

## SHORT-FORM: ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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Orion is pleased to advise shareholders that it has today published its Annual Report for the year ended 30 June 2021, providing a comprehensive overview of project development, exploration, corporate and ESG activities across its business for the 2021 financial year. The Annual Report can be accessed on the Company's website, [www.orionminerals.com.au](http://www.orionminerals.com.au) and at <https://senspdf.jse.co.za/documents/2021/jse/isse/orne/ye21.pdf>.

A summary of key operational and corporate highlights for the year is provided below:

### HIGHLIGHTS:

- Significantly advanced our development ready flagship **Prieska Copper-Zinc Project**, in the Northern Cape Province of South Africa:
  - Key outcomes of the updated Bankable Feasibility Study (**BFS**), completed in May 2020 include:
    - Initial 12-year, 2.4Mtpa operation targeting production of 22ktpa of copper and 70ktpa of zinc;
    - Life of Mine production 226kt copper and 680kt zinc;
    - Strong operating margins and financials including:
      - ▶ Pre-tax free cash flow AUD1.6 billion (post tax AUD1.2 billion);
      - ▶ Pre-tax NPV (8% disc) AUD779 million (post tax AUD552 million);
      - ▶ Payback period 2.4 years from first production;
      - ▶ All in sustaining margin of 47%; and
      - ▶ Peak funding requirement AUD413 million.
  - Foundation phase JORC 2012 compliant Mineral Resource of 30.49Mt at 1.2% copper and 3.7% zinc.
  - Fully-permitted, with approval of the Mining Right, receipt of Environmental Consent notices and grant of the Water Use Licence in place;
  - Significantly advanced discussions with potential project financiers;
  - Advanced pre-development work streams and initial site activities.
- Secured the acquisition and consolidation of the **Okiep Copper Project**:
  - Outstanding opportunity to develop a second major base metals production hub in the Northern Cape Province, alongside the Prieska Project;
  - In just six months, Orion successfully completed scoping and extensive due diligence studies, as well as major greenfield and brownfield exploration surveys;
  - Maiden JORC 2012 compliant Mineral Resources defined;
  - Drilling commenced in September 2021 at the high-priority Bulletrap Copper Co Prospecting Right;
  - Intensive exploration program underway to verify historical near-surface drill results and progress studies for the development of a proof-of-concept scale mining operation;
  - Extensive SkyTEM™ helicopter-borne electromagnetic geophysical survey completed over the Okiep Copper Project, in conjunction with the Council for Geosciences.
- High-impact near-mine and regional exploration ongoing in the **Areachap Province** surrounding the Prieska Project:
  - Significant zones of copper, zinc and nickel-copper-PGE mineralisation intersected across all key prospects tested as part of high-impact near-mine and regional drilling program;
  - Results confirm the under-explored nature of the Areachap Province and the substantial opportunity for a major discovery. A key focus will be an emerging Volcanogenic Massive Sulphide (VMS) copper system at Bokspuits, 125km north-west of Prieska.

- Ownership consolidation at **Jacomynspan Project**, South Africa:
  - Agreement to acquire the remaining minority vendor interest in the Jacomynspan Nickel-Copper-PGE Project.
- Australia – **Fraser Range, Western Australia** (IGO Limited Joint Venture):
  - Key nickel-copper targets located directly along trend from Legend Mining's Mawson discovery;
  - Geophysics, air-core and diamond drilling planned for December 2021 quarter.
- Strongly supported AUD25 million capital raising completed to fast-track Orion's strategy of developing two significant long-term base metal production centres in South Africa's Northern Cape Province.
- Orion received the inaugural **Emerging ESG Leader Award** at the AAMEG Africa Awards in November 2020, a prestigious industry award recognising its pioneering ESG work at Prieska.

## COMMENTARY:

Orion is on track to become a new-generation Australian-South African mining company focused on the development of our portfolio of advanced "green" metals projects in South Africa's Northern Cape Province.

This includes our 70%-owned development-ready and fully-permitted Prieska Copper-Zinc Project (**Prieska Project**) and the Okiep Copper Project (consolidated 56% - 100% ownership), an advanced, district-scale project which is rapidly emerging as our second base metals production hub in the same region. This area of South Africa has delivered significant historical copper production over many decades.

The Prieska Project is the centrepiece of Orion's asset portfolio. Located 270km south-west of the regional capital Kimberley, Prieska sits in the heart of a world-class mining district with access to significant local and regional infrastructure.

Orion completed an updated BFS in May 2020. The updated BFS delivered a substantial increase in forecast production, cash-flow and mine life for the Prieska Project compared with the previous study completed in June 2019. The key outcomes of the updated BFS include:

- Initial 12-year, 2.4Mtpa operation, targeting 22ktpa copper and 70ktpa zinc;
- Life-of-mine production 226kt copper and 680kt zinc;
- Strong operating margins and financials;
- Pre-tax free cash flow AUD1.6 billion (post-tax AUD1.2 billion);
- Pre-tax NPV8% AUD779 million (post-tax AUD552 million);
- Payback period of 2.4 years from first production;
- All-in sustaining margin of 47%; and
- Peak Funding requirement AUD413 million.

During the year, Orion focused its activities on bringing the Prieska Project into production, following the completion of the positive updated BFS. A number of significant pre-development work streams were progressed during the year in order to advance the Prieska Project towards a Final Investment Decision. These included:

- Plans to commence mine de-watering – a critical path item – ahead of full-scale project construction approval;
- Finalisation of updates to the Environmental Permitting to better align the existing permits with the Company's enhanced project execution strategy;
- Progressing implementation of the Value Engineering outcomes and discussions regarding contract operations of the processing plant;
- Continued progress towards the selection of an Engineering, Procurement & Construction Management (EPCM) and underground mining contractor;
- Advancement of key project execution work streams, including the preparation and selection of key infrastructure and supply contracts; and
- Completion of preliminary site works in readiness for the start of construction.

Orion also progressed financing discussions with a number of Tier-1 institutions, with term sheets expected in the near term. Orion intends to fund the development of the Prieska Project through a combination of debt and equity, with the potential for streaming financing to reduce the equity contribution also being evaluated.

The development of the Prieska Project will be enhanced by potential future production from another brownfields project, the Okiep Copper Project, transforming Orion into a substantial diversified base metal miner.

Orion announced on 2 February 2021, that it had entered into an agreement giving it exclusive rights and a clear pathway to acquire and consolidate a significant interest in the Okiep Copper Project (**OCP**), located approximately 570km north of Cape Town in the Northern Cape Province and 450km west of Prieska.

On 2 August 2021, Orion announced that it had exercised the option to acquire a controlling interest in several properties within the OCP, encompassing mineral rights over the majority of the large historical mines of the world-class Okiep Copper Complex. Orion has also applied for additional Prospecting Rights to supplement the OCP mineral rights. This complex has historical production of +2Mt of copper and a Mineral Resource of 11.5Mt at 1.4% copper, containing 156,300 tonnes of copper.

Orion has also secured the right to acquire the freehold title to the partially furnished original O'Okiep Copper Mines head office and data archives housing detailed records of more than 60 years of high intensity and high-quality mining and exploration work undertaken across most of the Northern Cape region of South Africa.

A Scoping Study was completed as part of due diligence on the OCP, demonstrating the potential to establish foundation-scale mining operations in line with the scale of processing included in the Mining Right Application. These foundation-scale operations could be in production within 16 months of the commencement of construction, requiring a low upfront capital expenditure commitment of AUD53 million, while providing:

- substantial early cash-flows averaging AUD32 million annually;
- high operating margins (40% all-in-sustaining margin, 37% IRR, post- tax); and
- attractive overall commercial returns, with a project NPV of AUD114 million (post-tax) at a 10% discount rate, using a copper price of USD7,600/t.

The proposed foundation-scale mining operations could run for 12 years at a design processing plant throughput of 0.76Mtpa, resulting in 9ktpa of copper sold in marketable concentrates. Both underground and surface mining methods would be used in conjunction with mineral processing using conventional froth-flotation concentration to produce the copper concentrates for export.

Orion successfully completed an extensive SkyTEM™ helicopter-borne electromagnetic geophysical (**AEM**) survey over the OCP in conjunction with the Council for Geosciences. Encouraging results have been received from first-pass processing of magnetic and AEM data, resulting in the identification of numerous new targets for follow-up and demonstrating the value of applying modern exploration methods to the 1,872km<sup>2</sup> area (refer ASX / JSE release 1 September 2021).

On 16 September 2021, Orion announced that its development strategy for the OCP had 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 will hold the Southern African Tantalum Mining (Pty) Ltd (one of the entities subject to Orion's original option agreement over the OCP announced in February 2021) 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.

These are exceptional achievements which have been attained while adhering to the highest standards of health, safety, environmental preservation and corporate governance and while successfully managing the effects that the COVID-19 pandemic has had on Orion's business.

Orion's main activity is exploration, evaluation and development of base metal, gold and PGE projects in South Africa (Areachap Belt, Northern Cape) and as such it does not have a source of income, rather it is reliant on debt and / or equity raisings to fund its activities. During the reporting period, the Company raised AUD34.0 million before costs to fund exploration and development of its projects, primarily in South Africa. Net cash used in operating activities and investing activities totalled AUD11.0 million (2020: AUD13.8 million) and included payments for exploration and evaluation of AUD6.8 million (2020: AUD9.58 million), principally related to the development of the Prieska Project and exploration within Orion's Areachap Projects, South Africa.

In addition, the following information is provided in accordance with paragraph 3.46A of the JSE Listings Requirements:

- Operating loss decreased by 86% to AUD2.6 million (30 Jun 2020: loss of AUD18.6 million);
- Basic loss per share decreased by 92% to AUD0.05 cents (30 Jun 2020: loss of AUD0.66 cents); and
- Headline loss per share decreased by 92% to AUD0.05 cents (30 Jun 2020: loss of AUD0.66 cents).

## SHORT-FORM ANNOUNCEMENT:

This short-form announcement is the responsibility of the directors and is only a summary of the information in the Annual Report.

Any investment decisions by investors and/or shareholders should be based on a consideration of the Annual Report as a whole (which includes the full unmodified auditor's report setting out, *inter alia*, the key audit matters) and investors and shareholders are encouraged to review the Annual Report, which is available as detailed herein. Copies of the Annual Report may also be requested from the Company via email at [info@orionminerals.com.au](mailto:info@orionminerals.com.au) or from the sponsor at [sponsorteam@merchantec.co.za](mailto:sponsorteam@merchantec.co.za), at no charge.

For and on behalf of the Board.



Errol Smart

**Managing Director and CEO**

23 September 2021

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