



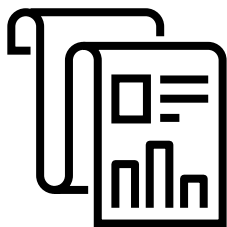
Orion Minerals

2020

ANNUAL REPORT

*Accelerating delivery,
unlocking value*





Forward-looking statements

This report may include forward-looking statements. Such forward-looking statements:

- are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Orion, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;
- involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and
- 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.

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The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All forward-looking statements made in this report are qualified by the foregoing cautionary statements. Readers of this report are cautioned that forward-looking statements are not guarantees of future performance and are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this report (where applicable) and relevant ASX announcements released by Orion.

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- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this report, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

ABOUT THIS REPORT

This Annual Report is a summary of the operations, activities and performance of Orion Minerals Limited ABN 76 098 939 274 and its financial position for the year ended 30 June 2020.

In this report, unless otherwise stated, references to Orion Minerals, Orion, Company, we, us and our, refer to Orion Minerals Limited.

Monetary amounts in this document are reported in Australian dollars (AUD, \$), unless otherwise stated.

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CORPORATE PROFILE

VALUES



Prioritising **employee health and safety**



Committed to **community engagement and corporate social responsibility**



Promoting **technology advancement**



Driving **education and skills development**



Adopting a **pioneering spirit**

KEY ACHIEVEMENTS IN 2020



Rapid and effective response to the COVID-19 pandemic, with appropriate lockdown and work protocols implemented, non-essential activities curtailed and significant cost reductions across the business.



Updated mine Bankable Feasibility Study (BFS) for the Prieska Copper-Zinc Project in South Africa completed in May 2020, with the study delivering numerous improvements on the previous June 2019 study.



Key outcomes of the updated BFS included a **43% increase in undiscounted pre-tax free cash flows to AUD1.6 billion**, a 36% increase in NPV (8% discount) to AUD779 million, an increase in mine life to 12 years and a reduced capital payback period.



Prieska Project fully permitted following the grant of the Prieska Copper Zinc Mine (**PCZM**) (formerly Repli) Mining Right in August 2019 and the grant of the Vardocube Mining Right and the PCZM Water Use Licence in August 2020.



Completion of **Black Economic Empowerment (BEE) ownership restructure** to achieve full compliance with the objectives of South Africa's Mining Charter 2018.



Successful **AUD9.5 million capital raising completed** in December 2019 to support ongoing optimisation studies and operational readiness activities at Prieska.



A further **AUD6.2 million raised subsequent to the end of the reporting period** to progress final permitting at Prieska and advance key funding and partnering negotiations.



Major shareholder, Tembo Capital, advanced a **AUD2.0 million loan** and **subsequent to the end of the reporting period**, confirmed its continued support by converting the balance of the loan to Shares, enabling Orion to **repay the loan in full** (subject to shareholder and FIRB approvals).

CORPORATE PROFILE

ORION PROJECTS IN SOUTH AFRICA AND AUSTRALIA

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PROJECT LOCATIONS





*Orion Minerals is well on its way to becoming a new-generation Australian-South African mining company through the development of its flagship Prieska Copper-Zinc Project, located in South Africa's Northern Cape Province (**Prieska Project**).*

Based on a globally significant Volcanic Massive Sulphide (**VMS**) deposit with a Foundation Phase delineated Mineral Resource of 30.49Mt at 1.2% Cu and 3.7% Zn, Prieska is slated for development as an initial 12-year, 2.4Mtpa operation targeting 22ktpa Cu and 70ktpa Zn with globally competitive costs, strong margins and financials.

An updated Bankable Feasibility Study (**BFS**), completed in May 2020, delivered a substantial increase in production, cash flow and mine life for the Prieska Project.

This fully permitted project is forecast to deliver AUD1.6 billion of pre-tax free-cash-flow over the initial Foundation Phase and has a pre-tax Net Present Value of AUD779 million (at an 8% discount rate). The Prieska Project aims to deliver sound commercial returns while also establishing mine infrastructure and operational capacity

that will become a platform for further mining of deposit extensions and the exploration and mine development of neighbouring prospects (**Foundation Phase**). The initial 12-year life of mine plan delivers an impressive 47% all-in-sustaining margin and is underpinned by a robust mine plan delivering more payable metal in differentiated high quality copper and zinc concentrates.

Capital payback period is less than two-and-a-half years from first production and production start-up is targeted for 2024, market conditions permitting.

Meanwhile, there is further scope to significantly extend the mine life, given that the deposit remains open both at depth and along strike. Potential satellite discoveries both near-mine and within the broader region provides the opportunity to potentially operate in this district for many decades to come.

Sustainable development goals have been planned at the outset with strategies in place to increase the use of renewable energy and reduce the carbon footprint. Water conservation and recycling in the dry and arid conditions at the project has also been maximised.

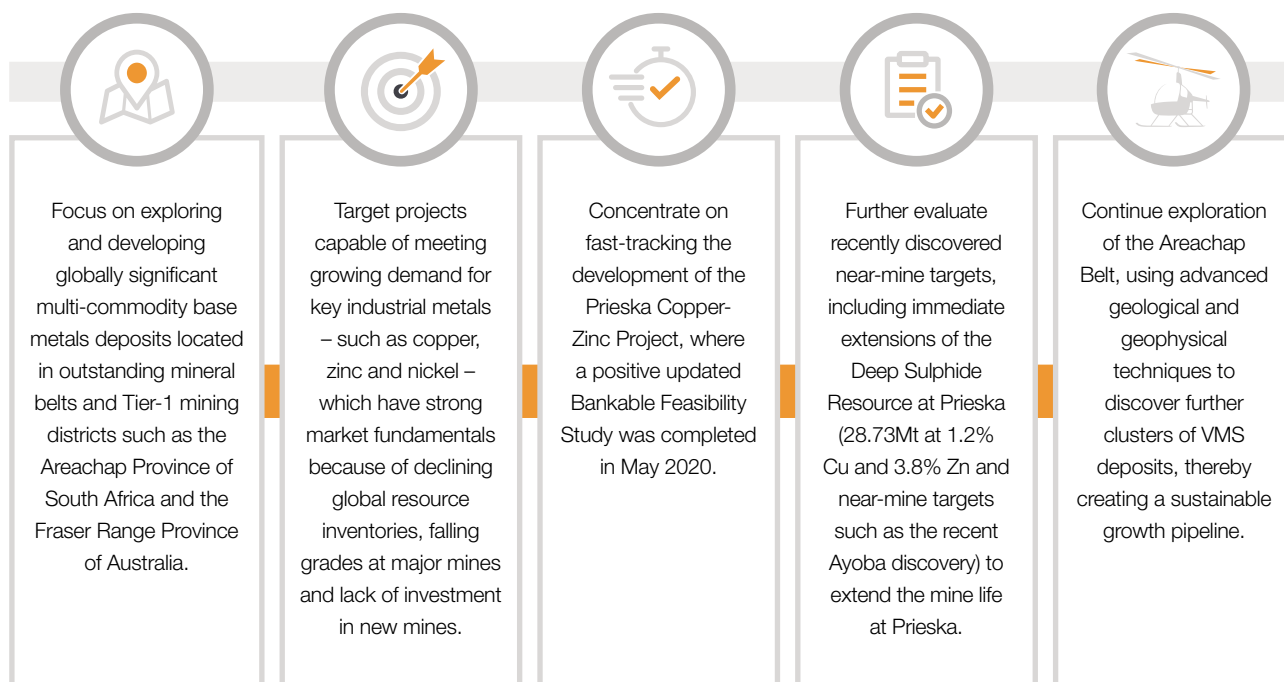
The business plan also provides a clear roadmap for progressive 4IR adoption, which should deliver high productivity and personnel well-being gains to our workforce.

CORPORATE PROFILE

STRATEGY *continued*

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ORION'S STRATEGY IS TO:



ORION AT A GLANCE

- **Flagship Prieska Copper-Zinc Project** – accessing globally significant VMS deposit in Northern Cape Province, South Africa
- **Bankable** – updated BFS following successful optimisation & value engineering
 - **Foundation Phase Mineral Resource** – 30.49Mt at 1.2% Cu and 3.7% Zn
 - Development of an initial 12-year, 2.4Mtpa operation targeting production of 22ktpa copper and 70ktpa zinc **at globally competitive costs, strong margins and financials**
- **Fully permitted** as of August 2020
- **Ready to build** – project financing and strategic partner discussions well advanced
- Sustainable development **planned from the outset**
 - **Increase use of renewable energy** and reduce the carbon footprint
 - **Water conservation and recycling** in the dry and arid conditions at the project **maximised**
- **Progressive 4IR adoption** – clear roadmap, should deliver high productivity and personnel well-being gains for workforce
- **Economic upliftment** – well placed to play key role in local economic recovery and community development post COVID-19
- **Significant exploration pipeline in South Africa and Australia**
 - Multiple Cu-Zn-Ni-Co targets in the Northern Cape Province, South Africa
 - IGO Limited Fraser Range, Western Australia joint venture - Key Ni-Cu targets directly along trend from recent Legend Mining discovery, with air-core drilling underway ahead of planned diamond drilling

LEADERSHIP

CHAIRMAN AND MANAGING DIRECTOR/CEO REVIEW



Denis Waddell
Chairman

Errol Smart
Managing Director and Chief Executive Officer

It is our pleasure to provide a review of Orion's achievements during the 2020 financial year.

We are pleased to report on what has been a demanding yet very positive year for Orion. The significant milestones achieved during the year have positioned Orion to become a successful diversified base metals miner and explorer.

Looking back at the year in review, the most prominent achievement for Orion Minerals was to significantly improve and complete an updated BFS for our flagship Prieska Copper-Zinc Project (Prieska Project or Project).

The updated BFS was completed to the highest possible level of detail and quality, and the end result reflects substantial improvements over the June 2019 BFS. These improvements include increased free cash-flow, net present value, mine life and total metal production. We consider this an outstanding result by every measure. We are pleased to report that there is significant scope to further extend the mine life beyond the current 12 years, as the deposit remains open both at depth and along strike. There are also broader discovery opportunities to be exploited in the area, so the potential exists to operate there for many decades to come.

The updated BFS has also enhanced the Project's environmental, social, and governance outcomes. By implementing best practices consistent with sustainable development goals from the outset, we aim to increase the use of renewable energy, minimise our carbon footprint and maximise water conservation.

The other standout development during the year was the completion of permitting for the Prieska Project with the grant of the final Mining Right for the Vardocube portion of the Resource. This followed the grant of the Mining Right for the PCZM (formerly Repli) Portion in August 2019, and the issue of the Water Use Licence in August 2020.

These permitting milestones, which have been achieved in unprecedented rapid advance, make the Prieska Project one of the world's few bankable, fully permitted base metal projects, ready for development.

In just over three years, since acquiring the Project on 29 March 2017, we have drilled out a world-class Volcanic Massive Sulphide (VMS) Resource, completed a BFS and now completed all required permitting, to have a 'shovel-ready' project that stands to soon transform us into a profitable base metals producer. Importantly, we have also met our Mining Charter 2018 BEE obligations with a very strong BEE partnership now in place, which includes the establishment of the Employees and Community Trusts for the Prieska Project.

This is an exceptional achievement by our hard-working and dedicated team, 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 our business.

The COVID-19 pandemic was an unexpected and unwelcome visitor that has cast a dark shadow over markets, economies, businesses

and communities worldwide and did not spare Orion. However, the Company was able to move quickly and efficiently to respond to COVID-19, implementing measures to minimise the potential impact of the virus.

Measures, including work-from-home protocols (where it was possible) and a mandatory Code of Practice, setting out clear health and safety requirements for all of our staff and contractors, were put in place in March 2020.

We also implemented a range of cost saving and asset preservation initiatives across the business, including a revised interim remuneration structure for Directors and Executives that significantly reduced the Company's cash outlay.

Alongside these measures, we also made the difficult decision to stand down a number of our employees and contractors in light of the disruption to planned activities caused by COVID-19 lockdowns. We recognise that this has had a profound impact on these people and their families and we are hopeful that we are able to re-employ many of these previous team members as soon as possible.

We are especially proud of the way that Orion as a company, our communities and our on ground team responded to these challenges. None of our contractors or staff have contracted the disease and we have assisted our communities to successfully manage their pandemic response.

Orion continues to set new benchmarks in South Africa for community engagement by a junior exploration and development company. We maintain strong communication channels with our communities via an active Social Engagement Forum, as well as holding regular public meetings in the areas surrounding Prieska and supporting a wide range of community initiatives.

We are proud of our role within the local communities and will continue to seek opportunities to help the local area prosper and thrive.

Despite the COVID-19 disruption and the challenges presented by lockdown and travel restrictions, Orion has managed to maintain the momentum and continue with efforts to secure the debt and equity funding for the Prieska Project.

As part of the funding process, Orion has engaged Macquarie Capital to run a process to secure a suitable equity partner to finance the Prieska Project. We believe that engaging the right partner at Prieska could help us deliver an integrated funding and development package that will minimise dilution for shareholders, while retaining significant exposure to the substantial cash flows that will be generated by a long-life base metal operation.

We are confident of delivering a positive outcome on a financing and development package in the near future, allowing us to advance the world-class Prieska Project towards a final investment decision.

The strength of our position is reflected by the strong support for the capital raisings undertaken by the Company, with \$9.5 million

raised in the December 2019 Quarter by way of share placement, a further \$6.2 million raised through a share placement announced in August 2020 and a loan of \$2.0 million advanced by our largest shareholder, Tembo Capital, which will be converted to shares (subject to shareholder and FIRB approval).

We would like to sincerely thank all investors who participated in these raisings, including our long-term cornerstone shareholder, Tembo Capital. Tembo Capital's unyielding support over the past three years for our vision to bring the world-class Prieska mine back into production has been instrumental in helping us get to this position.

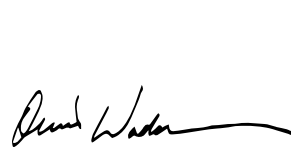
Now that we have completed a high-quality BFS and have all permitting in place, the Prieska Project is poised to play a major role in the post-COVID-19 economic recovery of the Northern Cape region of South Africa, where it promises to deliver low-cost base metals production over a long mine life. Moreover, we are fortunate to have an enviable portfolio of some of the most prospective base metals tenements on the continent under our stewardship, and these will ensure a full project development pipeline to support the Prieska Project.

The Prieska Project itself has already seen over \$36 million invested to reach this stage, with a further investment of over \$432 million anticipated over the next three years as we construct the mine, that is projected to deliver more than \$3.2 billion of product sales over its initial 12 year foundation phase.

We thank our dedicated and hard-working team members for their significant contribution and also thank their families for their ongoing support.

We also thank our BEE partners, our host communities, the Siyathemba Municipality, the Siyathemba Joint Corporate Social Investment Forum, the Orion Siyathemba Stakeholder Engagement Forum, consultants, advisors, contractors, suppliers, industry associations and regulators for their contribution and assistance during the year. We also thank our loyal shareholders for their continuing support.

We are tremendously pleased with the progress achieved during the past year and are enlivened by the prospects of imminent delivery of shareholder and stakeholder rewards.



Denis Waddell
Chairman



Errol Smart
Managing Director and
Chief Executive Officer

BOARD OF DIRECTORS



Denis Waddell
Chairman



Errol Smart
Managing Director and Chief Executive Officer



Tom Borman
Non-Executive Director



Godfrey Gomwe
Non-Executive Director



Alexander Haller
Non-Executive Director



Mark Palmer
Non-Executive Director

Denis Waddell

Chairman

Denis is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Denis founded Tanami Gold NL in 1994 and was involved with the Company as Managing Director and then Chairman and Non-Executive Director until 2012. Prior to founding Tanami Gold NL, Denis was the Finance Director of the Metana Minerals NL group. During the past 36 years, Denis has gained considerable experience in corporate finance and operations management of exploration and mining companies.

Errol Smart

Managing Director and Chief Executive Officer

Errol is a geologist, registered for JORC purposes. Mr Smart has 27 years of industry experience across all aspects of exploration, mine development and operations with experience in precious and base metals. Mr Smart has held positions in AngloGold, Cluff Mining, Metallon Gold, Clarity Minerals LionGold Corporation and African Stellar Holdings. Mr Smart's senior executive roles have been on several boards of companies listed on both the TSX and ASX and currently serves as a Director on the Board of the Mineral Council of South Africa.

Tom Borman

Non-Executive Director

Tom is a highly-experienced global mining executive who served more than 11 years working for the BHP Billiton Group in various senior managerial roles, including that of chief financial officer. He also held senior roles in strategy and business development, and served as the project manager for the merger integration transaction between BHP Limited and Billiton. After leaving BHP Billiton in 2006, Tom joined Warrior Coal Investments, where he was part of the executive team which established the portfolio of assets which became the Optimum Group of companies.

Godfrey Gomwe

Non-Executive Director

Godfrey is the former chief executive officer of Anglo American plc's Thermal Coal business, where his responsibilities included oversight over the company's manganese interests in the joint venture with BHP. Until August 2012, Godfrey was an executive director of Anglo American South Africa, prior to which he held the positions finance director and chief operating officer. He was also chairman and chief executive of Anglo American Zimbabwe Limited and served on a number of Anglo American executive committees and operating boards, including Kumba Iron Ore, Anglo American Platinum, Highveld Steel & Vanadium and Mondi South Africa.

Alexander Haller

Non-Executive Director

Alexander is a partner of Zachary Capital Management, providing advisory services to several private investment companies, including Silja Investment Ltd, focusing on principal investment activities. From 2001 to 2007 Alexander worked in the corporate finance division at JP Morgan Chase & Co. in the USA, as an advisor on mergers and acquisitions, and financing, in both equity and debt capital markets.

Mark Palmer

Non-Executive Director

Mark has 13 years of experience working with entities in Australia, including eight years with Dominion Mining. He previously worked with NM Rothschild & Sons Limited for the London mining project as part of the finance team where he was responsible for assessing mining projects globally. He later moved to the investment banking team at UBS, where his focus was global mergers and acquisitions, and equity and debt financing. He also ran the EMEA mining team at UBS, later joining Tembo Capital in 2015 as investment director.

SENIOR MANAGEMENT



Errol Smart

Managing Director and Chief Executive Officer



Walter Shamu

Chief Operating Officer



Martin Bouwmeester

Chief Financial Officer and Company Secretary



Michelle Jenkins

Executive: Finance and Administration



Louw van Schalkwyk

Executive: Exploration

Errol Smart

Managing Director and Chief Executive Officer

Errol is a geologist, registered for JORC purposes. He has some 25 years of industry experience across all aspects of exploration, mine development and operation, with a key focus on gold and base metals throughout Africa and in Australia. Errol has held positions in African Stellar, LionGold Corporation, Clarity Minerals, Metallon Gold, Cluff Mining and AngloGold.

Walter Shamu

Chief Operating Officer

Walter is a mining engineer with a BEng (Mining Engineering) and a Masters in Engineering (Rock Mechanics) from Curtin University as well as an LLB (Law) from Macquarie University in Australia. He spent 12 years in the Australasian mining industry with Henry Walker Eltin, Western Mining and Gold Fields before moving to South Africa, where he has held technical and corporate roles with Gold Fields, ERG and Taurus Gold on exploration projects, mine development and mining operations throughout Africa.

Martin Bouwmeester

Chief Financial Officer and Company Secretary

Martin is an FCPA highly experienced in exploration, mine development and operations. He was previously the chief financial officer, business development manager and company secretary of Perseverance Corporation Limited. Martin was a key member of the team that successfully completed feasibility studies, funding and development of the Fosterville Gold Mine in Australia.

Michelle Jenkins

Executive: Finance and Administration

Michelle is both a geologist and a chartered accountant with over 20 years' experience in exploration and mining. She holds an Honours Degree in Geology from the University of the Witwatersrand and BSc Hons in Accounting Science from the University of South Africa. Michelle has substantial experience working as a geologist prior to joining KPMG's mining group as a chartered accountant. She was also the chief financial officer at Taurus Gold and held the role of chief financial officer with several exploration and mining companies throughout Africa. She is currently an Independent Non-Executive Director of Kumba Iron Ore. She was previously a director within the Clarity Capital Group and an executive director of Pangea Exploration. Michelle offers a wealth of knowledge in resource risk management and mitigation as well as strategic leadership and has been involved in operating resources ventures.

Louw van Schalkwyk

Executive: Exploration

Louw holds a BSc Geology Honours degree from the University of Stellenbosch. He started his career as a geologist with Gold Fields of South Africa, then worked as an exploration consultant for Anglo American. He served as technical director on the boards of two junior exploration companies before joining Vedanta Zinc International. Louw specialises in structural and exploration geology and was part of the team that discovered the 60 Mt Gamsberg East Zinc Deposit in 2005, which is one of the highlights of his career. Other notable achievements include the discovery and drill out of the 250,000oz Byumba Gold deposit in Rwanda in 2008.

SENIOR MANAGEMENT



Nelson Mosiapoa
Group Corporate Social Responsibility Advisor



Marcus Birch
Commercial and Business Support Manager



Pieter Roux
Group Financial Controller

Nelson Mosiapoa

Group Corporate Social Responsibility Adviser

Nelson studied chemical engineering at the Cape Peninsula University of Technology. As an advanced policy scholar of science and technology, he served on the policy unit of the governing party in South Africa prior to the first democratic elections. His professional career started at Sasol Petroleum as a gasification process controller and then a learner official at Anglo American/De Beers. He is also the founder and trustee of the Mosiapoa Family Trust, a private and investment equity company in the resources sector with assets featured on the JSE.

Marcus Birch

Commercial and Business Support Manager

Marcus holds a BSc Honours Geology degree from the University of Exeter and a BCom from the University of South Africa. He has over 25 years' experience in the mining and minerals exploration industry, initially as a geologist in the South African gold mining sector. Marcus subsequently moved into the field of procurement and supply chain with Anglo Gold Ashanti, where he led a team of commodity specialists. During the last decade, Marcus has held senior general management positions in the junior exploration sector, with Clarity Minerals and High Power Exploration, responsible for the establishment and growth of minerals service companies and the management of the logistical aspect of exploration projects across Africa, Australia and South America.

Pieter Roux

Group Financial Controller

Pieter holds a BCom (Management Accounting) and DiplCIMA. He has 17 years' experience in finance team leadership and management in mining and exploration in Cote d'Ivoire, Mali, Burkina Faso, Zimbabwe, Zambia, Namibia and South Africa. Pieter has implemented and operated real-time web-based financial control systems for companies across the African continent. He has also developed various funding models, applied for fund raising, budgeting and operational control purposes. Most recently, Pieter has worked with Taurus Gold as group financial controller, providing leadership within the finance team and management reporting for the Taurus Gold Group. Prior to that he was the finance unit manager for Evraz Highveld & Vanadium's Mapochs Mine and group management accountant for Clarity Capital Group.

BUSINESS REVIEW

SAFETY, HEALTH AND ENVIRONMENT

HEALTH AND SAFETY

Orion remains committed to ensuring a high standard of safety and health management in all workplaces.

Despite ongoing efforts to remain injury-free, one lost-time injury was recorded during the financial year across the group. A colleague at the Prieska Project sustained a laceration to a finger while manually carrying a drill rod for use in an underground roadway. We have since taken the risk-mitigating step to institute mechanical pipe-handling as a measure to reduce manual handling of drill rods. This is in keeping with the Company's ongoing drive to adopt new and 4th Industrial Revolution technologies, particularly those that will allow us to remove people from potentially hazardous environments.

During the financial year, approximately 54,000 hours were worked on South African projects sites. This shows a significant reduction from the 205,000 hours reported last year and reflects the rapid transition from project site-centred tasks to design, engineering and the permitting work effort to update the Prieska Project BFS and advance it to the point of being fully-permitted and build ready.

When the COVID-19 pandemic struck, the Company pre-emptively implemented work-from-home measures from 13 March 2020 across all sites. We then went into full lockdown in line with the South African government's statutory directives from 26 March 2020. COVID-19 thus also contributed to a reduction in work hours recorded on project sites.

Hours worked at the Areachap Projects (South Africa).

Category of Work	FY 2020 (Hours)
Exploration	39,443
Mine Re-Entry	11,513
Contractors	3,310
Total	54,266

The Lost-Time Injury Frequency Rate (LTIFR) per 200,000 hours worked was 3.71 for the financial year.

Only essential work required to safeguard Company property and workforce health and safety was undertaken at administration and project sites during the initial phase of the statutory lockdown period.

Within South Africa, a risk-adjusted, phased lifting of lockdown work restrictions commenced in May 2020, with partial levels of restrictions expected to continue as long as the risks of COVID-19 remain present.

The Company responded proactively to managing the hazards associated with the COVID-19 pandemic by implementing a Code of Practice and Standard Operating Procedures across all operations.

No cases of affliction by COVID-19 have been reported among any Company employees or contractors as of year end.

Environmental Management

Orion recognises that its environmental performance is a critical component of its success. The Company strives to always deliver the highest level of environmental compliance, with a commitment to monitoring and managing the environmental impacts of its activities during and beyond the life of its operations.

The past year has born testament to this commitment, as zero reportable environmental incidents occurred and all environmental inspections and audits were carried out according to the applicable law and operating practices across the Company's projects, with no major non-conformances being identified.

The Environmental Authorisation for the Vardocube Mining Right portion of the Prieska Project was granted during the year, completing the full complement of environmental licencing required for the Prieska Project to commence construction.

An Electromagnetic Capability (EMC) Committee was formed during the year, mandated to secure the approval required for the mine to operate within the Square Kilometre Array Radio Telescope Project (SKA) area, where the Prieska Project is located. The South African Astronomy Management Authority (AMA) had already provided its approval of Orion's proposed EMC Plan for the Project in 2019.

The EMC Committee consists of representatives from Orion, AMA and Orion's technical and compliance advisors, Power Plant Electrical Technologies and Interference Testing Consultants respectively. The EMC Committee will oversee the processes that ensure that electromagnetic emission levels from mining operations remain below the limits set by AMA authorities and that the required permits are issued as part of the Project's commissioning process.

BUSINESS REVIEW

SAFETY, HEALTH AND ENVIRONMENT *continued*

Community, Stakeholder Engagement & Social Responsibility

The increasing importance of renewable energy and the growing demand for green energy minerals like copper and zinc, all of which are abundant in South Africa's Northern Cape province, suggest that this part of the world can become a globally significant contributor to the green economy. Developing the region's natural resources will translate into social and economic upliftment for local communities. Orion believes that the Prieska Project can be a catalyst for this improvement, especially considering the recovery needed as a result of the economic impact of COVID-19.

In 2019, the Orion Siyathemba Stakeholder Engagement Forum (OSSEF) was formed to ensure communities that are local to the Prieska Project stay informed and continue to play a significant part of the project's development. The OSSEF is constituted of 20 members representing local community interest groups, various local government departments, Company employees, shareholders and management.

The OSSEF met periodically throughout the year, with remote meetings taking place when in-person attendance was prevented by COVID-19 restrictions. The forum continues to be an effective means of informing and engaging with local communities on a variety of matters related to project development and will be integral to ensuring civic harmony during the planned construction and commissioning phases of the Project.

In addition to these and similar formal forums, the Company engaged with the communities surrounding the Project through

a variety of events and by hosting public 'town hall' meetings featuring Company leaders in all of the neighbouring towns of Prieska, Marydale, Niekerkshoop, Vanwyksvlei and Copperton.

The Company is intent on preparing communities local to the Prieska Project to be able to take full advantage of the benefits of the planned mine construction, commissioning and operational activities. In support of this, various community social investment initiatives have been implemented, including those focused on:

- **Familiarisation with the mining industry:**

Eighty-four high school graduates from Vanwyksvlei attended a one-week course that earned them credits towards industry-recognised, mining-related qualifications. The Company began providing the course two years ago, and this most recent group brings the total number of people from the surrounding communities to have successfully completed the course to 350.

- **Promotion and supporting small businesses:**

The Company collaborated with the Department of Economic Development and Tourism (DEDAT) in Kimberley, the Northern Cape Rural Technical and Vocational Education and Training (TVET) College and the Centre for Enterprise Rapid Incubation (CFE) to offer a variety of workshops aimed at promoting and educating Small Medium and Micro Enterprises (SMMEs) in the Siyathemba Municipality.

- **Collaboration of local business enterprises to assist in improving the welfare of local communities:**

The Company facilitated the establishment of the Siyathemba Joint Corporate Social Investment (CSI) Forum.



BUSINESS REVIEW

SAFETY, HEALTH AND ENVIRONMENT *continued*

The aim of the CSI Forum is to rally different entities to collaborate on initiatives aimed at improving the welfare of the local community. It comprises representation from the major private and state enterprises that are active in the municipal area, including Orion, Mulilo Prieska Solar Community Trust, Copperton Wind Farm, Garob Wind Farm, Sonnedix, GWK (an agricultural cooperative), Alkantpan Test Range and South African National Roads Agency (SANRAL). The CSI Forum had a meaningful role to play as part of the COVID-19 response effort, presenting an ideal platform for local enterprises to share information and resources and to coordinate efforts.

• Community health and well-being:

The Company was a significant sponsor of the first Siyathemba Community Annual Sports Day, held in Prieska. This event promotes healthy recreational activity particularly among the youth and attracted nearly 600 residents from the Siyathemba community. It featured 16 teams participating in soccer and netball matches on the day. For 50 families that had been identified by the Department of Social Development and local Hospice as being in need, the event was also an opportunity to receive food hampers. In a separate initiative, Bicycles for Humanity Western Australia donated 420 used bicycles to Orion with the shared objective of establishing a Bicycle Empowerment Centre (BEC) in Siyathemba. The BEC will offer a micro enterprise opportunity through the provision of bicycle mobility for targeted sections of the community, at the same time promoting health and an active lifestyle.

• Company's direct response to the COVID-19 pandemic:

The impact of the statutory lockdown was devastating for many parts of the community. The Company facilitated the provision of food parcels to destitute families and hand sanitisers to old age homes. The Company also empowered a local entrepreneur in Marydale to establish a small mask-making business by providing seed capital for the purchase of material. To alleviate the pressures on families with young children, the Company arranged for the printing and distribution of children's playbooks which were accompanied by crayons donated by another participant from the CSI Forum, the Mulilo Prieska Solar Community Trust.

Engagement with Local Authorities

The Company has had a collaboration Memorandum of Understanding (MoU) in place with the Siyathemba Municipality since October 2017. This MoU has facilitated the progress of important aspects that require local government involvement to prepare for the Prieska Project construction.

During the year, the Company and the Municipality formulated the terms to guide collaboration on water supply infrastructure upgrades and supply to the proposed mining operations. A water supply agreement has been drafted and tabled with the Municipal Council for assent.

The agreement sets out water tariffs and specific scopes of work for water infrastructure upgrades.

In July 2020, the Siyathemba Municipality and District Municipal Planning Tribunal approved the zoning of all land to be used for the Prieska Project for designation as Special Zone (Extractive Industry). This provides permission for the land to be used for mining purposes.

Orion has made progress in its application for proposed residential development in the town of Prieska, in accordance with the Spatial Planning and Land Use Management Act (SPLUMA). This development will eventually provide the Prieska Project with the option to establish mine personnel accommodation within the Prieska town precinct, some 60km from the Project site.

The Company plans to construct and commission mine accommodation at the project site, then gradually migrate accommodation facilities to Prieska. By doing this, the mining operations will establish infrastructure that will remain useful beyond the life of the mining operation.

During the year, the SPLUMA process has required the engagement of environmental consultants to commence the environmental impact assessment and commissioning of geotechnical and bulk services engineering studies. In addition, the Municipality and the Company reached agreement on the conceptual layout for the proposed residential development, paving the way for the start of the public participation process required under SPLUMA protocols. The conceptual layout also makes provision for third party private development of modern mixed density housing.



BUSINESS REVIEW

REVIEW OF OPERATIONS

Overview of Areachap Belt Projects Progress

Orion believes in the vast untapped potential of the Northern Cape Province of South Africa to become a globally important base metals producing district. By applying our modern exploration and mine development techniques, we aim to help unlock this latent value for all stakeholders. Not only will development of our projects fast-track Orion's growth strategy thereby delivering shareholder value, it will make a notable contribution to the broader economy, and sustainable socio-economic development in our neighbouring communities.

Prieska Copper-Zinc Project

Project Overview

During the reporting period, Orion updated the BFS (refer ASX release 26 May 2020) for the Prieska Project development, confirming the Project's potential to underpin a significant near-term, low-cost, copper and zinc development, with exceptional opportunities for future growth.

With the updated BFS now complete, Orion has commenced discussions with potential project development partners and financiers, received the remaining regulatory approvals required and the Project is now 'shovel-ready'.

Orion is targeting a final investment decision for the Project as soon as these financing negotiations have been concluded. Orion intends to fund the Prieska Project development through a combination of debt and equity and is progressing discussions with both potential debt and equity providers. The Company has appointed Macquarie Capital to assist in evaluating equity funding alternatives.

While these negotiations are underway, the Orion team is continuing to progress project execution planning, contracting activities and working towards building an Owner's Team for the construction phase.

The near-mine and regional exploration strategy and programs for the Areachap belt were updated to ensure the project development pipeline was in line and complementary to the anticipated Prieska Project development milestones.

In June 2020, the Company received confirmation from the South African Companies and Intellectual Property Commission, that Orion's application to change the name of Repli Trading No 27 (Pty) Ltd (Repli) to Prieska Copper Zinc Mine (Pty) Ltd (PCZM) was successful. PCZM (a 70%-owned subsidiary of Orion) and its subsidiary company Vardocube (Pty) Ltd (Vardocube), hold the mining and prospecting rights which cover the Prieska Project area.

Prieska Project Updated Bankable Feasibility Study

Feasibility Study Outcomes

The updated BFS (BFS-20) was completed in May 2020 for the proposed new 2.4Mtpa¹ copper and zinc brownfields Prieska Project. It reflects numerous improvements on the previous study, (BFS-19) which was completed in June 2019 (refer ASX release 26 June 2019), including ²:

- 43% increase in undiscounted free cashflows to AUD1.6 billion, pre-tax (AUD1.2 billion post-tax);
- 36% increase in NPV (at an 8% discount rate) to AUD779 million, pre-tax (AUD552 million post-tax);
- 6-month reduction in the capital payback period to 2.4 years;
- 6% decrease in all-in-sustaining costs to USD3,531/t (USD1.60/lb) of copper equivalent metal sold;
- 3% increase in all-in-sustaining margin increasing to 47%;
- 5% increase in pre-tax IRR to 39%; and 9% increase in peak funding requirements to AUD413 million to cater for the operational improvements.

¹ This production target was first reported in ASX release of 26 May 2020: "Updated Feasibility Study Delivers..." available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. All material assumptions underpinning the production target detailed in the initial report continue to apply and have not materially changed.

² The forecast financial information provided here was first reported in ASX release of 26 May 2020: "Updated Feasibility Study Delivers..." available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. All material assumptions underpinning the forecast financial information derived from a production target detailed in the initial report continue to apply and have not materially changed.



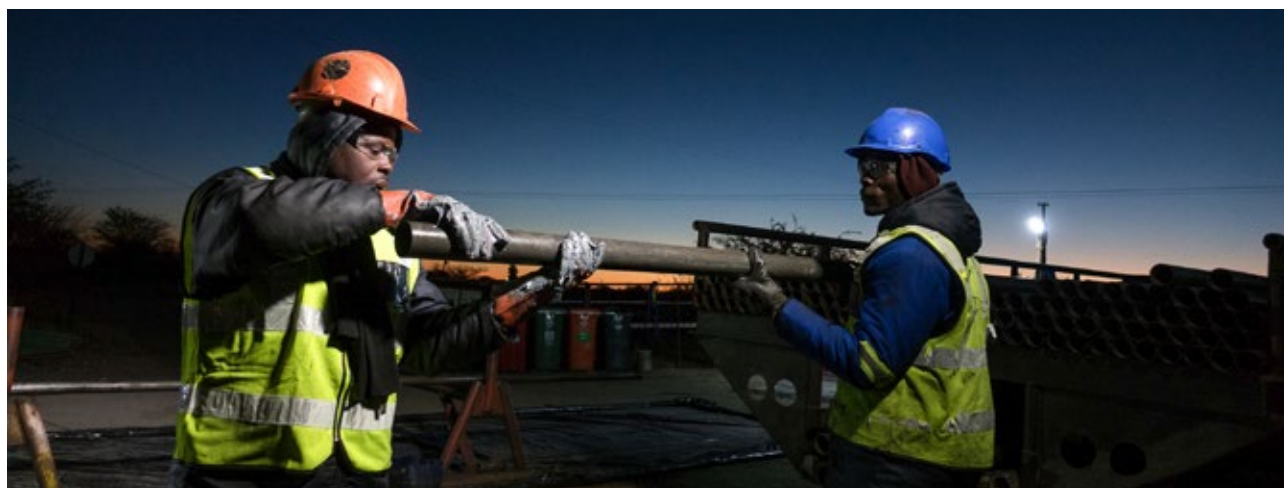
BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Compared to the June 2019 BFS, the updated mining plan results show most metrics are improved upon, as shown in Table 2.

Table 2: Valuation result comparison between the BFS-20 (updated BFS) and the BFS-19 (June 2019 BFS).

Valuation Results	UoM	Business Case Comparison			
		BFS-20	BFS-19	Variance	
		AUD	AUD	Value	%Var
NPV (pre-tax)	AUDM	779	574	204	36%
NPV (post-tax)	AUDM	552	408	144	35%
Undiscounted Free Cash Flow (pre-tax)	AUDM	1,608	1,127	482	43%
Undiscounted Free Cash Flow (post-tax)	AUDM	1,166	819	347	42%
IRR (pre-tax)	%	39%	38%	2%	5%
IRR (post-tax)	%	33%	33%	1%	2%
Undiscounted Payback (from first prod)	years	2.4	2.9	-0.5	-16%
Peak Funding (Max. Neg. Cash Flow)	AUDM	413	378	35	9%
Time to Reach Peak Funding	months	33	32	1	3%
Project Capital (Incl. Contingency)	AUDM	373	400	-27	-7%
NPV/Max. Exposure	ratio	1.3	1.1	0.3	24%
AISC/Cu eq Tonne	USD/lb	1.60	1.71	-0.11	-6%
AISC/Zinc eq Tonne	USD/lb	0.38	0.49	-0.12	-24%
Zinc revenue contribution	%	41%	46%	-5%	-11%
Sustaining Capital (LoM)	AUDM	137	83	54	64%
First Concentrate Produced	months	33	25	8	32%
Life of Mine	years	11.5	9.7	1.8	19%
Copper Price	USD/lb	3.03	3.10	-0.1	-2%
Zinc Price	USD/lb	1.06	1.25	-0.2	-15%
Forex	USD:AUD	1.64	1.45	0.2	13%



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

The key updates in the refined BFS-20 mining plan include:

- **Incorporation of a water treatment plant** to produce agricultural-quality water and reduce the pumping timeline for the shaft dewatering from 14 months to 10 months. This follows the successful conclusion of the water treatment pilot trials that began at the beginning of the reporting period;
- **The implementation of value engineered modifications to the processing plant layout** to incorporate semi-autogenous grinding mills, resulting in cost savings by removing the need for multi-stage crushing. Ore processing value engineering work was carried out throughout the year under the supervision of South African-based engineering firm METC Engineering; and
- **Refinement of the mine schedule to further prioritise extraction of the higher grade and higher confidence Mineral Resource categories** in the early stages of the Foundation Phase. This follows some of the learnings coming out of the Whittle Enterprise Optimisation process that remained incomplete by year end but showed promise.

Mine Design and Production Schedule

The much-improved mining production profile, with the expected copper and zinc head grades is illustrated in Figure 1. Steady-state production is planned at an average of 200,000 tonnes per month. The average underground head grades over the life of mine are 1.03% Cu and 3.33% Zn.

Figure 1: Underground production profile.

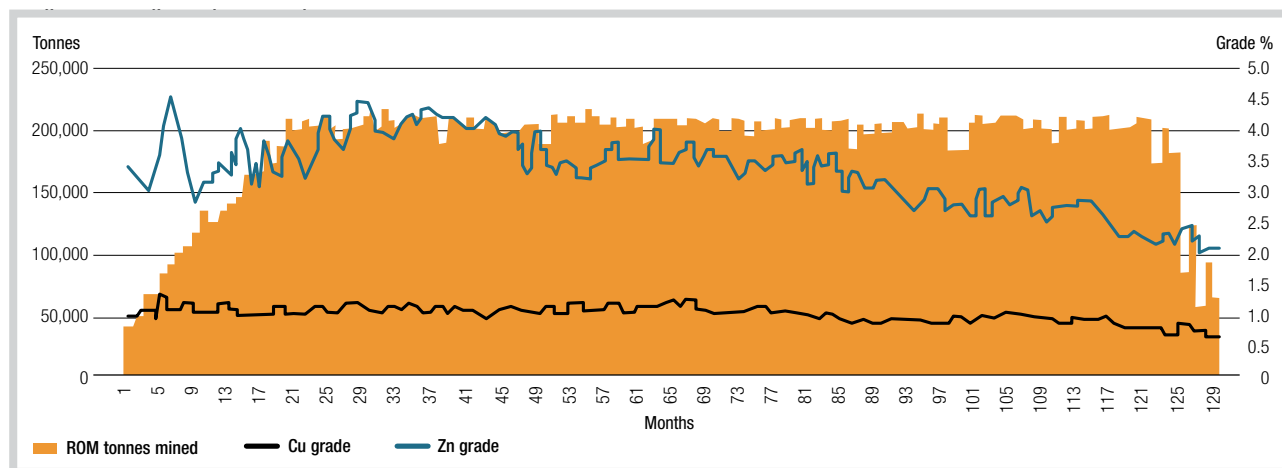
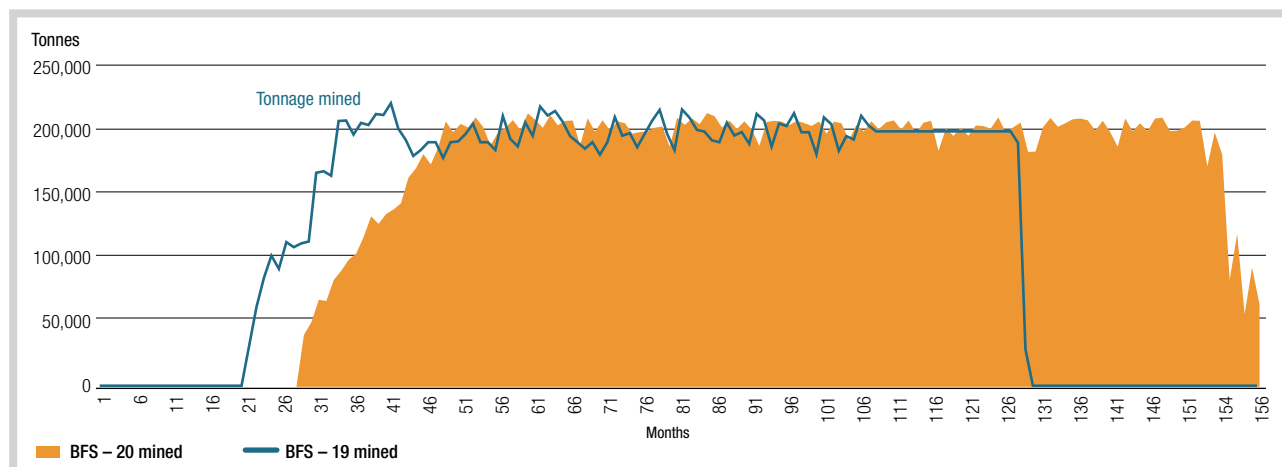


Figure 2: Comparison of the mining production profiles for the updated BFS-20 and the BFS-19, illustrating the deferred build-up to steady-state production.

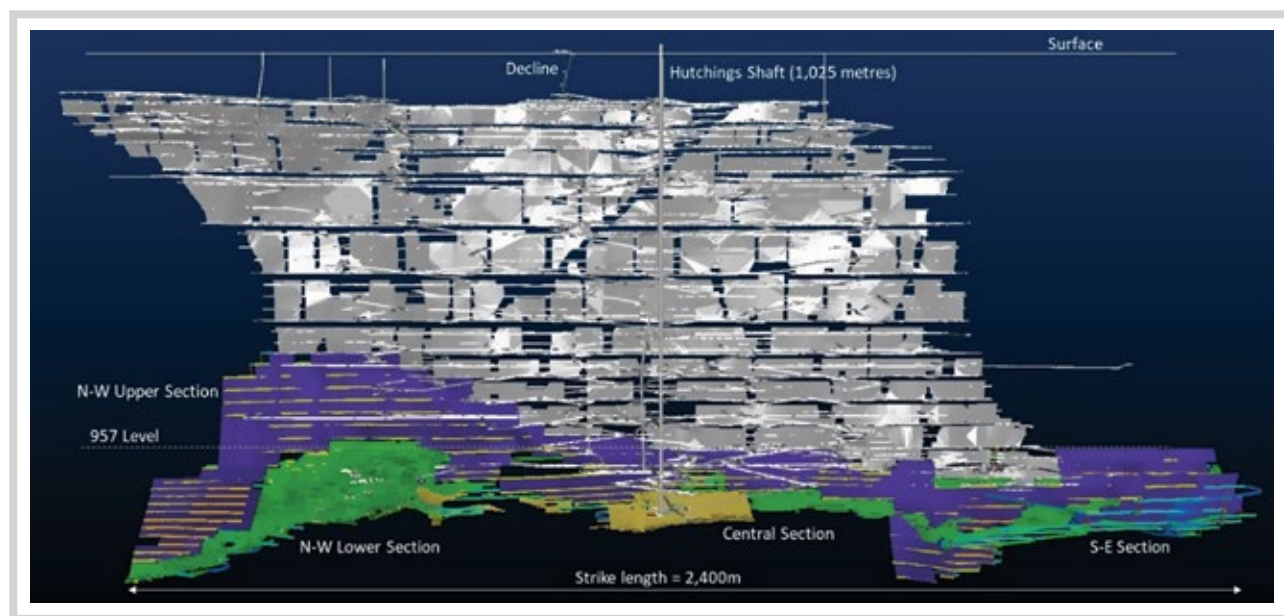


BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

A general long section view of the mine plan is shown in Figure 3. The grey zones depict those areas previously mined. The 957 level, located some 900m below the surface, is the main haulage level for the planned new Deeps Mine that will be operated more efficiently, with not only the benefit of hindsight, but also improved technology and mining practices.

Figure 3: Underground mine layout.



The mining methods to be employed remain unchanged compared to those stated in BFS-19. Tunnel development remaining from the previous mining operations allows for early access to underground production mining areas. It is planned that a combination of Long-hole Open Stopping with Fill (LHOSF) and Drift and Fill (D&F) mining methods will be used, supported with paste back-fill. Some low-profile, D&F mining is planned from year five of operation, along with open-pit mining of the near-surface +105 Level Supergene Deposit for the last two years.

Open-pit mining takes place at the end of the underground operation and contributes a further 1.1 million tonnes of material with average head grades of 1.85% Cu and 2.44% Zn.



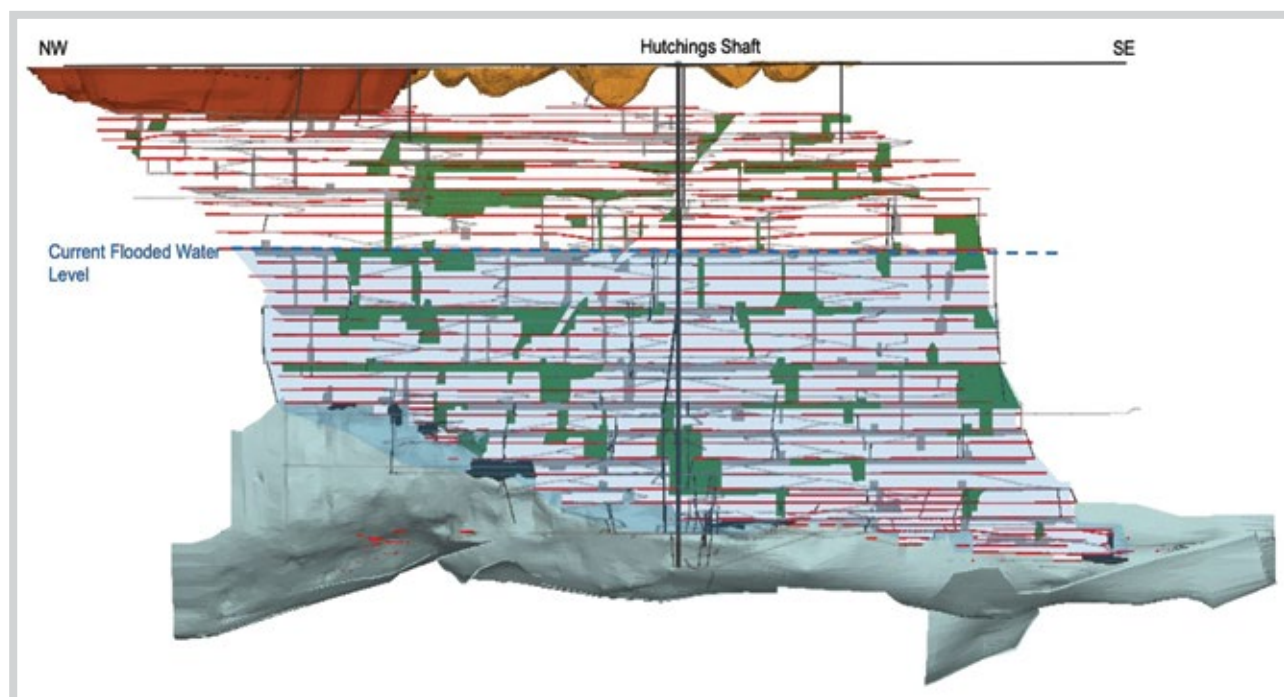
BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Mine Dewatering and Water Treatment

The underground workings are currently filled with water to a depth of 310m below surface and contain a volume of 8.6 million cubic metres of water (Figure 4). Dewatering of the workings will be done by means of a planned pumping system, to be installed in the Hutchings Shaft. Water will be pumped into a 1 million cubic metre volume dewatering dam on surface. From here, mechanical evaporators and a reverse osmosis (RO) water treatment plant will be used to dispose of and treat the water for discharge into the environment.

Figure 4: Views showing the remnant pillars and the accumulated water level.



The incorporation of the RO water treatment plant to produce agricultural-quality water is the improvement made from the original BFS-19. As stated earlier, introducing the RO treatment plant reduces the dewatering pumping timeline from a duration of 14 months to 10 months, by providing a secondary means of discharging the water pumped from underground. The design and cost of the RO plant is based on site-based trials that took place over 6 months during which water was pumped from various levels in the shaft down to 480m below the water level.

The variability of the water quality was tested by taking 14 water samples from various areas of the underground mine in order to design the requisite water treatment flexibility into the RO process and operating costs.

Value Engineering Outcomes

Value engineering modifications were made to the design of the processing plant to incorporate semi-autogenous grinding (SAG) mills, in which achieves cost savings by removing the need for multi-stage crushing and conveying previously required for primary and secondary ball milling design. Revisions to the plant footprint and building arrangements also resulted in a reduction in capital costs.

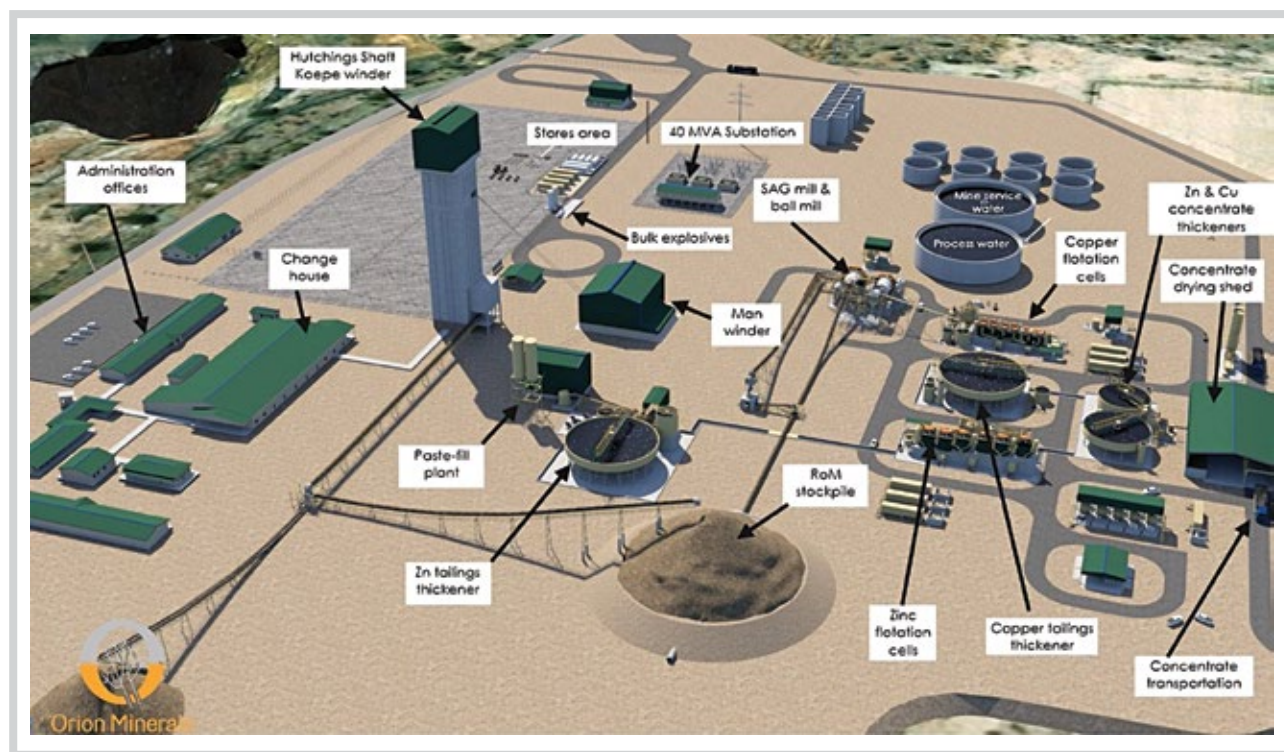


BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

The general surface, shaft area and plant layout are shown below in Figure 5.

Figure 5: General surface, shaft and plant layout.



In addition to refining the mine schedule to prioritise the extraction of higher grade, higher confidence Mineral Resource categories, a detailed drilling program was formulated to upgrade those Inferred Deep Sulphide Mineral Resources included in the mine plan to Indicated Mineral Resources. The drilling plan has been independently peer reviewed.

The drilling program will consist of 120 drill holes totalling 22,406m and has been scheduled to match the mining schedule. The Inferred Mineral Resources included in the mine plan total 6.1Mt at 1.24% Cu and 4.52% Zn and make up 36% of the total Resources in the mine plan.

As previously reported, the total Indicated and Inferred Deep Sulphide Resource is 28.7Mt at 1.16% Cu and 3.77% Zn (Indicated Resources of 18.5Mt at 1.17% Cu and 3.60% Zn and Inferred Resources of 10.2Mt at 1.14% Cu and 4.08% Zn)³.



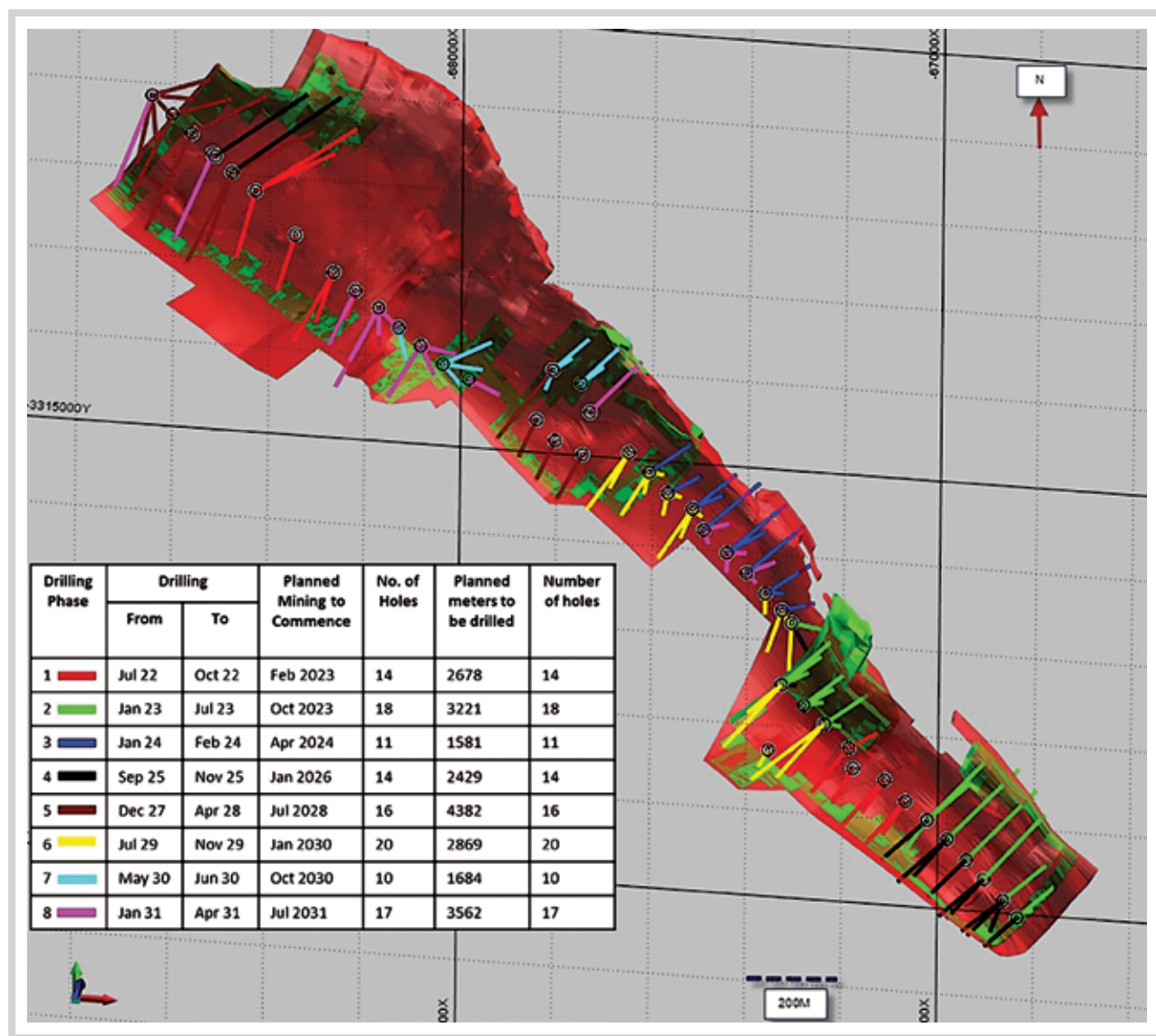
³ Mineral Resource reported in ASX release of 18 December 2018: "Landmark Resource Upgrade Sets Strong Foundation" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements>. Competent Person: Orion's Mineral Resource: Mr. Sean Duggan. Orion confirms it is not aware of any new information or data that materially affects the information included above. The company confirms that all material assumptions and technical parameters underpinning the resource estimates in the ASX release of 18 December 2018 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 6 shows the 120 drill holes planned to upgrade Inferred Mineral Resources to an Indicated level of confidence.

Figure 6: Oblique view of the Deep Sulphide Resource showing the planned drill layout on the preliminary mine schedule.



Further improvements to the updated BFS business plan that are targeted for possible implementation during commissioning and operation include:

- Improvements in plant and concentrate-grade recoveries to match historical plant performance, which exceed the results achieved during the bench-scale test work that was conducted as part of the BFS and assumed in the study projections;
- Likely mine life extension opportunities based on high-grade drilling intersections and geophysical targets on the periphery of the Prieska deposit;
- The potential extraction of mineralised structural pillars remaining from historical mining activities;
- Ongoing delineation of significant new satellite deposits within an emerging Volcanogenic Massive Sulphide (VMS) camp, as evidenced by the early success of the limited amount of regional exploration completed to date; and
- Implementation of the results of the ongoing mine-to-market optimisation studies to refine mine development and early production plans.

BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Post-Feasibility Study Activities

EPCM Contracting – Orion will use an Engineering, Procurement and Construction Management (EPCM) construction strategy for the Project, with an Owner's Team providing oversight of the EPCM contractor. Work progressed during the latter part of the reporting period to compile an EPCM Enquiry Document. Subsequent to year-end, inquiry documents were sent out to 12 potential bidders. It is intended that the process will culminate in Orion selecting a preferred contractor by early CY2021.

Ore Processing Plant Operations – Discussions continued during the year with Minerals Operations Executive (Pty) Ltd (Minopex), who were selected as a preferred business partner to manage and operate the ore processing plant. In addition to the Operating Agreement which has outlined the costing metrics (included in the updated BFS), talks are advancing with Minopex around the approach to adopt for operational readiness and the commissioning stage of ore processing operations.

Underground Mining Contract – The company signed a Memorandum of Understanding with Byrnes Offshore (Proprietary) Limited to investigate commercial collaboration for the underground mining activities. These discussions were put on hold while the Company focused on completing the updated BFS. In parallel with its fundraising efforts, the Company has re-commenced an evaluation of the most suitable approach for conducting underground mining operations with the expectation that it will settle on an approach concurrent with the fund raising efforts that are under way.

Mining Right Applications – The Environmental Approval for the Vardocube portion of the Prieska Resource was granted in March 2020 and the associated Mining Right was granted in August 2020.

Water Use Licence – The PCZM Water Use Licence was also approved in August 2020. This was the final regulatory permit that was needed following the grant of the PCZM Mining Right in August 2019, for work on site to proceed, subject to the Orion Board's investment decision.

Power Supply Infrastructure – Design work was completed on the 15MVA power infrastructure for the Cuprum Sub-station feeder bay, which is the temporary power supply required during the construction phase of the project. The design work is needed to begin the construction of the feeder bay during the December 2020 Quarter,

subject to expected funding and investment approvals. The 40MVA application for the permanent power supply required for the operating phase of the Project was approved by Eskom, the national utility company. Eskom is now required to issue a Budget Quote Letter which formally outlines the Connection Fee payable by Orion. The 40MVA power is required near the end of the construction phase as the mine winders and process plant mills come online.

Water Supply Agreement – With the Siyathemba Municipality's approval of the key terms for a water supply agreement in place, it is expected that a binding formal agreement will be executed during the second half of CY2020.

Collaboration on Renewable Energy Supply Option – Orion and juwi Renewable Energies RSA (Pty) Ltd (juwi) intend to collaborate on establishing a hybrid wind and solar renewable energy facility that will supply 52% of the Prieska Project's power requirements. The collaboration Memorandum of Understanding entered into between the Company and juwi was extended to October 2020. The extension gives the parties an opportunity to continue to explore funding options that prove most advantageous to the Project as it seeks to establish and operate the renewable energy plant.

Whittle Enterprise Optimisation – Whittle Consulting (Pty) Limited (Whittle Consulting) was engaged to undertake mine-to-market optimisation of the BFS business plan (refer ASX release 30 July 2019). Whittle Consulting use their proprietary enterprise optimisation process (WEO), which involves the detailed and accurate mapping and linking of the whole value chain, from the Mineral Resource inventory to the marketed product. Thereafter, critical value drivers along the value chain are simultaneously varied, using specialised computer algorithms, until optimal permutations are identified.

Optimisation scenarios were carried out on the selected mine plan with the expectation of incorporating positive results into the updated BFS Report. However, due to the variable shape and thickness of the deposit, together with the requirement to assign different mining costs (which had to be calculated from first principles) to the various mining areas, it was decided to build in additional time to fully optimise the mine plan and schedule, making this work ongoing. New results are expected during November 2020.

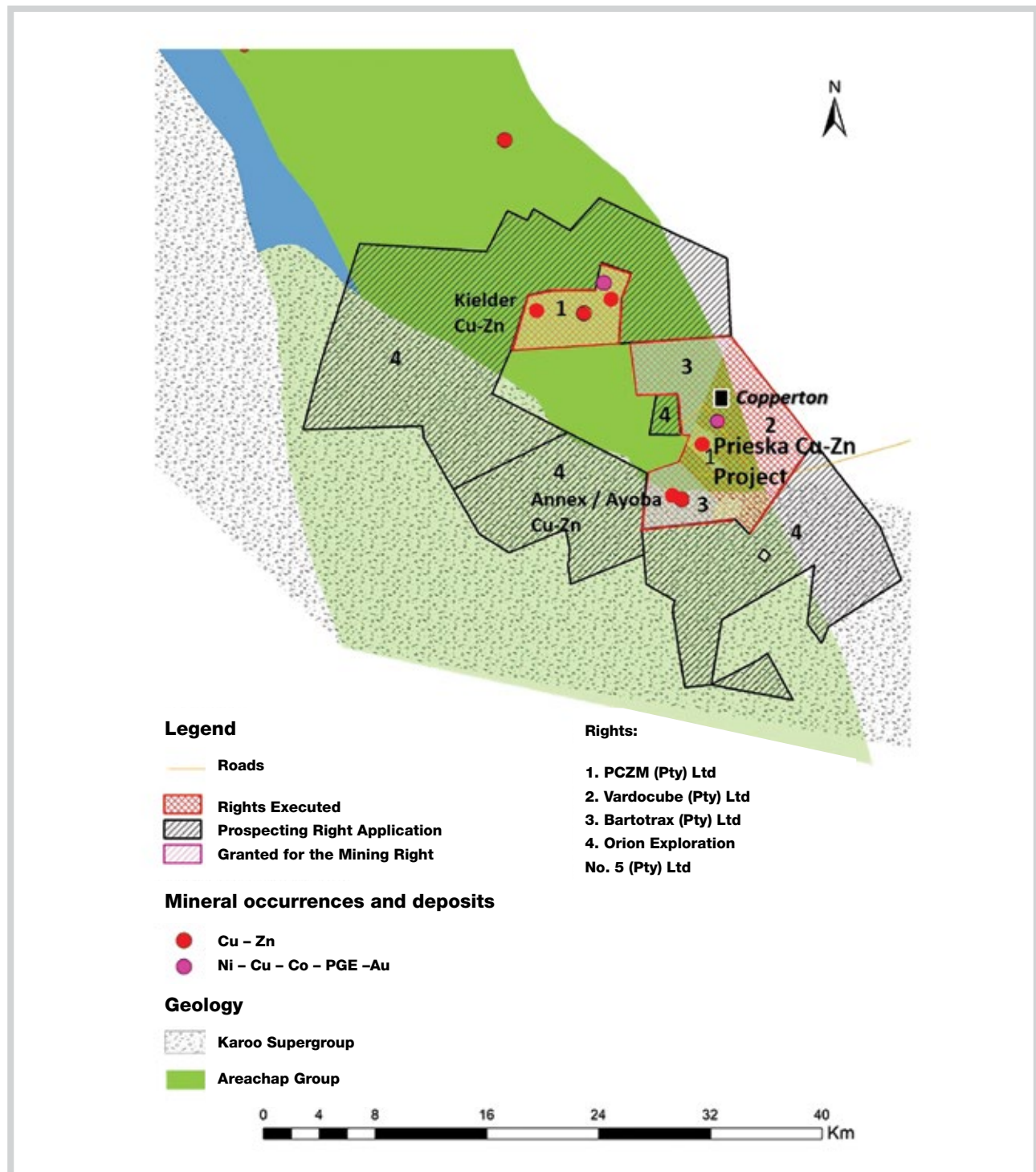
BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Near-Mine Exploration

Near-mine exploration covers the area within a 20km radius of the Prieska Project. Executed prospecting rights and mining rights held by Bartotrax (Pty) Ltd, Vardocube (Pty) Ltd and PCZM (formerly Repli) cover 14,679ha and a further 53,938ha is under application by Orion through Orion Exploration No. 5 (Figure 7).

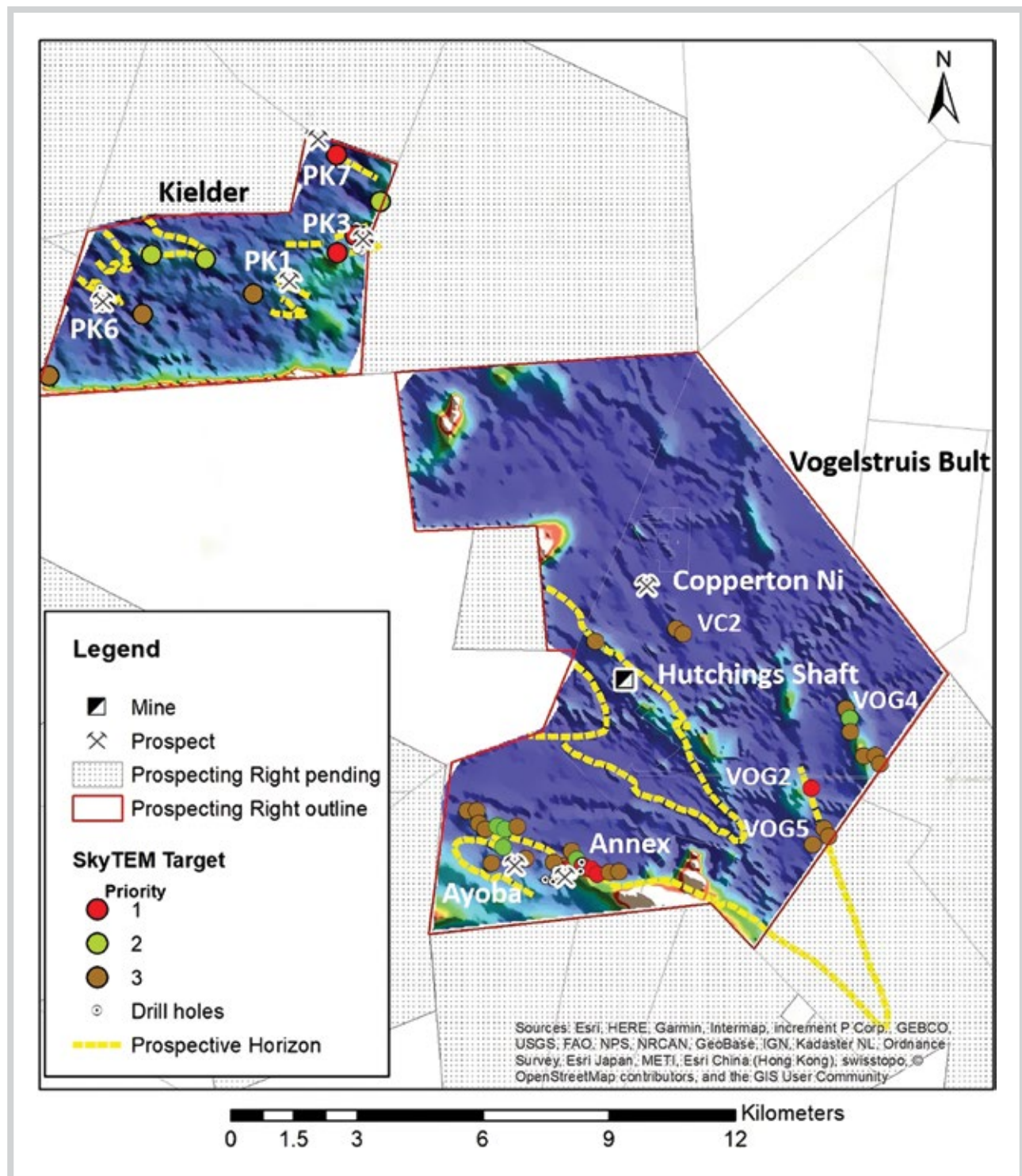
Figure 7: Map showing the areas covered by executed prospecting and mining rights and new prospecting right applications.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 8: Channel 25 SkyTEM™ image showing current prospects and the prospective VMS horizon on the near-mine area.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

VMS deposits commonly occur in clusters or camps. The Prieska Project is no exception and the Company is aiming to develop a number of prospects with proven mineralisation on the near-mine tenements, as well as exploring the prospective horizon or paleo-seafloor position along strike from known copper-zinc and nickel-copper deposits as defined by field mapping and aeromagnetic data. In addition, the Company conducted an airborne EM survey in 2018 which defined a number of untested conductors that will be followed-up with ground EM and drilling (Figure 8). Desktop studies and field work were carried out during the financial year to prioritise the prospects for follow-up.

Annex Copper Deposit

Annex, located approximately 6km south of the Prieska Project, was discovered by Anglovaal in 1969. Mineralisation was identified over a strike length of 1,000m and drilled down to 550m below surface. There is significant exploration potential with the deposit remaining open down-plunge.

Ayoba Target

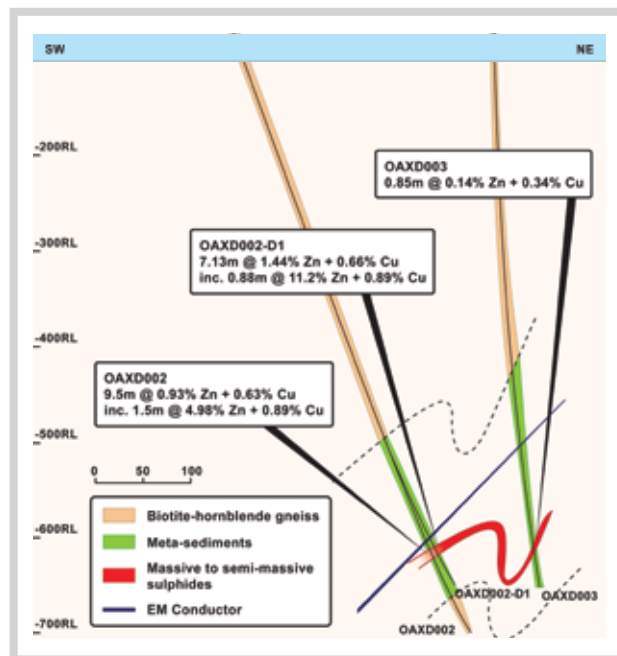
Orion discovered a zinc-copper-bearing massive sulphide body at the Ayoba Prospect at the end of 2018 using ground EM and diamond drilling. The massive sulphide intersection was made 5.3km south-southwest of Orion's Hutchings Shaft on the Prieska Project and 1.6km west and along strike of the known copper mineralisation at Annex.

The discovery drill hole intersected 9.5m of massive sulphides from 654.0m grading 0.63% Cu and 0.93% Zn, including 1.50m from 654.50m at 0.89% Cu and 4.98% Zn (Figures 9 and 10) (refer ASX release 16 January 2019). A deflection, OAXD002-D1, intersected 0.88m at 0.89% Cu and 11.2% Zn on the same stratigraphic horizon as the high-grade zone intersected in the mother hole.

These high-grade intersections confirm a zonation from low to high-grade zinc along strike to the west of Annex, opening up exciting exploration potential. Interpretation of aeromagnetic data shows that the mineralisation occurs in a fold structure. Future exploration will include further ground EM surveys to fully cover the fold and diamond drilling to test for the continuation and thickening of the high-grade copper-zinc intersection.

Ayoba represents the first new VMS discovery in the Areachap Belt in over 36 years. Further exploration at Ayoba will target the high-grade zinc zone in the upper part of the mineralisation.

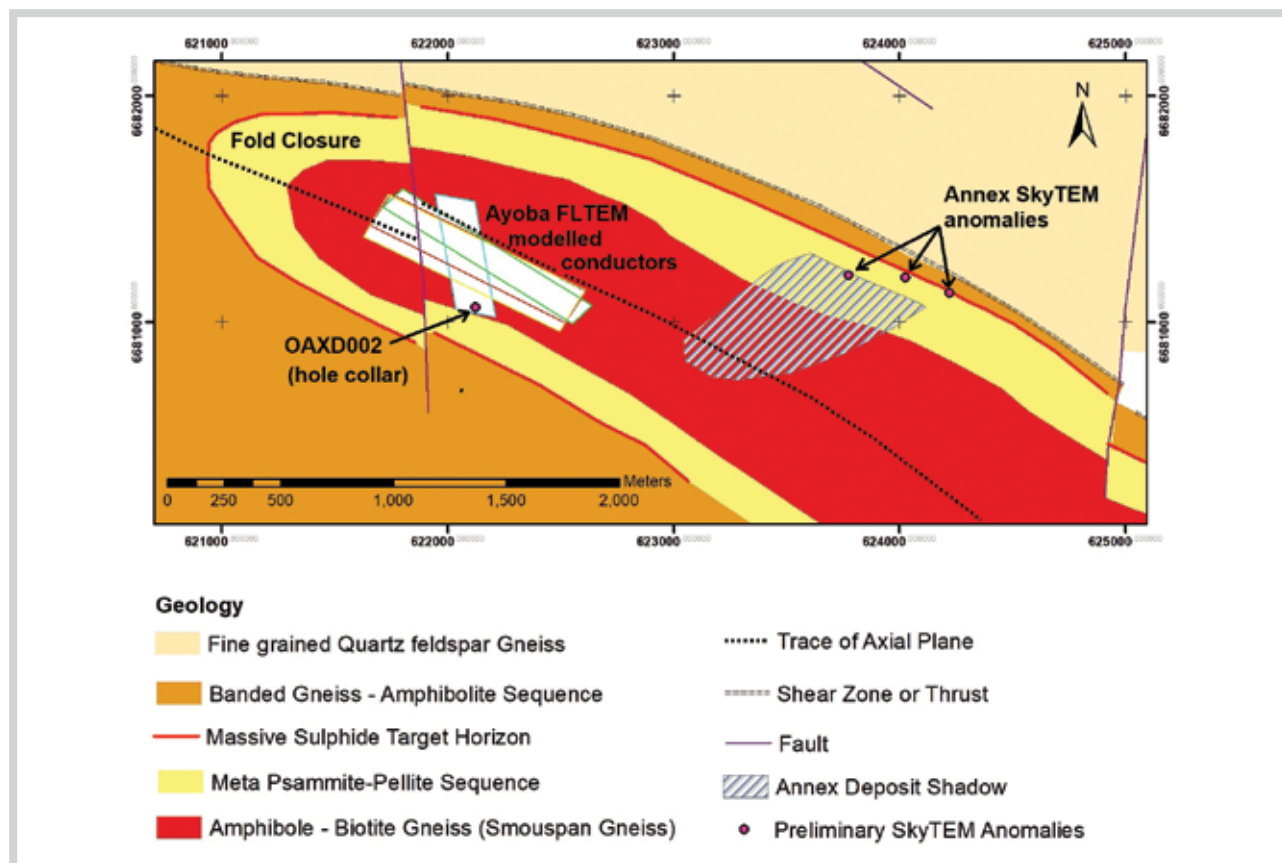
Figure 9: Cross-section summarising drill intersections at Ayoba.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 10: Geological map interpreted from aeromagnetic data showing the Annex and Ayoba prospects with the modelled ground EM conductors shown at Ayoba.



The Kielder Deposits

The three Kielder zinc-copper deposits, PK1, PK3 and PK6 and the PK7 copper-nickel gossan were discovered in 1976 by Newmont S.A. (Figure 8). Due to poor outcrop and complex geology, the structural relationship between the deposits was never understood and Orion stands to benefit from the use of new improved geophysical techniques.

Historical diamond drill results highlight the potential of these prospects, confirming the presence of thick, shallow massive sulphide mineralisation at PK3. The best intersections made were 16.8m at 0.21% Cu, 3.29% Zn from 116.32m and 7.09m at 0.35% Cu, 2.76% Zn from 117.07m. Integration of SkyTEM™ and aeromagnetic data with historical results shows

mineralisation to occur in a synformal structure. SkyTEM™ conductors occur on both limbs (Figure 11). The northern conductor is modelled as a sub-horizontal, 160m long and 28m wide plate. Historical drill holes intersected the north-western margin of the plate with good results.

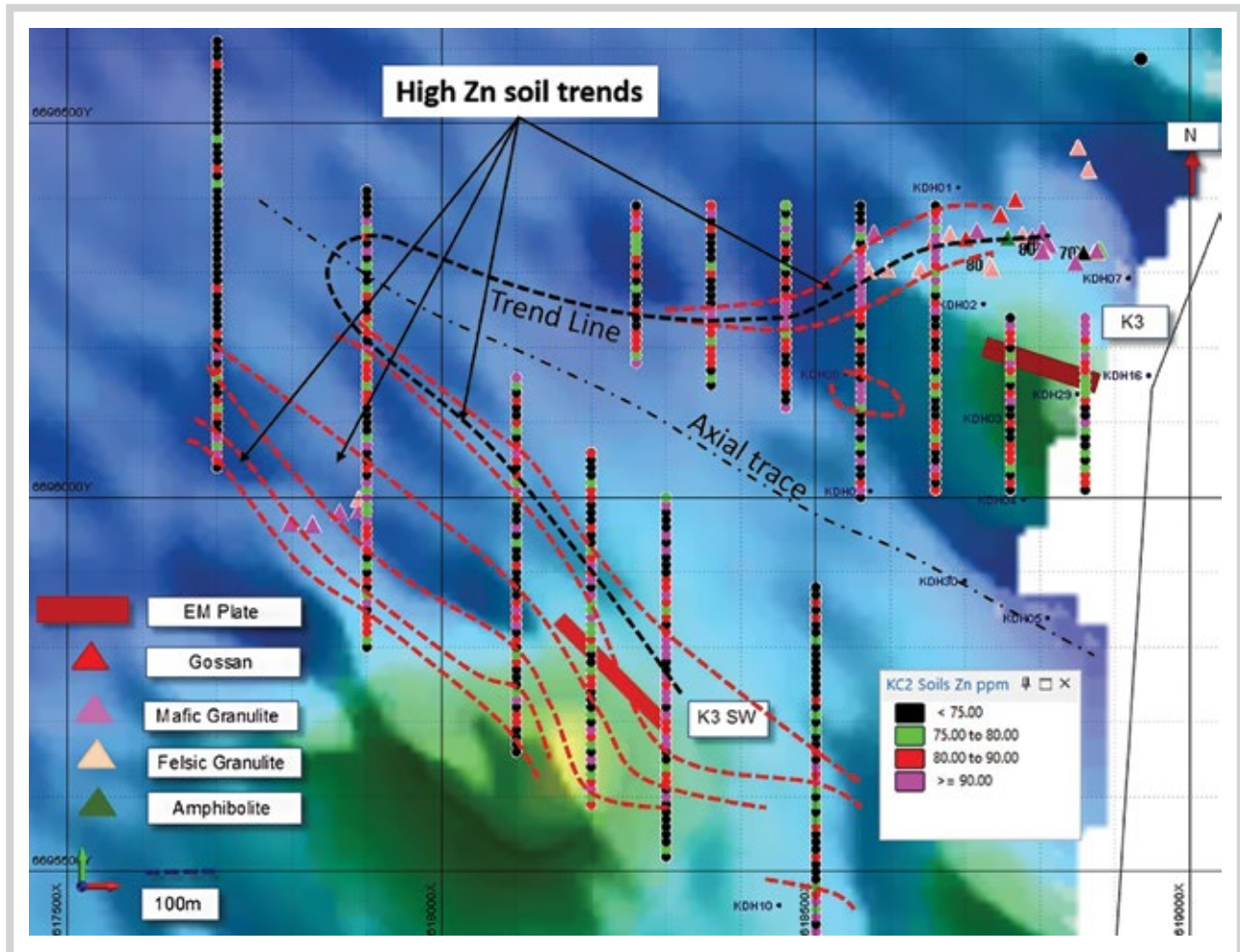
A 202m long and 20m wide conductor interpreted to occur on the southern limb of the fold structure remains untested. The conductor extends from 44m below surface to 300m down-dip.

Historical drilling by Newmont at the PK6 prospect intersected high-grade mineralisation including 4.20m at 0.38% Cu, 7.21% Zn, 0.11g/t Au and 14.3g/t Ag from 116.8m, and 1.64m at 0.45% Cu, 9.96% Zn and 13.92g/t Ag from 186.42m.

BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 11: Channel 25 SkyTEM™ image over the KC3 prospect with modelled EM plates, soil sampling results and interpreted fold structure shown.



BUSINESS REVIEW

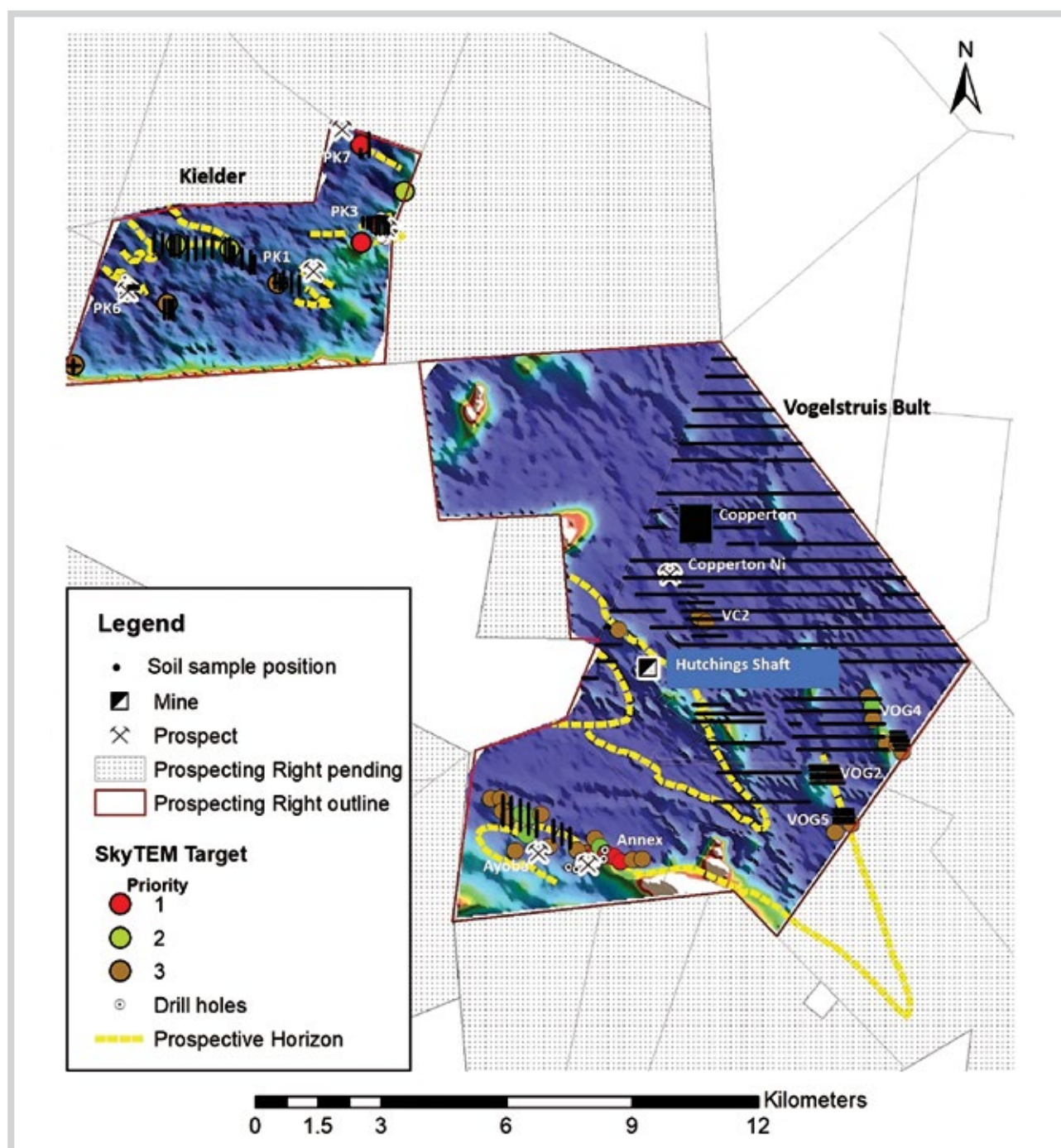
REVIEW OF OPERATIONS *continued*

SkyTEM™ survey follow-up and soil sampling

Follow-up exploration of the 2018 SkyTEM™ targets in the near-mine area is currently underway. Soil sampling and geological mapping are being carried out to prioritise targets for ground EM and drill follow up.

In addition to the detailed soil sampling surveys over the anomalies, regional soil sampling covering the near-mine tenements is also in progress. To date a total of 6,254 samples have been collected and analysed using a hand-held x-ray fluorescence (XRF) instrument (Figure 12). Samples over selected areas will be assayed using an aqua regia digest combined with inductively coupled plasma mass spectrometry (ICPM) once sampling is completed.

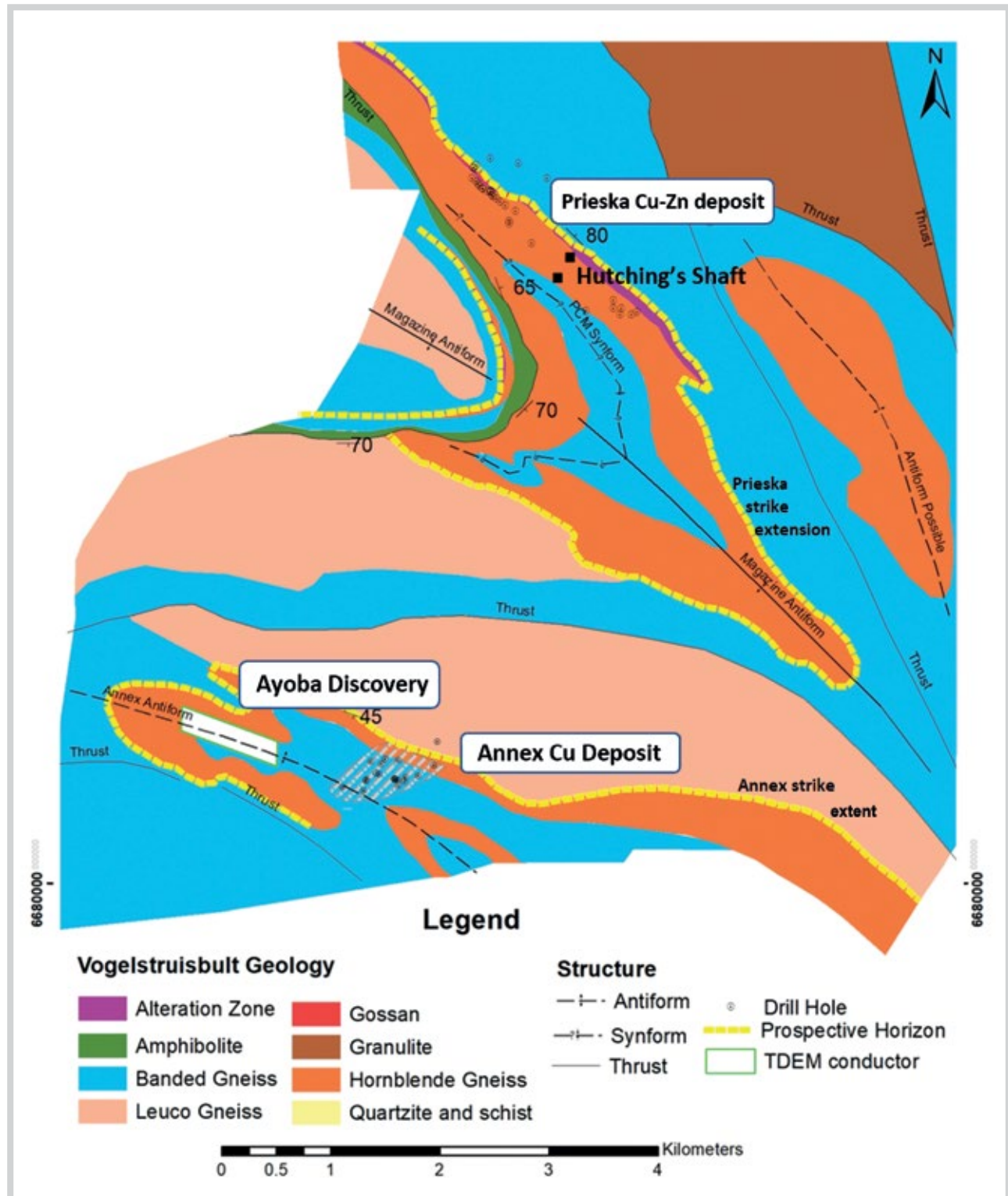
Figure 12: Channel 25 SkyTEM™ image showing soil sampling completed to date.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 13: Location of Ayboa and Annex Deposits from Prieska Deposit.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Regional Exploration

Orion maintains a substantial and prospective landholding in the Areachap Belt in the Northern Cape province. The Areachap Belt is similar to other Proterozoic mobile belts hosting major VMS and magmatic Ni-Cu-Co-PGE deposits.

Orion holds the prospecting rights over a total area of 167,833ha to the north of the Near-Mine Project (Figure 14). Orion has submitted applications for a further three prospecting rights to the Department of Mineral Resource and Energy (DMRE) covering an area of 82,145ha. A Mining Right for copper, nickel, cobalt, Platinum Group Elements (PGE) and gold was granted in September 2016 to Namaqua Nickel and awaits execution. The Mining Right falls within the limits of the prospecting rights and covers an area of 41,176ha. A new prospecting right application, covering 17,555ha, was submitted over the Marydale Project.

VMS deposits almost always occur in clusters or 'districts' associated with volcanic spreading centres. So far, four such centres have been identified in the Areachap Belt. Besides the near-mine projects, Orion is also prospecting for VMS deposits on the Masiqhame Prospecting Right. Adjoining the north of the Namaqua-Disawell Project (Ni-Cu), this project is defined in terms of the Masiqhame tenement holding and includes the Kantienpan and Bokspuits zinc-copper VMS deposits. With its known VMS deposits, numerous copper-zinc mineral occurrences and regional

geological setting, the area offers the potential for economic VMS copper-zinc and magmatic nickel-sulphide discoveries. It is common for VMS districts to have small copper-zinc deposits clustering close to a large deposit. On the Masiqhame prospecting right, the larger deposits are yet to be discovered.

Similarly, world-class nickel deposits also tend to occur in clusters both on prospect and regional scale. Within these intrusive centres, a small number of the intrusions tend to host the best mineralisation depending on the intrusion magma-flow dynamics and the timing of magmatic sulphide immiscibility and transport. Several mafic intrusive bodies with nickel and associated metals are known to occur on the Namaqua-Disawell prospecting rights. The setting of mineralisation has been confirmed to be similar to other orogenic-hosted, deep-seated magma conduit complexes in Africa, Australia and South America. Conduit style mineralisation is currently the top priority global target for magmatic Ni-Cu-PGE sulphide exploration. EM geophysical methods are the primary tool for the discovery of massive magmatic Ni-Cu-Co-PGE deposits. The complexity of these intrusions requires an innovative approach to exploration to resolve the locations of economic mineralisation. This entails using airborne, ground and down-hole surveying systems.

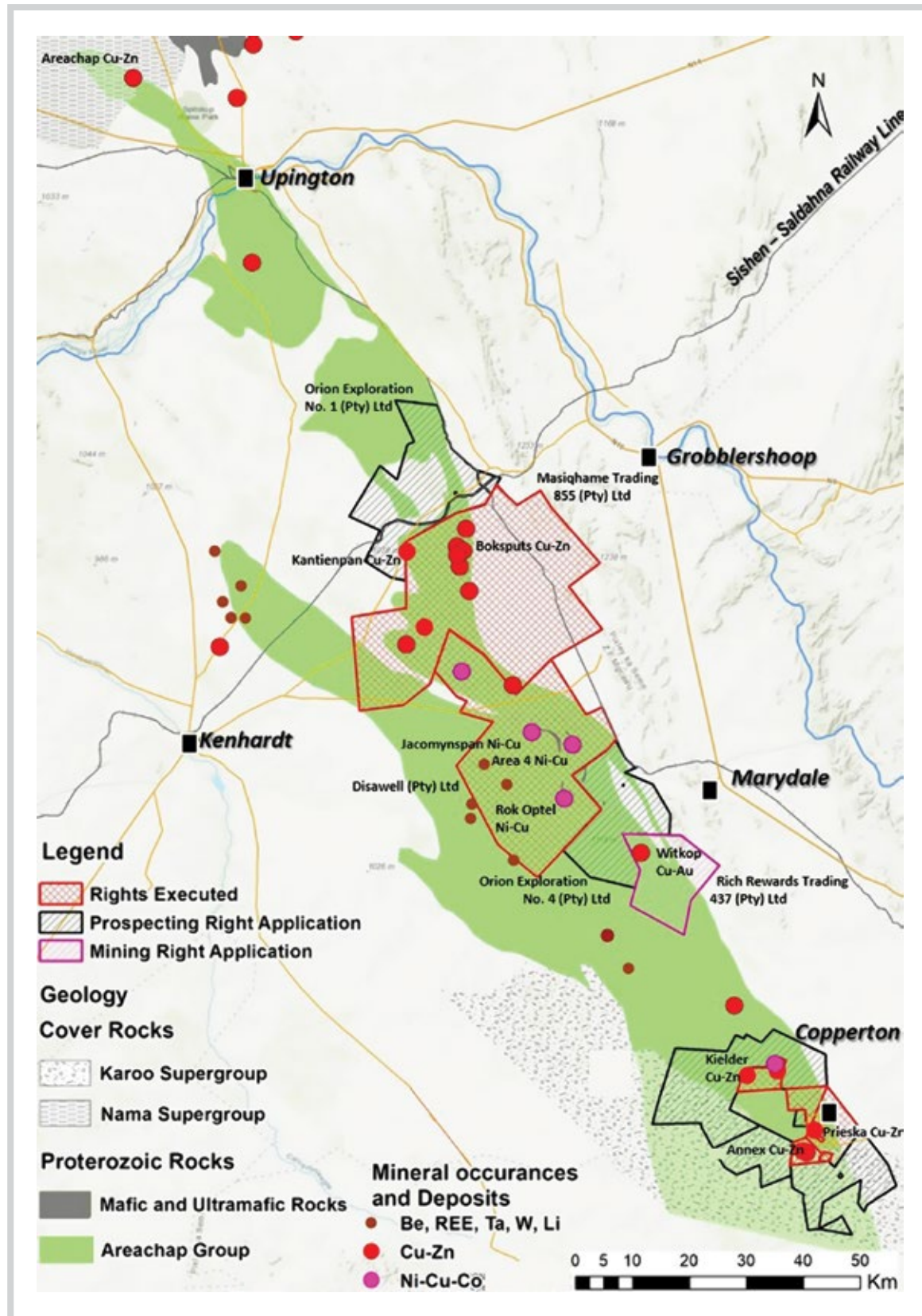
During the reporting period, regional exploration continued on the Masiqhame and Namaqua-Disawell prospecting rights with comprehensive desktop studies, field mapping and soil sampling being undertaken.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 14: Locality Map showing Orion Prospecting and Mining Rights in the Areachap Belt north of Prieska Project.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

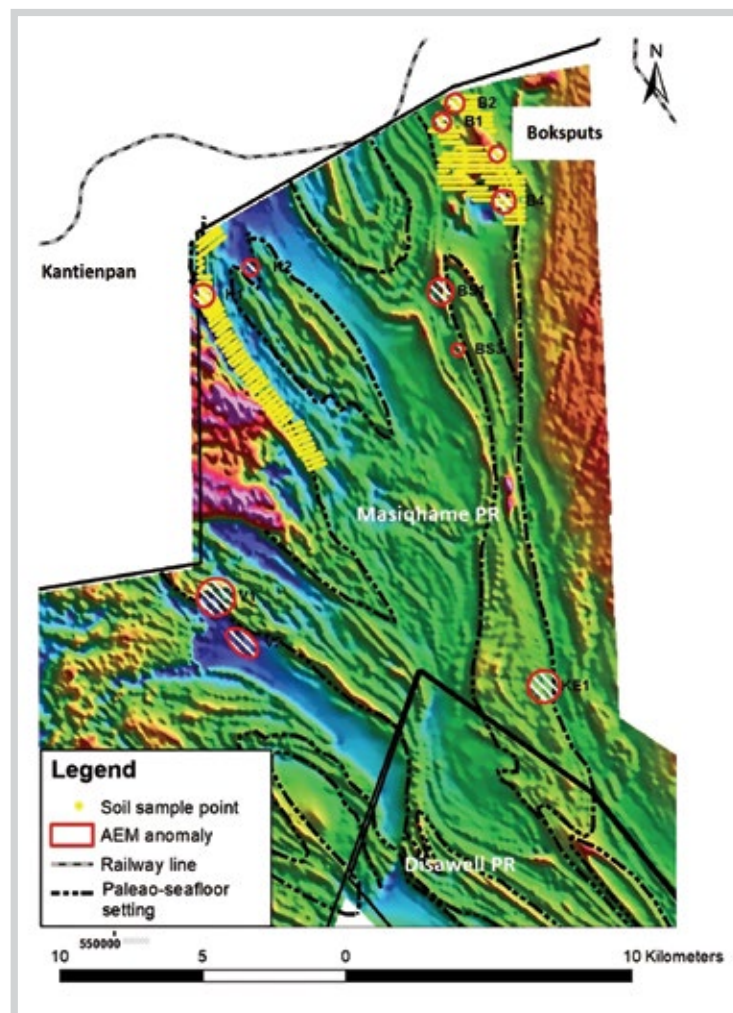
Masiqhame Project Area

The Masiqhame prospecting right is located 90km north of the Prieska Project in easily accessible, flat-lying countryside. The area is served by regional grid power and there are rail lines within 10km of the site (Figure 14). Orion is currently focusing on VMS-style mineralisation on Masiqhame, following up on selected anomalies that were detected by a regional SkyTEM™ survey completed in early 2018 over the prospecting right. After ground EM surveys were completed in FY2019, geological mapping and soil sample surveys were undertaken over interpreted paleo-seafloor settings to identify additional prospects and prioritise drill targets (refer ASX release 24 September 2018) (Figure 15).

During the reporting period, a comprehensive desk top study was completed to characterise the stratigraphic and structural setting of the VMS style deposits and geochemical signature of the related seafloor setting on the Orion tenements. Orion believes that prioritising the paleo-seafloor setting as the prospective horizon together with the integration of geophysical and geochemical data may quickly enable new VMS targets to be identified.

Field work during the reporting period included soil sampling and reconnaissance mapping. Soil sampling was concentrated on the Bokspuits and Kantienpan areas. A total of 3,156 samples were collected and assayed using a handheld XRF instrument to obtain preliminary results. Samples over selected areas will be sent to the ALS Laboratory in Johannesburg for analysis using partial extraction followed by inductive plasma mass spectrometry.

Figure 15: Aeromagnetic image over the Masiqhame prospecting right showing the paleo-seafloor setting and soil sampling progress.



BUSINESS REVIEW

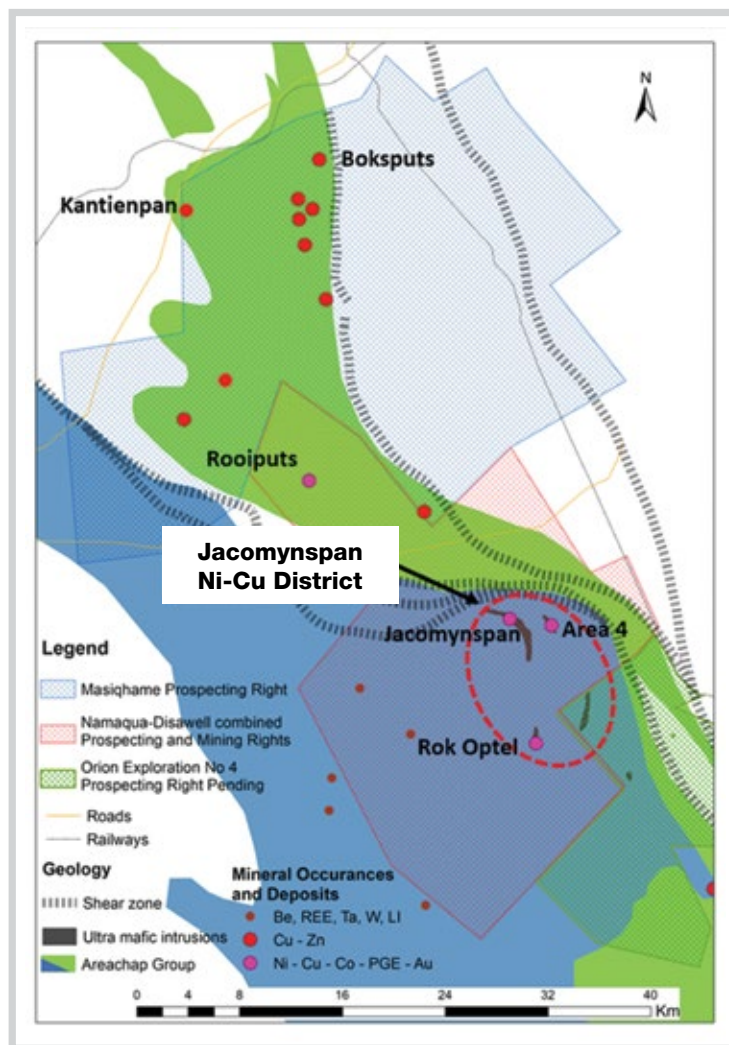
REVIEW OF OPERATIONS *continued*

Namaqua-Disawell Project Area

The Namaqua-Disawell Project area, which hosts the Jacomynspan intrusion, is located 65km northwest of the Prieska Project, within the central part of the Areachap Terrane (Figure 16). The Project area is highly prospective for magmatic nickel-copper-cobalt-PGE sulphide mineralisation within syn- to late-tectonic ultramafic intrusions, several of which have been identified. In 2018, Orion completed fixed loop time domain electromagnetic (FLTDEMs), 11 diamond drill holes and two down-hole time domain electromagnetic (DHTDEM) surveys. Orion believes a substantial exploration opportunity exists within the project area for VMS copper-zinc and intrusive nickel-copper-cobalt-PGE mineralisation.

The suite of intrusions on the Namaqua-Disawell prospecting right is located within the Meso to NeoProterozoic Namaqua-Natal Orogenic Belt. This is a complex, long-lived, multi-phase, orogenic assembly zone, related to the amalgamation of the Rodinia Supercontinent. This tectonic setting is favourable for production and ascent of metal-enriched mantle-derived magma that utilises deep-seated structural zones as pathways to intrude the upper crust.

Figure 16: Map of the Namaqua – Disawell and Masiqhame Projects showing the Jacomynspan Ni-Cu district.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Jacomynspan Nickel-Copper-Cobalt-PGE Project

The Jacomynspan Deposit hosts a JORC-compliant Mineral Resource of 6.8 million tonnes grading 0.57% nickel, 0.33% copper and 0.03% cobalt, containing 39,480 tonnes of nickel, 22,800 tonnes of copper and 1,800 tonnes of cobalt at a 0.4% Ni cut-off (refer ASX release 8 March 2018). No changes to the Mineral Resource were reported during the reporting period.

Rok Optel Prospect and Area 4

Two other nickel-copper deposits, Area 4 and Rok Optel, were investigated during the 1970s by Anglo American Prospecting Services, Newmont, Phelps Dodge and Hoch Metals.

Four diamond drill holes were drilled in 2018 to test FLTDEM anomalies and subsequent DHTDEM conductors on Rok Optel. Transgressive vein and stringer-style mineralisation intersected in the drill holes is genetically very significant (refer ASX release 10 September 2018). Most massive sulphide ore deposits are characterised by magma chamber dynamics that cause repeated mineralising events within a constrained locality. The presence of magmatic sulphide veins injected into the country rock observed in the drill core is also particularly encouraging as it highlights the potential to discover bulk massive sulphide mineralisation.

Namaqua-Disawell Target Generation

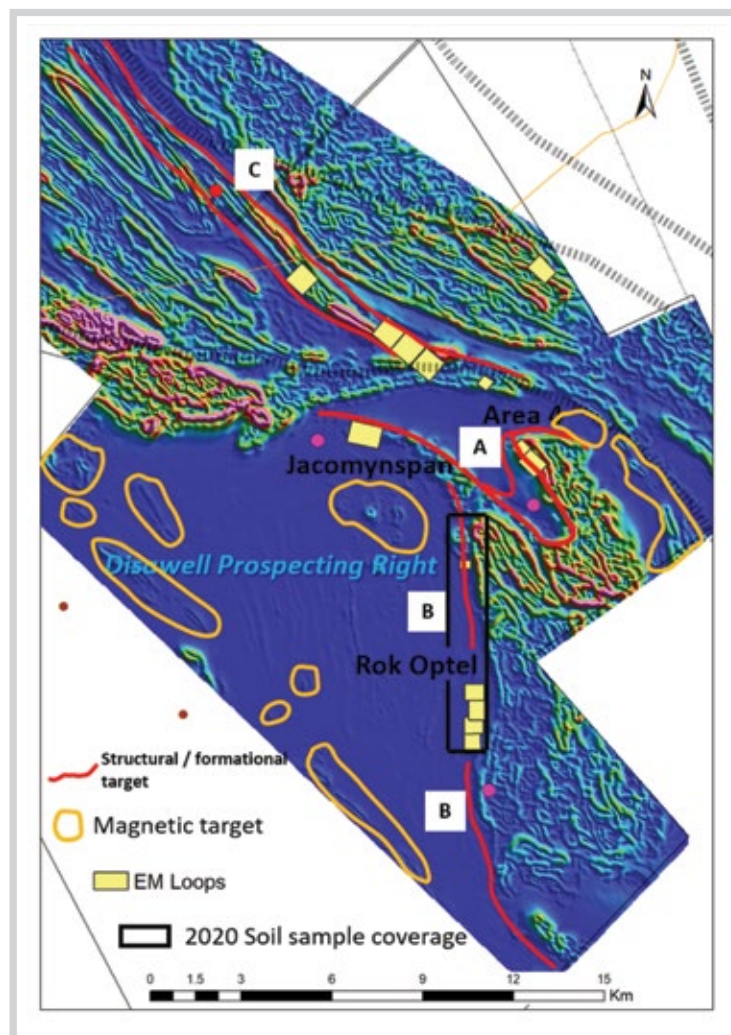
Comprehensive desktop studies were undertaken during the reporting period with several new geophysical targets identified and existing targets confirmed. Geophysical targets include:

- Untested subtle aeromagnetic highs similar to magnetic signatures associated with known mineralisation on the prospecting right; and
- Structures that host known nickel-copper mineralisation (Figure 17).

Soil sampling covering the area between Rok Optel and Area 4 was completed during the September 2019 Quarter bringing the total number of soil samples collected to date on the Disawell Prospecting Right to 1,670 samples.

Drill ready targets include both untested ground EM targets at Area 4 (refer ASX release 3 July 2018) and downhole EM targets at Rok Optel (refer ASX release 24 October 2018). Once field operations resume, the Company intends to test these targets by means of mapping, soil sampling, ground geophysics and drilling.

Figure 17: Aeromagnetic image with areas and structures prioritised for follow-up indicated, as well as the area covered by soil sampling during FY2020.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Marydale Gold-Copper Project (Witkop)

In December 2019, preliminary evaluation of the potential for small scale or exploratory gold mining on the Witkop gold project was completed. This work was done in collaboration with Orion's BEE Partner, Black Star Pty Ltd, and its subsidiary Gariep Mining (Gariep). Gariep has extensive small-scale mining experience and a significant fleet of surface and underground mining equipment. Orion is evaluating entering into a joint venture mining agreement with Gariep to pursue the project.

The following work was completed at the Marydale Project during FY2020:

- Modelling of mineralisation and resource estimation in the area of best gold mineralisation as defined by drilling and trenching (refer ASX release 17 August 2016);
- First phase metallurgical test work;
- Preliminary pit design, mining and production schedules; and
- Compilation of a Mine Works Program.

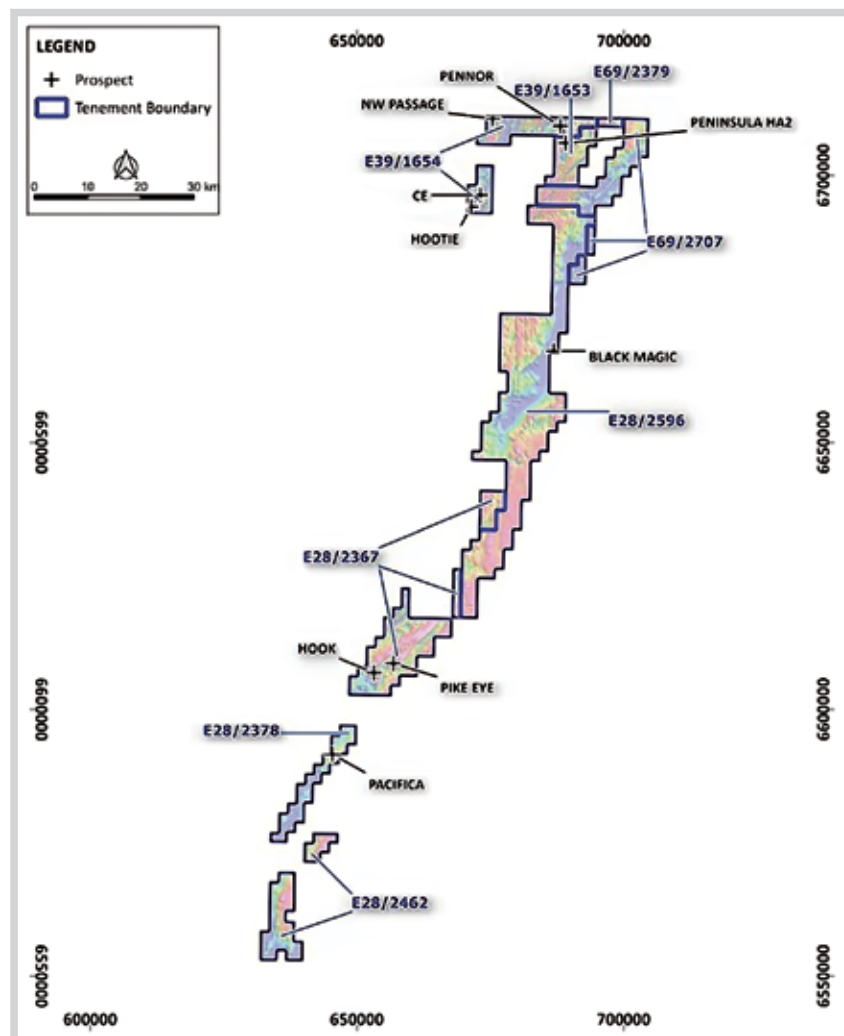
Australia

Fraser Range – Nickel-Copper Projects (Western Australia)

Orion maintains a sizeable tenement package in the Fraser Range Province of Western Australia, which is subject to an earn-in Joint Venture agreement (JVA) with IGO Limited (ASX: IGO) (Figure 18). Under the JVA, IGO is responsible for all exploration on the tenements and provides regular updates to Orion on activities and results.

The combination of magmatic nickel-copper-cobalt and VMS copper-zinc mineralisation in the Fraser Range is similar to the Areachap Belt in South Africa where Orion holds Prospecting Rights over both magmatic nickel-copper and VMS-style copper-zinc deposits.

Figure 18: An overview of tenements contained within the IGO-ORN JV, underlain by aeromagnetics.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

The North West Passage – E39/1653

The North West Passage target was initially identified by Orion in a 2014 versatile time domain electromagnetic (VTEM) survey and was interpreted further by IGO using additional geophysical data, including aeromagnetics and ground gravity (refer ASX release 30 July 2019).

Two diamond drill holes were completed by IGO during FY2020 to test EM plates representing nickel-copper massive sulphide targets (Figure 19). The holes were successful in intersecting mafic-ultramafic intrusive rocks intercalated with carbonate and graphitic meta-sediments, proving the area to be highly prospective for massive nickel-copper sulphide mineralisation.

The intrusive rocks contain visible sulphides with massive and semi massive pyrrhotite – pyrite stringers injected into both ultramafic rock and its host rocks. Multiphase ultramafic

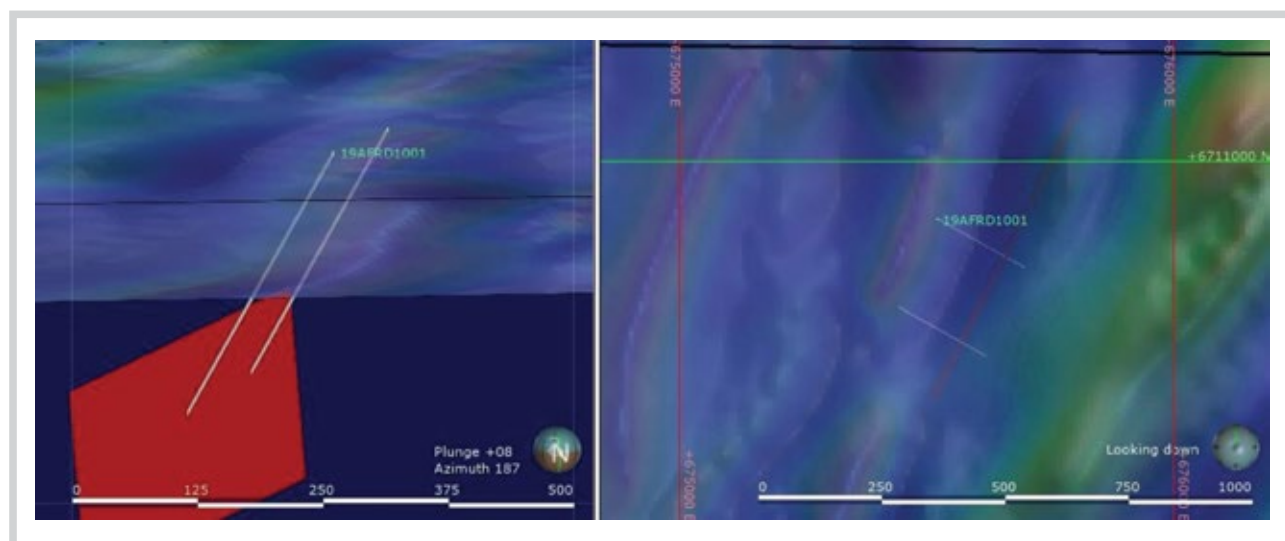
assemblages intrusive into carbonatitic and graphitic sub-units are considered to be highly prospective for magmatic nickel-copper mineralisation within the Fraser Range while the injected massive sulphide veins are commonly associated with intrusive complexes hosting massive sulphide nickel deposits.

In hole 19AFDD1001, ultramafic rocks intersected from 160m to 215m returned maximum values of 2,350ppm (parts per million) nickel, 2,350ppm chromium and 28% magnesium oxide (MgO) (refer ASX release 3 February 2020).

Ground reconnaissance began at North West Passage in May 2020, ahead of a planned campaign of infill aircore drilling.

When potential heritage artifacts were identified at North West passage, it was recommended that a consultant be appointed to carry out a heritage survey to better delineate areas of cultural significance before the proposed aircore drill program.

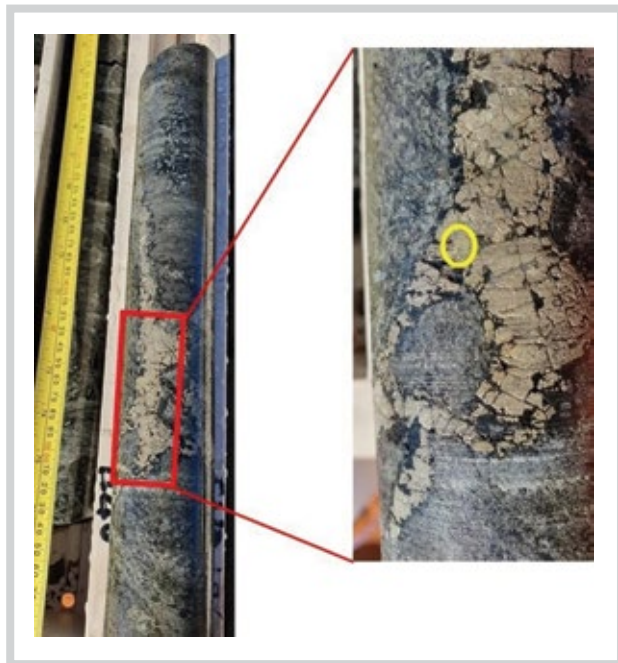
Figure 19: Completed collars and drill traces of drill holes 19AFDD1001 and 19AFDD1002 (looking from the south) with targeted EM plate in red on the left and in plan view over merged tilt derivative and Total Magnetic image (north is up).



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

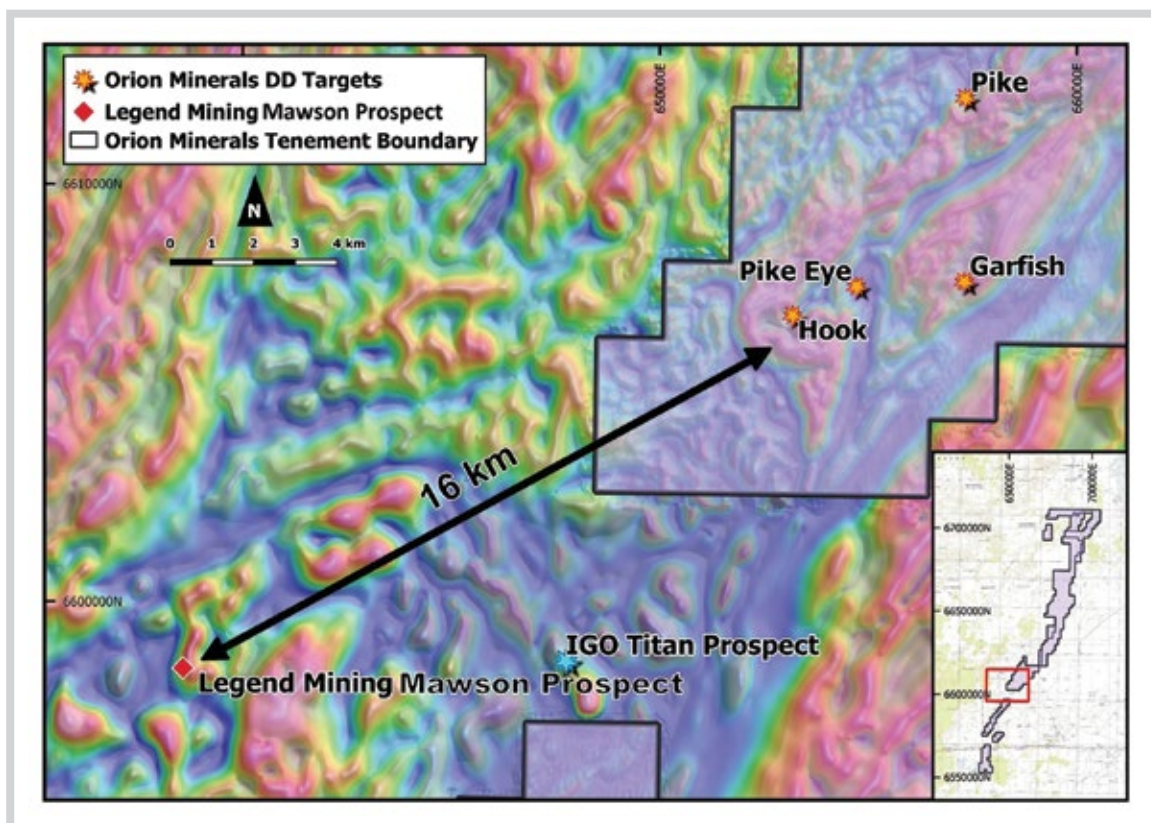
Figure 20: Semi massive pyrite-pyrrhotite vein intersected in hole 19AFDD1001 from 188.3-188.8m. The yellow circle indicates a chalcopyrite grain.



Tenement E28/2367

Four prospects, Hook, Pike, Pike Eye and Garfish have been identified on tenement E28/2367, based on EM, airborne magnetic, gravity and geochemical data (Figure 21).

Figure 21: IGO-Orion Fraser Range Joint Venture Tenements showing regional aeromagnetic image and locality of the Hook and Pike Prospects, relative to nearby Legend Mining Mawson Prospect.



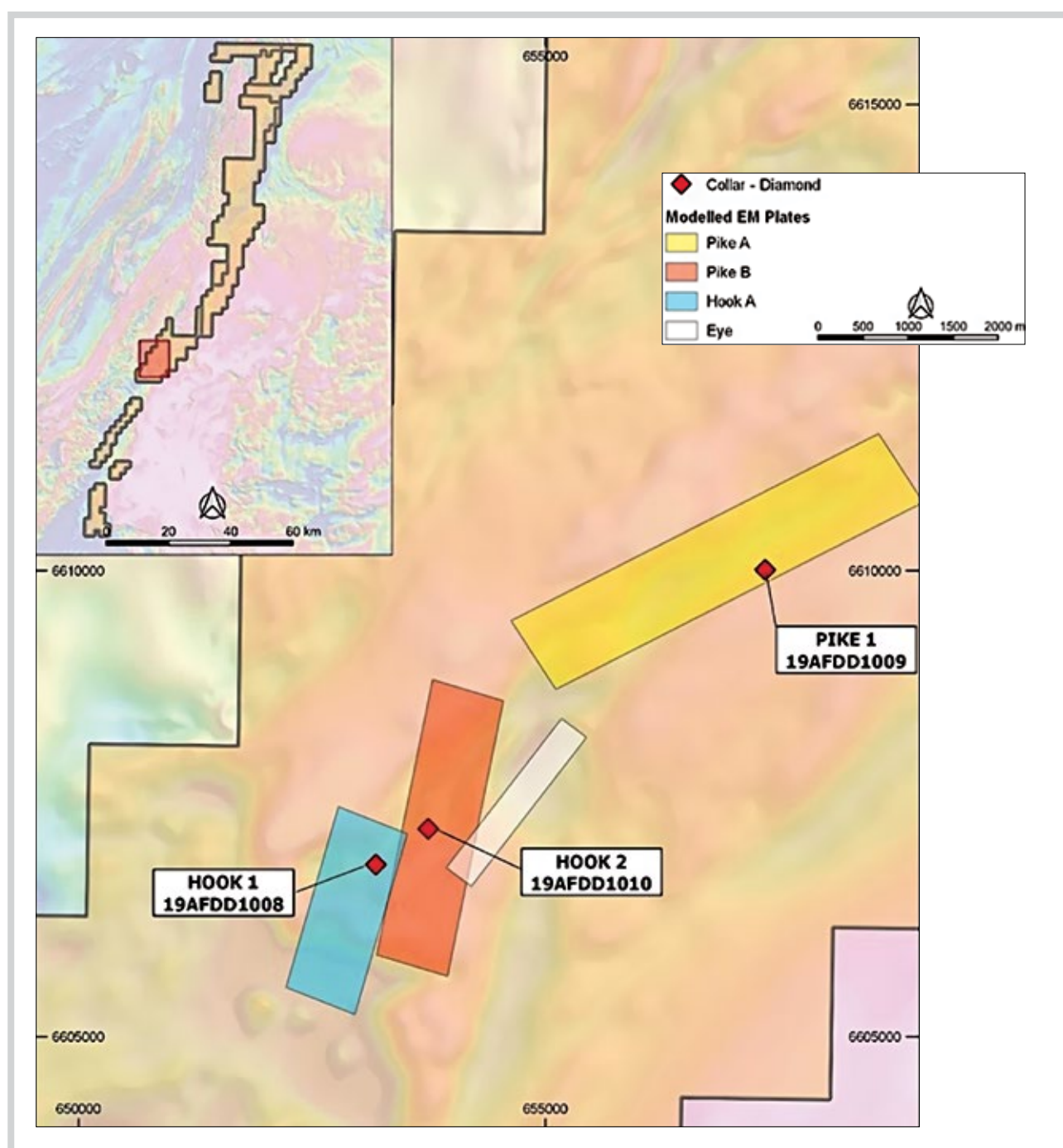
BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

The Hook 1 prospect lies 16km north-east of Legend Mining's (ASX: LEG) Mawson Prospect (previously known as Area D) (Figure 21). During FY2020, Legend Mining confirmed a significant new discovery at the Mawson Prospect, with high-grade massive sulphide intercepts of up to 12.8m at 2.76% nickel and 1.36% copper from 234.9m reported in diamond hole RKDD008 (refer LEG ASX release 21 April 2020). The Mawson intrusive is reported to be hosted by graphitic sediments similar to those at Pike and Hook.

IGO drilled three holes on tenement E28/2367 (Figure 22). Drill hole 19AFDD1008 drilled on Hook 1 intersected gabbro-norite zones 6m to 57m thick that are intercalated with locally graphitic metasedimentary rocks containing sulphide stringers and semi-massive sulphide veins up to 10cm thick (Figure 23). A down-hole EM survey identified a strong conductive response beyond the end of hole. Once drilling recommences, hole 19AFDD1008 will be deepened by 180m to test the down-hole EM conductor.

Figure 22: Plan view of the Pike 1, Hook 1 and 2 prospects with diamond drill holes and targeted conductors plotted on airborne magnetics.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 23: Semi-massive to massive pyrrhotite-pyrite vein at 331m down-hole depth in drill hole 19AFDD1008 drilled on the Hook 1 prospect.



Based on EM, geochemistry and magnetic structural data, a further six diamond drill holes (including deepening of 19AFDD1008) for 2,380m have been planned to test further EM targets at Hook, Pike Eye and Pike.

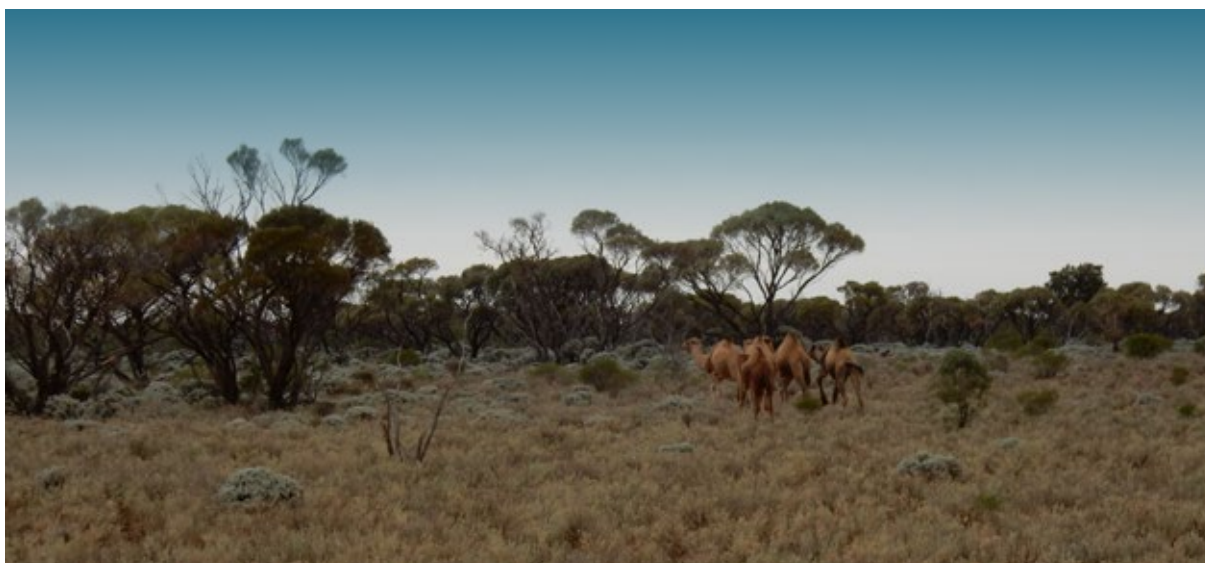
The Pike conductors offer both copper-zinc VMS targets and magmatic hosted nickel-copper targets.

Diamond drilling at Kanandah Station has been delayed to the first half of FY2021 to enable access tracks to be improved and to develop a reliable source of water to support drilling activities.

Ground reconnaissance and infill aircore drilling programs were conducted within tenements E39/1654, E39/1653, E69/2707, E28/2596 and E69/2379 (Figure 18) in the June 2020 Quarter, with assay results pending at the end of the reporting period.

Completed Aircore Drilling

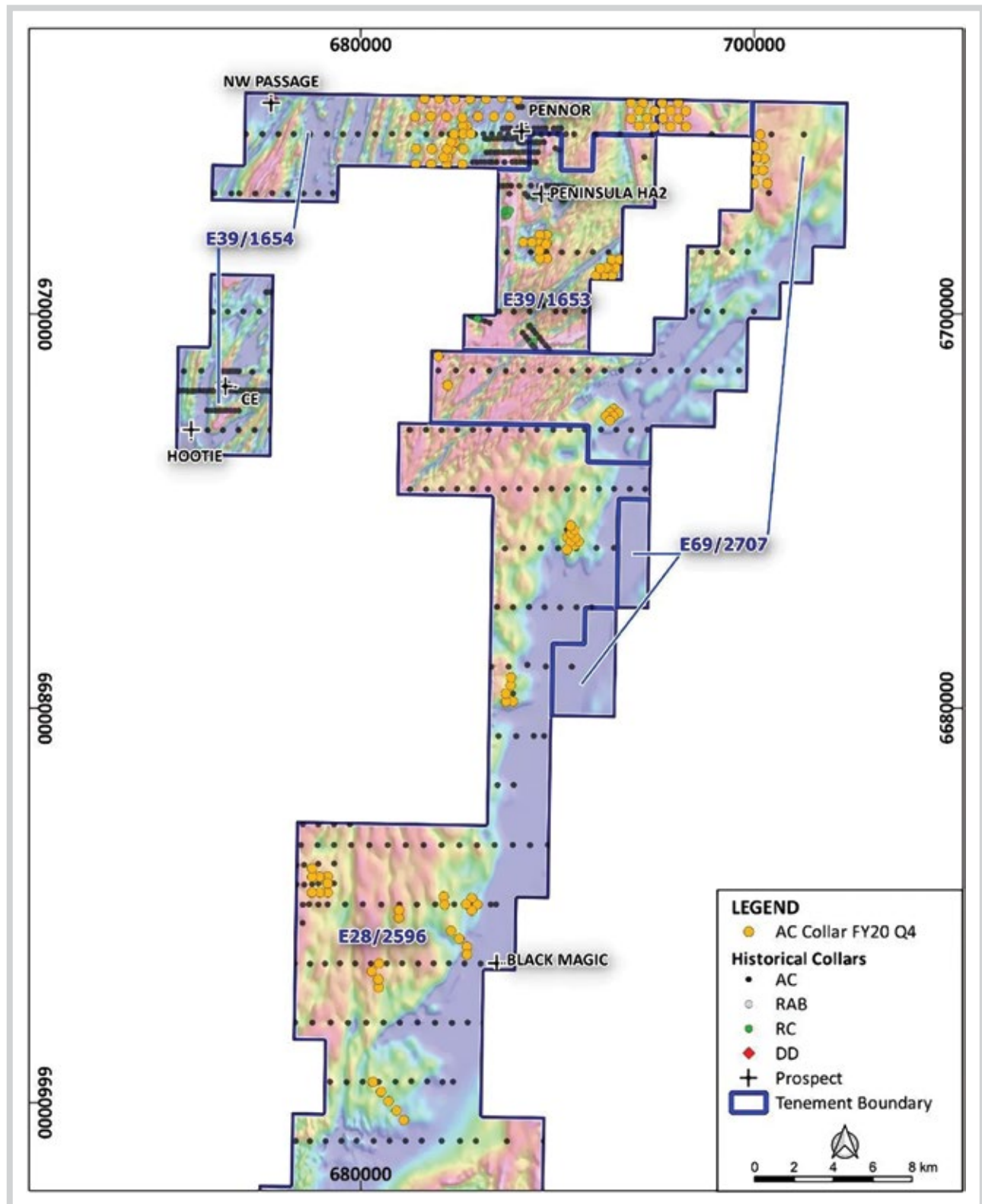
A total of 119 aircore holes were drilled at the Peninsula, Pennor West and Black Magic prospects across tenements E39/1654, E39/1653, E69/2707, E69/2379 and E28/2596 (Figure 24). Drilling near the Peninsula and Pennor West areas targeted the Peninsula Intrusive Complex whilst the remaining infill drilling targeted discrete gravity highs adjacent to zones of anomalous geochemistry. Of the holes drilled, 54 intersected mafic and ultramafic rocks. Assay results from the mafic-ultramafic rocks were pending at the end of the reporting period and will be reviewed by IGO to determine the prospectivity for magmatic nickel-copper sulphide mineralisation.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

Figure 24: Infill aircore drilling completed during FY2020, underlain by aeromagnetics (TMI) with historical drill collars illustrated.



BUSINESS REVIEW

REVIEW OF OPERATIONS *continued*

During April 2020, IGO designed and peer reviewed an infill aircore drilling program for 2020. This program was designed to test and define the top-of-basement expression of existing geochemical, geophysical and geological targets.

The main areas proposed for infill aircore drilling within the IGO-ORN JV project include:

- Hootie and CE North prospects in the northern extent of the project area;
- An extension to the Pennor / Peninsula prospect area; and
- Kanandah Station Trend prospects; Pike, Pike-Eye and Old Soldiers.

The Hootie prospect is defined by an area of anomalous geochemistry situated proximal to two shear zones and a fold hinge structure. These combined attributes make this a favourable prospect for magmatic nickel-copper mineralisation.

CE North is focused within a magnetic feature previously targeted by Orion, where favourable host rocks were intersected. This infill aircore drilling program will cover an area devoid of drilling and ground moving-loop EM-surveys. If the infill drilling is successful, IGO will consider conducting a moving-loop electromagnetic survey (MLEM) and/or diamond drill testing.

Walhalla Gold and Polymetals Project (Victoria)

While the Walhalla-Woods Point District is best known for gold mining, high-grade copper-nickel and PGE mineralisation also occurs within the belt. Both the gold and copper-nickel-PGE mineralisation within this district are hosted within dykes from the Woods Point Dyke Swarm (WPDS), a series of ultramafic to felsic dykes occurring over a 75km long north-south belt.

The Company continued to progress its licence applications over prospective areas at Walhalla.



BUSINESS REVIEW

ORE RESERVE & MINERAL RESOURCE STATEMENT

Orion has a dual listing with the Australian Securities Exchange (ASX) and the Johannesburg Stock Exchange (JSE) and reports Exploration Results, Mineral Resource and Ore Reserve Estimates in accordance with the ASX listing rules and the requirements and guidelines of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 (the JORC Code).

The JSE requires reporting in terms of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (SAMREC Code), however the JORC Code requirements are considered similar enough to be accepted by the JSE. The Orion financial year end is 30 June and most of its subsidiaries have been aligned to this annual reporting date.

The 2020 Annual Report covers Orion's five exploration projects in the Northern Cape province of South Africa as well as its interest in a number of Australian projects. By the end of FY2018, Indicated and Inferred Mineral Resources were classified and reported from both Orion's flagship Prieska VMS Project (refer ASX releases 8 February 2018 and 9 April 2018) as well as the Jacomynspan Nickel-copper Project (refer ASX release 8 March 2018). By the end of FY2019, the Prieska Project's Mineral Resources had been upgraded to Probable Mineral Reserves, Indicated Mineral Resources and Inferred Mineral Resources for both the surface +105 Level Mineral Resources (refer ASX releases 15 January 2019 and 26 June 2019) and the underground Deep Sulphide Mineral Resource (refer ASX releases 18 December 2018 and 26 June 2019). The Prieska Deep Sulphide Ore Reserve was updated in FY2020. A comparison of the FY2019 and FY2020 estimates are summarised below on a project by project basis.

Listings of the respective estimates as they stand at the end of FY2020 are tabulated below for Orion's total interests and for the operational and project divisions. The tables are accompanied by the relevant JORC Code Competent Person statements. Refer to the Corporate section for Orion's interest in each project.

Orion's procedures for public reporting ensures transparency, materiality and competence in its governance of Mineral Resource and Ore Reserve Estimates and release of results requires several assurance measures.

Firstly, the Competent Persons responsible for public reporting:

- Must be current members of a professional organisation that is recognised in the JORC Code framework;
- Must have at least five years relevant experience in the style of mineralisation and reporting activity for which they are acting as Competent Person;
- Must have given a written consent to inclusion of the results and estimates that are reported, stating that the report agrees with supporting documentation regarding the results or estimates prepared by each Competent Person; and
- Must have prepared supporting documentation for results and/or estimates to a level consistent with standard industry practices.

This includes JORC Table 1 Checklists for any results and/or estimates reported.

Orion also ensures that any publicly reported results and/or estimates are prepared using JORC and ASX guidelines, accepted industry methods and using specialised guidance for aspects where required, such as metal prices and foreign exchange rates. Estimates and results are also peer reviewed internally by Orion's senior technical staff before being presented to Orion's Board for approval and subsequent ASX reporting.

Market sensitive or production critical estimates may also be audited by suitably qualified external consultants to ensure the precision and correctness of the reported information. Once operational, Orion plans to ensure that the estimation precision of actual mine and process production is compared to the Mineral Resource and Ore Reserve forecasts.

Prieska Project Mineral Resources and Reserves

The BFS reported on herein contains production targets and forecast financial information supported by a combination of Probable Ore Reserves, Indicated Mineral Resources and Inferred Mineral Resources, all as defined, compiled and disclosed in compliance with ASX Listing Rules and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (JORC (2012) or JORC Code) reporting standards. The Ore Reserves and Mineral Resources underpinning the production target in this report have been prepared by competent persons in accordance with the requirements in Appendix 5A (JORC (2012)).



BUSINESS REVIEW

ORE RESERVE & MINERAL RESOURCE STATEMENT *continued*

Mineral Resources

The Mineral Resource Estimates classified and reported in terms of the JORC Code, 2012 guidelines, for both the Deep Sulphide Mineral Resource and the +105 Level Mineral Resource are as tabled individually below and then combined in the final table.

Deep Sulphide Mineral Resource for PCZM + Vardocube Tenements (Effective Date: 15 December 2018)						
Tenement	Classification	Tonnes	Cu (metal tonnes)	Cu (%)	Zn (metal tonnes)	Zn (%)
PCZM	Indicated	15,052,000	170,000	1.15	510,000	3.38
	Inferred	6,998,000	80,000	1.04	270,000	3.86
	Total	22,050,000	249,000	1.13	779,000	3.53
Vardocube	Indicated	3,455,000	44,000	1.27	158,000	4.57
	Inferred	3,221,000	41,000	1.27	147,000	4.56
	Total	6,676,000	85,000	1.27	305,000	4.57
Deep Sulphide Total	Indicated	18,507,000	217,000	1.17	667,000	3.60
	Inferred	10,219,000	117,000	1.14	417,000	4.08
	Total	28,726,000	334,000	1.16	1,084,000	3.77

Deep Sulphide Resource bottom cut-off = 4% Equivalent Zn (Zn Eq = Zn% + (Cu%*2)). Mineral Resources stated at zero % cut-off. Tonnes are rounded to thousands, which may result in rounding errors.

+105 Updated Mineral Resource for the PCZM Tenement (Effective Date: 11 January 2019) ²						
Classification	Mineralised zone	Tonnes	Cu (metal tonnes)	Cu (%)	Zn (metal tonnes)	Zn (%)
Indicated	Supergene	624,000	10,000	1.54	19,000	3.05
	Total	624,000	10,000	1.54	19,000	3.05
Inferred	Oxide	511,000	3,000	0.6	4,000	0.9
	Supergene	627,000	14,000	2.2	11,000	1.8
	Total	1,138,000	17,000	1.5	16,000	1.4
+105						
Total	Mineral Resource	1,762,000	27,000	1.5	35,000	2.0

+105m Level Mineral Resource bottom cut-off = 0.3% Cu. Mineral Resources stated at zero % cut-off. Tonnes are rounded to thousands, which may result in rounding errors.

¹ Mineral Resource reported in ASX release of 18 December 2018: "Landmark Resource Upgrade Sets Strong Foundation" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Orion's exploration: Mr. Errol Smart. Competent Person: Orion's Mineral Resource: Mr. Sean Duggan. Orion confirms it is not aware of any new information or data that materially affects the information included above. For the Mineral Resources, the company confirms that all material assumptions and technical parameters underpinning the estimates in the ASX release of 18 December 2018 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

² Mineral Resource reported in ASX release of 15 January 2019: "Prieska Total Resource Exceeds 30Mt @ 3.7% Zn and 1.2% Cu Following Updated Open Pit Resource" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Orion's exploration: Mr. Errol Smart. Competent Person: Orion's Mineral Resource: Mr. Sean Duggan. Orion confirms it is not aware of any new information or data that materially affects the information included above. For the Mineral Resources, the company confirms that all material assumptions and technical parameters underpinning the estimates in the ASX release of 15 January 2019 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

Combined Prieska Project Mineral Resource for PCZM + Vardocube Tenements (Effective Date: 11 January 2019) ²						
Mineral Resource	Classification	Tonnes	Cu (metal tonnes)	Cu (%)	Zn (metal tonnes)	Zn (%)
Deep Sulphide Resource	Indicated	18,507,000	217,000	1.17	667,000	3.60
	Inferred	10,219,000	117,000	1.1	417,000	4.1
+105m Level Resource	Indicated	624,000	10,000	1.54	19,000	3.05
	Inferred	1,138,000	17,000	1.4	16,000	1.4
Total	Indicated	19,131,000	227,000	1.18	686,000	3.59
	Inferred	11,357,000	134,000	1.2	433,000	3.8
Grand total		30,488,000	361,000	1.2	1,119,000	3.7

Deep Sulphide Mineral Resource bottom cut-off = 4% Equivalent Zn (Zn Eq = Zn% + (Cu%*2)); +105m Level Mineral Resource bottom cut-off = 0.3% Cu. Mineral Resources stated at zero % cut-off. Tonnes are rounded to thousands, which may result in rounding errors.

The Mineral Resources are inclusive of Ore Reserves.

BUSINESS REVIEW

ORE RESERVE & MINERAL RESOURCE STATEMENT *continued*

Ore Reserves

The Ore Reserves that follow are classified and reported in accordance with JORC Code, 2012.

The Deep Sulphide Probable Ore Reserve estimate amounts to 14.0Mt grading 1.0% Cu and 3.2% Zn, including 146kt copper metal tonnes and 446kt zinc metal tonnes (Cu-Eq of 248kt metal tonnes at 1.8%) as tabulated below.

Prieska Project Deep Sulphide Ore Reserves (Effective Date: 30 April 2020) ³								
Deposit	Ore Reserve classification	Tonnage (Mt)	Cu		Zn		Cu equivalent ⁴	
			Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)
Deep Sulphide	Probable	14.0	146	1.0	446	3.2	248	1.8
Total	Probable	14.0	146	1.0	446	3.2	248	1.8

Deep Sulphide Ore Reserves calculated using financial assumptions and modifying factors stated in the Study. Tonnes are rounded to thousands, which may result in rounding errors.

The +105 Level Probable Ore Reserve is estimated at 480kt grading 1.5% Cu and 3.3% Zn, including 7kt copper metal tonnes and 16kt zinc metal tonnes, (Cu-Eq of 11kt metal tonnes at 2.3%).

Prieska Project +105 Level Ore Reserves (Effective Date: 15 June 2019) ⁵								
Deposit	Ore Reserve classification	Tonnage (Mt)	Cu		Zn		Cu equivalent ⁴	
			Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)
+105 Level	Probable	484	7	1.5	16	3.3	11	2.3
Total	Probable	484	7	1.5	16	3.3	11	2.3

+105m Level Ore Reserves calculated using financial assumptions and modifying factors stated in the Study. Tonnes are rounded to thousands, which may result in rounding errors.

³ Ore Reserve reported in ASX/JSE release of 26 May 2020: "Prieska BFS – Long life, high margin project" available to the public on www.orionminerals.com.au/investors/asx-jse-announcements. Competent Person: Orion's Ore Reserve: Mr. William Gillespie. Orion confirms it is not aware of any new information or data that materially affects the information included above. For the Ore Reserves, the Company confirms that all material assumptions and technical parameters underpinning the estimates in the ASX release of 26 May 2020 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not materially changed.

⁴ Method used to determine Cu equivalent Zn grades:

Underground Cu Equivalent Estimation

$$1\% \text{ Zn} = (\text{Zn price} \times \text{Zn NSR}) \times (\text{Zn plant recovery}) = (2,337 \times 68.3\%) \times (81.6\%) = 0.23\% \text{ Cu}$$

$$(\text{Cu price} \times \text{Cu NSR}) \times (\text{Cu plant recovery}) (6,680 \times 99.3\%) (85.5\%)$$

Therefore Cu Equivalent grade = Cu grade + 0.23 x Zn grade.

Open-pit Cu Equivalent Estimation

$$1\% \text{ Zn} = (\text{Zn price} \times \text{Zn NSR}) \times (\text{Zn plant recovery}) = (2,337 \times 52.2\%) \times (75.8\%) = 0.17\% \text{ Cu}$$

$$(\text{Cu price} \times \text{Cu NSR}) \times (\text{Cu plant recovery}) (6,680 \times 91.9\%) (61.7\%)$$

Therefore Cu Equivalent grade = Cu grade + 0.17 x Zn grade.

Combined Cu Equivalent Estimation

$$1\% \text{ Zn} = (\text{Zn price} \times \text{Zn NSR}) \times (\text{Zn plant recovery}) = (2,337 \times 67.8\%) \times (81.4\%) = 0.23\% \text{ Cu}$$

$$(\text{Cu price} \times \text{Cu NSR}) \times (\text{Cu plant recovery}) (6,680 \times 99.0\%) (84.3\%)$$

Therefore Cu Equivalent grade = Cu grade + 0.23 x Zn grade.

Metal prices assumptions based on S&P Global commodity long-term forecast (April 2020).

Plant recovery assumptions are based on metallurgical test work completed to date at Mintek Laboratories (South Africa) under the supervision of DRA. Refer to JORC Table 1 in the ASX/JSE releases 15 November 2017, 8 February 2018, 1 March 2018, 12 June 2018, 22 October 2018 and 31 October 2019.

⁵ Ore Reserve reported in ASX/JSE release of 26 June 2019: "Prieska BFS – Long life, high margin project" available to the public on www.orionminerals.com.au/investors/asx-jse-announcements. Competent Person: Orion's Ore Reserve: Mr. William Gillespie. Orion confirms it is not aware of any new information or data that materially affects the information included above. For the Ore Reserves, the Company confirms that all material assumptions and technical parameters underpinning the estimates in the ASX release of 26 June 2019 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not materially changed.

BUSINESS REVIEW

ORE RESERVE & MINERAL RESOURCE STATEMENT *continued*

Prieska Project Ore Reserves Estimate (Effective Date: 30 April 2020)								
Deposit	Ore Reserve classification	Tonnage (Mt)	Cu		Zn		Cu equivalent	
			Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)	Metal tonnes (Kt)	Grade (%)
+105 Level	Probable	0.5	7	1.5	16	3.3	11	2.3
Deep Sulphide	Probable	14.0	146	1.0	446	3.2	248	1.8
Total	Probable	14.5	153	1.1	462	3.2	259	1.8

Project Ore Reserves calculated using financial assumptions and modifying factors stated in the Study. Tonnes are rounded to thousands, which may result in rounding errors.

Prieska Project Mineral Resource and Ore Reserve Annual Comparison

Prieska Project		Financial year	July 2018 – June 2019			July 2019 – June 2020			Refer ASX release
Tenement	Mineral Resource	Classification	Tonnage (Mt)	Cu (Kt)	Zn (%)	Tonnage (Mt)	Cu (Kt)	Zn (%)	
PCZM and Vardocube	Deep Sulphide	Probable Ore Reserve	13.14	1.0	3.2	14.0	1.0	3.2	26 May 2020
		Indicated Mineral Resource	18.5	1.2	3.6	18.5	1.2	3.6	18 Dec 2019
		Inferred Mineral Resource	10.2	1.1	4.1	10.2	1.1	4.1	9 Apr 2018 18 Dec 2018
	+105m Level	Probable Ore Reserve	0.48	1.5	3.3	0.5	1.5	3.3	26 Jun 2019
		Indicated Mineral Resource	0.6	1.5	3.1	0.6	1.5	3.1	8 Feb 2018 15 Jan 2019
		Inferred Mineral Resource	1.1	1.4	1.4	1.1	1.4	1.4	8 Feb 2018 15 Jan 2019
	The Mineral Resources are inclusive of Ore Reserves.								
	Totals	Probable Ore Reserve	13.6	1.1	3.2	14.5	1.1	3.2	26 May 2020
		Indicated Mineral Resource	19.1	1.2	3.6	19.1	1.2	3.6	15 Jan 2019
		Inferred Mineral Resource	11.3	1.2	3.8	11.3	1.2	3.8	8 Feb 2018 15 Jan 2019

The Mineral Resources are inclusive of Ore Reserves.



BUSINESS REVIEW

ORE RESERVE & MINERAL RESOURCE STATEMENT *continued*

Competent Persons' Statements – Prieska Project

The information in this report that relates to Exploration Results is not in contravention of 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's Managing Director. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a Recognised Overseas Professional Organisation (PRO) 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 report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is not in contravention of the JORC Code and has been compiled and assessed under the supervision of Mr Sean Duggan, a Director and Principal Analyst at Z Star Mineral Resource Consultants (Pty) Ltd. Mr Duggan (PrSci.Nat) is registered with the South African Council for Natural Scientific Professionals (Registration No. 400035/01), an PRO 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 Duggan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Ore Reserves is based on mining-related information incorporated under the supervision of Mr William Gillespie, a Competent Person who is a fellow of the Institute of Materials, Minerals and Mining (IMMM), a Recognised Overseas Professional Organisation, (PRO). Mr Gillespie takes overall responsibility for the Ore Reserve aspects of the release as Competent Person. Mr Gillespie is an employee of A & B Global Mining Consultants (Pty) Ltd which contracts to Orion. Mr Gillespie has sufficient experience that is relevant to the type of mining and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Gillespie consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the metallurgy and processing plant information incorporated under supervision of Mr John Edwards, a Competent Person, who is a fellow of the South African Institute of Mining and Metallurgy (SAIMM), a PRO. Mr Edwards is an employee of METC Engineering Ltd., that provides consulting services to Orion. Mr Edwards 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 by the 2012 Edition of the JORC Code. Mr Edwards consents to the inclusion of the report of the matters based on his information in the form and context in which it appears.

Jacomynspan Project Mineral Resources

The Mineral Resource Estimate for the Namaqua-Disawell Jacomynspan Project is as reported in the 2018 annual report. There are no material changes to the estimate.

A maiden Mineral Resource Estimate, based on drilling data from 1971 to 2012, reported at a 0.4% Ni cut-off grade gives 6.8 Mt containing 39,000 tonnes Ni at 0.5% Ni, 22,000 tonnes Cu at 0.3% Cu and 1,800 tonnes Co at 0.03% Co (refer ASX release 8 March 2018). The Mineral Resources for the Jacomynspan Project were previously reported (refer ASX release 14 July 2016) in accordance with the SAMREC Code (2007) as a "qualifying foreign resource estimate" as defined in the ASX Listing Rules.

The Mineral Resources have subsequently been reassessed by the MSA Group (Pty) Ltd on behalf of the Company and reported in compliance with the JORC Code, 2012⁶.

⁶ Mineral Resource reported in ASX/JSE release of 8 March 2018: "modelling confirms target around Jacomynspan intrusive" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Orion's exploration: Mr. Errol Smart. Competent Person: Orion's Mineral Resource: Mr. Jeremy Witley. Orion confirms it is not aware of any new information or data that materially affects the information included above. For the Mineral Resources, the company confirms that all material assumptions and technical parameters underpinning the estimates in the ASX release of 8 March 2018 continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

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ORE RESERVE & MINERAL RESOURCE STATEMENT *continued*

Indicated and Inferred Mineral Resource Statement for the Jacomynspan Project on the Namaqua Mining Right using a 0.4% Ni cut-off
Mineral Resource Grade-Tonnage Table for the Jacomynspan Project at a 0.40% Ni cut-off grade

Classification	Cut off % Ni	Volume (m³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
				Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces
Indicated	0.40	584,000	1,780,000	0.55	10,000	0.29	5,000	0.03	1,000	0.17	10,000	0.11	6,000	0.07	4,000
Inferred	0.40	1,647,000	5,056,000	0.58	29,000	0.35	18,000	0.03	1,000	0.19	31,000	0.13	21,000	0.07	11,000

Indicated and Inferred Mineral Resource for the Jacomynspan Project at various cut-offs

Indicated Mineral Resource for the Jacomynspan Project at various Ni cut-off grades

Cut off % Ni	Volume (m³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
			Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces
0.20	11,252,000	33,000,000	0.26	86,000	0.18	58,000	0.02	6,000	0.10	101,000	0.05	53,000	0.04	44,000
0.25	4,205,000	12,393,000	0.32	40,000	0.20	25,000	0.02	3,000	0.11	45,000	0.06	25,000	0.05	19,000
0.30	1,501,000	4,461,000	0.42	19,000	0.24	11,000	0.02	1,000	0.14	20,000	0.08	12,000	0.05	8,000
0.40	584,000	1,780,000	0.55	10,000	0.29	5,000	0.03	1,000	0.17	10,000	0.11	6,000	0.07	4,000
0.50	284,000	872,000	0.66	6,000	0.37	3,000	0.04	300	0.16	5,000	0.11	3,000	0.07	2,000

Note: Mineral Resource stated at 0.4% cut-off.

Inferred Mineral Resource for the Jacomynspan Project at various Ni cut-off grades

Cut off % Ni	Volume (m³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
			Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (%)	Metal tonnes	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces	Grade (g/t)	Metal ounces
0.20	11,022,000	32,304,000	0.29	94,000	0.20	63,000	0.02	6,000	0.10	108,000	0.06	60,000	0.04	44,000
0.25	3,974,000	11,863,000	0.42	49,000	0.26	31,000	0.02	2,000	0.15	55,000	0.09	34,000	0.05	20,000
0.30	2,303,000	7,008,000	0.52	36,000	0.31	22,000	0.02	2,000	0.19	42,000	0.12	27,000	0.06	14,000
0.40	1,647,000	5,056,000	0.58	29,000	0.35	18,000	0.03	1,000	0.19	31,000	0.13	21,000	0.07	11,000
0.50	982,000	3,041,000	0.67	20,000	0.41	13,000	0.03	1,000	0.17	16,000	0.12	11,000	0.07	7,000

Note: Mineral Resource stated at 0.4% cut-off.

Namaqua-Disawell Project Mineral Resource and Ore Reserve Annual Comparison

Namaqua-Disawell Project		Financial Year		July 2017 – June 2018					July 2019 – June 2020			Refer ASX release
Tenement	Mineral Resource	Classification	Tonnage Mt	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Tonnage Mt	Ni (%)	Cu (%)	
Namaqua- Disawell	Jacomynspan	Indicated Mineral Resource	1.78	0.6	0.3	0.03	0.2	0.1	No material change			8 Mar 2018
		Inferred Mineral Resource	5.06	0.6	0.4	0.03	0.2	0.1	No material change			8 Mar 2018
		Indicated Mineral Resource	1.78	0.6	0.3	0.03	0.2	2.6	No material change			8 Mar 2018
		Inferred Mineral Resource	5.06	0.6	0.4	0.03	0.2	3.8	No material change			8 Mar 2018

Note: Mineral Resource stated at 0.4% cut-off.

Competent Person's Statement – Jacomynspan Project

The information in this report that relates to the Mineral Resource at the Jacomynspan Project is based on information compiled by Mr Jeremy Charles Witley (BSc Hons, MSC (Eng.)), a Competent Person who is registered with the South African Council for Natural Scientific Professionals (Registration No. 400181/05), a 'Recognised Professional Organisation' (RPO) included in a list posted on the ASX website from time to time. Mr Witley is a Principal Resource Consultant at the MSA Group Pty Ltd and a consultant to Orion. Mr Witley 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Witley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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The Company recorded a loss of \$18.65 million after tax for the full year ended 30 June 2020. The Company continues to focus strongly on the development of the Prieska Project as well as exploration, evaluation and development within its Areachap exploration projects in South Africa. A total of \$9.81 million in exploration expenditure was incurred during the year. Cash received from financing activities totalled \$14.0 million.

Cash on hand at the end of the year was \$1.22 million.

Capital raisings

During the financial year, the Company raised \$12.8 million before costs to fund its operations primarily in South Africa and for working capital. In summary, key capital raisings comprised:

Placements

- In April 2019, the Company announced a pivotal \$8 million capital raising underpinned by a group of high-profile South African investors as part of a proposed restructure of the Company's BEE equity participation at project level, achieving accelerated compliance with the ownership aspects of the South African Mining Charter 2018 (refer South African BEE ownership re-structure and share issue section below).

The capital raising, conducted by way of a share placement, comprised the issue of 200.9 million ordinary shares in Orion (Shares) at an issue price of \$0.04 per Share, together with one free attaching unlisted option for every two Shares issued (exercise price of \$0.05 and an expiry date of 31 October 2019). The placement included approximately \$4 million placed to experienced BEE entrepreneurs, of which \$2 million was placed to incoming BEE equity investors who will also invest at the Prieska Project level.

Tembo Capital Mining Fund II LP and its affiliated entities (Tembo Capital) also confirmed its continued support of Orion by subscribing for \$2 million in Tranche 1 of the placement. The placement occurred in two stages, being:

- Tranche 1 – In April 2019, a total of 117.23 million Shares and 58.61 million options were issued, to raise \$4.69 million, resulting from a receipt of funds from investors for Tranche 1 commitments; and
- Tranche 2 – In September 2019, a total of 83.71 million Shares and 41.85 million options were issued, to raise \$3.34 million.
- On 24 October 2019, the Company announced that it had received commitments from investors to raise approximately \$5.5 million by way of a placement of Shares at \$0.025 per Share. Following the announcement, the Company received additional commitments from investors, increasing the amount raised by the Company to \$7.7 million, by way of the placement of 308.7 million Shares at \$0.025 per Share. Tembo Capital again confirmed its continued support for Orion, subscribing for

\$2.5 million in the placement. In November 2019, the Company issued a total of 308.7 million Shares in the Company at \$0.025 per Share, finalising the placement.

- Following year-end, on 7 August 2020, Orion announced a strongly supported \$6.2 million capital raising to progress the Prieska Project (Capital Raising). The Capital Raising, which is being conducted via a two-tranche placement, comprises 365.2 million Shares at an issue price of \$0.017 Share. The Capital Raising was strongly supported by existing cornerstone shareholders and new investors, with the proceeds expected to put Orion in a strong financial position as it progresses pivotal funding discussions and advances the previously announced Macquarie Capital led partnering process for the Prieska Project. The placement will occur in two stages, being:
 - Tranche 1 – In August 2020, the Company issued 346.1 million Shares, to raise \$5.8 million, resulting from a receipt of funds from investors for Tranche 1 commitments; and
 - Tranche 2 – This will comprise the issue of 19 million Shares to Tembo Capital to raise \$0.3 million (subject to shareholder approval, to be sought at a general meeting of Orion shareholders to be held on 29 September 2020 and Foreign Investment Review Board (FIRB) approvals).

In addition to the Capital Raising, Tembo Capital subscribed for a further \$2.1 million worth of Shares, at an issue price of \$0.017 per Share, being the issue price for Shares issued under the Capital Raising (subject to shareholder and FIRB approvals). This amount will be offset against the Tembo Capital Loan Facility (see below), enabling Orion to repay the Loan Facility in full.

Share Purchase Plan

In addition to the placement announced on 24 October 2019, the Company also announced a Share Purchase Plan (SPP) giving shareholders an opportunity to increase their shareholding in the Company as it continues to advance its Prieska Project development opportunity. The SPP offered eligible shareholders the opportunity to participate in the Company's Capital Raising on substantially the same terms as the Company's placement at an issue price of \$0.025 per Share.

The SPP opened on 30 October 2019 and closed on 6 December 2019 and attracted strong support from eligible shareholders, with applications totalling \$1.75 million received. On 12 December 2019, the Company issued 70.1 million Shares subscribed for under the SPP.

Conversion of Tembo Capital Loan Facility

On 14 May 2020, Orion announced that a \$1.0 million unsecured convertible loan facility had been agreed with Tembo Capital (Loan Facility) and following this, on 29 June 2020, the Company and Tembo Capital agreed to increase the Loan Facility amount by \$1.0 million to \$2.0 million. Under the terms of the Loan Facility, the Loan Facility amount, interest and any amount capitalised under

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CORPORATE *continued*

the Loan Facility (Outstanding Amount) will be automatically setoff against the amount to be paid by Tembo Capital for the issue and allotment of Shares to Tembo Capital under any capital raising undertaken by Orion on or before 31 October 2020 (Subscription Amount) (subject to Tembo Capital Board approval and shareholder and FIRB approvals).

The key terms of the Loan Facility agreement are:

- **Loan amount** – \$2.0 million;
- **Interest** – capitalised at 12% per annum;
- **Set-off under capital raising** – the Outstanding Amount will be automatically set-off against the amount to be paid by Tembo Capital for the issue and allotment of Shares to Tembo Capital under any capital raising undertaken by Orion on or before 31 October 2020 (Subscription Amount) (subject to shareholder and regulatory approvals required to permit Tembo Capital to participate in any capital raising);
- **Conversion** – if Orion does not undertake a capital raising by 31 October 2020 (Repayment Date), Tembo Capital may elect to receive Shares in repayment of the Outstanding Amount at an issue price of the volume weighted average price of Shares on the ASX over the ten trading days prior to the date that Tembo Capital issues a conversion notice to Orion (subject to shareholder and FIRB approvals);
- **Repayment** – if Orion does not undertake a capital raising by the Repayment Date and Tembo Capital does not elect to receive Shares in repayment of the Outstanding Amount by the Repayment Date, or if all regulatory and shareholder approvals required to permit Tembo Capital to participate in any capital raising or to be issued Shares in repayment of the Outstanding Amount have not been obtained by the later of the Repayment Date and specified dates to obtain the required shareholder and regulatory approvals, the Outstanding Amount is to be repaid within 10 business days;
- **Security** – the Loan Facility is unsecured;
- **Undertakings** – Orion has provided undertakings which are customary for an agreement of this type, including in relation to the incurring of debt, granting of security, compliance with laws, and operational matters; and
- **Warranties** – customary warranties for a transaction of this nature are given each by Orion and Tembo Capital.

As referred to above, on 7 August 2020 Orion announced a \$6.2 million Capital Raising. In addition to the Capital Raising, Tembo Capital subscribed for a further \$2.1 million worth of Shares at an issue price of \$0.017 per Share, being the issue price for Shares issued under the Capital Raising (subject to shareholder and FIRB approvals). Under the terms of the Loan Facility, the Outstanding Amount will be offset against the Subscription Amount. As Tembo Capital's Subscription Amount of \$2.4 million exceeds the Outstanding Amount, the issue of Shares to Tembo Capital will therefore result in the Loan Facility being repaid in full.

As at 30 June 2020, the balance of the Loan Facility was \$2.01 million (including capitalised interest).

Additional information regarding the Loan Facility is included in the Annual Financial Report.

South African BEE ownership re-structure and share issue

In April 2019, Orion entered into a MoU with each of the existing BEE participants (being the Mosiapo Family Trust (Mosiapo), Power Matla (Pty) Ltd (Power Matla) and African Exploration and Mining Finance Corporation (SOC) Ltd (AEMFC) in its South African subsidiaries (being PCZM) (formerly Repli), Vardocube, Bartotrax and Rich Rewards Trading 437 (Pty) Limited (Rich Rewards). Under the terms of this MoU, the existing BEE participants agreed to exchange their shares in Orion's South African subsidiaries for approximately 134 million JSE-listed Orion Shares.

At the same time, Orion entered into an MoU with two BEE entrepreneurs, Black Star Minerals (Pty) Ltd (Black Star) and Kolobe Nala Investment Company (Pty) Ltd (KNI), under which they agreed to acquire a 20% interest in PCZM, as well as a 20% interest in Orion's ownership interest in its Jacomynspan Project.

In July 2019, Orion concluded a Revised MoU with Black Star, KNI and Safika Resources (Pty) Ltd (Safika) under which Safika joined Black Star and KNI as part of the BEE consortium which would acquire the 20% interest in PCZM and the 20% interest in Orion's ownership interest in its Jacomynspan Project. The BEE restructure was finalised in November 2019 following the issue of shares in September 2019 and November 2019.

In a simultaneous transaction, Prieska Resources acquired an effective 20% interest in PCZM for a purchase consideration of South African Rand (ZAR)142.78 million (~\$14.45 million), with this acquisition being vendor financed by Orion. Prieska Resources is a BEE company whose shares are held by Black Star (17.31%), KNI (37.97%) and Safika (44.72%).

The vendor finance advanced by Orion to Prieska Resources comprised two parts, namely:

- a secured loan for ZAR15.29 million plus interest at South African Prime Interest Rate, repayable within 12 months after the project finance for the Prieska Project is closed; and
- preference shares in Prieska Resources issued to Orion to the value of ZAR200 million which are redeemable by Prieska Resources at any time after the expiry of a period of three years and one day after the date of issue of the Preference Shares, and prior to the eighth anniversary of their date of issue at a rate of return of 12%, failing which any of the preference shares held by Orion (through its subsidiary, Agama Exploration & Mining (Pty) Ltd (Agama)) remaining after the eighth anniversary, will be automatically converted pro rata into ordinary shares in Prieska Resources up to a maximum of 49% of the shares in Prieska Resources or, subject to

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compliance with South African laws, an equivalent number of shares directly in PCZM.

Simultaneously with the acquisition by Prieska Resources, the Orion Siyathemba Community Trust (Prieska Community Trust) and the Orion Siyathemba Employees Trust (Prieska Employees Trust) each acquired an effective 5% interest in PCZM. While this acquisition was for nominal consideration, in terms of prevailing Mining Charter 2018 legislation, Orion and Prieska Resources will be entitled to recover the value of the 5% shareholding acquired by the two trusts from future project cash flows.

In September 2019, a major component of the BEE restructure was implemented. In terms of these transactions, Mosiapo and Power Matla exchanged their shares in PCZM, Rich Rewards and Bartotrax (as applicable) for 48.48 million and 37.58 million Orion Shares respectively, at a deemed issue price of \$0.0314 per Share.

On 29 November 2019, Orion issued 47.83 million Shares in the Company at a deemed issue price of \$0.0314 per Share to AEMFC and Mosiapo (together, Residual BEE Investors). The Shares were issued to the Residual BEE Investors as consideration for the repurchase by Vardocube of shares held by the Residual BEE Investors in that company, finalising the BEE restructure.

Convertible Notes - Conversion

On 24 September 2019, the Company announced that it had received conversion notices from all Convertible Noteholders, requesting the conversion of the Convertible Notes held by them into Shares.

A total of 232.69 million Convertible Notes to the value of \$6.05 million (each with a face value of \$0.026) were issued on 17 March 2017 to various sophisticated and professional investors (Convertible Notes). The Company obtained shareholder approval for the issue of the Convertible Notes on 13 March 2017. Key terms

of the Convertible Notes are set out in the Company's ASX releases dated 8 March 2017 and 25 January 2019.

On 24 September 2019, the Company issued 222.31 million Shares to the Noteholders on conversion of the Convertible Notes, thereby reducing the Company's current liabilities by \$5.8 million (as 10.38 million Convertible Notes were converted into Shares in April 2019).

Additional information as to the Company's capital raising activities is included in the Annual Financial Report.

Debt facilities

Conversion of Tembo Capital Loan Facility

As referred to earlier in this section, on 14 May 2020, Orion announced that a Loan Facility has been entered into with Tembo Capital and on 7 August 2020 Orion announced a \$6.2 million Capital Raising. In addition to the Capital Raising, Tembo Capital subscribed for a further \$2.1 million worth of Shares, at an issue price of \$0.017 per Share, being the issue price for Shares issued under the Capital Raising (subject to shareholder and FIRB approvals). The Loan Facility Outstanding Amount will be offset against the Subscription Amount and as Tembo Capital's Subscription Amount of \$2.4 million exceeds the Outstanding Amount, the issue of Shares to Tembo Capital will therefore result in the Loan Facility being repaid in full.

Tembo Capital Convertible Loan Facility

In January 2019, Orion announced that a \$3.6 million unsecured convertible Loan Facility had been agreed with Tembo Capital (Convertible Loan Facility). Under the terms of the Convertible Loan Facility, Tembo Capital may elect for repayment of the balance of the Convertible Loan Facility (including capitalised interest and fees) (Outstanding Loan Amount) to be satisfied by the issue of Shares by the Company to Tembo Capital at a deemed issue price of



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\$0.026 per Share (subject to receipt of Shareholder approval and FIRB approval). The Outstanding Loan Amount must be repaid by 31 October 2020 (previously 25 June 2020), or if Tembo Capital elects to receive Shares in repayment of the Outstanding Loan Amount in lieu of payment in cash, the date on which the Shares are to be issued to Tembo Capital (or such later date as may be agreed between Tembo Capital and Orion) (refer ASX release 25 January 2019).

The key terms of the Convertible Loan Facility are:

- **Convertible Loan Facility Amount:** \$3.6 million;
- **Interest:** Capitalised at 12% per annum accrued daily on the amount drawn down;
- **Repayment:** Tembo Capital may elect for repayment of the Outstanding Loan Amount to be satisfied by the issue of Shares by the Company to Tembo Capital at a deemed issue price of \$0.026 per Share, subject to receipt of Shareholder approval. The Outstanding Loan Amount must be repaid by 31 October 2020, or if Tembo Capital elects to receive Shares in repayment of the Outstanding Loan Amount in lieu of payment in cash, the date on which the Shares are to be issued to Tembo Capital (or such later date as may be agreed between Tembo Capital and Orion);
- **Establishment fee:**
 - **Cash** - capitalised 5% of the Convertible Loan Facility Amount and capitalised 4% of the Outstanding Loan Amount as of 24 January 2020, payable on the Repayment date; and
 - **Options** – 11 million unlisted Orion options, exercisable at a price of \$0.03 per option, expiring on 17 June 2024.
- **Security:** Convertible Loan Facility is unsecured.

As at 30 June 2020, the balance of the Convertible Loan Facility was \$4.58 million (including capitalised interest and fees).

Additional information as to the Convertible Loan Facility forms part of the Annual Financial Report.

Anglo American sefa Mining Fund – Loan

On 2 November 2015, PCZM (a 70%-owned subsidiary of Orion) and Anglo American sefa Mining Fund (AASMF) entered into a ZAR14.25 million loan agreement for the further exploration and development of the Prieska Project (Loan). Under the terms of the Loan, on 1 August 2017, AASMF advanced ZAR14.25 million to PCZM.

The key terms of the Loan are:

- **Loan amount:** ZAR14.25 million (~\$1.2 million);

- **Interest:** Prime lending rate in South Africa;
- **Repayment date:** 30 April 2021 (previously 31 July 2020); and
- **Security:** 29.17% of the shares held in PCZM by Agama (a wholly owned subsidiary of Orion) have been pledged as security to AASMF for the performance of PCZM's obligations in terms of the Loan.

Following year end, on 29 July 2020, the Company announced that it has reached agreement with AASMF to extend the term of the Loan from 31 July 2020 to 30 April 2021.

As at 30 June 2020, the balance of the Loan was ZAR19.0 million (~\$1.6 million) (including capitalised interest).

Additional information regarding the Loan is included in the Annual Financial Report.

Anglo American sefa Mining Fund – Preference Share Redemption

On 4 March 2019, the Company announced it had reached agreement with AASMF to redeem Preference Shares held by AASMF in PCZM, one of Orion's key project subsidiaries, for shares in Orion (Share Exchange Agreement).

AASMF subscribed for 15.75 million redeemable preference shares in PCZM in November 2015 at a subscription price of ZAR1 per redeemable preference share (ZAR15.75 million (~\$1.5 million)) (Preference Shares) as part of a seed capital investment with the previous owners of the Prieska Project.

Under the terms of the Share Exchange Agreement and following the receipt of Orion shareholder approval at a general meeting held on 7 June 2019, on 7 July 2019, PCZM voluntarily redeemed the Preference Shares in consideration for Orion issuing the Shares to AASMF.

In satisfaction of the redemption amount payable by PCZM to AASMF of ZAR25.05 million (~\$2.5 million), in connection with the voluntary redemption of the Preference Shares by PCZM, on 5 July 2019, Orion issued 77.57 million Shares to AASMF at a deemed issue price of \$0.0323 per Share.

Jacomynspan Project

Following year end, on 13 July 2020 the Company announced that it has entered into an agreement whereby Orion (or its nominated subsidiary) will acquire the remaining minority interests in the Jacomynspan Nickel-Copper-PGE Project (South Africa) (Jacomynspan Project) held by two companies, Namaqua Nickel Mining (Pty) Ltd (Namaqua) and Disawell (Pty) Ltd (Disawell) (Agreement).

BUSINESS REVIEW

CORPORATE *continued*

In September 2017, Orion entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Project held by Namaqua and Disawell.

Orion's earn-in is held via its wholly-owned subsidiary company, Areachap Investments 3 S.Å R.L, and its South African subsidiary company, Area Metals Holdings No 3 (Pty) Ltd (AMH3).

Since finalising the earn-in agreement, AMH3 has advanced exploration programs on the Jacomynspan Project, with expenditure held in a shareholder loan account and AMH3 having reached an earn-in right stage. This will see its shareholding increase by a further 25% interest (increasing its total interest to 50%). Upon receipt of regulatory approval, AMH3 will be issued with the additional shares earned. Orion is the manager and operator of the joint venture.

The key terms of the Sale Agreement are:

• Purchase Assets

- Orion will acquire all of the:
 - Remaining issued shares in Namaqua and Disawell held by the Namaqua and Disawell minority shareholders (Selling Shareholders); and
 - Claims of any nature which any of the Selling Shareholders may have against either Namaqua and/or Disawell, including (without limitation) the Shareholders' loans held by each Selling Shareholder and the founders' royalty held by each founding Shareholder (collectively, Sale Equity).

• Purchase Price

- The purchase price payable by Orion to the Selling Shareholders for the Sale Equity will be a total amount of \$0.75 million (Purchase Price);
- The Purchase Price will be settled by way of Orion issuing its Shares to each Selling Shareholder (Consideration Shares), where:
 - The Purchase Price will be converted into ZAR at the average ZAR/AUD exchange rate in the 30 days prior to the date on which the last of the Suspensive Conditions (refer below) is fulfilled (Fulfilment Date); and
 - The issue price of the Consideration Shares will be equal to the 30-day volume weighted average price of the Orion Shares traded on the Johannesburg Stock Exchange as at the Fulfilment Date.
- The Consideration Shares will be issued by Orion to the Selling Shareholders within 10 business days after the Fulfilment Date (Closing Date) against the transfer of the Sale Equity to Orion.

• Suspensive Conditions

- Orion and the Selling Shareholders (Sale Parties) entering into comprehensive formal written agreement/s incorporating the principal terms and conditions set out in the Offer Letter and such other terms and conditions as are usual for a transaction of this nature (Sale Agreement);
 - Approval and/or ratification of the Sale Agreement and the implementation of the proposed transaction by the board of directors or trustees (if and where applicable) of each the Sale Parties;
 - Approval, where required, from Orion's shareholders for the proposed transaction;
 - Receipt of any and all regulatory approvals (on terms reasonably acceptable to the Sale Parties) as may be required for the purposes of implementing the proposed transaction; and
 - There being no material adverse change in the business, operations, assets, compliance, position (financial, trading or otherwise) or prospects of either Namaqua or Disawell between the date of signature of the Sale Agreement and the Closing Date.
- Such other suspensive conditions, undertakings, warranties and terms and conditions as would be standard and customary to include in transactions of this nature.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2020.

BOARD OF DIRECTORS

Director	Designation	Qualifications, experience and expertise	Directorships of other listed companies	Other roles held during the year
Mr Denis Waddell Appointed 27 February 2009	Non-executive Chairman	ACA, FAICD Mr Waddell is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Mr Waddell founded Tanami Gold NL in 1994 and was involved with the Company as Managing Director and then Chairman and Non-Executive Director until 2012. Prior to founding Tanami Gold NL, Mr Waddell was the Finance Director of the Metana Minerals NL group. During the past 36 years, Mr Waddell has gained considerable experience in corporate finance and operations management of exploration and mining companies.	None	Member of the Audit Committee
Mr Errol Smart Appointed 26 November 2012	Managing Director	BSc(Hons) Geology (University of Witwatersrand) NHD Economic Geology (Technikon Witwatersrand) (PrSciNat) Mr Smart is a geologist, registered with the South African Council of Natural Scientific Professionals, a Recognised Overseas Professional Organisation in terms of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) purposes. Mr Smart has 27 years of industry experience across all aspects of exploration, mine development and operations with experience in precious and base metals. Mr Smart has held positions in AngloGold, Cluff Mining, Metallon Gold, Clarity Minerals LionGold Corporation and African Stellar Holdings. Mr Smart's senior executive roles have been on several boards of companies listed on both the TSX and ASX and currently serves as a Director on the Board of the Mineral Council of South Africa.	None	Chief Executive Officer Member of the Audit Committee
Mr Thomas Borman Appointed 16 April 2019	Non-executive Director	BCom (Hons) (University of Pretoria) Mr Borman is a respected and highly experienced global mining executive who served more than 11 years working for the BHP Billiton Group in various senior managerial roles, including that of Chief Financial Officer of an Australian-listed mining company. He also held senior roles in strategy and business development, and served as the project manager for the merger integration transaction between BHP Limited and Billiton. After leaving BHP Billiton in 2006, Mr Borman joined Warrior Coal Investments (Proprietary) Limited, where he formed part of the executive team which established and consolidated the portfolio of assets which became the Optimum Group of companies. Optimum listed on the Johannesburg Stock Exchange in 2010, and was subsequently acquired by Glencore for R8.5 billion in March 2012.	None	---

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Director	Designation	Qualifications, experience and expertise	Directorships of other listed companies	Other roles held during the year
Mr Godfrey Gomwe Appointed 16 April 2019	Non-executive Director	Bachelor Accountancy (Hons) (University of Zimbabwe) Masters Business Leadership (University of South Africa) CA (Zimbabwe) Mr Gomwe has extensive experience as an executive in metals and mining industries. Mr Gomwe is the former Chief Executive Officer of Anglo American plc's Thermal Coal business, whose responsibilities included oversight over Anglo's Manganese interests in the joint venture with BHP. Previously Executive Director of Anglo American South Africa until August 2012, Mr Gomwe's Anglo American career included roles as Head of Group Business Development Africa, Finance Director and Chief Operating Officer of Anglo American South Africa and Chairman and Chief Executive of Anglo American Zimbabwe Limited. Mr Gomwe also served on a number of its Executive Committees and Operating Boards which included Kumba Iron Ore, Anglo American Platinum, Highveld Steel & Vanadium and Mondi South Africa, the latter two in the capacity of Chairman.	AECI limited Econet Wireless Zimbabwe Limited	Chairman of the Audit Committee
Mr Alexander Haller Appointed 27 February 2009	Non-executive Director	BSc Economics Mr Haller is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies, including Silja Investment Ltd, focusing on the principal investment activities for these companies. From 2001 to 2007 Mr Haller worked in the corporate finance division at JP Morgan in the U.S, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets.	UMS Limited	Member of the Audit Committee
Mr Mark Palmer Appointed 31 January 2018	Non-executive Director	BSc Mining Geology (Cardiff University) Mr Palmer has 14 years' experience working with entities in Australia, including 8 years with Dominion Mining. In 1994 Mr Palmer joined NM Rothschild & Sons Limited in the London mining project finance team assessing mines and projects globally. In 1997, Mr Palmer moved to the investment banking team at UBS to focus on global mergers and acquisitions, equity and debt financing in the mining sector. Mr Palmer ran the EMEA mining team at UBS for 8 years. Mr Palmer joined Tembo Capital as Investment Director in 2015.	None	---

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

COMPANY SECRETARY

The name and details of the Company Secretary in office during the financial year and until the date of this report is as follows:

Name	Experience and qualifications
Mr Martin Bouwmeester Company Secretary (Appointed 1 April 2016)	Mr Bouwmeester is an FCPA highly experienced in exploration, mine development and operations and was Chief Financial Officer, Company Secretary and Business Development Manager of Perseverance Corporation Limited. Mr Bouwmeester was a key member of the team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3M ounces of gold and the funding for the development of the mine and processing plant to exploit those resources. Mr Bouwmeester also holds the position of Chief Financial Officer with the Group.

CORPORATE STRUCTURE

Orion Minerals Ltd (**Orion** or **Company**) is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, including those newly acquired (referred to as the **Group**).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape). The Company also holds interests in the Fraser Range Nickel-Copper and Gold Project in Western Australia and the Walhalla Project in Victoria, Australia. There were no significant changes in the nature of the Group's principal activities during the year.

Corporate

Results of operations – the Group

The Group recorded a loss of \$18.65M (2019: \$10.75M) after tax for the year. The result is driven primarily by a \$9.96M unrealised foreign exchange loss, exploration expenditure incurred of \$2.17M which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed and finance expenses of \$1.3M, principally related to interest on loans.

Net cash used in operating activities and investing activities totalled \$13.83M (2019: \$18.78M) and included payments for exploration and evaluation of \$9.81M (2019: \$15.06M). The Group continues to focus strongly on the development of its Prieska Copper-Zinc Project in South Africa's Areachap geological terrane, Northern Cape (**Prieska Project**) and exploration within its Areachap Projects, South Africa. Net cash from financing activities totalled \$14.02M (2019: \$15.45M).

Cash on hand at the end of the year was \$1.2M (2019: \$1.4M).

The basic loss per share for the Group for the year was 0.66 cents and diluted loss per share for the Group for the year was 0.66 cents (2019: loss per share 0.53 cents and diluted loss per share 0.53 cents). No dividend has been paid during or is recommended for the financial year ended 30 June 2020.

Business Strategies

The Company will continue to focus on exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape).

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Risks to the Business

Risks to the business are rated on the basis of their potential impact on the Group as a whole after taking into account current mitigating actions. Investors should be aware that the below list is not an exhaustive list and that there are a number of other risks associated with an investment in the Company. The Group regularly reviews the possible impact of these risks and seeks to minimise their impact through its internal controls, risk management policy, and corporate governance. The following describes the principal risks and uncertainties that could materially impact the Group:

- **Capital** – Each of the Group's key exploration targets remain in the exploration and evaluation phase. Future exploration programs require substantial levels of expenditure to ensure that Group's tenements are held in good standing. The Group is currently reliant on the capital and debt markets to fund its ongoing operations and therefore any unforeseeable events in these markets may impact the Group's ability to finance its future exploration projects;
- **Sovereign risk** – The Group's exploration, evaluation and development activities are carried out in South Africa and Australia. As a result, the Group is subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties should also be considered. Potential risk to the Group's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Group's interests in South Africa. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.
- **Title risk** – One of the Group's key projects, being the Prieska Project and exploration projects in the Areachap Belt, are located in the Northern Cape of South Africa. Interests in tenements in South Africa are governed by legislation and are evidenced by the granting of mining or prospecting rights. The Company also has an interest in several Australian exploration tenements. Interests in Australian tenements held by the Group are governed by Federal and State legislation and are evidenced by the granting of mining or exploration licences. These tenements are subject to periodic review and compliance, including the relinquishment of certain areas. As a result, there is no guarantee that these areas of interest will be renewed in the future or if there will be sufficient funds available to meet the attaching minimum expenditure commitments when they arise.
- **Title risk and Native Title** – It is also possible that in relation to the Australian tenements which the Group has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.
- **Resources and Reserve estimates** – There are inherent uncertainties in estimating reserve and resource estimates as it requires significant subjective judgements and determinations based on the available geological, technical, and economic information. Estimates and assumptions that were previously valid may change significantly when new information or techniques become available and therefore may require restatement.
- **Rehabilitation** – The Group is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable mining and environmental laws and regulations. At the Prieska Project, a closure plan and estimate of closure and rehabilitation liabilities for prospecting activity has been prepared. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions, however actual costs at the time of closure and rehabilitation may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward closure and rehabilitation costs. The Group's intention is to conduct its exploration and operating activities to the highest level of environmental obligations, however there are certain risks inherent in the Group's activities which could subject the Group to future liabilities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Impact of COVID-19

On 11 March 2020, the World Health Organisation (**WHO**) declared the COVID-19 outbreak as a pandemic. The Company's operations, particularly in South Africa, have been, and continue to be, impacted.

Considering the volatile and uncertain global economic and investment outlook, in order to safeguard the health and safety of its members and the wider community, the Company undertook the following actions:

- Implemented work-from-home protocols (wherever possible) from 13 March 2020. The Company continues to work closely with relevant authorities and key stakeholders to minimise risk and harm for all;
- Implemented strict COVID-19 risk identification, management and tracking protocols for all individuals at the company's South African offices and mine site (where physical presence was required), in alignment with government regulations;
- Implemented cost savings and asset preservation initiatives across the business. All work sites were closed and secured, and staff and contractors sent home until further notice; and
- Monitoring and use of published guidelines from the Minerals Council of South Africa on the prevention of the spread of COVID-19. The Council's guidelines and support materials are generated from materials issued by the WHO and the National Institute for Communicable Diseases in South Africa.

The Company will continue to monitor and implement changes to operations, as per statutory regulations and recommendations, as announced by both the Australian and South African Governments and the Minerals Council of South Africa.

It is not possible to adequately estimate the effect this pandemic will have on the financial position and results of the Company in future periods.

SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

- On 13 July 2020, the Company announced that it has entered into an agreement whereby Orion (or its nominated subsidiary) will acquire the remaining minority interests in the Jacomynspan Nickel-Copper-PGE Project (South Africa) held by two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd.
- On 29 July 2020, the Company announced that it had reached agreement with Anglo American sefa Mining Fund (**AASMF**) to extend the term of the loan facility entered into between the Company and AASMF whereby AASMF loaned ZAR14.25M to Orion, from 31 July 2020 to 30 April 2021.
- On 7 August 2020 the Company announced a strongly supported \$6.2M capital raising. The raising, comprising the issue of 365M Shares at an issue price of \$0.017 per ordinary share (**Share**), to be conducted via a placement to sophisticated and professional investors to occur in two stages, being:
 - Tranche 1 – In August 2020, the Company issued 346M Shares, using the Company's 15% placement capacity under ASX Listing Rule 7.1 to raise \$5.9M; and
 - Tranche 2 – This will comprise the issue of 19M Shares to Tembo Capital Mining Fund II LP and its affiliated entities (**Tembo Capital**), to raise \$0.3M (subject to shareholder approval, to be sought at a general meeting of Orion shareholders on 29 September 2020 and Foreign Investment Review Board (**FIRB**) approval.

In addition to the capital raising referred to above, Tembo Capital confirmed its continued support of Orion through subscribing for \$2.1M of Shares, at a deemed issue price of \$0.017 per Share (subject to shareholder approval and FIRB approval).

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

DIRECTORS' MEETINGS

The number of meetings attended by each Director of the Company during the financial year was:

	Board Meetings		Audit Committee Meetings	
	Held and entitled to attend	Attended	Held and entitled to attend	Attended
Mr Denis Waddell	35	35	2	2
Mr Errol Smart	35	35	2	2
Mr Thomas Borman	35	35	---	---
Mr Godfrey Gomwe	35	35	1	1
Mr Alexander Haller	35	35	2	2
Mr Mark Palmer	35	34	---	---

DIRECTORS' INTERESTS

The relevant interest of each director in the ordinary shares, or options over such instruments issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Unlisted options over ordinary shares
Mr Denis Waddell	111,714,746	24,000,000
Mr Errol Smart	19,900,666	60,000,000
Mr Thomas Borman	3,000,000	3,000,000
Mr Godfrey Gomwe	---	3,000,000
Mr Alexander Haller (i)	78,735,319	3,000,000
Mr Mark Palmer	---	---

- (i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 66,321,960 ordinary shares, Mr Haller 12,412,039 ordinary shares and Pershing Securities 1,320 ordinary shares.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company has granted options for no consideration over unissued ordinary shares in the Company to key management personnel as part of their remuneration.

Unissued shares under options and performance rights

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise price	Number of ordinary shares
30 November 2020	\$0.02	16,333,333
30 November 2020	\$0.035	18,333,333
30 November 2020	\$0.05	18,333,334
31 May 2022	\$0.03	12,100,000
31 May 2022	\$0.045	12,100,000
31 May 2022	\$0.06	12,100,000
31 March 2023	\$0.05	4,900,000
31 March 2023	\$0.06	4,900,000
31 March 2023	\$0.07	4,900,000
30 April 2024	\$0.04	30,500,000
30 April 2024	\$0.05	30,500,000
30 April 2024	\$0.06	30,500,000
17 June 2024	\$0.05	11,000,000
31 March 2025	\$0.028	10,500,000
31 March 2025	\$0.035	10,500,000
31 March 2025	\$0.04	10,500,000
Total		238,000,000

Shares issued on exercise of options

There were no options exercised during the financial year by a former director of the Company. There has been no options exercised since the end of the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED

The Remuneration Report sets out remuneration information for Orion Minerals Ltd for the year ended 30 June 2020. The following were key management personnel (**KMP**) of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Key Management Personnel	Designation	Position held during the year
Mr Denis Waddell	Chairman – Non-Executive	Chairman
Mr Errol Smart	Director – Executive	Managing Director & Chief Executive Officer
Mr Thomas Borman	Director – Non-Executive	Director
Mr Godfrey Gomwe	Director – Non-Executive	Director
Mr Alexander Haller	Director – Non-Executive	Director
Mr Mark Palmer	Director – Non-Executive	Director
Mr Walter Shamu	---	Chief Operating Officer
Mr Martin Bouwmeester	---	Chief Financial Officer & Company Secretary
Mr Louw van Schalkwyk	---	Executive: Exploration (South Africa)
Ms Michelle Jenkins	---	Executive: Finance & Administration (South Africa)

Remuneration Policy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors and executives of the Company and the Group, which comprise executives that report directly to the Managing Director and CEO of the Company and the Group.

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality Board and management by remunerating directors and executives fairly and appropriately with reference to relevant employment and market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' remuneration to the Group's financial and operational performance.

The expected outcome of the Group's remuneration structure is:

- Retention and motivation of directors and executives;
- Attraction of quality management to the Group; and
- Performance rewards to allow directors and executives to participate in the future success of the Group.

Remuneration may include base salary and fees, short term incentives, superannuation contributions and long term incentives. Any equity based remuneration for directors will only be made with the prior approval of shareholders at a general meeting. All base salary and fees, short term incentives, superannuation contributions granted to key management personnel during the year was fixed under service agreements between the Company and key management personnel and was not impacted by performance related measures. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Group and the performance of the individual during the period.

The Board of directors is responsible for determining and reviewing compensation arrangements for the executive and non-executive directors. The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED (continued)

The total level of remuneration for the financial year for all non-executive directors of \$235,417 is maintained within the maximum limit of \$350,000 approved by shareholders. When setting fees and other compensation for non-executive directors, the Board may seek independent advice and apply Australian benchmarks. The Board may recommend additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group.

There is no scheme to provide retirement benefits, other than statutory superannuation when applicable, to non-executive directors.

The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment. Basis for evaluation for assessing performance is by reference to Company charters and current best practice.

Consequences of performance on shareholders wealth

In considering the Group's performance and benefits for shareholders wealth, the Board of directors has regard to the following indices in respect of the current financial year and the previous five financial years.

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Net loss attributable to equity holders of the Company	\$ (18,651)	\$(10,750)	\$(8,833)	\$(7,930)	\$(2,528)
Dividends paid	---	---	---	---	---
Actual share price	\$0.015	\$0.031	\$0.04	\$0.025	\$0.016
Directors and KMP remuneration	\$2,613	\$2,533	\$1,835	\$1,151	\$822

Long Term Incentive Based Remuneration

The Company has an option and performance rights based remuneration scheme for executives. In accordance with the provisions of the Orion Minerals Option and Performance Rights Plan, as approved by shareholders at a general meeting, executives may be granted options or performance rights to purchase ordinary shares. The number and terms of options or performance rights granted is at the absolute discretion of the Board, provided that the total number of options on issue under the scheme at the time of the grant does not exceed 5% of the number of ordinary shares on issue.

Unlisted options were granted during the year ended 30 June 2020 under the terms of the Orion Minerals Option and Performance Rights Plan to employees. The issue of options to directors and employees encourages the alignment of personal and shareholder interests.

Service contracts

Key terms of the existing service contracts for key management personnel are as follows:

Managing Director and CEO

Unlimited in term but capable of termination on 6 months' notice by the Company or 3 months' notice by Mr Smart. The Group retains the right to terminate the contract immediately, by making a payment of 3 months' remuneration in lieu of notice.

Chief Financial Officer and Company Secretary

Unlimited in term but capable of termination on 6 months' notice by the Company or 3 months' notice by Mr Bouwmeester. The Group retains the right to terminate the contract immediately, by making a payment of 6 months' remuneration in lieu of notice.

Chief Operating Officer

Unlimited in term but capable of termination on 6 months' notice by the Company or 3 months' notice by Mr Shamu. The Group retains the right to terminate the contract immediately, by making a payment of 6 months' remuneration in lieu of notice.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Executive: Exploration (South Africa)

Unlimited in term but capable of termination on 3 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 3 months' remuneration in lieu of notice.

Executive: Finance & Administration (South Africa)

Unlimited in term but capable of termination on 6 months' notice by the Company or 3 months' notice by Ms Jenkins. The Group retains the right to terminate the contract immediately, by making a payment of 6 months' remuneration in lieu of notice.

Certain key management personnel are also entitled to receive on termination of employment, redundancy benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Directors

Total compensation for all non-executive directors, last voted upon by shareholders at the 2007 Annual General Meeting, is not to exceed \$350,000 per annum and is set based on advice from external advisors with reference to fees paid to other directors of comparable companies. From 1 January 2017, the Chairman receives \$75,000 per annum. Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of one committee. Directors may be paid additional amounts for consulting services provided in addition to normal director duties. Such additional amounts are paid on commercial terms.

Remuneration report approval at the 2019 Annual General Meeting

The 30 June 2019 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 94% in favour.

Directors and Executive Officers' Remuneration – 2020

	Short term benefits			Post-employment benefit	Long-term benefits	Share-based payments (ix)			
Remuneration	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity settled shares	Equity settled options	Total remuneration	% of remuneration in options
2020	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors									
Mr E Smart (i)	292,667	---	---	---	---	---	282,277	574,944	49
Non-executive Directors									
Mr D Waddell (ii)	274,583	---	---	5,967	---	---	112,910	393,460	29
Mr T Borman (iii)	41,667	---	---	---	---	---	28,227	69,894	40
Mr G Gomwe (iv)	41,667	---	---	---	---	---	28,227	69,894	40
Mr A Haller	41,667	---	---	---	---	---	28,227	69,894	40
Mr M Palmer	41,667	---	---	---	---	---	---	41,667	---
Other Key Management Personnel									
Mr W Shamu (v)	278,500	---	---	---	---	---	117,683	396,183	30
Mr M Bouwmeester (vi)	232,000	---	4,867	---	---	---	72,326	309,193	23
Mr L van Schalkwyk (vii)	261,000	---	---	---	---	---	81,294	342,294	24
Ms M Jenkins (viii)	264,000	---	---	---	---	---	81,294	345,294	24
Total	1,769,417	---	4,867	5,967	---	---	832,465	2,612,716	32

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED (continued)

- (i) Mr Smart also holds Directorship positions within Group subsidiary companies.
- (ii) Mr Waddell's fixed component of remuneration is \$75,000 per annum. During the financial year, in addition to director fees, Mr Waddell received additional amounts for consulting services provided to the Company
- (iii) Mr Borman has held the position of Non-Executive Director from 16 April 2019.
- (iv) Mr Gomwe has held the position of Non-Executive Director from 16 April 2019.
- (v) Mr Shamu holds the position of Chief Operating Officer and is also a Director of certain Group subsidiary companies.
- (vi) Mr Bouwmeester holds the position of Chief Financial Officer and Company Secretary.
- (vii) Mr van Schalkwyk holds the position of Executive: Exploration (South Africa).
- (viii) Ms Jenkins holds the position of Executive: Finance & Administration (South Africa) and is also a Director of certain Group subsidiary companies.
- (ix) Share based payments represent the fair values of options estimated at the date of grant using the Black Scholes option pricing model. These amounts are not paid in cash.

Directors and Executive Officer's Remuneration Changes related to impact of COVID-19

From 1 May 2020, all Directors and Executives of the Company agreed, in the interim, to significantly reduce the cash component of their remuneration or fee package. Non-executive Directors agreed to reduce their Director Fees to zero and Executives' agreed to reduce the cash component of their remuneration or fee packages by 20%. Effective 1 September 2020, the Board approved the reinstatement of Executives' remuneration and Director fees from the reduced amounts effective from 1 May 2020. Refer to ASX releases 29 April 2020 and 1 September 2020 for further information.

Directors and Executive Officers' Remuneration – 2019

	Short term benefits			Post-employment benefit	Long-term benefits	Share-based payments (ix)			
Remuneration	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity settled shares	Equity settled options	Total remuneration	% of remuneration in options
2019	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors									
Mr E Smart	300,000	---	---	---	---	---	195,118	495,118	39
Non-executive Directors									
Mr D Waddell	248,191	---	---	6,509	---	---	78,043	332,743	23
Mr A Haller	50,000	---	---	---	---	---	19,511	69,511	28
Mr M Palmer	50,000	---	---	---	---	---	---	50,000	---
Mr T Borman	10,417	---	---	---	---	---	19,511	29,928	65
Mr G Gomwe	10,417	---	---	---	---	---	19,511	29,928	65
Mr M Hulmes (i)	87,248	---	---	8,289	---	---	---	95,537	---
Other Key Management Personnel									
Mr W Shamu	285,000	---	---	---	---	---	137,966	422,966	33
Mr M Bouwmeester	240,000	---	3,345	---	---	---	58,594	301,939	19
Mr L van Schalkwyk	270,000	---	---	---	---	---	82,768	352,768	23
Ms M Jenkins	270,000	---	---	---	---	---	82,768	352,768	23
Total	1,821,273	---	3,345	14,798	---	---	693,790	2,533,206	27

- (i) Mr Hulmes resigned from the Board of Directors effective 18 April 2019 and his remuneration is disclosed as at resignation date.

Insurance premiums paid on behalf of directors and officers are not allocated to or included in total remuneration.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Options and Rights over equity instruments granted as compensation

As at the date of this report, there were 174,000,000 unissued ordinary shares under option issued to directors and executives (2019: 149,000,000 unissued ordinary shares under option).

Details on options over ordinary shares in the Company that were granted as compensation to each key management personnel during the reporting period and details on options that were vested during the reporting period are as follows:

	Number of options granted during FY2020 ⁽ⁱ⁾	Grant date	Fair value per option at grant date	Exercise price per option ⁽ⁱⁱ⁾	Expiry date	Number of options vested during FY2020
Directors						
Mr D Waddell	---	---	---	---	---	---
Mr E Smart	---	---	---	---	---	---
Mr A Haller	---	---	---	---	---	---
Mr T Borman	---	---	---	---	---	---
Mr G Gomwe	---	---	---	---	---	---
Other Key Management Personnel						
Mr W Shamu	---	31 May 2017	\$0.01	\$0.06	31 May 2022	2,000,000
	---	29 April 2019	\$0.01	\$0.05	30 April 2024	2,000,000
	7,500,000	26 March 2020	\$0.01	\$0.028 \$0.035 \$0.04	31 March 2025	2,500,000
Mr M Bouwmeester	---	29 April 2019	\$0.01	\$0.05	30 April 2024	2,000,000
	6,000,000	26 March 2020	\$0.01	\$0.028 \$0.035 \$0.04	31 March 2025	2,000,000
	---	31 May 2017	\$0.01	\$0.06	31 May 2022	2,000,000
Mr L van Schalkwyk	---	29 April 2019	\$0.01	\$0.05	30 April 2024	2,000,000
	6,000,000	26 March 2020	\$0.01	\$0.028 \$0.035 \$0.04	31 March 2025	2,000,000
	---	31 May 2017	\$0.01	\$0.06	31 May 2022	2,000,000
Ms M Jenkins	---	29 April 2019	\$0.01	\$0.05	30 April 2024	2,000,000
	6,000,000	26 March 2020	\$0.01	\$0.028 \$0.035 \$0.04	31 March 2025	2,000,000

- (i) The options were provided at no cost to the recipient. Each option gives the option holder the right to subscribe for one ordinary share in the capital of the Company upon exercise of the option in accordance with the attaching terms and conditions.
- (ii) The options are exercisable between 1 and 5 years from grant date.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED (continued)

Analysis of Options and Rights over equity instruments granted as compensation

Details of the vesting profile of the options granted as remuneration to each key management personnel of the Group as at the end of the reporting period are detailed below.

	Number	Date	% vested in current year	% lapsed in current year (i)	Date grant vests (ii)
Directors					
Mr D Waddell	4,000,000	26 November 2015	---	---	30 November 2015
	4,000,000	26 November 2015	---	---	30 November 2016
	4,000,000	26 November 2015	---	---	30 November 2017
	4,000,000	14 June 2019	---	---	14 June 2019
	4,000,000	14 June 2019	100%	---	30 April 2020
	4,000,000	14 June 2019	---	---	30 April 2021
Mr E Smart	10,000,000	26 November 2015	---	---	30 November 2015
	10,000,000	26 November 2015	---	---	30 November 2016
	10,000,000	26 November 2015	---	---	30 November 2017
	10,000,000	14 June 2019	---	---	14 June 2019
	10,000,000	14 June 2019	100%	---	30 April 2020
	10,000,000	14 June 2019	---	---	30 April 2021
Mr A Haller	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	100%	---	30 April 2020
	1,000,000	14 June 2019	---	---	30 April 2021
Mr T Borman	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	100%	---	30 April 2020
	1,000,000	14 June 2019	---	---	30 April 2021
Mr G Gomwe	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	100%	---	30 April 2020
	1,000,000	14 June 2019	---	---	30 April 2021
Other Key Management Personnel					
Mr W Shamu	2,000,000	31 May 2017	---	---	31 May 2018
	2,000,000	31 May 2017	---	---	31 May 2019
	2,000,000	31 May 2017	100%	---	31 May 2020
	1,000,000	21 Sept 2018	---	---	31 Mar 2018
	1,000,000	21 Sept 2018	---	---	31 Mar 2019
	1,000,000	21 Sept 2018	100%	---	31 Mar 2020
	2,500,000	29 April 2019	---	---	30 April 2019
	2,500,000	29 April 2019	100%	---	30 April 2020
	2,500,000	29 April 2019	---	---	30 April 2021
	2,500,000	26 March 2020	100%	---	31 March 2020
	2,500,000	26 March 2020	---	---	31 March 2021
	2,500,000	26 March 2020	---	---	31 March 2022
Mr M Bouwmeester	2,000,000	26 November 2015	---	---	30 November 2015
	2,000,000	26 November 2015	---	---	30 November 2016
	2,000,000	26 November 2015	---	---	30 November 2017
	2,000,000	29 April 2019	---	---	30 April 2019
	2,000,000	29 April 2019	100%	---	30 April 2020
	2,000,000	29 April 2019	---	---	30 April 2021
	2,000,000	26 March 2020	100%	---	31 March 2020
	2,000,000	26 March 2020	---	---	31 March 2021
	2,000,000	26 March 2020	---	---	31 March 2022

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

	Number	Date	% vested in current year	% lapsed in current year (i)	Date grant vests (ii)
Mr L van Schalkwyk	2,000,000	31 May 2017	---%	---%	31 May 2018
	2,000,000	31 May 2017	---%	---%	31 May 2019
	2,000,000	31 May 2017	100%	---%	31 May 2020
	2,000,000	29 April 2019	---%	---%	30 April 2019
	2,000,000	29 April 2019	100%	---%	30 April 2020
	2,000,000	29 April 2019	---%	---%	30 April 2021
	2,000,000	26 March 2020	100%	---%	31 March 2020
	2,000,000	26 March 2020	---%	---%	31 March 2021
	2,000,000	26 March 2020	---%	---%	31 March 2022
Ms M Jenkins	2,000,000	31 May 2017	---%	---%	31 May 2018
	2,000,000	31 May 2017	---%	---%	31 May 2019
	2,000,000	31 May 2017	100%	---%	31 May 2020
	2,000,000	29 April 2019	---%	---%	30 April 2019
	2,000,000	29 April 2019	100%	---%	30 April 2020
	2,000,000	29 April 2019	---%	---%	30 April 2021
	2,000,000	26 March 2020	100%	---%	31 March 2020
	2,000,000	26 March 2020	---%	---%	31 March 2021
	2,000,000	26 March 2020	---%	---%	31 March 2022

- (i) The % lapsed in the year represents the reduction from the maximum number of options available to be exercised.
- (ii) The vesting conditions attached to each option granted require the key management personnel to remain in employment with the Company until the vesting date, unless the Board of directors elects to waive the expiry terms attached to the grant.

The Company issued certain options with immediate vesting conditions to Directors and key management personnel during the reporting period as deemed appropriate by the Board to retain professionals with relevant expertise and provide incentives to members during our period of growth.

Analysis of movements in options

Changes during the reporting period, by value, of options over ordinary shares in the Company held by each current key management person, and each of the named current Company executives is detailed below.

	Value of options		
	Granted in year \$	Exercised in year \$	Lapsed in year \$
Mr D Waddell	112,910	---	---
Mr E Smart	282,277	---	---
Mr A Haller	28,227	---	---
Mr M Palmer	---	---	---
Mr T Borman	28,227	---	---
Mr G Gomwe	28,227	---	---
Mr W Shamu	117,683	---	---
Mr M Bouwmeester	72,326	---	---
Mr L van Schalkwyk	81,294	---	---
Ms M Jenkins	81,294	---	---

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED (continued)

Options and rights over equity instruments

The movement during the reporting period, by number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at beginning of period 1-Jul-19	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-June-20	Not vested and not exercisable	Vested and exercisable
Directors							
Mr D Waddell	24,000,000	---	---	---	24,000,000	4,000,000	20,000,000
Mr E Smart	60,000,000	---	---	---	60,000,000	10,000,000	50,000,000
Mr A Haller	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Mr M Palmer	---	---	---	---	---	---	---
Mr T Borman	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Mr G Gomwe	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Other Key Management Personnel							
Mr W Shamu	16,500,000	7,500,000	---	---	24,000,000	8,500,000	15,500,000
Mr M Bouwmeester	12,000,000	6,000,000	---	---	18,000,000	6,000,000	12,000,000
Mr L van Schalkwyk	12,000,000	6,000,000	---	---	18,000,000	6,000,000	12,000,000
Ms M Jenkins	12,000,000	6,000,000	---	---	18,000,000	6,000,000	12,000,000
Total	145,500,000	25,500,000	---	---	171,000,000	43,500,000	127,500,000

	Balance at beginning of period 1-Jul-18	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-June-19	Not vested and not exercisable	Vested and exercisable
Directors							
Mr D Waddell	12,000,000	12,000,000	---	---	24,000,000	8,000,000	16,000,000
Mr E Smart	30,000,000	30,000,000	---	---	60,000,000	20,000,000	40,000,000
Mr A Haller	---	3,000,000	---	---	3,000,000	2,000,000	1,000,000
Mr M Palmer	---	---	---	---	---	---	---
Mr T Borman	---	3,000,000	---	---	3,000,000	2,000,000	1,000,000
Mr G Gomwe	---	3,000,000	---	---	3,000,000	2,000,000	1,000,000
Mr M Hulmes	---	---	---	---	---	---	---
Other Key Management Personnel							
Mr W Shamu	6,000,000	10,500,000	---	---	16,500,000	9,000,000	7,500,000
Mr M Bouwmeester	6,000,000	6,000,000	---	---	12,000,000	4,000,000	8,000,000
Mr L van Schalkwyk	6,000,000	6,000,000	---	---	12,000,000	6,000,000	6,000,000
Ms M Jenkins	6,000,000	6,000,000	---	---	12,000,000	6,000,000	6,000,000
Total	66,000,000	79,500,000	---	---	145,500,000	59,000,000	86,500,000

Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or a relevant interest over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis (refer Note 26).

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

Movement in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at beginning of period 1-Jul-19	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-20
Directors						
Mr D Waddell	111,714,746	---	---	---	---	111,714,746
Mr E Smart	19,900,666	---	---	---	---	19,900,666
Mr A Haller (i)	69,119,937	9,615,383	---	---	---	78,735,320
Mr M Palmer	---	---	---	---	---	---
Mr T Borman	3,000,000	---	---	---	---	3,000,000
Mr G Gomwe	---	---	---	---	---	---
Other Key Management Personnel						
Mr W Shamu (ii)	2,083,333	---	---	---	---	2,083,333
Mr M Bouwmeester	4,867,360	1,200,000	---	(500,489)	---	5,566,871
Mr L van Schalkwyk	---	---	---	---	---	---
Ms M Jenkins (ii)	2,916,287	---	---	---	---	2,916,287
Total	213,602,329	10,815,383	---	(500,489)	---	223,917,223

- (i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 66,321,961 shares and Pershing Securities 1,320 shares. Mr Haller personally holds interests of 12,412,039 shares.
- (ii) Mr Shamu and Ms Jenkins hold relevant interests as follows: WMP Mining Services Inc 2,083,333 shares (held equally) and Ms Jenkins holds additional interests of 833,333 shares.

	Balance at beginning of period 1-Jul-18	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-19
Directors						
Mr D Waddell	102,957,990	8,756,756	---	---	---	111,714,746
Mr E Smart	19,542,666	358,000	---	---	---	19,900,666
Mr A Haller (i)	69,119,937	---	---	---	---	69,119,937
Mr M Palmer	---	---	---	---	---	---
Mr T Borman	3,000,000	---	---	---	---	3,000,000
Mr G Gomwe	---	---	---	---	---	---
Mr M Hulmes (ii)	200,000	200,000	---	---	400,000	---
Other Key Management Personnel						
Mr W Shamu (ii)	2,083,333	---	---	---	---	2,083,333
Mr M Bouwmeester	4,867,360	---	---	---	---	4,867,360
Mr L van Schalkwyk	---	---	---	---	---	---
Ms M Jenkins (iii)	2,916,666	---	---	(379)	---	2,916,287
Total	204,687,952	9,314,756	---	(379)	400,000	213,602,329

- (i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 56,706,578 shares and Pershing Securities 1,320 shares. Mr Haller personally holds interests of 12,412,039 shares.
- (ii) Held at the time Mr Hulmes ceased to be a director.
- (iii) Mr Shamu and Ms Jenkins hold relevant interests as follows: WMP Mining Services Inc 2,083,333 shares (held equally) and Ms Jenkins holds additional interests of 832,954 shares.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

REMUNERATION REPORT - AUDITED (continued)

Engagement of remuneration consultants

The Board of Directors from time to time, seek and consider advice from independent remuneration consultants to ensure that the Company has at its disposal information relevant to the determination of all aspect of remuneration relating to key management personnel.

The Board follows a set of protocols when engaging remuneration consultants to satisfy themselves, that the remuneration consultants engaged are free from any undue influence by the members of the key management personnel to whom advice and recommendations relate and that the requirements of the Corporations Act 2001 are complied with. The set of protocols followed by the Board include:

- Remuneration consultants are engaged by and report directly to the Board; and
- Communication between remuneration consultants and the Company is limited to those KMPs whose remuneration is not under consideration.

No remuneration consultants were engaged during the year.

This is the end of the remuneration report which has been audited.

ENVIRONMENTAL REGULATIONS

The Group is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable mining and environmental laws and regulations. Where necessary, provision for rehabilitation liabilities is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed government expectations. Based on the results of enquires made, the board is not aware of any significant breaches during the period covered by this report.

DIVIDENDS

There were no dividends paid or declared during the financial year (2019: \$nil).

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company and all office bearers of the Company and of any body corporate against any liability incurred whilst acting in the capacity of director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. Orion Minerals Ltd, to the extent permitted by law, indemnifies each director or secretary against any liability incurred in the service of the Group provided such liability does not arise out of conduct involving a lack of good faith and for costs incurred in defending proceedings in which judgement is given in favour of the person in which the person is acquitted. The Company has not provided any insurance or indemnity for the auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

FINANCIAL STATEMENTS

DIRECTORS' REPORT *continued*

NON-AUDIT SERVICES

BDO Audit Pty Ltd, the Company's auditor, has not performed other non-audit services in addition to their statutory duties during the year ended 30 June 2020.

BDO Corporate Finance (Pty) Ltd has performed professional services for the Group in relation to South African entities.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 70 and forms part of the Directors' Report for the financial year ended 30 June 2020.

CORPORATE GOVERNANCE

The Board of directors recognises the recommendations of the Australian Securities Exchange Corporate Governance Council for Corporate Governance Principles and Recommendations and considers that the Company substantially complies with those guidelines, which are of critical importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance statement and disclosures can be viewed on our website, www.orionminerals.com.au.

This report is made in accordance with a resolution of the directors.



Denis Waddell
Chairman

Perth, Western Australia

Date: 22 September 2020

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ORION MINERALS LTD

As lead auditor of Orion Minerals Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orion Minerals Ltd and the entities it controlled during the period.



James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 22 September 2020

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

CONTINUING OPERATIONS	Notes	2020 \$'000	2019 \$'000
Other income	3	70	62
Exploration and evaluation costs expensed	12	(2,169)	(3,053)
Employee expenses		(1,230)	(1,329)
Other operational expenses	3	(4,651)	(4,425)
(Loss) fair value of securities in other entities		---	(15)
Results from operating activities		(7,980)	(8,760)
Non-operating expenses	3	(11,258)	(457)
Finance income		1,893	227
Finance expense		(1,293)	(1,760)
Net finance expenses		600	(1,532)
Loss before income tax		(18,638)	(10,750)
Income tax (expense)/benefit	20	(13)	---
Loss from continuing operations attributable to equity holders of the Group		(18,651)	(10,750)
Other comprehensive income			
Foreign currency reserve		433	437
Other comprehensive income for the year		---	---
Total Other comprehensive income for the year		433	437
Total comprehensive income for the year		(18,218)	(10,313)
Loss for the year is attributed to:			
Non-controlling interest	26	(1,096)	(989)
Owners of Orion Minerals Ltd		(17,555)	(9,761)
		(18,651)	(10,750)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	26	(1,096)	(989)
Owners of Orion Minerals Ltd		(17,122)	(9,324)
		(18,218)	(10,313)
LOSS PER SHARE (CENTS PER SHARE)			
Basic loss per share	21	(0.66)	(0.53)
Diluted loss per share	21	(0.66)	(0.53)
Headline loss per share	21	(0.66)	(0.53)
Diluted headline loss per share	21	(0.66)	(0.53)

The notes on pages 75 to 110 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

ASSETS	Notes	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	4	1,222	1,395
Trade and other receivables	5	169	407
Rehabilitation bonds	6	---	276
Prepayments		73	68
Total current assets		1,464	2,146
Non-current assets			
Other receivables	5	93	152
Rehabilitation bonds	6	2,352	2,372
Right of use asset	7	16	---
Loans to related parties	9	3,333	2,042
Investment in preference shares	10	18,262	---
Plant and equipment	11	57	95
Deferred exploration, evaluation and development	12	40,253	40,991
Total non-current assets		64,366	45,652
Total assets		65,830	47,798
LIABILITIES	Notes	2020 \$'000	2019 \$'000
Current liabilities			
Trade and other payables	13	958	1,999
Provisions	14	145	170
Loans	15	8,194	3,947
Lease liability	7	17	---
Convertible notes	17	---	5,724
Total current liabilities		9,314	11,840
Non-current liabilities			
Provisions	14	1,684	2,363
Loans	15	---	1,748
Preference shares	16	---	2,529
Total non-current liabilities		1,684	6,640
Total liabilities		10,998	18,480
NET ASSETS		54,832	29,318
EQUITY	Notes	2020 \$'000	2019 \$'000
Equity attributable to equity holders of the Company			
Issued capital	18	146,648	121,530
Accumulated losses		(112,727)	(96,063)
Share based payments reserve	18	3,384	2,687
Other reserve	19	19,956	---
Non-controlling interest - subsidiaries	25	(2,552)	1,244
Foreign currency translation reserve		123	(310)
Convertible note reserve		---	230
Total equity		54,832	29,318

The notes on pages 75 to 110 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Payment for exploration and evaluation		(4,191)	(4,556)
Payments to suppliers and employees		(3,961)	(4,721)
Interest received		40	93
Interest paid		(383)	(1,757)
Income taxes paid		(13)	---
Other receipts		228	236
Net cash used in operating activities	4	(8,280)	(10,705)
Cash flows from investing activities			
Purchase of plant and equipment		(3)	(4)
Payments for exploration and evaluation		(5,616)	(10,501)
Guarantees on deposit		---	(72)
Term deposit funds released		68	---
Proceeds from sale of tenements		---	2,500
Net cash used in investing activities		(5,551)	(8,077)
Cash flows from financing activities			
Proceeds from issue of shares		12,800	19,234
Share issue expenses		(324)	(425)
Borrowings provided to joint venture operations		(296)	(858)
Payment of lease liabilities		(160)	---
Proceeds from borrowings		2,000	3,000
Repayment of borrowings		---	(5,498)
Net cash from financing activities		14,020	15,453
Net increase in cash and cash equivalents		189	(3,329)
Cash and cash equivalents at the beginning of the financial year		1,395	4,811
Effects of exchange rate on cash at end of financial year		(362)	(87)
CASH ON HAND AND AT BANK AT END OF YEAR	4	1,222	1,395

The notes on pages 75 to 110 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020								
	Issued capital	Accumulated losses	Non-controlling interest	Foreign currency translation reserve	Other reserve	Convertible note reserve	Share based payments reserve	Total equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2019	121,530	(96,063)	1,244	(310)	---	230	2,687	29,318
Loss for the period	---	(17,555)	(1,096)	---	---	---	---	(18,651)
Other comprehensive loss	---	---	---	433	---	---	---	433
Total comprehensive loss for the period	---	(17,555)	(1,096)	433	---	---	---	(18,218)
Transactions with owners in their capacity as owners:								
Contributions of equity, net costs	25,118	---	---	---	---	---	---	25,118
Convertible notes reserve	---	230	---	---	---	(230)	---	---
Transfer of share options expired	---	615	---	---	---	---	(615)	---
Share-based payments expense	---	---	---	---	---	---	1,312	1,312
Transactions between owners	---	46	(2,700)	---	19,956	---	---	17,302
Total transactions with owners	25,118	892	(2,700)	---	19,956	(230)	697	43,732
Balance at 30 June 2020	146,648	(112,727)	(2,552)	123	19,956	---	3,384	54,832

30 June 2019							
	Issued capital	Accumulated losses	Non-controlling interest	Foreign currency translation reserve	Convertible note reserve	Share based payments reserve	Total equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2018	102,460	(87,367)	2,233	127	230	2,103	19,786
Loss for the year	---	(9,761)	(989)	---	---	---	(10,750)
Other comprehensive loss	---	---	---	---	---	---	---
Total comprehensive loss for the year	---	(9,761)	(989)	---	---	---	(10,750)
Transactions with owners in their capacity as owners:							
Contributions of equity, net costs	19,070	---	---	---	---	---	19,070
Foreign translation reserve	---	---	---	(437)	---	---	(437)
Transfer of share options expired	---	1,065	---	---	---	(1,065)	---
Share-based payments expense	---	---	---	---	---	1,649	1,649
Total transactions with owners	19,070	1,065	---	(437)	---	584	20,282
Balance at 30 June 2019	121,530	(96,063)	1,244	(310)	230	2,687	29,318

The notes on pages 75 to 110 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 CORPORATE INFORMATION

Orion Minerals Limited (**Company**) is a company domiciled in Australia. The address of the Company's registered office is Suite 617, 530 Little Collins Street, Melbourne, Victoria, 3000. The consolidated financial statements as at and for the year ended 30 June 2020 comprised the Company and its subsidiaries, (together referred to as the **Group**). The Group is a for-profit group and is primarily involved in copper, zinc, nickel, gold and platinum group elements (**PGE**) exploration, evaluation and development.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**). The consolidated financial statements were authorised for issue by the Board of directors on 22 September 2020.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except where otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group except as required by the new accounting standards and interpretations adopted as disclosed in Note 2(b).

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(iii) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded a net loss of \$18.65M for the year ended 30 June 2020 and the Group's position as at 30 June 2020 was as follows:

- The Group had cash reserves of \$1.2M and had negative operating cash flows of \$8.3M for the year ended 30 June 2020;
- The Group had negative working capital at 30 June 2020 of \$7.9M; and
- The Group'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.

These factors indicate a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Current forecasts indicate that cash on hand as at 30 June 2020 will not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing. Accordingly, the Group will be required to raise additional equity, consider alternate funding options or a combination of the foregoing.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- They are confident that the Group will raise sufficient cash to ensure that the Group can meet its minimum exploration and operational expenditure commitments for at least the next twelve months and maintain the Group's tenements in good standing and pay its debts, as and when they fall due. The Company has previously been successful in raising capital as and when required as evidenced by capital raising initiatives of \$12.8M (before costs) during the year ended 30 June 2020 and in August 2020, a further \$6.2M to support the Company's exploration and plans. In addition, Tembo Capital Mining Fund II LP and its affiliated entities (**Tembo Capital**) subscribed for \$2.1M worth of ordinary fully paid shares (**Shares**) (subject to shareholder approval, to be sought at a general meeting of Orion shareholders to be held on 29 September 2020 and Foreign Investment Review Board (**FIRB**) approval). The amount subscribed for by Tembo Capital will be offset against the Loan Facility balance, thereby reducing the Company's debt by \$2.1M and repaying the Loan Facility in full (refer Note 16).
- In July 2020, the Company announced an extension to the term of the loan entered into with Anglo American sefa Mining Fund (**AASMF**), from 31 July 2020 to 30 April 2021 (refer Note 16).
- Based on the outcome of the updated bankable feasibility study released May 2020, with an initial 12 year Foundation Phase (refer ASX release 26 May 2020), the Prieska Copper-Zinc Project (**Prieska Project**) Mineral Reserve, results to date from exploration programs and the Company's ability to successfully raise capital in the past, the Directors are confident of obtaining the continued support of the Company's shareholders and a number of brokers that have supported the Company's previous capital raisings.

Additionally, the Company continues to progress discussions with several banks and strategic equity partners in relation to funding for the development of the Prieska Copper Mine. With all permits required to re-start the mine now in place, progress on post optimisation works is well advanced and a positive funding decision expected by the end of 2020.

The amount and timing of any funding for operational and exploration plans, is the subject of ongoing review.

Accordingly, the financial statements for the year ended 30 June 2020 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its operating costs and exploration expenditure commitments and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors recognise that if sufficient additional funding is not raised from the issue of capital or through alternative funding sources, there is a material uncertainty as to whether the going concern basis is appropriate with the result that the Group may relinquish title to certain tenements and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(b) New accounting standards and interpretations

(i) New accounting standards

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was no material impact, based on management assessment, as all operating leases held within the Group were of low value or for a period of less than 12 months. As such, the group has elected to apply the lease practical expedients whereby leases with periods less than 12 months or low value are not capitalised on the balance sheet and are instead recognised as operating expenses within the profit or loss statement.

AASB 23 Uncertainty over Income Tax Treatments

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. With the diversity that exists with respect to recognition and measurement of uncertain tax positions, this standard outlines suggested requirements for accounting of uncertain tax positions. The first, if an entity concludes that a 'probable' acceptance of tax position will be accepted by tax authorities, then no additional action is required. The second, if an entity concludes it is 'not probable' that tax authorities will accept a tax position, it is then required to use the 'the most like amount' or 'expected value' in determining its tax balances. Calculation of the current tax liability in the financial statements is required as if the tax authorities were going to perform a tax audit.

The Company has reviewed its tax position in all jurisdictions as at 1 July 2019 and 30 June 2020 and determined that it is unlikely that there will be any material impact on the Group's tax liability position as a result of adoption of this standard.

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Orion Minerals Limited (**Parent Company**) from time to time during the year and at 30 June 2020 and the results of its controlled entities for the year then ended. The effects of all transactions between entities in the economic entity are eliminated in full.

The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the Statement of Profit or Loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Foreign currency translation

The functional and presentation currency of the Company and its Australian subsidiary's is Australian Dollars. For comparative purposes, the consolidated financial statements may make reference to South African Rand (**ZAR**). Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit or Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(e) Investment and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through the Statement of Profit or Loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(i) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through the Statement of Profit or Loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in the Statement of Profit or Loss.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit or Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss.

(iv) Impairment

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in the Statement of Profit or Loss.

(f) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of the net assets of the associate.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis using estimated remaining useful life of the asset. The estimated useful lives for the current and comparative period are as follows:

Plant and equipment - over 3 to 15 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Impairment

(i) Non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to dispose and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to dispose and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 - 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Funds placed on deposit with financial institutions to secure performance bonds are classified as non-current other receivables and not included in cash and cash equivalents.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Borrowings and finance costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to the Statement of Profit or Loss.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes model. Further details are given in Note 30.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**Vesting Date**).

The cumulative expense recognised for equity-settled transactions at each reporting date until Vesting Date reflects (i) the extent to which the vesting period has surpassed and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(ii) Employee benefits

Annual leave liabilities are measured at the amounts expected to be paid when the liabilities are settled. Long service leave liabilities are measured at the present value of the estimated future cash outflows for the services provided by employees up to the reporting date.

Liabilities not expected to be settled within twelve months are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible to the related liability.

(o) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(i) Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(p) Income tax

(i) Tax consolidation

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Orion Minerals Ltd.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**) or value added tax (**VAT**) except where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow statement on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(r) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure which can be directly attributed to operational activities in the area of interest, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in the area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and evaluation assets include:

- acquisition of rights to explore;
- topographical, geological and geophysical studies;
- exploration drilling, trenching and sampling; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resources.

General and administrative costs are not recognised as an exploration and evaluation asset. These costs are expensed as incurred. Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- piping and pumps;
- tanks; and
- exploration vehicles and drilling equipment.

Assets that are classified as intangible assets include:

- drilling rights;
- acquired rights to explore;
- exploratory drilling costs; and
- trenching and sampling costs.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against exploration expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the provision is charged against the profit or loss for the year.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in the year in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to the Statement of Profit or Loss.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the economic entity's rights of tenure to that area of interest are current. Amortisation is not charged on areas under development, pending commencement of production.

Exploration and evaluation assets are assessed for impairment if:

- the term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and a decision has been made to discontinue such activities in the specified area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they are not expected to be recoverable in the future.

(s) Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

(t) Critical accounting judgements and key sources of estimation uncertainty

In the application of AASB's management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements and include:

- Note 12 - Deferred exploration, evaluation and development
Exploration and evaluation costs have been capitalised on the basis that exploration, mine development early works and BFS optimisation works are ongoing and that the Group may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Note 14 - Provisions**
A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates.
- **Note 27 - Measurement of share based payments**
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(u) Earnings per share

The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding which have been issued for no consideration in relation to the dilutive potential ordinary shares, which comprise share options granted to employees, contract personnel, shareholders and corporate entities engaged by the Group, that are expected to be exercised.

(v) Segment reporting

(i) Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director and Chief Executive Officer (Chief Operating Decision Maker of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director and Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment, and intangible assets other than goodwill.

(w) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(x) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Share-based payment transactions

The fair value of the employee share options and the share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(y) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(z) Rounding of amounts

The Company is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relation to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars or in certain cases, to the nearest dollar.

3 REVENUES AND EXPENSES

Other income	2020 \$'000	2019 \$'000
Services rendered to associate companies	70	62
Total other income	70	62
Other operational expenses	2020 \$'000	2019 \$'000
Contractor, consultants and advisory expense	3,013	2,595
Investor and public relations	559	624
Communications and information technology	125	82
Depreciation	176	47
Loss on disposal of plant and equipment	41	10
Occupancy	80	102
Travel and accommodation	60	480
Directors fees and employment expenses	429	405
Other corporate and administrative expenses	168	80
Total other operational expenses	4,651	4,425
Non-operating expenses	2020 \$'000	2019 \$'000
Net foreign exchange (gain)/loss	9,957	(1,152)
Other items written-off	---	(40)
Profit on sale of portion of subsidiary	(11)	---
Share based payment expense	1,312	1,649
Total non-operating expenses	11,258	457

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

4 CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
Cash and cash equivalents	1,221	1,391
Short term deposits	1	4
	1,222	1,395
Reconciliation	2020 \$'000	2019 \$'000
Net loss	(18,651)	(10,750)
Adjustment for:		
Depreciation	176	47
Loss on disposal of PPE	41	10
Profit on sale of portion of subsidiary	(11)	---
Share base payments expense	1,312	1,649
Gain/(loss) on movement in securities in other entities	---	(15)
Other items written off	---	(9)
(Gain)/loss on foreign exchange	9,958	(1,152)
Changes in assets and liabilities:		
Decrease in trade and other payables	(1,041)	(363)
Decrease/(Increase) other current assets	292	2,736
Decrease/(Increase) other non-current assets	(1,369)	---
(Decrease)/Increase in other non-current liabilities	1,718	(3,288)
(Decrease)/Increase in provisions	(705)	430
Net cash used in operating activities	(8,280)	(10,705)

5 TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Current receivables:		
Security deposits (a)	23	14
Other receivables	8	31
Interest receivable	---	2
Taxes receivable	138	360
	169	407
Non-current receivables:		
Security deposits (a)	3	29
Deposits	90	123
	93	152

Other receivables are non-interest bearing and are generally on 30-day terms.

- (a) Security deposits comprise cash placed on deposit to secure bank guarantees in respect of obligations entered into for office rental obligations in South Africa and Australia. These deposits are not available to finance the Group's day to day operations.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

6 REHABILITATION BONDS

	2020 \$'000	2019 \$'000
Current		
Environmental bonds	---	276
Non-current		
Environmental bonds	2,352	2,372
Total	2,352	2,648

Environmental bonds are cash placed on deposit to secure bank guarantees in respect of obligations entered into for environmental performance bonds issued in favour of the relevant government body for projects located in South Africa and Victoria, Australia. The guarantees are held as both current and non-current receivables.

The Group also has environmental obligations for the Prieska Project. In March 2020, following receipt of regulatory approval, the bond was transferred from Prieska Copper Mines Trust to Centriq Insurance Company Ltd, a company established to meet the financial provisioning requirements of Mining Rights in South Africa. Funds held by Centriq relate to premium paid to Centriq and represent collateral held by Centriq against guarantees that have been issued. Funds held by Centriq on behalf of the Group are refundable to the Group when the guarantees expire. The bond can be applied by the government body for rehabilitation works should the Group fail to meet regulatory standards for environmental rehabilitation. This deposit offsets the provisional non-current liability held in the Groups accounts (refer Note 14).

7 LEASES AND RIGHT OF USE ASSET

	2020 \$'000	2019 \$'000
Leases		
Statement of Financial Position		
Property, plant and equipment	16	---
Lease liability	(17)	---
Statement of Profit and Loss		
Depreciation	(143)	---
Disposals	(40)	---
Finance expense	(12)	---

The adoption of AASB 16 on 1 July 2019 had no material impact on opening values. Subsequent to the date of adoption, the Group's assessment of leases up to 30 June 2020 resulted in adjustments, as shown above.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

7 LEASES AND RIGHT OF USE ASSET (continued)

	Land and buildings \$'000	Vehicles \$'000
Right of use asset		
Opening Cost	---	---
Accumulated depreciation	---	---
Opening carrying amount	---	---
Movement		
Additions	37	128
Disposals or write offs	---	(23)
Effect of movement in exchange rate	5	12
Depreciation expense for the year	(39)	(104)
Closing carrying amount	3	13

8 RESTRUCTURE OF BLACK ECONOMIC EMPOWERMENT OWNERSHIP

In order to comply with the requirements of the South African Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 and its associated Implementation Guidelines (**Mining Charter 2018**), the Company began implementing necessary changes to its group structure within South Africa.

In April 2019, Orion entered into an Memorandum of Understanding (**MoU**) with each of the then existing Black Economic Empowerment (**BEE**) participants (being the trustees for the time being of the Mosiapoa Family Trust (**Mosiapoa**), Power Matla (Pty) Ltd (**Power Matla**) and African Exploration and Mining Finance Corporation (SOC) Ltd (**AEMFC**)) in its South African subsidiaries (being Prieska Copper Zinc Mine Pty Ltd (formerly Repli Trading No 27 (Pty) Ltd) (**PCZM**), Vardocube (Pty) Ltd (**Vardocube**), Bartotrax (Pty) Ltd (**Bartotrax**) and Rich Rewards Trading 437 (Pty) Limited (**Rich Rewards**)). In terms of those MoU's (as amended from time to time), the existing BEE participants agreed to exchange their shares in Orion's South African subsidiaries for approximately 134M JSE-listed Orion Shares.

At the same time, Orion entered into a Memorandum of Agreement with two BEE entrepreneurs, Black Star Minerals (Pty) Ltd (**Black Star**) and Kolobe Nala Investment Company (Pty) Ltd (**KNI**), in terms of which they agreed to acquire a 20% interest in PCZM, as well as a 20% interest in Orion's ownership interest in its Jacomynspan Project (consisting of Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd).

In July 2019, Orion concluded a Revised Memorandum of Agreement with Black Star, KNI and Safika Resources (Pty) Ltd (**Safika**) in terms of which Safika joined Black Star and KNI as part of the BEE consortium outlined above.

Various components of the BEE restructure were implemented during the reporting period in three phases. The first phase was implemented in September 2019 and the second phase in November 2019.

In September 2019, a major component of the BEE restructure was implemented. In terms of these transactions, Mosiapo and Power Matla exchanged their shares in PCZM, Rich Rewards and Bartotrax (as applicable) for approximately 48.48M and 37.58M JSE listed Orion Shares, respectively, at a deemed issue price of \$0.0314 per Share. Simultaneously, Prieska Resources Pty (Ltd) (**Prieska Resources**) acquired a 20% effective interest in the Company's subsidiary, PCZM, for a purchase consideration of approximately ZAR142.78M (~\$14.45M) and the trustees for the time being of the Orion Siyathemba Community Trust (**Prieska Community Trust**) and the trustees for the time being of the Orion Siyathemba Employees Trust (**Prieska Employees Trust**) each acquired an effective 5% interest in PCZM.

While the acquisition by the Prieska Community Trust and the Prieska Employee Trust was for nominal consideration, in terms of the prevailing Mining Charter 2018 legislation, Orion and Prieska Resources will be entitled to recover the costs incurred on behalf of the two trusts in developing the Prieska Project from future project cash-flows.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

8 RESTRUCTURE OF BLACK ECONOMIC EMPOWERMENT OWNERSHIP (*continued*)

Prieska Resources is a BEE company whose shares are held by Black Star (17.31%), KNI (37.97%) and Safika (44.72%). To fund the acquisition of the 20% interest in PCZM, the Company has provided vendor financing to Prieska Resources comprising two parts:

- A secured loan (repayable 12 months from closing date of securing Prieska Project financing) of ZAR15.29M (~\$1.29M) plus interest at the publicly quoted prime overdraft rate from time to time of Investec Bank Limited, which arises as a result of PCZM delegating a portion of a loan owing to Agama Exploration & Mining (Pty) Ltd (subsidiary of Orion) (**Agama**) to Prieska Resources, in exchange for which PCZM issues ordinary shares to Prieska Resources (refer Note 9); and
- Preference shares issued by Prieska Resources to Agama to the value of ZAR200M (~\$16.84M), the respective purchase consideration being 20% shareholding in PCZM (refer Note 10).

For the purposes of enabling Prieska Resources to acquire a 20% shareholding in PCZM, Nabustax and Itakane Trading 217 (Pty) Ltd (**Itakane**) entered into an asset-for-share transaction with Prieska Resources whereby Nabustax and Itakane sold a collective 10.21% shareholding in PCZM, in consideration for which Prieska Resources issued preference shares (refer above) to the Sellers in proportion to their percentage of ordinary shares held in PCZM prior to the transaction. This transaction resulted in a one-off profit for the Orion subsidiaries from the sale of their 20% holding in PCZM to Prieska Resources of ZAR132.7M (\$13.3M). The profit comprises:

- Nabustax ZAR52.8M (\$5.3M) for 4.06% shareholding sold in PCZM; and
- Itakane ZAR79.9M (\$8.0M) for 6.15% shareholding sold in PCZM.

At consolidation of the financial results of Nabustax and Itakane within the Orion Group, the gain of ZAR132.6M (\$13.2M) is recognised directly in equity as a transaction between owners, without a loss of control, in accordance AASB 10.23, *Consolidated Financial Statements* (refer Note 18).

In November 2019, Orion issued approximately 47.83M JSE listed Orion Shares at a deemed issue price of \$0.0314 per Share to AEMFC and Mosiapoa (together, **Residual BEE Investors**). The Shares were issued to the Residual BEE Investors as consideration for the repurchase by Vardocube, of shares held by the Residual BEE Investors in that company, finalising the BEE restructure. This component of the BEE restructure was effected by way of a scheme of arrangement in terms of section 114(1)(e) of the South African Companies Act, 2008.

As part of the BEE restructure, several of the loans held by PCZM, Bartotrax, Vardocube and Rich Rewards were delegated to other Orion Group companies, which had no impact on the consolidated Group.

In January 2020, the Company implemented the next phase of the BEE restructure, whereby:

- PCZM acquired the entire issued ordinary share capital of Orion subsidiary, Vardocube from Nabustax (Orion subsidiary), the purchase consideration for which was the issue of 4,282 PCZM shares to Nabustax, resulting in:
 - Vardocube becoming a wholly-owned subsidiary of PCZM; and
 - Prieska Resources and Itakane's (Orion subsidiary) shareholding in PCZM being momentarily diluted.
- Orion subsidiaries, Nabustax and Itakane (**Distributing Companies**) each declared a distribution in specie constituting a liquidation distribution as contemplated in section 47 of the South African Income Tax Act, 1962 pursuant to which the assets of the Distributing Companies are transferred to Agama (Orion subsidiary), such that:
 - Agama, resultantly being the new direct shareholder in PCZM and Bartotrax, and accepts the eventual transferral of any encumbrances and pledges on some of the PCZM shares; and
 - the security provided in relation to the Distributing Companies' preference shares held in Prieska Resources is re-issued to Agama.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

8 RESTRUCTURE OF BLACK ECONOMIC EMPOWERMENT OWNERSHIP (*continued*)

- To ensure that the BEE consortium's interest in its vehicle (Prieska Resources) is not diluted upon Prieska Resources issuing preference shares to the Orion group in exchange for ordinary shares in PCZM, the shareholders of Prieska Resources received an additional 5,078 ordinary shares in Prieska Resources by way of a pro rata capitalisation issue to:
 - Black Star receiving an additional 2,271 shares;
 - KNI receiving an additional 1,928 shares; and
 - Safika receiving an additional 879 shares.
- Prieska Resources maintains its minimum 20% shareholding in the issued ordinary share capital of PCZM by way of:
 - a subscription of an additional 613 shares in PCZM; and
 - issuing additional preference shares to Agama to the value of ZAR67.36M (~\$6.8M) in exchange for Agama transferring to Prieska Resources, 475 shares in PCZM held by Agama.

Key terms of the Prieska Resources preference shares issued to Agama are referenced in Note 10.

At consolidation of the financial results of Agama within the Orion Group, the gain of ZAR66.91M (\$6.75M) is recognised directly in equity as a transaction between owners, without a loss of control, in accordance AASB 10.23, *Consolidated Financial Statements* (refer Note 19).

9 LOANS TO RELATED PARTIES

	2020 \$'000	2019 \$'000
Non-current		
Loan to Prieska Resources – principal	1,288	---
Loan to Prieska Resources – interest receivable	81	---
Loan to joint venture partners	1,964	2,042
Total	3,333	2,042

Prieska Resources

The BEE restructure implemented in September 2019 involved the acquisition by Prieska Resources of a 20% interest in the Company's subsidiary, PCZM, for a purchase consideration of ZAR142.78M (~\$14.45M). To fund the acquisition, the Company has provided vendor financing comprised of two components, being a loan and preference shares.

In January 2020, additional preference shares to the value of ZAR67.36M (~\$6.8M) were issued in exchange for Agama transferring to Prieska Resources, 475 shares in PCZM held by Agama (refer Notes 8 and 10).

Joint Venture Partners

In September 2017, the Company entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Nickel-Copper-PGE Project (South Africa) (**Jacomynspan Project**) from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Namaqua Disawell Companies**) (refer Note 24), which hold partly overlapping prospecting rights and mining right applications.

During the reporting period, the Group continued to advance exploration programs on the Jacomynspan Project, expending an additional \$0.24M. This expenditure, under the terms of the agreement, is held in the shareholder loan account and Area Metals Holdings 3 (Orion subsidiary) (**AMH3**) reached the next stage earn-in right, which will see its shareholding increase by a further 25% interest (making its total interest 50% (Orion 37%)). Following notification to Namaqua Disawell Companies of the earn-in right milestone reached, an application for the relevant regulatory approval is being progressed, and following receipt of such regulatory approval, AMH3 will be issued with the additional shares earned.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

10 INVESTMENT – PREFERENCE SHARES

	2020 \$'000	2019 \$'000
Non-current		
Prieska Resources preference shares – principal	16,850	---
Prieska Resources preference shares – interest receivable	1,412	---
Total	18,262	---

Further to the BEE restructure implemented during the financial year, Prieska Resources issued preference shares to Orion (refer Note 8) with the following terms:

- The preference shares rank in priority to the rights of all other shares of Prieska Resources with respect to the distribution of Prieska Resource's assets, in an amount up to the redemption amount in the event of the liquidation, dissolution or winding up of Prieska Resources, whether voluntary or involuntary, or any other distribution of Prieska Resources, whether for the purpose of winding up its affairs or otherwise;
- The preference shares are redeemable by Prieska Resources at any time after the expiry of a period of 3 years and 1 day after the date of issue of the Preference Shares, and prior to the 8th anniversary of their date of issue at an internal rate of return of 12%; and
- Any preference shares held by Orion (through its subsidiary Agama) after the 8th anniversary of their date of issue will be automatically converted pro rata into ordinary shares in Prieska Resources, up to 49% of the shares in Prieska Resources or, subject to compliance with South African laws, an equivalent number of shares in PCZM.

11 PLANT AND EQUIPMENT

	2020 \$'000	2019 \$'000
Opening balance – 1 July		
Cost	425	445
Accumulated depreciation	(330)	(298)
Opening written down value	95	147
Additions	3	4
Disposals or write offs	(1)	(11)
Effect of movement in exchange rate	(7)	2
Depreciation expense for the year	(33)	(47)
Written down value at 30 June	57	95
Closing balance – 30 June		
Cost	401	425
Accumulated depreciation	(344)	(330)
Total at 30 June	57	95

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2020

12 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2020 \$'000	2019 \$'000
Acquired mineral rights		
Opening cost	14,161	14,161
Exploration and evaluation acquired	---	---
Exploration, evaluation and development	14,161	14,161
Deferred exploration and evaluation expenditure		
Opening cost	26,830	14,958
Expenditure incurred	7,473	14,909
Effect of foreign exchange movement	(6,042)	16
Exploration expensed	(2,169)	(3,053)
Impairment	---	---
Deferred exploration and evaluation expenditure	26,092	26,830
Net carrying amount at 30 June	40,253	40,991

13 TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
Current		
Trade payables	826	1,762
Other payables	132	237
	958	1,999

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

14 PROVISIONS

	2020 \$'000	2019 \$'000
Current		
Employee benefits – annual leave	145	170
	145	170
Non-current		
Rehabilitation (a)	1,672	2,353
Employee benefits – long service leave	12	10
	1,684	2,363
Total	1,829	2,533

(a) In South Africa, long term environmental obligations are based on the Group's environmental plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation. The rehabilitation provision for the Group's South African project is offset by guarantees held by Centriq Insurance Company Limited (\$2.1M) (refer Note 6).

In Australia, the state government regulations in Victoria require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation. The rehabilitation provision for the Group's Victorian project is partially offset by a guarantee held on deposit (refer Note 6).

15 LOANS WITH OTHER ENTITIES AND RELATED PARTIES

	2020 \$'000	2019 \$'000
Current		
AASMF loan (a)	1,600	---
Loan Facility (b)	2,015	---
Convertible Loan (c)	4,579	3,947
	8,194	3,947
Non-current		
AASMF loan (a)	---	1,748
	---	1,748
Total	8,194	5,695

(a) AASMF Loan

On 2 November 2015, PCZM (a 70% owned subsidiary of Agama) and AASMF entered into a loan agreement for the further exploration and development of the Prieska Project. Under the terms of the loan, AASMF advanced ZAR14.25M to PCZM on 1 August 2017. The key terms of the agreement are as follows:

- Loan amount: ZAR14.25M;
- Interest rate: Prime lending rate in South Africa;

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

15 LOANS WITH OTHER ENTITIES AND RELATED PARTIES (continued)

- Repayment date: 30 April 2021 (previously 31 July 2020); and
- Security: 29.17% of the shares held in PCZM by Agama have been pledged as security to AASMF for the performance of PCZM's obligations in terms of the loan.

(b) Loan Facility

On 14 May 2020, Orion and Tembo Capital entered into a \$1.0M unsecured loan facility (**Loan Facility**) and on 29 June 2020, Orion and Tembo Capital agreed on an increase in the Loan Amount to \$2.0M.

Under the terms of the Loan Facility, the Loan Amount, interest and any amount capitalised under the Loan Facility (**Outstanding Balance**) will be automatically set off against the amount to be paid by Tembo Capital for the issue and allotment of Shares to Tembo Capital under any capital raising undertaken by Orion on or before 31 October 2020 (**Subscription Amount**) (subject to shareholder and FIRB approvals).

If Orion does not undertake a capital raising by 31 October 2020, Tembo may elect to receive Shares in repayment of the Outstanding Balance, at an issue price of the 10 trading day ASX volume weighted average price (**VWAP**) of the Shares, prior to the date that Tembo issues a conversion notice to Orion (subject to shareholder and FIRB approvals).

The key terms of the Loan Facility are:

- Loan Amount: \$2.0M;
- Interest: capitalised at 12% per annum;
- Set-off under capital raising: the Outstanding Balance will be automatically set off against the amount to be paid by Tembo Capital for the issue and allotment of Shares to Tembo Capital under any capital raising undertaken by Orion on or before 31 October 2020 (Subscription Amount);
- Conversion: if Orion does not undertake a capital raising by 31 October 2020 (**Repayment Date**), Tembo may elect to receive Shares in repayment of the Outstanding Balance at an issue price of the VWAP of Shares on the ASX over the ten trading days prior to the date that Tembo issues a conversion notice to Orion (subject to shareholder and regulatory approvals);
- Repayment: if Orion does not undertake a capital raising by the Repayment Date and Tembo does not elect to receive Shares in repayment of the Outstanding Balance by the Repayment Date, or if all regulatory and shareholder approvals required to permit Tembo to participate in any capital raising or to be issued Shares in repayment of the Outstanding Balance have not been obtained by the later of the Repayment Date and specified dates to obtain the required shareholder and regulatory approvals, the Outstanding Balance is to be repaid within 10 business days; and
- Security: Unsecured;

On 7 August 2020, following reporting period end, the Company announced a \$6.2M capital raising. In addition, Tembo Capital subscribed for \$2.1M of Shares in the Company at an issue price of \$0.017 per share. Under the terms of the Loan Facility, part of the subscription amount will be offset against balance outstanding (subject to receipt of approvals from Shareholders and FIRB). If approved, the Loan Facility will be repaid in full on or about 30 September 2020.

(c) Convertible Loan

On 25 January 2019, the Company announced a \$3.6M loan facility with Tembo Capital (**Convertible Loan**). The key terms of the Loan Facility are:

- Convertible Loan Amount: Up to \$3.6M;
- Interest: Capitalised at 12% per annum accrued daily on the amount drawn down;

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

15 LOANS WITH OTHER ENTITIES AND RELATED PARTIES (continued)

- Repayment: Tembo Capital may elect for repayment of the balance of the Convertible Loan (including capitalized interest and fees (**Outstanding Amount**) to be satisfied by the issue of Shares by the Company to Tembo Capital at a deemed issue price of \$0.026 per Share (subject to receipt of shareholder and FIRB approvals). The Outstanding Amount must be repaid by 31 October 2020, or if Tembo Capital elects to receive Shares in repayment of the Outstanding Amount in lieu of payment in cash, the date on which the Shares are to be issued to Tembo Capital (or such later date as may be agreed between Tembo Capital and Orion);
- Establishment fee:
 - Cash - capitalised 5% of the Convertible Loan Amount and capitalised 4% of the Outstanding Amount as of 24 January 2020, payable on the Repayment date; and
 - Options - 11M unlisted Orion options, exercisable at a price of \$0.03 per option, expiring on the 17 June 2024.
- Security: Unsecured.

16 PREFERENCE SHARES

	2020 \$'000	2019 \$'000
AASMF preference shares – principal	---	1,593
AASMF preference shares – provision for dividends and settlement premium	---	936
Total	---	2,529

Preference shares are classified as financial liabilities and therefore the accrued dividends and settlement premium are recorded as an interest expense in the consolidated statement of profit or loss and other comprehensive income

PCZM, applied for a funding facility from the AASMF for the further exploration and development of the Prieska Project. On 14 November 2014, AASMF approved the funding facility for an amount of ZAR30.0M, subject to certain terms and conditions. The funding is provided in two tranches, the first tranche for ZAR15.75M by way of the issue of PCZM preference shares and the second tranche for ZAR14.25M by way of a loan from AASMF (refer Note 13).

On 4 March 2019, the Company announced it had reached agreement with AASMF to redeem the preference shares for Shares. Under the agreement, AASMF agreed to the redemption of the preference shares, in exchange for Orion Shares, the ASX and JSE listed parent company of PCZM (**Share Exchange Agreement**).

Under the terms of the Share Exchange Agreement and following the receipt of Orion shareholder approval, in satisfaction of the redemption amount payable by PCZM to AASMF of ZAR25.05M (~\$2.5M), in connection with the voluntary redemption of the preference shares by PCZM, on 5 July 2019, the Company issued 77.57M Shares to AASMF at a deemed issue price of \$0.0323 per Share.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

17 CONVERTIBLE NOTES

	2020 \$'000	2019 \$'000
Convertible note liability		
Opening balance	5,724	6,001
Convertible note liability – movement	(174)	(7)
Convertible notes – converted	(5,550)	(270)
Closing balance	---	5,724

On 7 February 2017, the Company announced that it was proposing to conduct a capital raising through the issue of convertible notes to various sophisticated and professional investors, each with a face value of \$0.026 (**Convertible Notes**).

The Company obtained shareholder approval for the Convertible Notes issue at a meeting of shareholders held on 13 March 2017. Following obtaining approval, on 17 March 2017 the Company issued 232,692,294 Convertible Notes each with a face value of \$0.026 and 2 year maturity (extended by 6 months in 2019), raising \$6.05M.

On 23 April 2019, the Company issued 10.38M Shares to a noteholder to satisfy the Company's obligation to issue Shares following the conversion of Convertible Notes. On 24 September 2019, the Company issued a further 222.3M Shares to noteholders following conversion of Convertible Notes by Noteholders.

18 ISSUED CAPITAL AND SHARE BASED PAYMENTS RESERVE

	2020 \$'000	2019 \$'000
Ordinary fully paid shares (Shares)	146,648	121,530
	146,648	121,530

The following movements in issued capital occurred during the reporting period:

	Number of Shares	Issue price	\$'000
Ordinary fully paid shares			
Opening balance at 1 July 2019	2,003,344,917		121,530
<i>Share Issues:</i>			
Placement - AASMF (5 July 2019)	77,567,412	\$0.032	2,505
Placement - Placement (22 July 2019)	30,000,000	\$0.040	1,200
Placement - Placement (9 August 2019)	33,706,695	\$0.040	1,348
Placement - Placement (6 September 2019)	20,000,000	\$0.040	800
Placement – BEE restructure (12 September 2019)	86,056,022	\$0.031	2,702
Convertible notes conversion (24 September 2019)	222,307,679	\$0.026	5,780
Placement - Placement (1 November 2019)	235,399,983	\$0.025	5,885
Placement - Placement (5 November 2019)	19,400,000	\$0.025	485
Placement - Placement (22 November 2019)	53,904,167	\$0.025	1,348
Placement – BEE restructure (29 November 2019)	47,825,602	\$0.031	1,502
Share Purchase Plan (12 December 2019)	70,047,920	\$0.025	1,752
Less: Issue costs	---	---	(189)
Closing balance at 30 June 2020	2,899,560,397		146,648

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

18 ISSUED CAPITAL AND SHARE BASED PAYMENT RESERVE (continued)

The following movements in issued capital occurred during the prior period:

	Number of Shares	Issue price	\$'000
Ordinary fully paid shares			
Opening balance at 1 July 2018	1,481,603,768		102,460
<i>Share Issues:</i>			
Placement (18 August 2018)	212,454,055	\$0.037	7,861
Placement (23 August 2018)	172,918,918	\$0.037	6,398
Placement (23 August 2018)	6,756,756	\$0.037	250
Placement (23 April 2019)	50,625,000	\$0.040	2,025
Placement (23 April 2019)	10,384,615	\$0.026	270
Placement (23 April 2019)	2,000,000	\$0.020	40
Placement (30 April 2019)	66,601,805	\$0.040	2,664
Less: Issue costs	---	---	(438)
Closing balance at 30 June 2019	2,003,344,917		121,530

Share based payments reserve - movement

The employee share option and share plan reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The following movements in the share based payments reserve occurred during the period:

	\$'000
Opening balance at 1 July 2018	2,103
Share based payments expense	1,649
Unlisted share options expired and transferred to accumulated losses (i)	(1,065)
Closing balance at 30 June 2019	2,687
Share based payments expense	1,312
Unlisted share options expired and transferred to accumulated losses (i)	(615)
Closing balance at 30 June 2020	3,384

- (i) During the year, previously recognised share based payment transactions for options which had vested but subsequently expired were transferred to accumulated losses.

The following options to subscribe for ordinary fully paid shares expired during the year:

	Number of options	Expiry date	Exercise price
Class			
Unlisted options	3,040,540	15/10/2019	\$0.037
Unlisted options	100,466,749	31/10/2019	\$0.05
Unlisted options	250,000	30/11/2019	\$0.045
Unlisted options	250,000	30/11/2019	\$0.06
Unlisted options	1,900,000	30/06/2020	\$0.035
Unlisted options	2,200,000	30/06/2020	\$0.05
Total	108,107,289		

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

19 OTHER RESERVE

	2020 \$'000	2019 \$'000
Opening balance	---	---
<u>Movement</u>		
Transactions between owners	19,956	---
Closing balance	19,956	---

In accordance with AASB 10.23, the gain realised by Nabustax and Itakane on the sale of 20% of the shares in PCZM to Prieska Resources, is recognised directly in equity as transactions between owners without a loss of control (refer Note 8 for additional information).

20 INCOME TAX

	2020 \$'000	2019 \$'000
Income tax expense		
(Loss) before tax	(18,638)	(10,750)
Income tax using the corporation rate of 27.5% (2019: 27.5%)	(5,125)	(2,956)
Movements in income tax expense due to:		
Non deductible expenses	---	---
Non assessable income	---	---
Employee share based payments expensed	361	453
Non creditable or refundable taxes paid	13	---
	(4,751)	(2,503)
(Under) / over provided in prior years	---	---
Tax effect of tax losses not recognised	4,764	2,503
Income tax expense/(benefit)	13	---

No income tax is payable by the Group. The directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The Group has estimated un-recouped gross Australian income tax losses of approximately \$20.90M (2019: \$19.95M) which may be available to offset against taxable income in future years, subject to continuing to meet relevant statutory tests.

The Group also has carry forward tax losses in South Africa of approximately ZAR4.24M (~\$0.36M) (2019: ~\$0.4M) and unredeemed capital expenditure carried forward, which can be offset against future mining income, of ZAR454.24M (~\$37.12M) (2019: ~\$37.12M).

Completed in the prior financial year, the Group reviewed the Australian entities estimated un-recouped gross Australian income tax losses. Results of this review identified approximately \$17.0M which may be available to the Group to offset against future taxable income. Such benefits have not been recognised and will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in taxation legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

20 INCOME TAX (continued)

Tax consolidation

For the purposes of Australian income taxation, the Company and its 100% controlled Australian subsidiaries have formed a tax consolidation group. The parent entity, Orion Minerals Ltd, reports to the Australian Taxation Office on behalf of all the Australian entities.

21 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of potentially dilutive options and dilutive partly paid contributing shares).

The following reflects the income and share data used to calculate basic and diluted earnings per share:

a) Basic and diluted loss per share

	2020 Cents	2019 Cents
Loss attributable to owners of the Company	(0.66)	(0.53)
Diluted loss attributable to owners of the Company	(0.66)	(0.53)

b) Reconciliation of loss used in calculating earnings per share

	2020 \$'000	2019 \$'000
Loss from continuing operations attributable to equity holders of the Group	(18,651)	(10,750)
Loss attributable non-controlling interest	1,096	989
Loss attributable to owners of the Company	(17,555)	(9,761)

c) Weighted average number of shares

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	2,667,885,443	1,844,523,096
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	2,667,885,443	1,844,523,096

d) Headline loss per share

	2020 \$'000	2019 \$'000
Loss before income tax	(17,555)	(9,761)
Impairment of non-current assets reversal	---	---
Plant and equipment written off	---	---
Adjusted earnings	(17,555)	(9,761)
Weighted average number of shares	2,667,885,443	1,844,523,096
Earnings / (loss) per share (cents per share)	(0.66)	(0.53)
Diluted earnings / (loss) per share (cents per share)	(0.66)	(0.53)

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

22 FINANCIAL INSTRUMENTS

Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Market risk.
- Credit risk.
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables, loans and payables.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk

The Group is currently not subject to equity price risk movement.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the Group had one variable rate interest bearing liability.

It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The Group is not materially exposed to changes in market interest rates. A 1% variation in interest rates would result in interest revenue changing by up to \$2,000 (2019: \$2,000) based on year-end cash balances, and \$nil (2019: \$nil) based on year-end security bonds and deposits balances, assuming all other variables remain unchanged.

The Group does not account for any fixed rate financial assets and liabilities at fair value through the Statement of Profit or Loss.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

22 FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. Other receivables represent GST refundable from the Australian Taxation Office, VAT refundable from South African Revenue Service and security bonds and deposits. Trade and other receivables are neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Refer to Note 2(a)(iii) for a summary of the Group's current plans for managing its liquidity risk.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from expenditure in currencies other than the Group's measurement currency. The Group has foreign operations with functional currencies in South African Rand (ZAR). The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements.

The Group has significant exposure to foreign currency risk, particularly between AUD/ZAR, at the end of the reporting period. Foreign exposure risk arises from future commercial transactions and recognised financial assets and financial liabilities which are denominated in a currency other than the Group's functional currency.

Consolidated	30 June 2020			30 June 2019		
	ZAR	EUR	GBP	ZAR	EUR	GBP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Trade and other receivables	159	---	---	391	---	---
Loan to joint venture partners	3,333	---	---	2,042	---	---
Investment in Prieska Resources	18,262	---	---	---	---	---
Financial Liabilities						
Trade and other payables	578	44	---	1,544	23	21
AASMF loan	1,600	---	---	1,748	---	---

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

22 FINANCIAL INSTRUMENTS (continued)

The Group's exposure to foreign exchange is predominately ZAR. Should the Australian dollar weaken by 10% / strengthen by 10% against the ZAR (2019: 10% weaken / 10% strengthen), with all other variables held constant, the Groups profit before tax for the year would have been \$0.09M lower / \$0.09M higher (2019: \$0.09M lower / \$0.09M higher). The change is the expected overall volatility of the ZAR:AUD, based on management's assessment of the possible fluctuations, with consideration given to the last 6 months of the reporting period and spot rate at reporting date.

Commodity price risk

The Group's exposure to price risk is minimal at this stage of the operations. Commodity price risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market rates. The risk arises from fluctuations in financial assets and liabilities that the Group uses.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The management of the Group's capital is performed by the Board.

The Board manages the Group's liquidity ratio to ensure that it meets its financial obligations as they fall due and specifically allowing for the expenditure commitments for its mining tenements to ensure that the Group's main assets are not at risk.

Refer to Note 2(a)(iii) for a summary of the Group's current plan for managing its going concern.

None of the Group's entities are subject to externally imposed capital requirements.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

30 June 2020	Weighted average interest rate	Floating interest rate \$'000	Fixed interest rate maturing in 1 year or less \$'000	Fixed interest rate maturing in 2 to 5 years \$'000	Fixed interest rate maturing in 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets							
Cash on hand and at bank	0.88%	1,222	---	---	---	---	1,222
Loan to Prieska Resources	7.25%	---	1,369	---	---	---	1,369
Investment in preference shares	12.00%	---	---	---	18,262	---	18,262
Other receivables	5.98%	---	2,442	---	---	173	2,614
Total		1,222	3,811	---	18,262	173	23,467
Financial Liabilities							
Loans	11.07%	---	8,194	---	---	---	8,194
Lease liability	10.25%	---	17	---	---	---	17
Trade and other payables	0.00%	---	---	---	---	958	958
Total		---	8,211	---	---	958	9,169

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

22 FINANCIAL INSTRUMENTS (continued)

30 June 2019	Weighted average interest rate	Floating interest rate \$'000	Fixed interest rate maturing in 1 year or less \$'000	Fixed interest rate maturing in 2 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets						
Cash on hand and at bank	0.10%	1,395	---	---	---	1,395
Other receivables	1.90%	---	197	---	362	559
Total		1,395	197	---	362	1,954
Financial Liabilities						
Convertible note liability	12.00%	---	5,724	---	---	5,724
Loans	12.00%	---	3,947	1,748	---	5,695
Preference shares	13.50%	---	---	2,529	---	2,529
Trade and other payables	2.00%	---	---	---	1,999	1,999
Total		---	9,671	4,277	1,999	15,947

23 COMMITMENTS AND CONTINGENCIES

Tenement commitments – South Africa and Australia

The Group has a portfolio of tenements located in South Africa and Victoria, Australia, which all have a **requirement** for a certain level of expenditure each and every year in addition to annual rental payments for the tenements.

Guarantees

The Company has the following contingent liabilities at 30 June 2020:

- The Group also has negotiated bank guarantees in favour of the Victorian Government for rehabilitation obligations of mining and exploration tenements. The total of these guarantees at 30 June 2020 was \$0.25M (2019: \$0.25M). The Group has sufficient term deposits to cover the outstanding guarantees.
- It has guaranteed to cover the directors and officers in the event of legal claim against the individual or as a group for conduct which is within the Company guidelines, operations and procedures.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed local government and state government expectations. The costs are not considered to be material by the Group however this policy will be reviewed as exploration and development activities increase as the Company moves closer towards commercial production.

Guarantees

The Company has the following bonds at 30 June 2020:

- The Group has negotiated guarantees in favour of rental agreements. The total of these guarantees at 30 June 2020 was \$3,117 (2019: \$3,117).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

24 CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of the Company and the subsidiary's listed in the following table.

		Parent Ownership Interest		Non-controlling Interest	
Entity	County of incorporation	2020 %	2019 %	2020 %	2019 %
Parent Entity					
Orion Minerals Ltd	Australia				
Subsidiaries					
Goldstar Resources (WA) Pty Ltd	Australia	100	100	---	---
Kamax Resources Limited	Australia	100	100	---	---
Areachap Holdings No 1 Pty Ltd	Australia	100	100	---	---
Areachap Holdings No 2 Pty Ltd	Australia	100	100	---	---
Areachap Holdings No 3 Pty Ltd	Australia	100	100	---	---
RSA Services Ltd	Australia	100	100	---	---
Orion Group Services International Ltd	Seychelles	100	100	---	---
Areachap Investments 1 S.a r.l	Luxembourg	100	100	---	---
Areachap Investments 2 S.a r.l	Luxembourg	100	100	---	---
Areachap Investments 3 S.a r.l	Luxembourg	100	100	---	---
Areachap Investments 6 S.a r.l	Luxembourg	100	100	---	---
Agama Exploration & Mining (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 1 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 2 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 3 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 4 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 5 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 6 (Pty) Ltd	South Africa	100	---	---	---
Orion Exploration No 1 (Pty) Ltd	South Africa	100	100	---	---
Orion Exploration No 3 (Pty) Ltd	South Africa	100	---	---	---
Orion Exploration No 4 (Pty) Ltd	South Africa	100	100	---	---
Orion Exploration No 5 (Pty) Ltd	South Africa	100	100	---	---
Orion Services South Africa (Pty) Ltd	South Africa	100	100	---	---
Nabustax (Pty) Ltd	South Africa	---	100	---	---
Itakane Trading 217 (Pty) Ltd	South Africa	---	100	---	---
Prieska Copper Zinc Mine (Pty) Ltd	South Africa	70.00	73.33	30.00	26.67
Rich Rewards Trading 437 (Pty) Ltd	South Africa	100.00	73.33	---	26.67
Vardocube (Pty) Ltd	South Africa	70.00	70.00	30.00	30.00
Bartotrax (Pty) Ltd	South Africa	100.00	73.33	---	26.67
Prieska Copper Mines Ltd	South Africa	68.22	97.46	31.78	2.54
Prieska Copper Mines Nature Conservation Trust	South Africa	68.22	97.46	31.78	2.54
Masiqhame Trading 855 (Pty) Ltd	South Africa	50.00	50.00	---	---
Associates					
Namaqua Nickel Mining (Pty) Ltd	South Africa	25.00	25.00	N/A	N/A
Disawell (Pty) Ltd	South Africa	25.09	25.09	N/A	N/A

Associates Note:

Associates listed above are not controlled by the Group and have no material impact on the Consolidated Financial Statements as at 30 June 2020 (refer Note 9).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

25 NON-CONTROLLING INTEREST

	2020 \$'000	2019 \$'000
Opening balance – 1 July	1,244	2,233
<u>Movement</u>		
BEE restructure adjustment	(2,700)	---
Accumulated losses	(1,096)	(989)
Closing balance – 30 June	(2,552)	1,244

The non-controlling interest parties have the following interest in the Group South African subsidiaries:

Prieska Copper Zinc Mine (Pty) Ltd 30% (2019: 26.67%), Rich Rewards Trading 437 (Pty) Ltd 0% (2019: 26.67%), Vardocube (Pty) Ltd 30% (2019: 30%), Bartotrax (Pty) Ltd 0% (2019: 26.67%), Prieska Copper Mines Ltd 31.78% (2019: 2.54%) and Prieska Copper Mines Nature Conservation Trust 31.78% (2019: 2.54%).

26 RELATED PARTIES DISCLOSURE

Key management personnel compensation

The key management personnel compensation included in administration expenses and exploration and evaluation expenses (refer Note 3) and deferred exploration, evaluation and development (refer Note 12) is as follows:

	2020 \$	2019 \$
Short-term employee benefits	1,774,284	1,824,618
Post-employment benefits	5,967	14,798
Share based payments	834,465	693,790
Total	2,612,716	2,533,205

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 are provided in the remuneration report section of the directors' report.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or a relevant interest over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time, Directors of the Group, or their related entities, may provide services to the Group. These services are provided on terms that might be reasonably expected for other parties and are trivial or domestic in nature. The following transactions occurred with related parties:

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

26 RELATED PARTIES DISCLOSURE (continued)

	2020 \$	2019 \$
Payments for services to Tarney Holdings Pty Ltd	211,800	179,700
Total	211,800	179,700

Tarney Holdings Pty Ltd is an entity associated with the Company's Chairman, Mr Denis Waddell. Mr Waddell provides consulting services to the Group through Tarney Holdings by way of agreement between both parties.

27 AUDITOR REMUNERATION

	2020 \$	2019 \$
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
An audit or review of the financial report of the Company and any other entity in the Group	32,500	28,500
Total amount for BDO Audit Pty Ltd	32,500	28,500
Amounts received or due and receivable by BDO South Africa for:		
An audit or review of the financial report of the Company and any other entity in the Group	55,593	98,650
Professional services – corporate finance	3,834	14,660
Total amount for BDO South Africa	59,427	113,310
Total amount for auditors	91,927	141,810

28 SEGMENT REPORTING

The Group's operating segments are identified and information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8. Reportable segments disclosed are based on aggregating operating segments where the segments have similar characteristics.

The Group's core activity is mineral exploration within South Africa and Australia. During the 2020 financial year, the Group has actively undertaken exploration in South Africa, with segment recording from 29 March 2017.

Reportable segments are represented as follows:

30 June 2020	Australia \$'000	South Africa \$'000	Total \$'000
Segment net operating loss after tax	(6,089)	(12,546)	(18,651)
Depreciation	(9)	(167)	(176)
Finance income	23	1,870	1,893
Finance expense	(1,114)	(179)	(1,293)
Exploration expenditure written off and expensed	(369)	(1,799)	(2,168)
Segment non-current assets	11,309	53,057	64,366

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

28 SEGMENT REPORTING (continued)

30 June 2019	Australia \$'000	South Africa \$'000	Total \$'000
Segment net operating loss after tax	(7,098)	(3,472)	(10,750)
Depreciation	(22)	(25)	(47)
Finance income	45	183	228
Finance Expense	(1,304)	(457)	(1,761)
Exploration expenditure written off and expensed	(613)	(2,440)	(3,053)
Segment non-current assets	11,182	34,470	45,652

29 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2020 the parent company of the Group was Orion Minerals Ltd.

	2020 \$'000	2019 \$'000
Result of parent entity		
Loss for the period	(5,290)	(4,604)
Other comprehensive income	---	584
Total comprehensive loss for the period	(5,290)	(4,020)
Financial position of parent entity at year end		
Current assets	6,011	1,405
Non-current assets	61,172	51,127
Total assets	67,183	52,532
Current liabilities	(7,054)	(10,186)
Non-current liabilities	(2,316)	(2,226)
Total liabilities	(9,370)	(12,412)
Total net assets	57,813	40,120
Total equity of the parent entity comprising of:		
Issued capital	146,648	121,530
Accumulated losses	(92,219)	(84,327)
Other reserves	3,384	2,917
Total equity	57,813	40,120

Parent entity contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

29 PARENT ENTITY DISCLOSURES (continued)

Contingent liabilities

The Company has issued bank guarantees in respect of its rental agreements and mining tenements. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the guarantors upon failure of the Company to make payments when due. Refer to Note 20 for further detail.

30 SHARE BASED PAYMENTS

The Group has an Option and Performance Rights Plan (**OPRP**) for the granting of options or performance rights to employees. There were 31.5M options granted to employees and consultants during the financial year (2019: 52.8M options) under the Company's OPRP for a total transactional value of \$2.79M.

Outlined below is a summary of option movements during the financial year ended 30 June 2020 to employees under the OPRP:

30 June 2020								
Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year
Consolidated as at 30 June 2020								
26-Mar-20	31-Mar-25	\$0.028	---	10,500,000	---	---	---	10,500,000
26-Mar-20	31-Mar-25	\$0.035	---	10,500,000	---	---	---	10,500,000
26-Mar-20	31-Mar-25	\$0.04	---	10,500,000	---	---	---	10,500,000
29-Apr-19	30-Apr-24	\$0.04	12,500,000	---	---	---	---	12,500,000
29-Apr-19	30-Apr-24	\$0.05	12,500,000	---	---	---	---	12,500,000
29-Apr-19	30-Apr-24	\$0.06	12,500,000	---	---	---	---	12,500,000
21-Sep-18	31-Mar-23	\$0.05	5,100,000	---	---	---	(200,000)	4,900,000
21-Sep-18	31-Mar-23	\$0.06	5,100,000	---	---	---	(200,000)	4,900,000
21-Sep-18	31-Mar-23	\$0.07	5,100,000	---	---	---	(200,000)	4,900,000
31-May-17	31-May-22	\$0.03	12,100,000	---	---	---	---	12,100,000
31-May-17	31-May-22	\$0.045	12,100,000	---	---	---	---	12,100,000
31-May-17	31-May-22	\$0.06	12,100,000	---	---	---	---	12,100,000
12-Dec-14	30-Nov-19	\$0.045	250,000	---	---	---	(250,000)	---
12-Dec-14	30-Nov-19	\$0.06	250,000	---	---	---	(250,000)	---
Total			89,600,000	31,500,000	---	---	(1,100,000)	120,000,000
Weighted average exercise price			0.049	0.034	---	---	0.057	0.046

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

30 SHARE BASED PAYMENTS (continued)

Outlined below is a summary of option movements during the financial year ended 30 June 2019 to employees under the OPRP:

30 June 2019								
Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year
Consolidated as at 30 June 2019								
29-Apr-19	30-Apr-24	\$0.04	---	12,500,000	---	---	---	12,500,000
29-Apr-19	30-Apr-24	\$0.05	---	12,500,000	---	---	---	12,500,000
29-Apr-19	30-Apr-24	\$0.06	---	12,500,000	---	---	---	12,500,000
21-Sep-18	31-Mar-23	\$0.05	---	5,100,000	---	---	---	5,100,000
21-Sep-18	31-Mar-23	\$0.06	---	5,100,000	---	---	---	5,100,000
21-Sep-18	31-Mar-23	\$0.07	---	5,100,000	---	---	---	5,100,000
31-May-17	31-May-22	\$0.03	12,300,000	---	---	---	(200,000)	12,100,000
31-May-17	31-May-22	\$0.045	12,300,000	---	---	---	(200,000)	12,100,000
31-May-17	31-May-22	\$0.06	12,300,000	---	---	---	(200,000)	12,100,000
12-Dec-14	30-Nov-19	\$0.045	250,000	---	---	---	---	250,000
12-Dec-14	30-Nov-19	\$0.06	250,000	---	---	---	---	250,000
Total			37,400,000	52,800,000	---	---	(600,000)	89,600,000
Weighted average exercise price			0.044	0.053	---	---	0.045	0.050

Set out below are the unlisted options exercisable at the end of the financial year:

Grant date	Expiry date	2020	2019	2018
26 Mar 2020	31 Mar 2025	10,500,000	---	---
14 June 2019	30 April 2024	18,000,000	18,000,000	---
29 April 2019	30 April 2024	12,500,000	12,500,000	---
21 Sep 2018	31 May 2023	4,900,000	5,100,000	---
31 May 2017	31 May 2022	12,100,000	12,300,000	12,300,000
26 Nov 2015	30 Nov 2020	---	---	18,333,333
Total		58,000,000	47,900,000	30,633,333

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued* FOR THE YEAR ENDED 30 JUNE 2020

30 SHARE BASED PAYMENTS (continued)

The fair values of the options are estimated at the date of grant using the Black Scholes option pricing model. The following table outlines the assumptions made in determining the fair value of the options granted during the year:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
26 March 2020	31 March 2025	\$0.013	\$0.028	74.24%	2.00%	\$0.001
29 April 2019	30 April 2024	\$0.034	\$0.04	93.72%	2.00%	\$0.024
29 April 2019	30 April 2024	\$0.034	\$0.05	93.72%	2.00%	\$0.023
29 April 2019	30 April 2024	\$0.034	\$0.06	93.72%	2.00%	\$0.022
21 Sep 2018	31 May 2023	\$0.034	\$0.05	94.27%	2.00%	\$0.022
21 Sep 2018	31 May 2023	\$0.034	\$0.06	94.27%	2.00%	\$0.021
21 Sep 2018	31 May 2023	\$0.034	\$0.07	94.27%	2.00%	\$0.020

The weighted average contractual life for the share options outstanding as at 30 June 2020 is between 1 and 4 years (2019: 1 and 4 years).

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense was \$1.31M (2019: \$1.65M). Options which expired during the financial year were written back to accumulated losses, \$697,035.

31 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

- On 13 July 2020, the Company announced that it has entered into an agreement whereby Orion (or its nominated subsidiary) will acquire the remaining minority interests in the Jacomynspan Nickel-Copper-PGE Project (South Africa) held by two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd.
- On 29 July 2020, the Company announced that it had reached agreement with Anglo American sefa Mining Fund (**AASMF**) to extend the term of the loan facility entered into between the Company and AASMF whereby AASMF loaned ZAR14.25M to Orion, from 31 July 2020 to 30 April 2021.
- On 7 August 2020 the Company announced a strongly supported \$6.2M capital raising. The raising, comprising the issue of 365M Shares at an issue price of \$0.017 per ordinary share (**Share**), to be conducted via a placement to sophisticated and professional investors to occur in two stages, being:
 - Tranche 1 – In August 2020, the Company issued 346M Shares, using the Company's 15% placement capacity under ASX Listing Rule 7.1 to raise \$5.9M; and
 - Tranche 2 – This will comprise the issue of 19M Shares to Tembo Capital Mining Fund II LP and its affiliated entities (**Tembo Capital**), to raise \$0.3M (subject to shareholder approval, to be sought at a general meeting of Orion shareholders on 29 September 2020 and Foreign Investment Review Board (**FIRB**) approval.

In addition to the capital raising referred to above, Tembo Capital confirmed its continued support of Orion through subscribing for \$2.1M of Shares, at a deemed issue price of \$0.017 per Share (subject to shareholder approval and FIRB approval).

FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Orion Minerals Ltd (the Company) the consolidated financial statements and notes that are set out on pages 71 to 110 and the Remuneration report set out on pages 59 to 68, identified within in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- 2 The directors draw attention to Note 2(a)(iii) to the consolidated financial statements which the directors have considered in forming their view that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.
- 4 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Denis Waddell
Chairman
Perth, Western Australia

22 September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Orion Minerals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orion Minerals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a)(iii) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

EXPLORATION AND EVALUATION COSTS

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has incurred significant exploration and evaluation expenditures which have been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>AASB 6 Exploration for and Evaluation of Mineral Resources contains detailed requirements with respect to both the initial recognition of such assets and ongoing requirements to continue to carry forward the assets.</p> <p>Note 2(r) and note 12 to the financial statements contains the accounting policy and disclosures in relation to exploration and evaluation expenditures.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining independent searches; • Confirming whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were permissible and capitalised correctly; • Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's project; • Reviewing public (ASX) announcements and reviewing minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 59 to 68 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Orion Minerals Ltd, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'James Mooney', is written over a faint, stylized BDO logo.

James Mooney
Director

22 September 2020

FINANCIAL STATEMENTS

ADDITIONAL ASX INFORMATION

Shareholder information for the year ended 30 June 2020

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed companies only. This information is current as at 31 August 2020.

Distribution of ordinary shares and option holders

	Fully paid ordinary shares			Options		
	No. of holders	No. of shares	%	No. of holders	No. of options	%
1 - 1,000	993	271,632	0.01	–	–	–
1,001 - 5,000	554	1,405,363	0.04	–	–	–
5,001 - 10,000	226	1,738,679	0.06	–	–	–
10,001 - 100,000	960	41,613,924	1.28	–	–	–
100,001 and over	650	3,200,679,314	98.61	31	238,000,000	100
	3,383	3,245,708,912	100	31	238,000,000	100

Holders of non-marketable parcels

Shareholders holding less than a marketable parcel on the ASX register was 268.

Twenty largest holders of ordinary shares

The names of the 20 largest holders of ordinary fully paid shares are:		Ordinary shares	%
1	Ndovu Capital X BV	696,303,533	21.45%
2	Wyllie Group Pty Ltd	219,045,427	6.75%
3	Delphi Unternehmensberatung Aktiengesellschaft	173,285,691	5.34%
4	J P Morgan Nominees Australia Pty Limited	162,211,116	5.03%
5	IGO Limited	154,166,666	4.75%
6	Sparta AG	137,647,058	4.24%
7	Tarney Holdings Pty Ltd	111,714,746	3.44%
8	HSBC Custody Nominees (Australia) Limited	77,899,281	2.40%
9	Anglo American sefa Mining	77,567,412	2.39%
10	Silja Investment Limited	66,321,960	2.04%
11	Deutsche Balaton Aktiengesellschaft	52,911,764	1.63%
12	Mosiapoa Capital (Pty) Ltd	52,780,432	1.63%
13	Ubhejane Resources Investment Pty Ltd	50,000,000	1.54%
14	Belair Australia Pty Ltd	49,000,000	1.51%
15	Power Matla Mining Pty Limited	43,713,349	1.35%
16	African Exploration Mining & Fina Soc Ltd	43,522,276	1.34%
17	Dr Leon Eugene Pretorius	32,753,112	1.01%
18	Precision Opportunities Fund Ltd	30,303,166	0.93%
19	Mr Mark William Daniel & Mrs Suzanne Louise Daniel	30,000,000	0.92%
20	Falerno Investments Pty Ltd	29,862,819	0.92%
		2,292,009,808	70.62%
Total issued ordinary share capital		3,245,708,912	

Substantial shareholders

The following shareholders are recorded in the Company's register of substantial shareholders:

Holders giving notice	Date of notice	Ordinary shares as at date of notice	% holding as at date of notice
Ndovu Capital X BV	30-04-2019	480,918,918	24.01
Delphi Unternehmensberatung Aktiengesellschaft	12-08-2020	363,844,513	11.22
IGO Ltd	27-08-2018	154,166,666	8.23
Wyllie Group	12-08-2020	219,045,427	6.76
Denis Waddell	27-08-2018	109,714,746	5.86

This information is based on substantial holder notifications provided to the Company.

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ADDITIONAL ASX INFORMATION *continued*

Voting rights

The Company's issued shares are one class with each share being entitled to one vote.

Franking credits

The Company has nil franking credits.

Tenement schedule

Project	Right / tenement	Status	Ownership interest	Grant date	Expiry date	Holder ¹
South Africa						
Prieska	NC30/5/1/2/2/10138MR	Granted	ORN 70.00%	23/8/19	22/8/43	PCZM
Prieska	NC30/5/1/2/2/10146MR	Granted	ORN 70.00%	14/8/20	Execution Pending	VAR
Repli-Doonies Pan	NC30/5/1/1/2/11840PR	Granted	ORN 70.00%	29/8/18	28/8/23	PCZM
Bartotrax	NC30/5/1/1/2/11850PR	Granted	ORN 100.00%	9/3/18	28/8/23	BAR
Namaqua-Disawell	NC30/5/1/1/2/10032MR	Granted	ORN 25.00%	19/9/16	Not Executed	NAM
Namaqua-Disawell	NC30/5/1/1/2/10938PR	Granted	ORN 25.00%	2/10/14 ²	8/11/22	DIS
Namaqua-Disawell	NC30/5/1/1/2/11010PR	Granted	ORN 25.00%	2/10/14 ²	8/11/22	DIS
Masiqhame	NC30/5/1/1/2/00816PR	Granted	ORN 50.00%	14/5/12 ³	11/3/19 ⁴	MAS
Southern Pipeline	NC30/5/1/1/2/12257PR	Application	–	–	–	–
Southern Pipeline	NC30/5/1/1/2/12258PR	Application	–	–	–	–
Southern Pipeline	NC30/5/1/1/2/12287PR	Application	–	–	–	–
Southern Pipeline	NC30/5/1/1/2/12405PR	Application	–	–	–	–
Marydale	NC30/5/1/2/2/10174MR	Application	–	–	–	–
Marydale	NC30/5/1/1/2/12567PR	Application	–	–	–	–
Northern Pipeline	NC30/5/1/1/2/12196PR	Application	–	–	–	–
Northern Pipeline	NC30/5/1/1/2/12197PR	Application	–	–	–	–
Namaqua-Disawell	NC30/5/1/1/2/12216PR	Application	–	–	–	–
Western Australia						
Fraser Range	E28/2367	Granted	KMX 30%	7/5/15	6/5/20 ⁴	IGO
Fraser Range	E28/2378	Granted	KMX 30%	22/7/15	21/7/20 ⁴	IGO
Fraser Range	E28/2462	Granted	KMX 30%	27/7/15	26/7/20 ⁴	IGO
Fraser Range	E28/2596	Granted	KMX 30%	6/9/16	5/9/21	IGO
Fraser Range	E39/1653	Granted	KMX 35%	20/4/12	19/4/22	IGO & GRPL
Fraser Range	E39/1654	Granted	ORN 10%	23/4/12	22/4/22	IGO & NBX
Fraser Range	E69/2379	Granted	ORN 10%	21/5/13	20/5/23	IGO & PON
Fraser Range	E69/2707	Granted	ORN 10%	19/6/15	18/6/20	IGO & PON
Fraser Range	E39/1658	Application	–	–	–	–
Fraser Range	E39/1818	Application	–	–	–	–
Fraser Range	E69/2706	Application	–	–	–	–
Victoria						
Walhalla	EL5042	Application	–	–	–	–
Walhalla	EL6069	Application	–	–	–	–

¹ Holder abbreviations – ORN (Orion Minerals Ltd); GRPL (Geological Resources Pty Ltd); IGO (IGO Ltd); KMX (Kamax Resources Limited); NBX (NBX Pty Ltd); PON (Ponton Minerals Pty Ltd); NAM (Namaqua Nickel Mining (Pty) Ltd); DIS (Disawell (Pty) Ltd); MAS (Masiqhame 855 (Pty) Ltd); PCZM (Prieska Copper Zinc Mine (Pty) Ltd); VAR (Vardocube (Pty) Ltd); BAR (Bartotrax (Pty) Ltd).

² Prospecting Right executed on 9 November 2017.

³ Prospecting Right executed on 12 March 2014.

⁴ Renewal application lodged.

CORPORATE DIRECTORY

Company Secretary

Martin Bouwmeester

Registered office and Principal place of business

Suite 617

530 Little Collins Street

Melbourne, Victoria, 3000

Telephone: +61 (0) 3 8080 7170

Website: www.orionminerals.com.au

Share Registry

Link Market Services Limited

QV1, Level 2, 250 St Georges Terrace

Perth, Western Australia 6000

Telephone: +61 1300 306 089

Auditor

BDO Audit Pty Ltd

Level 18

Tower 4, 727 Collins Street

Docklands Victoria 3008

Stock Exchange

Primary listing:

Australian Securities Exchange (ASX)

ASX Code: ORN

Secondary listing:

JSE Limited (JSE)

JSE Code: ORN

JSE Sponsor

Merchantec Capital

2nd Floor, North Block

Corner 6th Road and Jan Smuts Avenue

Hyde Park

Johannesburg 2196



ASX: ORN | JSE: ORN



www.orionminerals.com.au