line-kms flown at 1km line spacing in conjunction with the CGS and Orion's high-priority area of 857km² flown at 150m line spacing resulting in a total of 7,348 line-kms being flown. Preliminary results have been received from first-pass processing of magnetic and AEM data. The initial results are very encouraging, resulting in the identification of numerous new targets for follow-up and demonstrating the value of applying modern exploration methods to the 1,872km² area (refer ASX / JSE release 1 September 2021).

Next Steps

Advanced feasibility studies upgrading the 2021 scoping feasibility study (refer ASX / JSE release 2 August 2021) for the New Okiep Mining Co are underway, with targeted completion early 2022.

In addition, Prospecting Rights on the neighbouring BCC where Orion is acquiring a 100% interest, were notarially executed on 14 September 2021, allowing drilling to immediately get underway to test high priority targets (refer ASX / JSE release 2 August 2021). These targets have potential to eventually be jointly developed with the New Okiep Mining Co assets, using a central processing facility.

About the IDC

The Industrial Development Corporation (**IDC**) of South Africa Limited was established in 1940 by the Industrial Development Corporation Act, 22 of 1940 and is wholly owned by the South African government. IDC priorities are aligned with the national policy direction set out in the National Development Plan (NDP) and industry masterplans. The IDC mandate is to maximise development impact through job-rich industrialisation while contributing to an inclusive economy.

For and on behalf of the Board.



Errol Smart
Managing Director and CEO

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