



Orion Minerals_{NL}

ASX RELEASE: 18 AUGUST 2017

Tembo Capital increases its investment in Orion through \$1.75M Share Placement and \$6M Bridge Loan to advance the Prieska Zinc-Copper Project

- ▶ **Leading mining-focused private equity group Tembo Capital confirms its continued support of Orion through a \$1.75M Share Placement in the Company at 2.4 cents per Share and a \$6M Bridge Loan, in addition to the previous \$3M Share placement and \$3M in Orion convertible notes which it already holds.**
- ▶ **Following the Share Placement, Tembo's stake in Orion will increase to 19.99% of the Company.**
- ▶ **The funding underpins the current intensive drilling campaign at the Prieska Zinc-Copper Project, where significant drill results have been returned in recent months. The ongoing drill program is aimed at generating a JORC compliant Mineral Resource estimate to support the bankable feasibility study now underway.**

Orion Minerals NL (ASX: ORN) (Orion or the Company) is pleased to advise that leading mining-focused private equity group Tembo Capital Mining Fund II LP (**Tembo**), has confirmed its continued support of Orion via a \$1.75M share placement in the Company at 2.4 cents per share and a \$6M bridge loan, providing a major boost to its base metal development strategy in South Africa.

Orion's Chairman, Denis Waddell, commented on Tembo's increased investment:

"We are very pleased with Tembo's ongoing support as it enables the continued rapid advance of the Prieska Zinc-Copper Project through resource definition drilling and bankable feasibility studies. Tembo's further financial commitment, after positive exploration and engineering progress as reported from Prieska in recent weeks, confirms the high quality of Orion's advanced stage zinc-copper project."

Orion has entered into an agreement with Tembo whereby its affiliate, Ndovu Capital X BV will subscribe for 73M ordinary Orion shares (**Shares**) through the placement of Shares to raise \$1.75M at an issue price of 2.4 cents per Share (**Placement**). In addition to the Placement, a \$6M bridge loan facility has been agreed with Tembo (**Bridge Loan Agreement**).

Under the terms of Bridge Loan Agreement, Orion has agreed that it will use best endeavours to undertake a capital raising by 15 December 2017, to raise additional equity to progress the Prieska Zinc-Copper Project (**Prieska Project**) bankable feasibility study (**BFS**) and to continue its South African exploration programs. Orion has also agreed that Tembo will be offered the opportunity to participate in the sub-underwriting of any rights issue on standard market terms and conditions.

Orion Minerals NL
ASX Code: ORN
Ordinary shares on issue: 990m
Options: 217m

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Proceeds from the Placement and Bridge Loan will be used principally to progress the intensive resource drilling campaign at the Company's Prieska Project, where significant drill results have been returned in recent months (refer ASX releases 27 July 2017, 17 July 2017 and 25 May 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 recently commenced 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 on the Company's Northern Cape South African tenements and for general working capital purposes.

Tembo's agreement to the Placement and the Bridge Loan Agreement follows its decision to become a cornerstone shareholder in Orion to facilitate the acquisition of the Prieska Project via a \$3M Share placement at an issue price of 2.4 cents per Share and its initial \$3M investment in Orion by way of a convertible notes issue in March 2017. On 17 March 2017, the Company announced that it had issued 232,692,294 convertible notes each with a face value of 2.6 cents per convertible note, raising \$6.05M.

The Placement forms part of a proposed placement, approved by Shareholders in accordance with ASX Listing Rule 7.1 at a general meeting held on 17 May 2017, of a maximum of 200M Shares to Tembo (or its nominees) and/or sophisticated and professional investors at an issue price of 2.4 cents each to raise a maximum of \$4.8M no later than 17 August 2017. On 31 May 2017, Tembo elected to subscribe for 125M Shares for \$3M following completion of satisfactory due diligence in relation to the Company pursuant to its right to subscribe for up to 197.5M Shares, being that number which would give Tembo a 19.9% stake in the issued capital of the Company. Tembo has agreed to subscribe for an additional 73M Shares of the remaining 75M Shares at an issue price of 2.4 cents each, being \$1.75M in total.

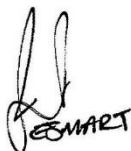
Tembo's \$1.75M Share Placement will result in it holding a 19.99% stake in Orion following the Placement.

The key terms of the Bridge Loan Agreement are:

- **Bridge Loan Amount** - Up to \$6M, available in two tranches. The first tranche is to be in one instalment of \$3M and the second tranche is to be in minimum instalments of \$1M each;
- **Interest** - capitalised at 12% per annum accrued daily on the amount drawn down;
- **Repayment** - repayable on the earlier of 15 December 2017 and the completion of a capital raising(s) whether by way of a pro rata issue and/ or security purchase plan of Shares and/or a placement or placements of Shares undertaken by the Company to raise such amount as is required, in Tembo's reasonable opinion, to progress the Prieska Project BFS, continue exploration programs at the Company's South African projects and for working capital (**Equity Capital Raising**);
- **Equity Capital Raising** - the Company will use its best endeavours to undertake an Equity Capital Raising before 15 December 2017. Orion shall procure that Tembo (or its affiliate) is offered the right to underwrite or sub-underwrite any pro rata issue and/or security purchase plan which form part of an Equity Capital Raising, on standard market terms and conditions;
- **Set-off under Entitlement Offer** - repayment of the Bridge Loan will be set off against the amount to be paid by Tembo for the issue and allotment of Shares to Tembo under the Equity Capital Raising and/or at Tembo's election against the underwriting amount payable by Tembo in respect of any shortfall under any 'pro rata issue' which form part of an Equity Capital Raising in its capacity as underwriter or sub-underwriter. Any surplus amount owing by Tembo after the set-off will be paid by Tembo in accordance with the terms of the relevant Equity Capital Raising and the underwriting arrangements (as applicable);
- **Establishment fee** - capitalised at 5% of the Bridge Loan facility amount; and
- **Security** - the Bridge Loan is unsecured.

About Tembo

Tembo is a private equity group targeting junior and mid-tier mining investment opportunities in developing countries. Tembo has technical and financial experience with in-house expertise in the fields of geology, mine engineering, metallurgy, mining finance and private equity. This experience, coupled with a strong network of relationships in the mining industry, enables Tembo to add long-term value to its investments through technical input, strategic guidance, financial structuring advice and industry introductions. Tembo aims to work collaboratively with its investee companies through a long term partnership-type approach.



Errol Smart
Managing Director and CEO

ENQUIRIES

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Competent Persons Statement

The information in this report that relates to Orion's Exploration Results at the Prieska Project complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and has been compiled and assessed under the supervision of Mr Errol Smart, Orion Minerals Managing Director. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a ROPO for JORC purposes and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Smart consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Disclaimer

This release may include forward-looking statements. Such forward-looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion. Actual results and developments may vary materially from those expressed in this release. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Orion makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release. All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this release. To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

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