



Orion Minerals_{NL}

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Tembo Capital extends repayment terms of \$6M Bridge Loan advanced for the Prieska Zinc-Copper Project

- ▶ Private equity group Tembo Capital extends the term of the \$6M Bridge Loan, confirming its continued support of Orion.
- ▶ The extension to the term of the Bridge Loan, combined with the recently announced Share placement, underpins the intensive drilling campaign and bankable feasibility study at the Prieska Zinc-Copper Project
- ▶ The ongoing drill program, which has returned significant results in the past four months, is aimed at generating a JORC compliant Mineral Resource estimate to support the bankable feasibility study now underway.

Orion Minerals NL (ASX/JSE: ORN) (Orion or the Company) is pleased to advise that mining-focused, private equity group Tembo Capital (Tembo), has confirmed its continued support of Orion through an extension to the term of the \$6M bridge loan facility from 15 December 2017 to 31 May 2018.

On 18 August 2017, Orion announced that a \$6M bridge loan facility had been agreed with Tembo Capital Mining Fund II LP (Bridge Loan Agreement). In addition to the Bridge Loan, Tembo's affiliate, Ndovu Capital X BV subscribed 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.

Under the terms of Bridge Loan Agreement, Orion agreed that it will use best endeavours to undertake a capital raising by 15 December 2017 (now extended to 31 May 2018), 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 (refer to ASX release 18 August 2017 for key terms of the Bridge Loan Agreement).

Following the announcement of the Bridge Loan, on 30 October 2017, Orion advised that it is undertaking a \$5.5M capital raising. The placement to sophisticated and professional investors will be for up to 229.167M Shares at an issue price of 2.4 cents per Share. The capital raising will occur in two stages, being:

- Tranche 1 – 144.583M Shares using the Company's 15% placement capacity under ASX Listing Rule 7.1 to raise \$3.47M. Tranche 1 Shares were issued on 3 November 2017; and
- Tranche 2 - up to 84.583M Shares to raise \$2.03M (subject to shareholder approval, at a general meeting of shareholder to be held 13 December 2017 (General Meeting)).

In addition, approval will also be sought at the General Meeting for Orion's Chairman, Mr Denis Waddell to subscribe for up to 10.4M Shares at 2.4 cents, to raise \$0.25M,

(together the Placement).

As announced on 12 April 2017, the Company entered into an agreement with Tembo in respect of a placement and strategic relationship with Tembo, pursuant to which Tembo was granted an anti-dilution right to maintain its percentage holding in the Company where the Company conducts subsequent equity raisings (**Top-up Right**).

Tembo's interest in the Company will be diluted as a result of the Placement. Accordingly, under the Top-up Right, the Company will offer Tembo the right to subscribe for that number of Shares which would allow Tembo to maintain its percentage holding in the Company (**Top-up Shares**) at an issue price of 2.4 cents. Assuming that all Shares under the Placement are issued, the maximum number of Top-up Shares to be offered to Tembo is 60M (\$1.4M). At a shareholder meeting to be held on 13 December 2017, the Company is seeking approval for the issue of the maximum Top-up Shares at a deemed issue price of 2.4 cents, which is the same issue price as the Shares being offered under the Placement.

Top-Up Shares may be issued in consideration for reducing the amount re-payable to Tembo under the Bridge Loan at the deemed issue price of 2.4 cents per Share.

The extension to the term of the Bridge Loan relieves Orion of its requirement to repay the Bridge Loan by 15 December 2017 ensuring that proceeds from the Placement and Bridge Loan can 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. 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 the substantial dataset relating to historical mining and processing, as well as the new information being generated by the onsite activities. Funds will also be used for working capital purposes and to continue regional and near mine exploration programs, including an airborne electromagnetic survey and regional geochemistry on the Company's Northern Cape, South African tenements.

As part of the terms of amendment to the Bridge Loan Agreement, Orion has agreed to an increase in the establishment fee from 5% to 6.67% of the Bridge Loan facility amount (capitalised). Orion has drawn down a total of \$5M against the Bridge Loan facility.

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.



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ENQUIRIES

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