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ORION MINERALS LIMITED (“ORION”)

EQUITY & DEBT CAPITAL MARKETS ANALYSIS

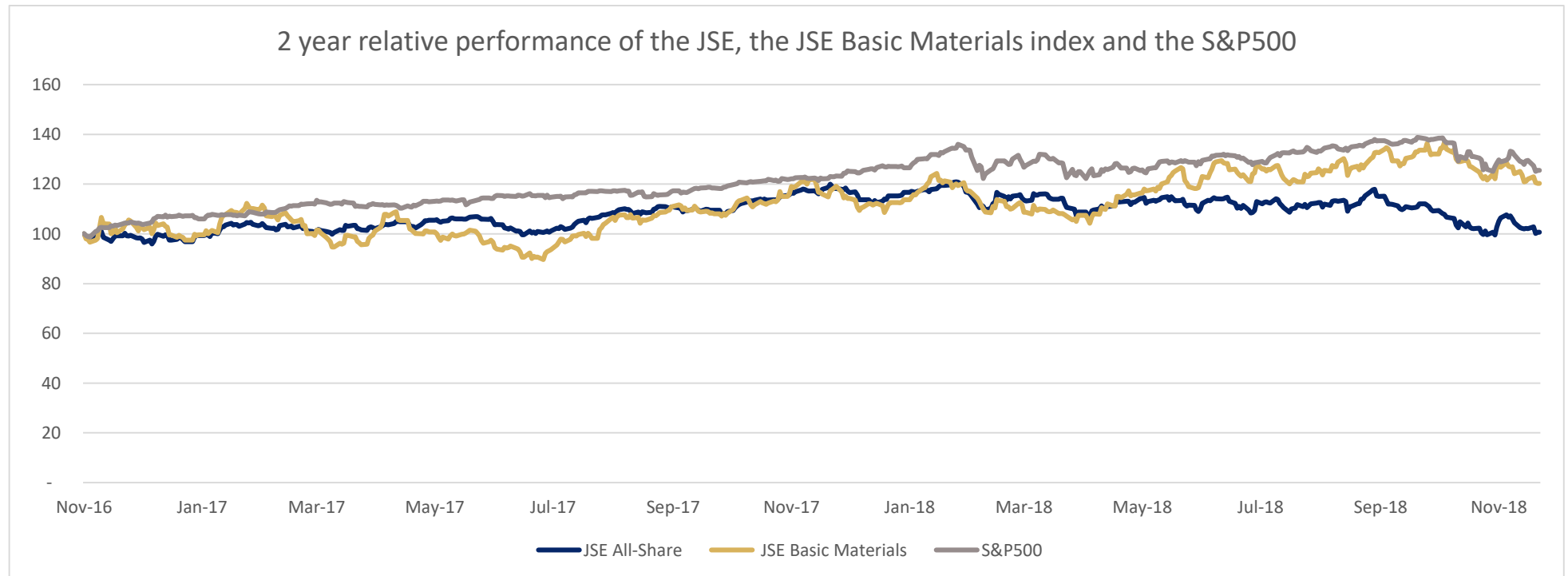
November 2018

INTRODUCTION

- This presentation has been prepared by Questco for the board of directors of Orion for the purpose of demonstrating the depth of the equity and debt capital markets in South Africa to the board and its shareholders, with a specific focus on the basic materials sector.
- This analysis has been limited to companies that are listed on the JSE Limited (“JSE”) and does not consider the availability of capital for unlisted companies.
- All data in this presentation has been sourced from the JSE, Factset and the financial statements and other investor presentations of the listed companies concerned and is true as at 22 November 2018, unless otherwise stated.

EQUITY CAPITAL MARKETS | INTRODUCTION

- Equity capital markets in South Africa remain resilient with the JSE showing positive returns over a five year historical period.
- Basic materials in particular is showing an improvement in performance in recent months from the lows seen in late 2015, supported by a widening of the USD/ZAR exchange rate, providing South African mining companies with a revenue cushion against their Rand based costs. The performance of the JSE Basic Materials index during this time was not significantly below the S&P 500, illustrating that the sector remains attractive for investment by global investors.

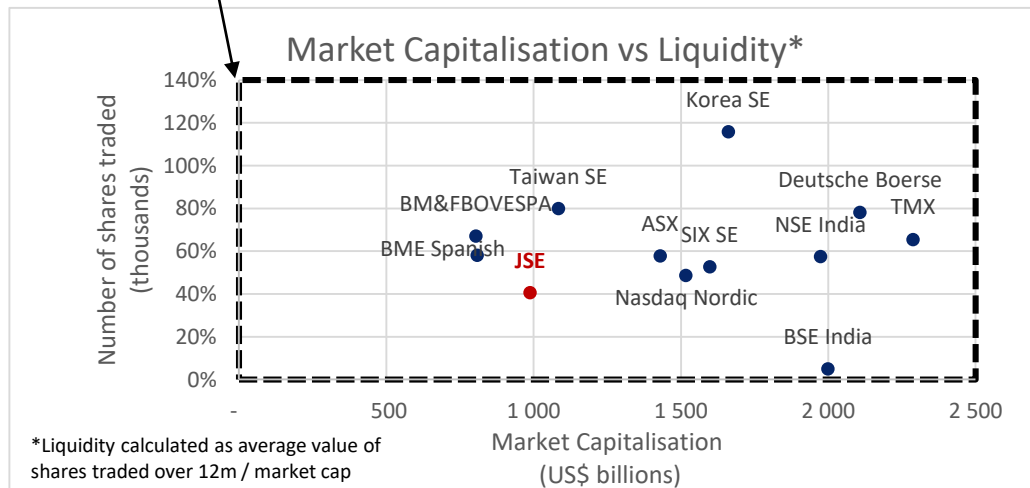
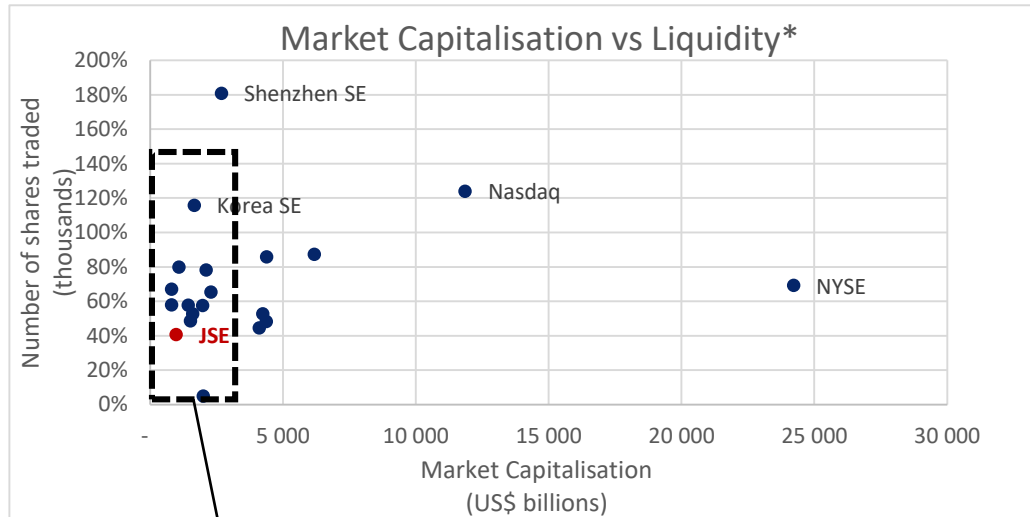


Source: Factset, Questco analysis

EQUITY CAPITAL MARKETS | POSITIONING THE JSE

South African equity capital markets are supported by a robust stock exchange, consistently ranking favourably when compared to the exchanges of other sophisticated markets.

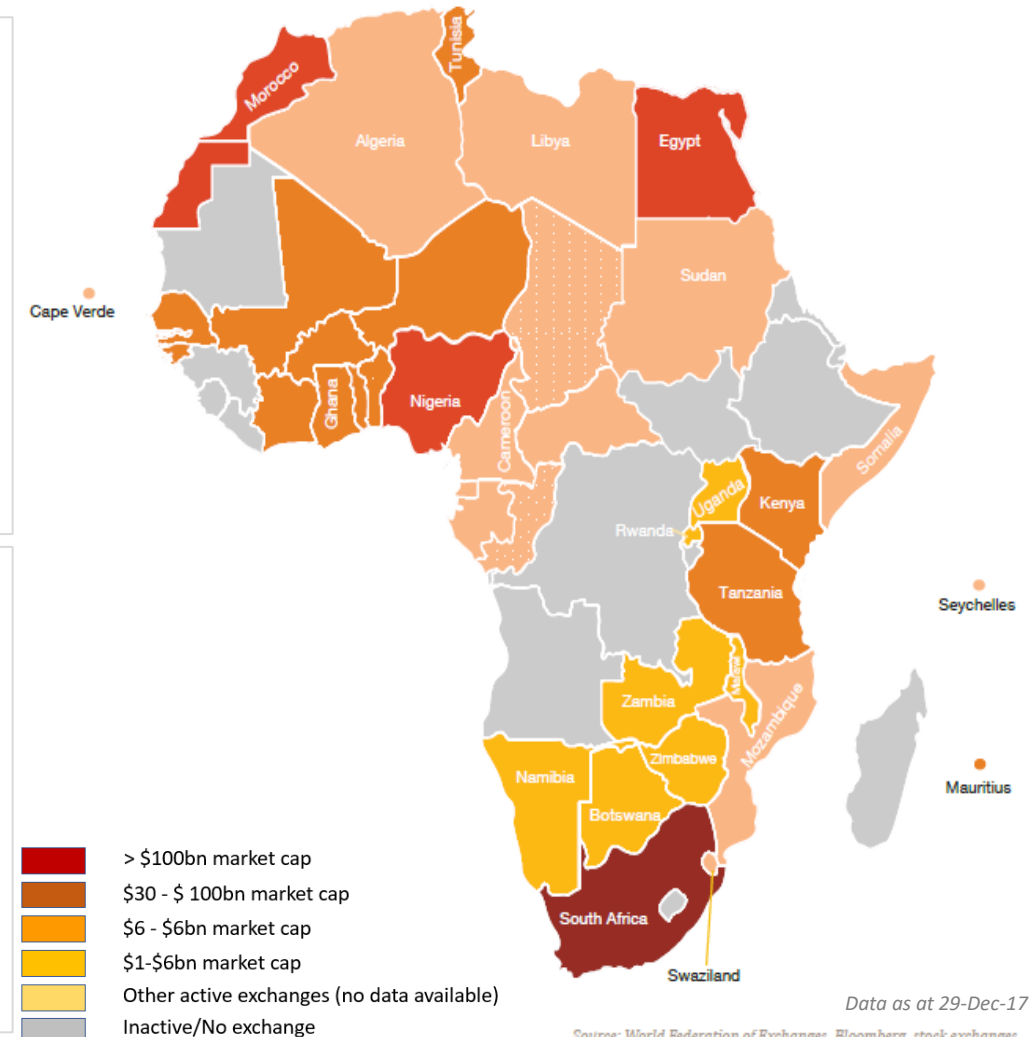
Performance of the top 20 (out of 81) exchanges accredited with the World Federation of Exchanges



*Liquidity calculated as average value of shares traded over 12m / market cap

Source: World Federation of Exchanges, Questco analysis

The JSE is, by some way, the largest stock exchange in Africa



Data as at 29-Dec-17

Source: World Federation of Exchanges, Bloomberg, stock exchanges
Source: PWC African Capital Markets Watch 2017

JSE has been in existence for >130 years

505 listed companies and more than 800 securities

As at 31 Dec 2017

41% liquidity*

As at 30 Sept 2018

Aggregate market cap: USD988 billion

As at 30 Sept 2018

18th largest stock exchange in the world by market capitalisation

As at 30 Sept 2018

EQUITY CAPITAL MARKETS | CAPITAL RAISING TRENDS IN AFRICA

The African equity market has seen 30 Initial Public Offers (“IPOs”) in 2017 (15 of which were on the JSE) raising USD2.9 billion of capital, with an aggregate 141 IPOs from 2013-2017, which resulted in capital raising proceeds totalling USD8.8 billion for the period.

Follow on offers (“FOs”) accounted for 337 transactions in the 2013-2017 period culminating in a total value of USD43.3 billion being raised with USD10.5 billion being raised in 2017 alone.

JSE listed companies accounted for 251 of the 337 FO transactions, with an aggregate value of USD37.7 billion for the 2013-2017 period.

More than R767 billion has been raised on the JSE in the last 5 years

Capital raised from JSE IPOs in 2017 increased by 178% in USD terms (to USD2.2bn) compared to 2016

Capital raised from JSE FOs in 2017 increased by 47% in USD terms (to USD9.1bn) compared to 2016

SA capital markets remain attractive to SA equity investors

<i>Amounts in USDm</i>												
IPOs	2013		2014		2015		2016		2017		TOTAL	
	Number of IPOs	Capital raised (USD)	Number of IPOs	Capital raised (USD)	Number of IPOs	Capital raised (USD)	Number of IPOs	Capital raised (USD)	Number of IPOs	Capital raised (USD)	Number of IPOs	Capital raised (USD)
South Africa	4	261	10	742	15	659	10	823	15	2 289	54	4 774
JSE	4	261	9	734	12	640	7	706	12	2 276	44	4 617
JSE AltX	-	-	1	8	3	19	3	117	3	13	10	157
Other Africa	18	592	18	980	18	1 027	18	860	15	578	87	4 037
TOTAL	22	853	28	1 722	33	1 686	28	1 683	30	2 867	141	8 811
FOs	2013		2014		2015		2016		2017		TOTAL	
	Number of FOs	Capital raised (USD)	Number of FOs	Capital raised (USD)	Number of FOs	Capital raised (USD)	Number of FOs	Capital raised (USD)	Number of FOs	Capital raised (USD)	Number of FOs	Capital raised (USD)
South Africa	35	4 458	52	8 156	71	9 750	46	6 212	47	9 081	251	37 657
JSE	34	4 458	48	8 086	66	9 603	43	5 904	42	8 649	233	36 700
JSE AltX	1	-	4	70	5	147	3	308	5	432	18	957
Other Africa	7	619	10	1 177	15	1 459	20	957	34	1 468	86	5 680
TOTAL	42	5 077	62	9 333	86	11 209	66	7 169	81	10 549	337	43 337
TOTAL CAPITAL RAISED		5 930		11 055		12 895		8 852		13 416		52 148

Source: PWC African Capital Markets Watch 2017

EQUITY CAPITAL MARKETS | CAPITAL RAISING TRENDS ON THE JSE

In 2018, SA was ranked 25th globally in terms of ability to raise capital through equity

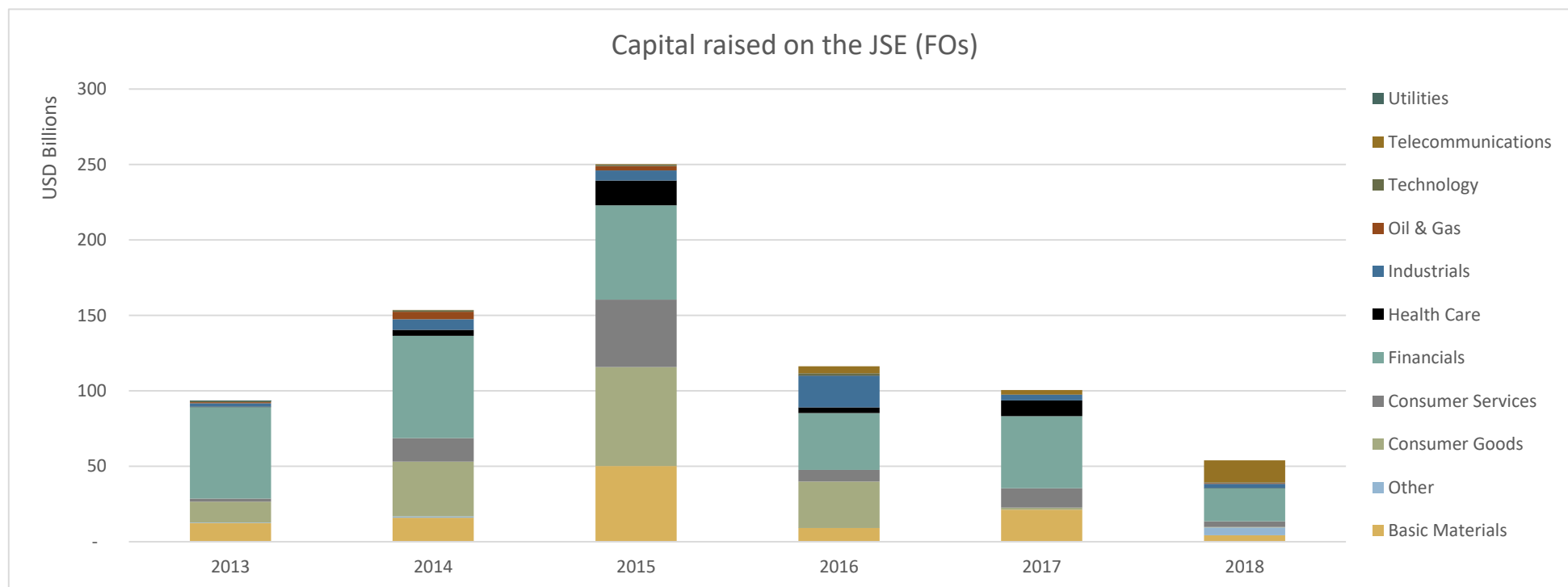
[World Economic Forum, Global Competitive Report, 2018]

South Africa has an active market for equity capital raises across all sectors. FO activity comes in the form of Exercise of Options ("EO"), Share Incentive Schemes ("SS"), General Issues of Instruments for Cash ("GI"), Acquisition Issues ("AI"), Specific Issues of Instruments for Cash ("SI") and Rights Offers ("RO").

Excluding EO and SS activity, R713 billion was raised by JSE listed companies from 2013 - 2018, indicating that the JSE has sufficient investor interest to fund worthy companies with quality investable opportunities.

More than R767.3 billion raised in FO activity on the JSE since 2013 across all sectors with more than R53.8 billion being raised in 2018

More than R112.9 billion raised in FO activity since 2013 in the basic materials sector, with more than R4.3 billion being raised in 2018



Note: Includes EO, SS, GI, AI, SI and ROs.

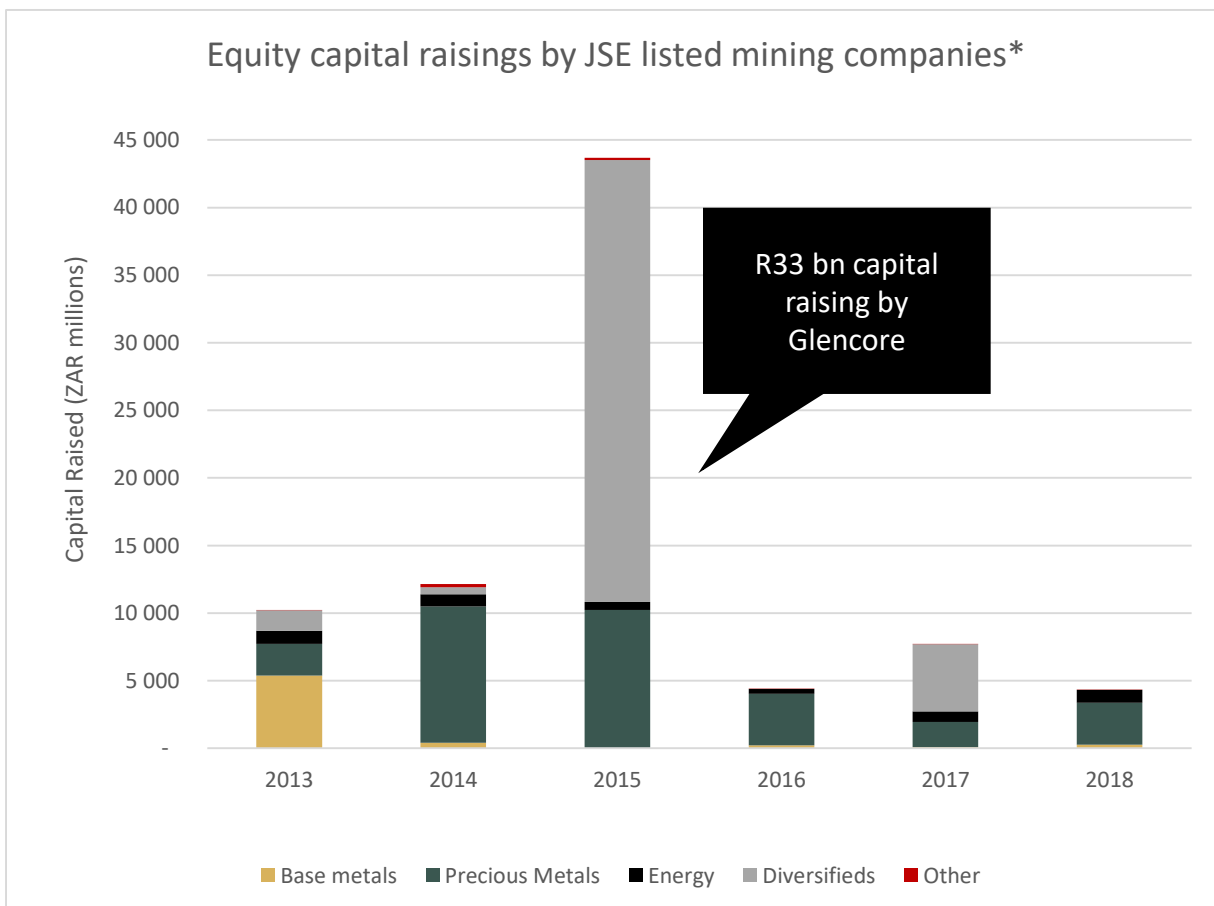
2018 data reflects unadjusted year to date as at 22 November 2018

Source: JSE Limited, Questco analysis

Equity capital (including EO and SS) raised on the JSE in the Basic Materials sector over the preceding 5 years was R112.9 billion, with R4.3 billion raised in 2018 to date (as at 22 November 2018).

Over R12 billion of equity capital has been raised in the basic materials sector of the JSE over 2017 and 2018 YTD

The aggregate market capitalisation of all companies listed on the JSE in the basic materials sector was R2.4 trillion as at 22 November 2018



Source: JSE Limited, Questco analysis, Factset

*Note: Includes EO, SS, GI, AI, SI and ROs.

JSE'S SIX LARGEST CAPITAL RAISES IN 2018 (BASIC MATERIALS SECTOR)

R1.3 Billion

R862 million

R517 million

R437 million

R249 million

R242 million

The Public Investment Corporation (“PIC”) is a South African state owned entity, responsible for investing the South African Government Employees Pension Fund, with over c. R2 trillion of assets under management (“AUM”) making it one of Africa’s largest asset managers.

The PIC currently invests in 205 JSE listed companies with its holdings equating to c. R58.8 billion*.

With specific regard to mining companies, the PIC currently invests directly in 9 JSE listed mining companies with its holdings valued at c.R6.4 billion as at 22 November 2018, as set out in the table on the right.

The PIC is invested directly in the following mining companies (and indirectly in many others) – indicating that it remains supportive of the SA mining sector

Company	Market Value (ZAR m)	Holdings (%)
Anglo American Plc	3,990	13.3
BHP Billiton Plc	1,275	3.0
Anglogold Ashanti Ltd	377	9.1
Anglo American Platinum Ltd	310	3.5
Northam Platinum Ltd	170	11.3
African Rainbow Minerals Ltd	142	7.0
Assore Ltd	74	2.4
Lonmin Plc	47	29.2
Merafe Resources Ltd	1	0.5
Total	6,386	

Source: Factset

The PIC generally takes a significant, but less than controlling, shareholding in JSE listed companies

*Source: Factset

Institutional shareholders globally continue to see value in JSE listed mining companies - The institutional ownership (excl. PIC) of the top 10 JSE listed mining companies (excluding BHP Billiton, due to limitations on the availability of the information) have been detailed below, stating the value and percentage held by the top five asset managers.

Glencore	Market Value Held (ZAR m)	% Held	Assore*	Market Value Held (ZAR m)	% Held	Exxaro*	Market Value Held (ZAR m)	% Held	Northam Platinum*	Market Value Held (ZAR m)	% Held	Anglo Platinum*	Market Value Held (ZAR m)	% Held
Harris Associates	26,980	3.86	Investec Asset Management	1,753	4.15	Investec Asset Management	2,070	4.24	Coronation Asset Management	2,290	11.11	Northern Trust	1,188	0.95
Norges Bank Investment	17,940	2.57	Amundi Asset Management	1,341	3.17	The Vanguard Group	1,184	2.43	Sanlam Investment Management	643	3.12	The Vanguard Group	970	0.78
OppenheimerFunds	17,052	2.44	The Vanguard Group	332	0.79	Northern Trust Global Investments	1,179	2.42	Foord Asset Management	495	2.40	Investec Asset Management	754	0.61
The Vanguard Group	15,001	2.15	Oasis Asset Management	261	0.62	Old Mutual	925	1.90	Alexander Forbes Investments	472	2.29	PSG Asset Management	671	0.54
Capital Research & Management	14,918	2.14	Dimensional Fund Advisors	161	0.38	Dimensional Fund Advisors	818	1.68	The Vanguard Group	467	2.27	Eskom Pension Fund	462	0.37

South32	Market Value Held (ZAR m)	% Held	African Rainbow Minerals*	Market Value Held (ZAR m)	% Held	Anglogold*	Market Value Held (ZAR m)	% Held	Impala Platinum*	Market Value Held (ZAR m)	% Held	Gold Fields*	Market Value Held (ZAR m)	% Held
Schroder Investment Management	10,183	6.34	Kagiso Asset Management	1,635	5.59	The Vanguard Group	1,967	3.37	Allan Gray	2,183	9.03	Allan Gray	1,205	3.50
BlackRock Fund Advisors	4,873	3.04	Allan Gray	1,363	4.66	BlackRock Fund	1,149	1.97	Investec Asset Management	966	4.00	The Vanguard Group	1,164	3.38
Vanguard Investments Australia	4,549	2.83	Investec Asset Management	1,326	4.54	Old Mutual	887	1.52	The Vanguard Group	719	2.97	BlackRock Fund	712	2.07
Norges Bank Investment Management	3,725	2.32	Fairtree Capital	1,015	3.47	Norges Bank Investment Management	737	1.26	Norges Bank Investment Management	611	2.53	Wellington Management	356	1.03
The Vanguard Group	3,520	2.19	Dimensional Fund Advisors	648	2.22	Abu Dhabi Investment Authority	623	1.07	Kopernik Global Investors	577	2.38	APG Asset Management	318	0.92

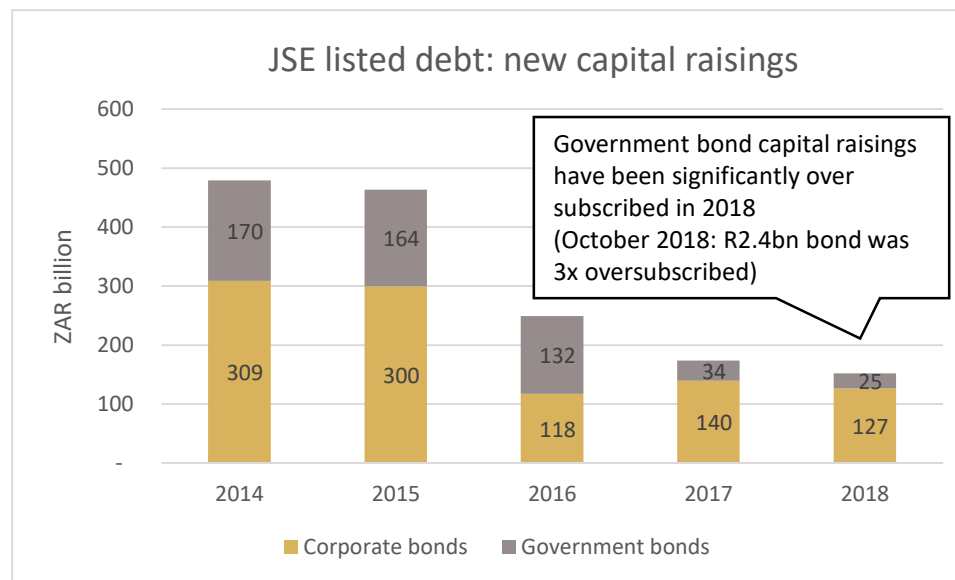
The JSE continues to attract inward listing of non-SA domiciled issuers seeking to access the local bond market

More than R152 billion was raised from SA listed debt in 2018 (R25 billion of which was attributable to government bonds), bringing the total value of listed debt to nearly R3 trillion

Government bonds being up to 3 times over-subscribed in 2018, indicates that global investors still see value in investing in SA

Listed debt

- Debt capital markets in South Africa remain resilient, despite global trade wars, Brexit concerns and interest rates in the United States.
- In 2017/2018, the depth of the South African market attracted a number of non-South African domiciled issuers seeking to access the local bond market through inward listings - these included institutions such as the International Finance Corporation raising ZAR bonds for local project funding and the Republic of Namibia raising a sovereign ZAR-denominated bond for ongoing deployment in Namibia's infrastructure development programme.
- The JSE regulates the largest listed Debt Market in Africa, both by market capitalisation and by liquidity. It has done so since 2009, when it acquired the Bond Exchange of South Africa. This market currently has listed debt with a total value of R2.8 trillion as at 22 November 2018. New debt listings in 2018 total R152 billion to date.
- The JSE's debt markets include –
 - **Government bonds:** More than R1 trillion is currently listed and these instruments account for 90% of all liquidity reported to the JSE, which has seen daily spikes in excess of R200 billion, testimony to the liquidity and efficiency of the market
 - **Corporate bonds:** More than 1 500 corporate bonds have been listed on the JSE Debt Market. Liquidity remains relatively low compared with government debt, but issuance keeps growing.



The sovereign bonds bear yield to maturities that range from 3.378% (EURO denominated) to 9.919% (ZAR denominated).

South African government bonds have been awarded a stable outlook by both S&P and Moody's rating agencies

Corporate bonds play a less important role in financing of capex in the mining space (listed bonds require critical mass to drive appetite and pricing), with capital ordinarily funded through a combination of shareholder equity and bank debt.

Mining companies in aggregate had R4.4 billion of listed debt outstanding as at 22 November 2018.

Northam, Exxaro and Anglo American are the only mining companies on the JSE with listed debt.

In 2018, SA was ranked 37th globally in terms of the soundness of its banks

[World Economic Forum, Global Competitive Report, 2018]

Commercial / unlisted debt

South African banks continue to rate highly in terms of governance and oversight, a strong and transparent regulatory regime, maintenance of robust capital adequacy ratios, and the demands of operating in a developing country environment.

South Africa's banking sector is dominated by five large banks, which collectively held 90.5% of the total banking sector assets as at 31 December 2017 (31 December 2016: 90.7%). Local branches of foreign banks held 5.9% of banking sector assets as at the end of December 2017 (December 2016: 5.8%), while other registered banks collectively represented 3.7% (December 2016: 3.5%).

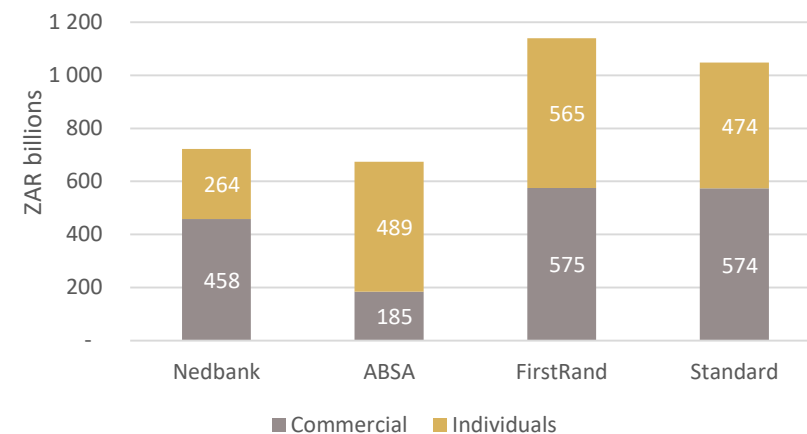
Total banking sector assets amounted to R5.2 trillion at the end of 2017 compared to R4.9 trillion at the end of 2016. The annual growth rate in banking sector assets was 5.7% at the end of 2017 (December 2016: 1.0%). The growth in banking sector assets in 2017 was apparent through increases in loans and advances, investment and trading securities, short-term negotiable securities and derivatives.

An aggregate R3.6 trillion of loans and advances (of which, R1.8 trillion were commercial loans) were advanced by Nedbank, ABSA, FirstRand and Standard Bank* during 2017, with FirstRand and Standard Bank comprising the majority of the commercial market share (c. 60% in aggregate).

The SA banking sector is well-regarded globally in terms of governance and regulation

Banking sector assets of R5.2 trillion at the end of 2017 suggest that the banking sector remains well capitalised

Loans & advances (FY17) of top 4 banks*

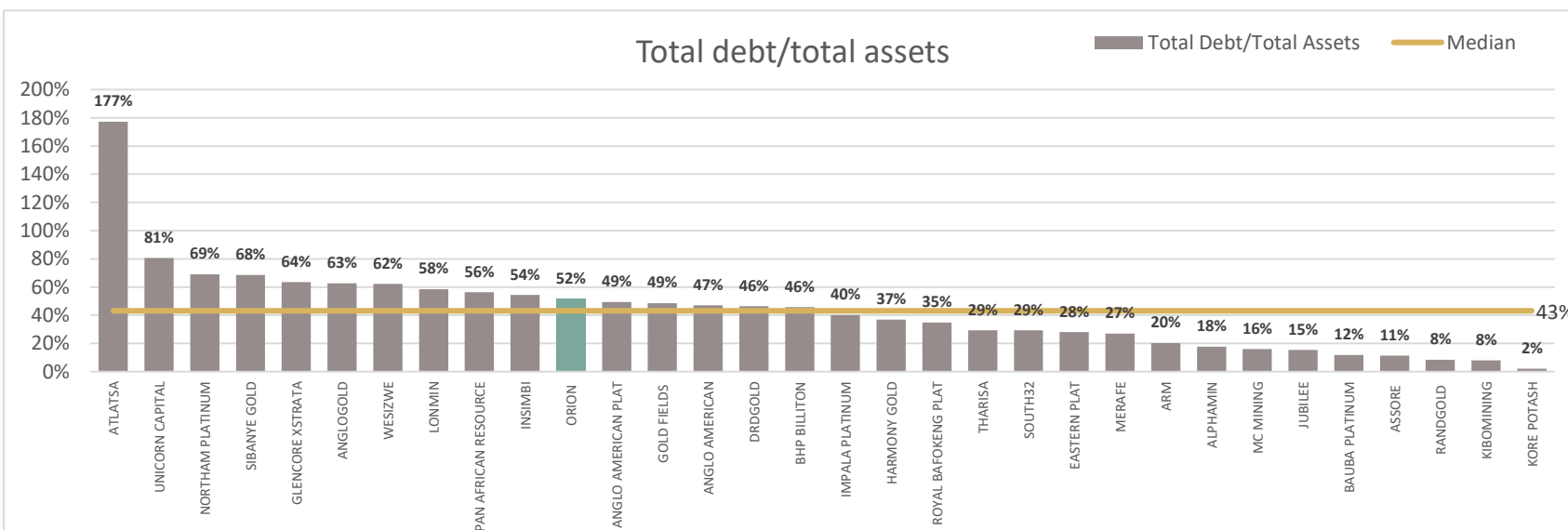
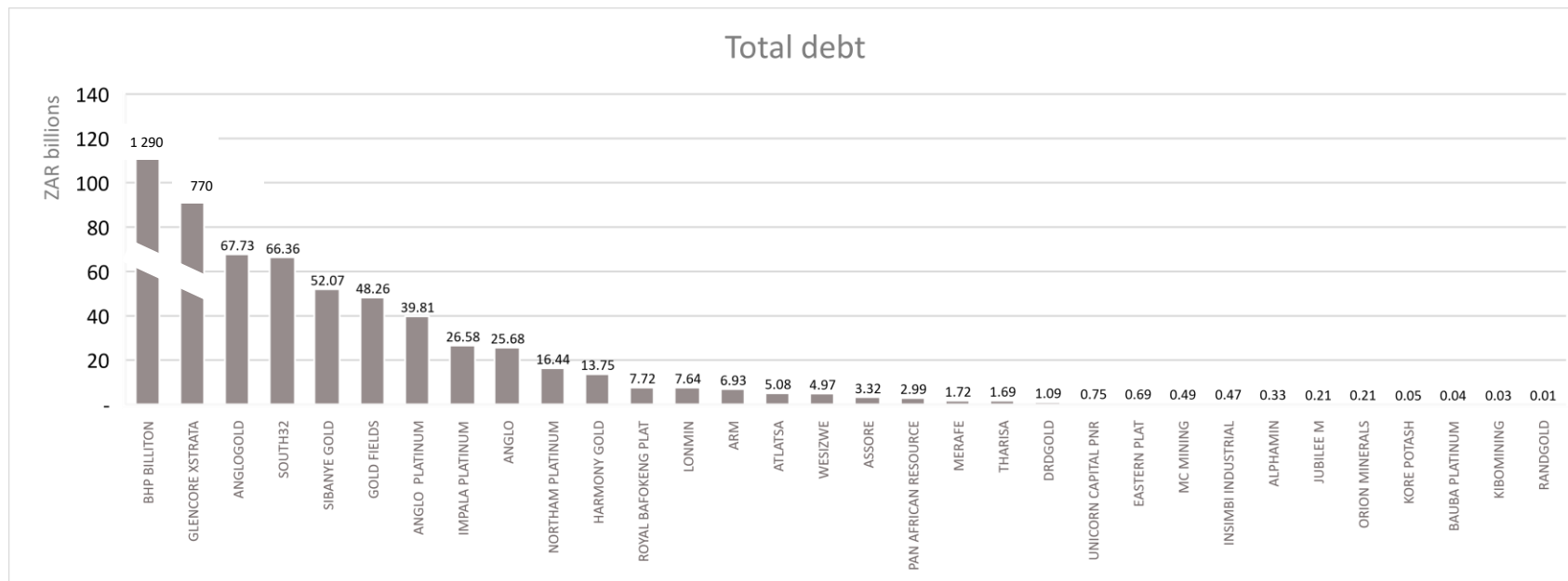


*Excludes Capitec given its retail focus

An analysis of the debt profiles of the 32 mining companies listed on the JSE shows that, during the 2017 financial year, these companies reported aggregate debt levels of R1.8 trillion against assets of R3.1 trillion, implying an average debt:assets ratio of 43%.

Several of the mining companies analysed utilise a combination of project specific financing, revolving credit facilities, listed debt and finance leases as a way to fund their operations.

Whilst this analysis includes debt secured by JSE listed mining companies from both SA and global banks, the distinction has not been made between local and offshore debt as both are indicative of the appetite for funding of mining companies listed on the JSE – a company may choose offshore sources of debt from a cost perspective



CONCLUSION

- Equity capital markets in South Africa remain resilient, supported by –
 - a stock exchange that competes favourably with its global counterparts in terms of size and liquidity;
 - a capitalised sovereign investor in the PIC that continues to support investment in the SA economy and particularly in the mining space where job creation and social redistribution are most notably felt, despite the internal challenges that it has faced (which have been confined, to the most part, to its unlisted investment arm); and
 - asset managers, both local and globally, that continue to show their support through significant investment on the JSE and, in particular, in the mining sector.
- South African debt capital markets remain a significant source of new and replacement capital to South African companies. The JSE continues to attract inward listing of non-SA domiciled issuers seeking to access the local bond market whilst JSE listed companies continue to secure funding both locally and abroad for attractive / competitive projects.

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