



Orion Minerals

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2021
ANNUAL REPORT

Building a sustainable, new-generation base metals company

Delivering growth and opportunity by discovering, developing and producing metals for a cleaner future

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.

Orion disclaims any intent or obligation to update publicly any forward-looking statements whether as a result of new information, future events or results or otherwise.

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.

To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- 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 2021. In this report, unless otherwise stated, references to Orion Minerals, Orion, the 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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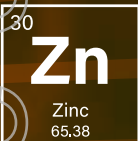
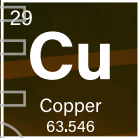
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CORPORATE PROFILE

VALUES

TRANSFORMATIVE

as an ethical agent and catalyst for beneficial change in society, in the economic and social wellbeing and in the health and safety of our people and host communities;

RESILIENT

persistently committed to achieving the goals of our business, anticipating and facing disruption and challenges, whilst embracing change and adaptability as tools of success;

AGILE

continually committed to proactively and responsively understanding and addressing the goals of our business and stakeholders, nimbly and flexibly recognising and harnessing opportunity and addressing expectations and challenges;

INNOVATIVE

continually seeking to adapt, innovate and improve the way we conduct our business, embracing and expanding on good practices, whilst building and maintaining an industry leadership role across all facets of our business; and

SUSTAINABLE

striving for ethical business excellence and exceptional success, realistically ambitious in meeting the goals of the business and stakeholders through a balanced approach to business/ economic, environmental, and social aspects, and embracing a culture of good governance.

KEY ACHIEVEMENTS IN 2021

SIGNIFICANTLY ADVANCED OUR FLAGSHIP PRIESKA COPPER-ZINC PROJECT:



Development-ready project, targeting an initial 12-year, 2.4Mtpa operation producing 22ktpa copper and 70ktpa zinc at globally competitive costs, with strong operating margins and outstanding financial returns



Fully-permitted, with approval of the Mining Right, receipt of Environmental Consent notices and grant of the Water Use Licence in place



Significantly advanced discussions with potential project financiers,



Advanced pre-development work streams and initial site activities

SECURED THE ACQUISITION AND CONSOLIDATION OF THE OKIEP COPPER PROJECT:



Outstanding opportunity to develop a second major base metals production hub in the Northern Cape Province, alongside Prieska



In just six months, Orion successfully completed scoping and extensive due diligence studies, as well as major greenfield and brownfield exploration surveys



Maiden JORC 2012 compliant Mineral Resources defined



Drilling commenced in September 2021 at the high-priority BCC Prospecting Right



Intensive exploration program underway to verify historical near-surface drill results and progress studies for the development of a proof-of-concept scale mining operation

STRONGLY-SUPPORTED AUD25 MILLION CAPITAL RAISING COMPLETED TO FAST-TRACK THE COMPANY'S STRATEGY OF DEVELOPING TWO SIGNIFICANT LONG-TERM BASE METAL PRODUCTION CENTRES IN SOUTH AFRICA'S NORTHERN CAPE PROVINCE.

MISSION

A	B	C	D	E
Build a high quality and sustainable minerals exploration, development and production company.	Generate superior returns for shareholders.	Exercise high standards of ethical conduct when dealing with all stakeholders.	Create an inspiring workplace.	Be welcomed in all communities in which the Company operates.

ORION PROJECTS IN SOUTH AFRICA AND AUSTRALIA

PROJECT LOCATIONS



COMMODITY FOCUS

New Era base metals with multiple Cu-Zn, Cu-Au and Ni-Cu-Co-PGM-Au targets in the Northern Cape Province, South Africa

SOUTH AFRICA

SOUTH AFRICAN OFFICES:
JOHANNESBURG, GAUTENG

PRIESKA PROJECT, NORTHERN CAPE
TOTAL MINERAL RESOURCE OF
30.49MT @ 1.2% CU AND 3.7% ZN

OKIEP COPPER PROJECT, NORTHERN CAPE
TOTAL MINERAL RESOURCE OF
11.5MT @ 1.4% CU

FRASER RANGE PROJECT:
WESTERN AUSTRALIA

AUSTRALIA

AUSTRALIA HEAD OFFICE:
MELBOURNE, VICTORIA

ORION AT A GLANCE


FLAGSHIP PRIESKA COPPER-ZINC PROJECT

Accessing a globally significant VMS deposit in Northern Cape Province, South Africa

 **FULLY PERMITTED**
As at August 2020

 **READY TO BUILD**
Project financing and strategic partner discussions well advanced

 **FOUNDATION PHASE MINERAL RESOURCE**
30.49Mt at 1.2% Cu and 3.7% Zn

 **BANKABLE**
Updated the Bankable Feasibility Study (BFS) following successful optimisation and value engineering, including:

- Initial 12-year, 2.4Mtpa operation targeting production of 22ktpa of copper and 70ktpa of zinc at globally competitive costs, generating strong operating margins and financial returns.
- Life of Mine production 226kt Copper and 680kt Zinc.
- Strong operating margins and financials:
 - Pre-tax free cash flow AUD1.6bn (post-tax AUD1.2bn)
 - Pre-tax NPV (8% disc) AUD779m (post-tax AUD552m)
 - Payback period 2.4 years from first production
 - All in sustaining margin of 47%
 - Peak funding requirement AUD413m



SUSTAINABLE DEVELOPMENT

Planned from the outset

RENEWABLE ENERGY

Increased use of renewable energy to reduce our carbon footprint

WATER SAVING

Maximising the use of water conservation and recycling measures in the dry and arid conditions at the project

ECONOMIC UPLIFTMENT

Well placed to play a key role in local economic recovery and community development of the Northern Cape region post-COVID-19

PROGRESSIVE 4IR ADOPTION

Clear roadmap to deliver high productivity and personnel well-being gains for workforce





GROWTH FOCUS


Significant exploration pipeline in South Africa and Australia


OKIEP COPPER PROJECT

Option exercised to acquire a controlling interest in several properties within the Okiep Copper Project in South Africa's Northern Cape, encompassing mineral rights over the majority of the large historical mines of the world-class Okiep Copper Complex. Orion has also applied for additional Prospecting Rights to supplement the Okiep Copper Project mineral rights.

 **FEASIBILITY STUDY BEING ADVANCED**

 **MAIDEN MINERAL RESOURCE**
11.5Mt at 1.4% Cu

 **MINING RIGHT UNDER APPLICATION**

 **SCOPING STUDY**
Advanced brownfields project with positive scoping study completed and multiple high priority drilling targets identified to expand the maiden resource.

- Foundation phase, 12 years with production for the pilot phase of 9Mt at 1.29% Cu producing 102kt of copper in saleable concentrates.
- First production possible within 16 months of start of construction.
- Operating margins and financial from study:
 - Pre-tax NPV (10% disc) AUD170m (post-tax AUD114m)
 - Break-even grade of 0.8% Cu for both un-optimised open pit and underground mining operations
 - All-in-sustaining costs of USD4,478/t of copper sold
 - All in sustaining margin of 40%
 - Peak funding requirement AUD58m

IGO LIMITED-FRASER RANGE



Western Australia joint venture – key Ni-Cu targets directly along trend from Legend Mining's Mawson discovery, with geophysics, air-core and diamond drilling planned for December 2021 quarter.

STRATEGY

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

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

1 TARGET DEPOSITS IN APPROPRIATE JURISDICTIONS

Focus on exploring and developing globally significant multi-commodity base metals deposits located in outstanding mineral belts and Tier-1 mining districts such as the Areachap Province of South Africa and the Fraser Range Province of Australia.

2 DIVERSIFY THE MIX OF THE RIGHT COMMODITIES

Target projects capable of meeting growing demand for key "future-facing" metals – such as copper, zinc and nickel – which have strong market fundamentals because of declining global resource inventories, falling grades at major mines, a lack of investment in new mines and their growing use to support the rollout of renewable energy technologies required to support the global energy transformation.

3 RAPIDLY DEVELOP MINERAL PROSPECTS TO ACHIEVE TARGETED PRODUCTION AND INDUSTRY LEADING OPERATING EFFICIENCIES

Concentrate efforts to bring the brownfields fully-permitted Prieska Copper-Zinc Project into production, where a positive updated Bankable Feasibility Study was completed in May 2020.

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

4 CONTINUE ORGANIC AND GREENFIELD GROWTH IN KEY LOCATIONS

Further evaluate recently discovered near-mine targets, including immediate extensions of the Deep Sulphide Resource at Prieska (28.73Mt at 1.2% Cu and 3.8% Zn) and near-mine targets (such as the recent Ayoba discovery) to extend the mine life at Prieska.

Additionally, Orion has acquired a controlling interest in several properties within the Okiep Copper Project in the Northern Cape, which includes mineral rights over the majority of the large historical mines of the world-class Okiep Copper Complex. Orion has completed an extensive due diligence investigation on the Okiep Copper Project, resulting in the estimation of a maiden JORC-compliant Mineral Resource totalling 11.5Mt at 1.4% Cu for 156k tonnes of contained copper. Numerous high-priority exploration targets were identified, and exploration activities have commenced. A positive Scoping Study completed in May 2021 confirmed the potential for early cash-flow and "Proof-of-Concept" copper production, supported by the potential for low-cost mining via open pit and underground mining methods.

There is excellent potential to achieve significant operational synergies between the Okiep Copper Project and Orion's fully-permitted Prieska Copper-Zinc Project.

5 USE ADVANCED TECHNOLOGIES AND DRAW ON OUR VAST EXPERIENCE TO MAKE ADDITIONAL MINERAL DISCOVERIES

Continue exploration of the Okiep District and the Areachap Belt, using advanced geological and geophysical techniques to discover further clusters of base metal deposits, building a sustainable growth pipeline.

CHAIRMAN AND CEO REPORT

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LEADERSHIP

Although the past year has been challenging, we are pleased to report that significant progress has been made by Orion on numerous fronts. Despite the ongoing challenges associated with the COVID-19 pandemic, we have taken major steps towards realising our vision of becoming a substantial diversified base metal producer at an extremely opportune time in the demand cycle for future-facing metals.

As well as progressing financing and pre-development activities at our flagship Prieska Copper-Zinc Project and advancing our other exploration properties, we added another large and highly prospective copper project, in the form of the Okiep Copper Project (**OCP**), to our large portfolio of “green metal” assets.

On 30 July 2021, Orion exercised an option to acquire and consolidate the OCP, representing a pivotal moment in our journey to become a major base metals producer. This acquisition followed an intense assessment of the viability of the existing copper resources, which are located within a rich historic mining district that produced 30 – 40,000tpa of copper metal over many decades under previous owners.

Our existing knowledge of the area and the availability of quality historical information and data contributed significantly to our ability to being able to calculate JORC 2012 compliant Mineral Resources and complete a high-quality Scoping Study, delivered in record time, that informed our carefully considered decision to exercise our option over OCP.

Work is already underway to evaluate numerous exciting exploration targets, estimate additional JORC Resources and commence feasibility studies, to enable us to advance rapidly towards a mine development decision.

This has been another excellent demonstration of Orion's “can-do” culture, and we would like to take this opportunity to acknowledge Orion's internal and external teams for their exceptionally hard work in helping us to achieve these outcomes.

VALUE ADD SYNERGIES

The OCP offers strong operational synergies with our existing Prieska Project and will provide a platform to develop a second base metals production hub in South Africa's Northern Cape region. Our objective is for future production from the OCP to supplement Prieska's forecast production of 22,000tpa of copper and 70,000tpa of zinc, transforming Orion into a substantial diversified base metal mining house with two operating hubs.



DENIS WADDELL
CHAIRMAN



ERROL SMART
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

The opportunity to build a sizeable long-term production base comes at a time when demand for metals such as copper is forecast to grow exponentially, driven by a combination of rebounding global economic growth and supply side challenges. The outlook for copper demand is also supported by economic stimulus measures in countries such as the US and China, as well as increasing investment in copper-intensive electrification and green energy initiatives.

Copper and zinc prices reached levels not seen for many years, with the LME cash copper price moving to a new 10-year high of USD9,550/t in late February 2021. Based on the impending transition to a low-carbon future, major metals producer and trader Glencore has forecast a two-fold increase in global demand for both copper and zinc by 2050.

Against this backdrop, the OCP acquisition was warmly received by investors at a time when the global pipeline for near-term production opportunities in the copper sector is almost empty.

MINING IN SOUTH AFRICA

The South African mining sector is one of the most highly regulated industries in the country. This is understandable given the size, scale and impact that mining has on regional and national economies. Collectively, mining accounts for some 8% of South Africa's GDP, 45% of its exports, it employs 451,427 people, paid ZAR125 billion in wages last year and contributed ZAR27.2 billion in taxes to the government.

Mining is a key pillar propping up South Africa's economy and supports a myriad of downstream services and industries – and by extension the communities and regional economies associated with mine-support services and industries.

The regulated nature of mining in Southern Africa ensures that processes and systems governing many aspects of our business are firmly entrenched and work to the benefit of all Orion stakeholders. These regulations include ownership structures, safety standards, procurement of goods and services, improvement and development of host mining communities, and high standards of environmental conduct.

The numerous activities relating to our licence to operate, above and beyond regulated standards will always remain non-negotiables to ensure safe, and successful exploration, development and mining operations, wherever we work.

FUNDING

During the financial year, Orion successfully raised over \$31 million, including a strongly supported two-tranche placement of \$6.2 million in late 2020 and a landmark \$25 million capital raising in February 2021, supported by leading Australian and global institutions, high net worth and strategic investors. This second raising was one of the largest single financings ever completed by a South-African-focused junior resource company on the ASX.

With a strengthened balance sheet, the Company remains resolutely focused on bringing the Prieska Copper-Zinc Project into production at the earliest opportunity. We are continuing to engage positively with a wide range of financing groups and institutions, and we are confident that we will achieve a positive funding outcome late 2021/ early 2022.

Orion remains resolutely focused on bringing the Prieska Copper-Zinc Project into production at the earliest opportunity.

The successful equity raisings completed during the year have allowed us to progress our exploration and development programs across the Northern Cape, with funds being used to advance exploration at both the Prieska and OCP projects and across our regional portfolio.

To this end, Orion signed a Memorandum of Understanding with the Council for Geoscience of South Africa to collaborate on joint initiatives in the Northern Cape Province. We hope that this valuable collaboration will help to stimulate exploration activity and enhance regional exploration targeting across this highly prospective region, while also unlocking new discoveries at our projects.

WORKING WITH OUR COMMUNITIES

We have maintained our strong community involvement during the year and engaged with the District Department of Health and Local Municipality to help establish the Bill Pickard Hospital Pharmacy in Prieska as a COVID-19 vaccination centre. Orion also progressed the Bicycles for Humanity (B4H) initiative, with 420 bicycles donated by B4H (located in Western Australia) and delivered to the Siyathemba community in early April 2021. Furthermore, the Bicycling Empowerment Network will provide basic mechanical and assembly training for a number of potential bicycle workshop entrepreneurs.

The Company seeks to support health and wellness in our community and was a proud sponsor for Chedric van Wyk, a young role model from Prieska who travelled to Tokyo to compete in the 2021 Olympics.

Orion continued to actively engage with community stakeholders through the established Stakeholder Engagement Forum and directly with the community. Our objective is to prepare the local communities through training and development to fulfil as many of the future roles required by Prieska Copper-Zinc Mine as possible.

The Social and Labour Plan commitments to Human Resource Development and Skills Development total R42.7 million over five years from project commencement. The Company initiated planning of interviews and occupational assessment battery tests for attendees of the "introduction to mining courses" run during 2019 and 2020, to identify individuals with the potential to be trained as "operators" and "artisans". These broad categories of job roles make up approximately one-third of the proposed workforce at the operational stage.

Our employees are the backbone of Orion. Their safety is paramount. We will always maintain the extraordinary measures required to ensure employee safety, and to prevent harm – as far as is humanly possible – and this includes the spread of COVID-19. Our on-the-ground

response to ensuring employee safety is not up for debate – we are and will continue to ensure strict measures to manage current and future operations.

The harsh reality is that COVID-19 will be a feature of our lives until the vaccine can be successfully administered as widely as possible. Until then, Orion is doing everything possible not only to protect employees and our communities, but also to safeguard their ability to earn a living.

APPRECIATION

In conclusion, we would like to extend our sincere thanks and warmest gratitude to the entire Orion team, and to acknowledge their extraordinary dedication and commitment during the challenges of the past year. Many have lost family, friends and colleagues to this disastrous pandemic and, on behalf of the Board of Directors, our sympathy is extended to all.

Appreciation must also be extended to our broader stakeholder "family", and we 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.

To our loyal shareholders, the past year's achievements would not have been possible without your support. We will continue working together to ensure the successful delivery of our shared vision of creating South Africa's foremost copper and zinc producer.

Lastly, thank you to our fellow board members for their unstinting support and carefully considered guidance as we continue this journey of progressing our Company to future success and reward.



DENIS WADDELL
CHAIRMAN



ERROL SMART
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

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Our objective is to prepare the local communities through training and development to fulfil as many of the future roles required by Prieska Copper-Zinc Mine as possible.

BOARD OF DIRECTORS



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, and has 28 years of industry experience across all aspects of exploration, mine development and operations with experience in precious and base metals. He has held positions in AngloGold, Cluff Mining, Metallon Gold, Clarity Minerals LionGold Corporation and African Stellar Holdings. Errol'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 Minerals Council 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 of 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 principal of Zachary Asset Holdings. Previously, Alexander worked in the corporate finance division at JPMorgan Chase, 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.

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MANAGEMENT

ERROL SMART

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER



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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. Prior to his role at Orion, Martin worked closely with a number of companies, to identify and assess exploration, development and mining opportunities, evaluate and arrange various alternatives for exploration, development and mining activities and develop and implement financial strategies. Martin was CFO, Business Development Manager and Company Secretary of Perseverance Corporation and was a key member of the executive team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit those resources.

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 and Shanta Gold plc. 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 60Mt 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.

NELSON MOSIAPOA
GROUP CORPORATE SOCIAL RESPONSIBILITY ADVISER



Nelson studied chemical engineering at the Cape Peninsula University of Technology. Nelson is currently undertaking the final phase of his Post Graduate Diploma in Management at the University of Cape Town. 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 Mosiapo 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 30 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 DipICIMA. He has 18 years' experience in finance team leadership and management in mining and exploration in Côte 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 to fund raising, budgeting and for operational control purposes. Most recently, Pieter has worked with Taurus Gold as group financial controller, providing leadership within the finance team and management reporting. Prior to that he was the finance unit manager for Evraz Highveld & Vanadium's Mapochs Mine and group management accountant for the Clarity Capital Group.

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BUSINESS REVIEW

Orion remains committed to ensuring a high standard of safety and health management in all of our workplaces. Building on the understanding that Orion has an established "first-mover" advantage in the region, our business model incorporates strong Environmental, Social and Governance (ESG) focus, with the ability to leverage modern technology in all aspects of the exploration and mine development cycle.

Orion's core objective is to create "mines of the future" and, with this in mind, it is implementing a modern operating philosophy, which is 4IR enabled, that can contribute to achieving quantum changes in key output parameters that are traditionally slow to improve or have regressed in the local mining industry in South Africa, including:

- Safety and health improvements;
- Improved environmental conditions, reduced pollution and contamination;
- Improved energy efficiency and lower energy costs;
- Productivity improvements; and
- Operating cost reductions.

Orion's ESG responsibility is firmly embedded in all of our growth plans and, as such, over the last year the Company has progressed plans for district water and infrastructure development, which will provide additional benefits to its

HEALTH AND SAFETY

neighbouring communities, placed additional focus on ensuring a low carbon footprint and considered alternative energy sources such as solar and wind, as well as hydrogen energy storage.

An ongoing community involvement and upliftment program, building on the strong foundation that is already in place, is well underway.

Orion's workforce continued to work safely with a Lost-Time Injury-free year achieved for the 2021 financial year. The Lost-Time Injury Frequency Rate (LTIFR) per 200,000 hours worked is Zero.

Hours worked at the Areachap Projects (South Africa):

Category of Work	Hours worked	
	FY 2021	FY 2020
Exploration	22,959	39,443
Mine re-entry	4,672	11,513
Contractors	4,887	3,310
Total	32,518	54,266

During the financial year, 32,518 hours were worked on South African project sites. This represents a reduction from the hours reported last year, which reflects the rapid transition from project site-centred tasks to the off-site design, engineering and the permitting activities required to update the Prieska Copper-Zinc Project BFS and advance it to the point of being fully-permitted and build-ready.

Also, during the financial year Orion pre-emptively implemented work-from-home measures and the South African Government implemented numerous lockdown periods in response to the COVID-19 pandemic which precluded access to working sites. This contributed to a reduction in work hours recorded on project sites.

Orion continues to manage the risks from the COVID-19 pandemic in the workplace in line with mandatory and industry guidelines. Moreover, Orion continued to update and implement a COVID-19 Code of Practice and Standard Operating Procedures across all operations.

The introduction of a mobile application-based employee wellness program during the calendar year will also improve the support available to the workforce to manage the various precautionary protocols and deleterious psychological effects of the pandemic. Adoption of the wellness app is in line with the Company's aim to make use of available technology to improve safety and efficiency in the workplace.

Over the past year, three cases of infection with COVID-19 have been reported amongst Company employees or contractors. All those infected received appropriate medical care and are fully recovered.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Orion recognises that its environmental performance is a critical component of its success. The Company strives at all times to 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. For the second year in succession, Orion had zero reportable environmental incidents 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 Copper-Zinc Project was granted in the previous financial year, completing the full complement of environmental licencing required for the Prieska Copper-Zinc Project to commence construction.

While a Water Use Licence (**WUL**) has already been granted for the Prieska Copper-Zinc Project, further amendments to the licence are being sought to better align the grant conditions to an improved project execution strategy for mine dewatering.

Following consultation with the Department of Human Settlements, Water and Sanitation (**DHSWS**) – which defined the process to be followed in the WUL Amendment – Orion is continuing with work on updating the water balance during the de-watering phase and revising the historical Tailings Storage Facility (**TSF**) Environmental Management Plan. The Amendment pack was submitted during the September 2021 Quarter.

The Prieska Copper-Zinc Project is located within the Square Kilometre Array Radio Telescope Project (**SKA**) area, where special licencing is required to undertake mining operations. For existing on-site equipment, the Prieska Copper-Zinc Project is exempt from requiring a permit as the project site falls outside the 30km declared area to the nearest SKA infrastructure.

For new equipment planned for the mine, Orion will need to demonstrate that radio and electromagnetic interference from this equipment will be within certain limits. This study will be undertaken once the detailed design stage commences and suppliers are selected for the relevant equipment.

PIONEERING ESG ACHIEVEMENT

The Australia-Africa Minerals & Energy Group (**AAMEG**) awarded Orion its inaugural Emerging ESG Leader Award in November 2020, in recognition of the Company's innovative and pioneering environmental and ESG work at the Prieska Copper-Zinc Project.

The AAMEG Africa Awards celebrate the visionary approaches to ESG that deliver long-term benefits for communities, improving the outcomes across

employment, health, education and environmental conservation sectors. This award, which sets the benchmark for mining companies delivering projects that have sustainable and tangible benefits to the communities and countries in which they operate, recognises Orion's exemplary work as a junior mining company in developing innovative ESG strategies.

It also signifies the meaningful relationships being formed with Orion's host communities and, importantly, the contribution that is being made to the socio-economic development of South Africa's Northern Cape Province.

In announcing the award, AAMEG said Orion had implemented world-class ESG initiatives at the exploration-feasibility stage, earning its local licence to operate and proving that small companies can inspire positive change at a host government, regional and community level. AAMEG said that not only has Orion taken its flagship Prieska Project from prospect to a fully-permitted development project in record time, but it has also almost single-handedly put junior mining back on the South African national agenda.

Through the Orion team's collective efforts, junior mining has found its voice in South Africa, specifically in the eyes of Government, amongst its peers, and in the advocacy organisations that guide and represent the industry. Orion's dynamic approach and exemplary leadership role has resulted in the junior exploration sector earning a seat at the national negotiating table, in junior exploration companies having a say in how mining regulations impact them and in the potential for tax incentives to stimulate further exploration in the country. All of this has been achieved before the Company has produced its first metal.

COMMUNITY, STAKEHOLDER ENGAGEMENT AND SOCIAL RESPONSIBILITY

The growing demand for green energy minerals like copper and zinc, which are abundant in the Northern Cape Province, suggest that this region can become a globally significant contributor to the green economy and the impending global energy transformation. Developing the region's natural resources will also translate into social and economic upliftment for local communities, especially considering the economic stimulus required as a result of the economic impact of the COVID-19 pandemic.

The Prieska Project can be a catalyst for this improvement. In 2019, the Orion Siyathemba Stakeholder Engagement Forum (**OSSEF**) was formed to ensure that communities surrounding the Prieska Project stay informed and involved in the Project's development. The OSSEF has 20 members representing local community interest groups, various local government departments, Company employees, shareholders and management.

The OSSEF met periodically throughout FY2021, with virtual meetings taking place when in-person attendance was prevented by COVID-19 restrictions. The forum remains an effective means of informing and engaging with local communities on the development status of the Project and will be integral to maintaining strong community relations during the Project's planned construction and commissioning phases.

Orion's aim is to ensure that local communities can take full advantage of the benefits of the planned mine construction, commissioning and operational activities.

- **Engagement with Local Authorities.** Since October 2017, the Company has had a Memorandum of Understanding (**MoU**) in place with the Siyathemba Municipality to facilitate the involvement of local government in preparations for construction at the Prieska Project. A water supply agreement has been executed with the Municipality which 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 as Special Zone (Extractive Industry), providing permission for the land to be used for mining purposes. Orion has also made progress in its application for a 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 mine accommodation at the project site, then gradually migrate accommodation of the workforce to Prieska. By doing this the project will act as a catalyst for the establishment of infrastructure that will remain useful beyond the life of the mining operation itself. The SPLUMA process required the engagement of environmental consultants to commence the environmental impact assessment and commissioning of geotechnical and bulk services engineering studies. The Municipality and the Company agreed on the conceptual layout for the proposed residential development, with the conceptual layout making provision for third-party private development of modern mixed density housing. The Pixley Ka Seme District Municipal Planning Tribunal (**DMPT**) approved the application in June 2021.

OTHER SELECTED COMMUNITY ACTIVITIES

COVID-19 Vaccination Program in Siyathemba:

Together with other members of the Siyathemba Corporate Social Investment (**CSI**) Forum, which comprises representation from the major private and state enterprises that are active in the municipal area, Orion is playing a leading role in ensuring that the local Siyathemba community benefits from South Africa's national COVID-19 vaccine rollout. Orion has worked closely with the District Department of Health and the local municipality to establish the Bill Pickard Hospital Pharmacy in Prieska as a COVID-19 vaccination centre. The Company provided a specialised fridge for vaccine storage to the Bill Pickard Hospital, which has allowed the hospital pharmacy to achieve COVID-19 vaccination centre accreditation and commence the rollout of vaccines.

Before the pharmacy's accreditation, the closest accredited vaccination centre within the Pixley Ka Seme District was in De Aar, 180km from Prieska. Accredited COVID-19 vaccination centres are eligible to be part of the Government's national vaccination program to administer vaccines to health workers and community members as part of a phased rollout.

Given the logistical challenges in rolling out a mass vaccination program in the remote Northern Cape region, this initiative represents an important program

VACCINE REFRIGERATION DONATED BY ORION (CEO ERROL SMART PICTURED RIGHT) TO THE BILL PICKARD HOSPITAL.



that will deliver tangible benefits to the entire community, particularly given the significant escalation in COVID-19 infections in South Africa in recent months. This COVID-19 initiative reflects Orion's commitment to working with the Siyathemba and surrounding communities to improve the welfare of all of those living in the vicinity of the proposed Prieska Copper-Zinc Mine.

Occupational Assessments in Siyathemba: As part of its ongoing commitment to community training and development, Orion has undertaken occupational assessments for potential artisans and operators in the local community. The process was open to individuals who had previously completed Orion's 'Introduction to Mining' course, and who had expressed an interest in artisan and operator roles. An initial group of 60 individuals from the Siyathemba communities of Prieska, Marydale and Niekerkshoop were invited to participate in the current phase, with 44 individuals eventually taking up the opportunity. While this program had been delayed due to disruptions in the Siyathemba community (see below), training programs will be offered to high-potential participants to prepare them for possible future employment opportunities at the Prieska Copper-Zinc Mine or within the broader South African mining industry.

Additional occupational assessments will be undertaken, and Orion encourages all community members who receive an invitation to participate in the program to do so, as this process will play a critical role in ensuring that local residents can be considered for employment once work begins on site. Orion is conscious of the urgent need for skills development and employment opportunities in the Siyathemba area and is committed to playing a role in delivering these wherever possible.

Bicycles for Humanity Update: Orion has partnered with Bicycles for Humanity Western Australia (B4H), which donated 420 pre-loved bicycles to Orion's host communities in Siyathemba and Vanwyksvlei. Studies have shown that bicycles transform lives, and by extension, communities and economies. With a bicycle young people can get to school, health care workers get to their clinics and entrepreneurs can kick-start their businesses and create employment through improved mobility. With import and shipping costs covered by Orion, a container of 420 donated bicycles arrived in Prieska in April 2021.

LOCAL COMMUNITY MEMBERS WITH BEN REPRESENTATIVES LEARNING TO ASSEMBLE AND REPAIR BICYCLES.



Following expressions of interest from the community in late 2020, eight local residents underwent bicycle mechanic training in June 2021. The training was provided by Bicycle Empowerment Network (**BEN**) from Cape Town, with approximately 100 of the bicycles now assembled and serviced, ready for distribution.

Sponsorship of Olympic Athlete: Orion sponsored Prieska sprinter, Chederick van Wyk, who was part of South Africa's 4x100m men's relay team at the Tokyo Olympic Games. Orion's sponsorship allowed Chederick to travel to Italy in June 2021 for a critical pre-Olympics camp. The Company hopes that this sponsorship will facilitate Chederick to become a sports ambassador for the Siyathemba community and especially for its youth.

COMMUNITY DISRUPTIONS

In May 2021, community protests and unrest were experienced at a number of mining operations and various communities across parts of South Africa. Orion publicly supported the strong stance adopted by the Minerals Council South Africa in condemning the unrest. In almost all cases, the protests were led by a small group of individuals who were seeking to disrupt legitimate business operations by subverting procurement and tendering practices.

The Minerals Council issued a statement condemning the unlawful protests and called on the authorities to act swiftly and impartially to protect the safety of communities, employees and private property. The Minerals Council has, in particular, expressed its support for and solidarity with members like Orion, who have taken a firm public stance against corruption and illegitimate demands.

In response to unrest in the town of Prieska, located 60km from the Prieska mine site, Orion obtained an interdict in the Northern Cape High Court in Kimberley to prevent any interference in its business at Prieska Copper-Zinc Project by protesters operating outside the law. While Orion respects the constitutional right of lawful public protest, its support does not extend to intimidatory threats and the possibility of behaviour that will put lives as well as livelihoods at risk.

The High Court also specifically directed the South African Police Service to enforce the terms of its order.

The protest action has had minimal impact on progress on the Prieska Copper-Zinc Project, with most work-streams currently focused off-site. Orion will continue to engage with all stakeholders, including community representative groups, the Siyathemba Municipality, Northern Cape Provincial Government and the Department of Mineral Resources and Energy to ensure that the Prieska Copper-Zinc Project is progressed in a peaceful and sustainable environment benefitting all stakeholders.

INDUSTRY LEADERSHIP ROLE

In keeping with its first-mover strategy, Orion fulfils a peer leadership responsibility in South Africa with CEO Errol Smart also serving on the board of the Minerals Council South Africa (**MCSA**) and chairing the Junior Mining Leadership Forum of MCSA. In this role Errol leads discussions on policy and regulatory changes with government, supporting the objective of stimulating the exploration and junior mining sectors in South Africa.

Other Orion management members also serve on several MCSA committees including Women in Mining, Exploration Leadership and Transformation.



REVIEW OF OPERATIONS

SOUTH AFRICAN PROJECTS

PRIESKA COPPER-ZINC MINE DEVELOPMENT AND EXPLORATION

PROJECT OVERVIEW

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

Historically mined between the 1970s and 1990s, the Prieska Copper-Zinc Project is one of the world's Top-30 Volcanogenic Massive Sulphide (**VMS**) base metal deposits, with recorded historical production of over 430kt of copper and 1Mt of zinc from 46.8Mt of sulphide ore milled.

Orion completed an updated Bankable Feasibility Study (**BFS**) in May 2020, based on an initial 12-year "Foundation Phase" 1.2Mt/tpa underground and open pit mining operation, delivering total payable metal production of 226kt of copper and 680kt of zinc in differentiated concentrates (refer ASX/JSE release 26 May 2020).

The BFS outlined globally competitive costs, strong operating margins and outstanding financial returns for an operation with targeted production of 22kt/tpa of copper and 70kt/tpa of zinc in concentrate.

The Project also offers significant scope for mine life extensions, given that the deposit remains open both at depth and along strike. Potential satellite discoveries – both in the near-mine environment and further afield within the surrounding region – provide an opportunity to potentially operate in this district for many decades to come.

Orion's vision for the Prieska Project is to develop a modern, state-of-the-art base metals mine which will become the standard bearer for a new generation of world-class mines in South Africa. Sustainable development goals have been incorporated at the outset, with strategies in place to increase the use of renewable energy and reduce the carbon footprint of the operation. The Company has also developed strategies to maximise water conservation and recycling in the dry and arid conditions of the Northern Cape region.

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

RESOURCES AND RESERVES

The Prieska Project is based on a globally significant VMS deposit with a Foundation Phase Mineral Resource of 30.49Mt at 1.2% Cu and 3.7% Zn and a Mineral Reserve of 14.5Mt @ 1.1% Cu and 3.2% Zn.

For details of the Prieska Project Reserves and Resources, refer to the Ore Reserve & Mineral Resource Statement on page 45.

PERMITTING

The Prieska Copper-Zinc Mine is fully permitted having achieved the following key milestones:

- Mining Right granted to PCZM (formerly Repli) in December 2019.
- Mining Right granted to Vardocube in August 2020 (refer ASX/JSE release 17 August 2020).
- Environmental Financial Provision in place fully capitalised.
- Environmental approval notices received for both PCZM and Vardocube.
- Water Use Licence granted in August 2020.

FOUNDATION PHASE BFS OUTCOMES

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

- Initial 12-year, 2.4Mt/tpa operation, targeting 22kt/tpa Cu and 70kt/tpa Zn
- Life-of-mine (**LoM**) production 226kt Cu and 680kt Zn
- Strong operating margins and financials
- Pre-tax free cash flow AUD1.6bn (post-tax AUD1.2bn)
- Pre-tax NPV8% AUD779m (post-tax AUD552m)
- Payback period of 2.4 years from first production
- All-in sustaining margin of 47%
- Peak Funding requirement AUD413m

REVIEW OF OPERATIONS – SOUTH AFRICAN PROJECTS (CONTINUED)

Key assumptions and Project performance parameters of the updated BFS are presented in Table 1.

Key Assumptions and Project Performance Parameters					
Price and Forex Assumptions		Unit	Value		
Metal price – Cu		USD/t	6,680		
Metal price – Zn		USD/t	2,337		
Exchange rate		ZAR:USD	18:1		
Exchange rate		ZAR:AUD	11:1		
Exchange rate		AUD:USD	1.64:1		
Production Metrics		Unit	Value		
LoM (Foundation Phase)		Years	11.5		
Treatment plant capacity		Mtpa	2.4		
Foundation Phase tonnage – Run of Mine		kt	25,250		
RoM Plant Feed Grade – Cu – U/G (O-Pit)		%	1.0 (1.9)		
RoM Plant Feed Grade – Zn – U/G (O-Pit)		%	3.3 (2.4)		
Overall Plant Recovery – Cu		%	83.9%		
Overall Plant Recovery – Zn		%	81.9%		
Concentrate tonnage – Cu – U/G (O-Pit)		kt	1,071 (54)		
Concentrate tonnage – Zn – U/G (O-Pit)		kt	1,256 (46)		
Concentrate grade UG – Cu – U/G (O-Pit)		%	19.8 (25.5)		
Concentrate grade UG – Zn – U/G (O-Pit)		%	52.9 (35.0)		
NSR as % of metal price – Cu – U/G (O-Pit)		%	99.3 (92.1)		
NSR as % of metal price – Zn – U/G (O-Pit)		%	68.4 (51.3)		
Metal sold (in concentrates) – Cu		tonnes	226,000		
Metal sold (in concentrates) – Zn		tonnes	680,000		
Total Sales as Cu equivalent		tonnes	386,000		
Total Sales as Zn equivalent		tonnes	1,644,000		
Financial Performance		Unit	Value	Unit	Value
NPV (pre-tax) @8% discount rate	ZAR (M)	8,566		AUD (M)	779
NPV (post-tax) @8% discount rate	ZAR (M)	6,069		AUD (M)	552
IRR (pre-tax)	%	39%		%	39%
IRR (post-tax)	%	33%		%	33%
Payback from first production	years	2.4		years	2.4
Undiscounted free cash flow (pre-tax)	ZAR (M)	17,691		AUD (M)	1,619
Peak funding	ZAR (M)	4,542		AUD (M)	413
Project Cost Metrics		Unit	Value	Unit	Value
Average cash operating unit cost (C1)	ZAR/t	807		AUD/t	73
All-in-sustaining cost per unit RoM †	ZAR/t	971		AUD/t	88
All-in-sustaining cost per unit Cu eq t sold	USD/t Cu	3,531		AUD/t Cu	5,779
All-in-sustaining cost per unit Zn eq t sold	USD/t Zn	828		AUD/t Zn	1,355
Price received (net of NSR) - Cu	USD/t Cu	6,604		AUD/t Cu	10,807
Price received (net of NSR) - Zn	USD/t Zn	1,588		AUD/t Zn	2,599
All-in-sustaining margin	%	47%		%	47%
Operating breakeven grade (Cu eq)	%	1.0%		%	1.0%
Project Cash Flows		Unit	Value	Unit	Value
LoM net revenue	ZAR (M)	43,404		AUD (M)	3,946
LoM operating costs (plus State Royalty)	ZAR (M)	20,082		AUD (M)	1,826
Project Start-up Capital Expenditure	ZAR (M)	4,100		AUD (M)	373
LOM sustaining Capital Expenditure	ZAR (M)	1,510		AUD (M)	137
Income Tax	ZAR (M)	4,865		AUD (M)	442
Cash Flow After Tax	ZAR (M)	12,826		AUD (M)	1,166

Level of Accuracy of Financial Model \pm 15%.

LoM = Life of Mine, NSR = Net Smelter Return, NPV = Net Present Value, IRR = Internal Rate of Return

There is a low level of geological confidence associated with Inferred Mineral Resources and therefore there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target or financial forecast information referred to in this Study will be realised.

TABLE 1: KEY ASSUMPTIONS FROM UPDATED BFS (NUMBERS MAY CONTAIN APPARENT ROUNDING ERRORS).

KEY ASSUMPTIONS FROM UPDATED BFS

The key updates in the updated BFS mining plan included:

- Incorporation of a water treatment plant to produce agricultural-quality water and reduce the pumping timeline for the shaft de-watering from 14 months to 10 months. This followed successful water treatment pilot trials last year.
- The implementation of value engineered modifications to the processing plant layout to incorporate semi-autogenous grind mill, resulting in cost savings by removing the need for multi-stage crushing. Ore processing value engineering work was carried out under the supervision of South African-based engineering firm METC Engineering.
- 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 incorporates some of the learnings stemming from the previously completed Whittle Enterprise Optimisation process.
- A greatly improved Mine Design and Production Schedule, with steady-state production 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.

The updated Mine Plan is shown in long section Figure 1, with the previously mined areas shown in grey. 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 the benefit of improved technology and modern mining practices.

Tunnel development remaining from the previous mining operations allows for early access to underground production mining areas. Orion plans to utilise a combination of Long-Hole Open Stopping with Fill (LHOSF) and Drift-and-Fill (D&F) mining methods, supported with paste back-fill.

Some low-profile, D&F mining is planned from year five of operation.

Open-pit mining of the near-surface +105 Level Supergene Deposit takes place in the last two years, contributing a further 1.1 million tonnes of material with average grades of 1.9% Cu and 2.4% Zn.

ACTIVITIES DURING THE YEAR

A number of pre-development work streams were progressed during the year in order to prepare the Prieska Copper-Zinc Project for a Final Investment Decision (FID). These included:

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

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

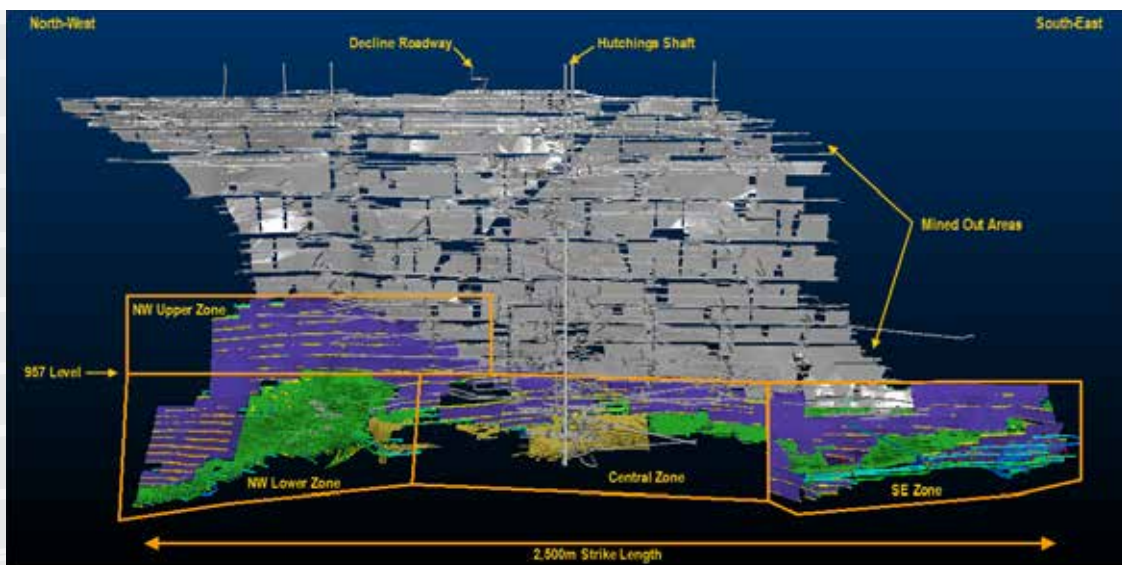


FIGURE 1: UNDERGROUND MINE LAYOUT

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 2). De-watering of the workings will be undertaken 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 the 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 surface environment.

The RO water treatment plant will reduce the dewatering pumping timeline to 10 months, by providing a secondary means of discharging the water pumped from underground and will produce agricultural-quality water. The design and cost of the RO plant is based on site-based trials that took place over a period of six 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.

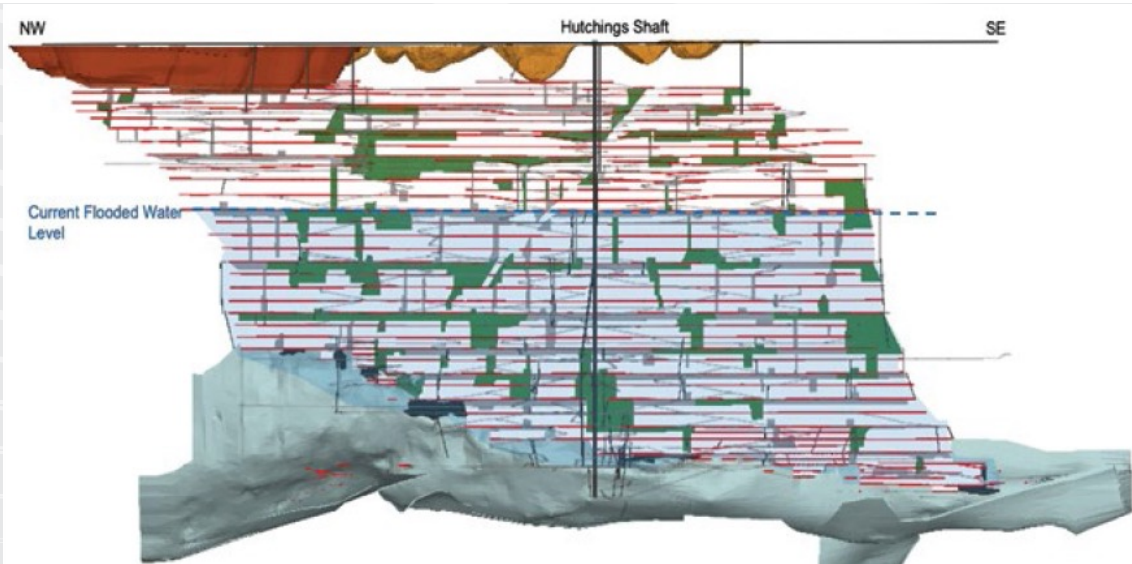


FIGURE 2: VIEWS SHOWING THE REMNANT PILLARS AND THE ACCUMULATED WATER LEVEL

ENVIRONMENTAL MANAGEMENT AND PERMITTING

Water Use Licence: While a Water Usage Licence has already been granted, amendments are being sought to better align the grant conditions to an improved execution strategy for mine de-watering. Consultation with the DHSHS has defined the process to be followed, which Orion is now finalising.

Square Kilometre Array: The Prieska Copper-Zinc Project is located within the Square Kilometre Array Radio Telescope Project (SKA) area, where special licencing is required to undertake mining operations. The permit application deadline has been extended by the Department of Science and Innovation to December 2021. Orion's EMC (Electromagnetic Capability) team is continuing work on this permitting process.



VALUE ENGINEERING OUTCOMES AND PROCESS PLANT OPERATIONS

Value engineering modifications were made to the design of the processing plant to incorporate semi-autogenous grinding (SAG) milling, 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.

The general surface, shaft area and plant layout are shown below in Figure 3.

Discussions are continuing with Minerals Operations Executive (Pty) Ltd (Minopex) with respect to contract operations of the processing plant. In addition to the main contract, Minopex has put forward proposals for the plant's Operational Readiness process and a detailed program for plant commissioning. These proposals are being negotiated and expected to be signed late in CY2021.

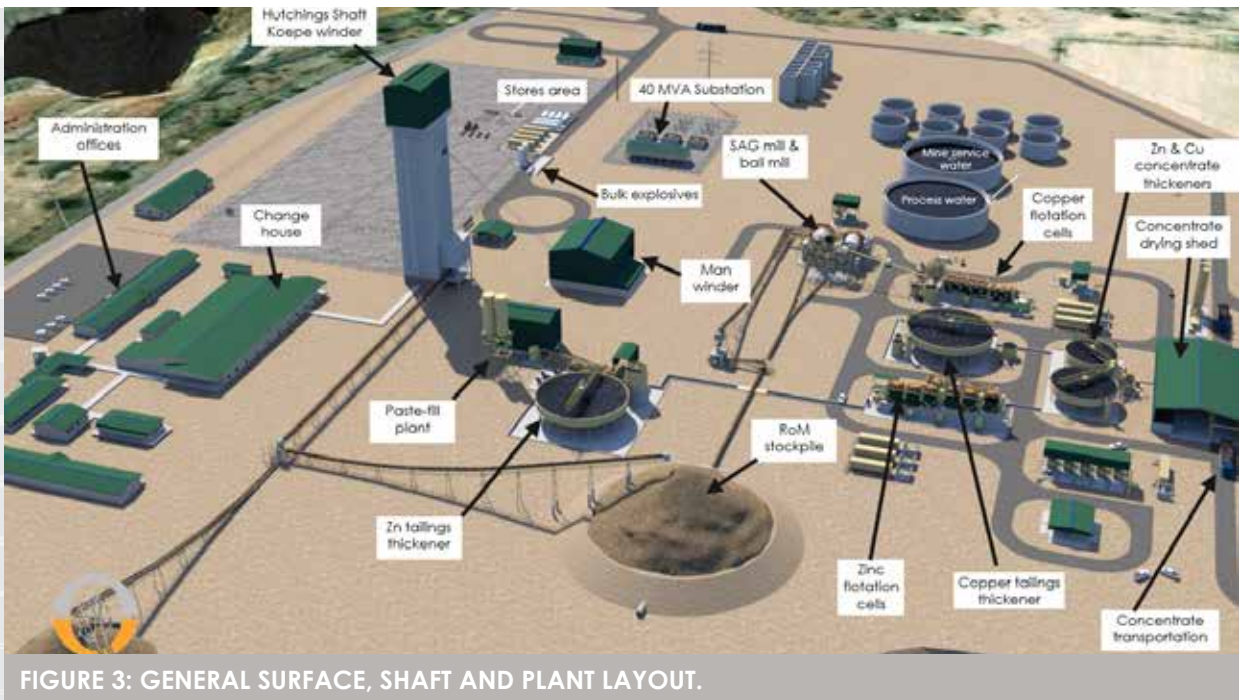


FIGURE 3: GENERAL SURFACE, SHAFT AND PLANT LAYOUT.

MINE SCHEDULE OPTIMISATION AND RESOURCE UPGRADE DRILLING

In addition to refining the mine schedule to prioritise the extraction of higher grade, higher confidence Mineral Resource categories, a detailed drilling program has been designed 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 22,400m and has been scheduled to complement the mining schedule. The Inferred Mineral Resources included in the mine plan total 7.8Mt at 0.89%Cu and 3.25%Zn and 32% Inferred (from the mine plan file).

EPCM AND UNDERGROUND MINING CONTRACTOR SELECTION

A site visit was conducted during the year with four short-listed candidates as part of the selection process for an EPCM contractor.

The four companies have since been reduced to three after further consideration of their proposals. Legal and technical clarifications have taken place with the three companies and work is proceeding on the final selection, which is expected to be made during September and October 2021.

Orion is also preparing to re-engage the market regarding an underground mining contract. An external consulting company has been selected to assist Orion in preparing a project-wide automation strategy and this is expected to be completed by the end of October 2021.

Following this, negotiations with mining contractors will re-commence based on an agreed mining automation strategy.

INFRASTRUCTURE AND SUPPLY CONTRACTS

Power Supply – All design work is in place and final Eskom payments have been made for the 15 MVA power infrastructure required for the construction phase of the Project. Eskom granted Orion an

REVIEW OF OPERATIONS – SOUTH AFRICAN PROJECTS (CONTINUED)

extension for payment of the Connection Charge fee for the 40 MVA power to the March 2022 quarter. The step-up to 40 MVA is required at the end of year two in the construction phase.

Water Supply: The Siyathemba Municipality has given formal approval for the Water Supply Agreement for the project and the agreement document was signed during the reporting period. The Alkantpan Water Pipeline Agreement has been reviewed and approved by all parties and execution is imminent.

Extension of juwi Renewable Energy Collaboration: The Memorandum of Understanding entered into by the Company with juwi Renewable Energies (Pty) Ltd (**juwi**)

was further extended to October 2021. Orion intends to collaborate with juwi on establishing a hybrid wind and solar renewable energy facility that will supply 52% of the Prieska Copper-Zinc Project's power requirements. The extension provides the parties with the opportunity to explore additional funding options currently under consideration.

PRELIMINARY SITE WORKS

Rehabilitation was completed during the year on the safety flood control berms around the edge of the project area (a condition of the WUL) and clean-up work was completed around the main shaft area in preparation for the start of construction, as shown in Figure 4 below.



FIGURE 4: HUTCHINGS SHAFT AREA AFTER SURFACE AREA CLEAN-UP.

OKIEP COPPER PROJECT (OCP)

As announced on 2 August 2021, Orion took another key step in its strategy to become a leading diversified international base metals producer after exercising its exclusive option to acquire a controlling interest in the majority of the tenements comprising the Okiep Copper Project (**OCP**), located approximately 570km north of Cape Town in the Northern Cape Province of South Africa (Figure 5).

In addition to the OCP Option acquisition, Orion has also applied for additional prospecting rights to supplement the OCP tenement holding.

PROJECT OVERVIEW

Located 450km to the west of Prieska, the OCP covers the core of a premier historical copper-producing district that produced more than 2 million tonnes of copper over a 150-year period ending in 2003. About 20% of recorded production was pre-1920, including production from the O'Okiep Copper Company, which produced approximately 2.2 million tonnes of hand-sorted ore and concentrates at an average grade of 14% copper.

After 1940, Newmont mined at a production rate of up to 40 ktpa of copper, at an average RoM head grade of 1.9% Cu. The Newmont operations sourced ore from multiple mines that fed a centralised concentration and copper smelter facility at Nababeep. Newmont sold the business to Goldfields in 1984, which in turn sold it to Metorex in 1998. Metorex stopped mining in 2003 (refer ASX/JSE release 2 February 2021).

Strategically, Orion believes there is a compelling opportunity to re-establish production at similar levels to Newmont and Goldfields, which successfully produced 30 – 40ktpa of copper metal over many decades.

Over a six-month period from securing an option to acquire and consolidate the Okiep Copper Project in February 2021, Orion completed a Scoping Study that demonstrated positive economics from a smaller-scale, proof-of-concept mining operation with the potential for first production within 16 months of the start of construction.

This has paved the way for the commencement of more detailed feasibility studies on a near-term production opportunity.

These studies will be progressed in parallel with ongoing work to upgrade confidence in the historic Newmont and Goldfields estimates of mineralisation, which are not as yet reported as JORC compliant Mineral Resources. Simultaneously, a multi-pronged exploration programme is under way together with permitting activities.

Drilling and other exploration programs are designed to expand the resource base at Okiep to support a larger-scale, longer-term mining operation – an objective that will be significantly fast-tracked by the Company's successful acquisition during the year of a vast historical database encompassing more than 60 years of mining and exploration records for the Okiep district (refer ASX/JSE release 15 February 2021).

OWNERSHIP STRUCTURE

The mineral tenements of OCP are intended to be held within two newly-formed Orion companies, namely the New Okiep Exploration Company (Pty) Ltd (New Okiep Exploration Co – initially 100% Orion) and the New Okiep Mining Company (Pty) Ltd (New Okiep Mining Co – initially 56.3% Orion, 43.7% Industrial Development

Corporation (**IDC**). Both entities will in future include empowerment partners in compliance with the Mining Charter 2018.

In parallel, the Company has also exercised its option to acquire the database owned by the O'Okiep Copper Company (and its affiliates), including all historical mining and exploration records for the OCP covering more than 60 years of production history.

The OCP Option was restructured following the initial announcement of the OCP Option Agreement on 2 February 2021, with Orion directly acquiring the assets held by Southern African Tantalum Mining (Pty) Ltd (**SAFTA**), NababEEP Copper Company (Pty) Ltd (**NCC**) and Bulletrap Copper Co (Pty) Ltd (**BCC**), rather than the entities themselves.

These entities held tenements and tenement applications over the majority of the large, historical mines in this significant copper-producing. The mineral rights cover numerous existing drilled copper mineral deposits, some with decline mine access and services in place.

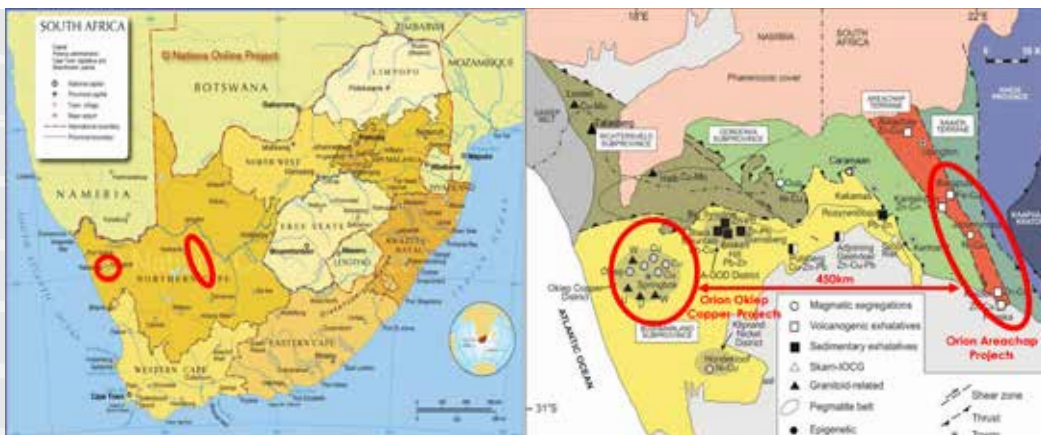


FIGURE 5: LOCATION OF THE OKIEP COPPER PROJECT IN RELATION TO ORION'S EXISTING AREACHAP PROJECTS

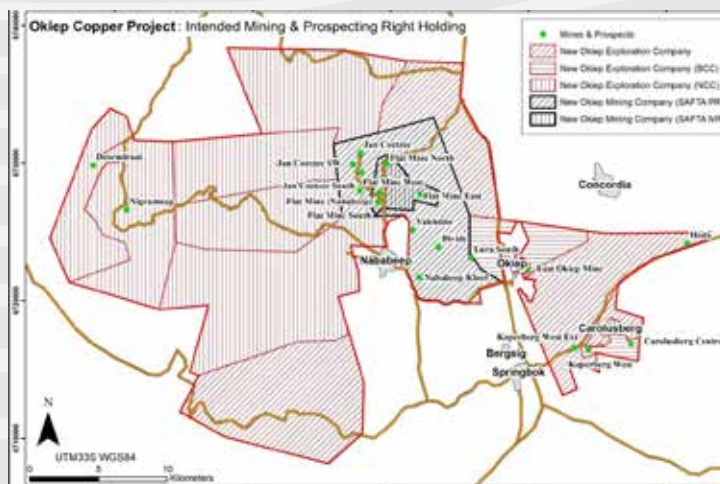


FIGURE 6: LOCATION OF THE OKIEP COPPER PROJECT (OKIEP PROJECT) TENEMENTS

MAIDEN MINERAL RESOURCE

After signing the OCP Option Agreement, Orion undertook extensive due diligence work at the OCP, including the completion of JORC compliant Mineral Resource Estimates for an initial six deposits totalling 11.5 million tonnes grading 1.4% copper for 159,000 tonnes of contained copper (refer ASX/JSE release 29 March 2021).

In addition, the Company completed a positive Scoping Study (refer ASX/JSE release 3 May 2021), which demonstrated the economic merit of developing a foundation-phase mining operation at the OCP (see below) while Orion conducts the required work and engineering studies to support its long-term aspiration for developing a larger mining operation with production at a similar scale to past owners Newmont and Goldfields, who produced 30 – 40,000 tonnes per annum of copper.

Orion's objective of rapidly expanding the Mineral Resource at the OCP is supported by the exercise of a separate option agreement to acquire the extensive historical mining and exploration database.

Drilling and geological information within this database has already supported the completion of the initial JORC compliant Mineral Resource Estimates outlined above, as well as enabling Orion to define a series of high-priority initial drill targets within the OCP, particularly along the Carolusberg-Koperberg line (refer ASX/JSE release 21 May 2021).

For details of the OCP Reserves and Resources, refer to the Ore Reserve & Mineral Resource Statement on page 45.

SCOPING STUDY

The Scoping Study was completed as part of Orion's due diligence program under its Option Agreement to acquire the Okiep Project, with results from the study confirming that:

- Okiep-style deposits have potential to be mined at low cost by both open pit and underground mining methods;
- There is strong potential to rapidly advance the project to production, with critical permitting processes already underway;

- A 'proof-of-concept'-scale operation requiring low upfront capital investment can provide commercially attractive returns and early cash-flows; and
- There is potential to unlock significant operational synergies with the Company's fully-permitted Prieska Copper-Zinc Project, also located in the Northern Cape Province, which is advancing through the project funding process towards a Final Investment Decision.

The Scoping Study is focused on the SAFTA portion of the Okiep Copper Project and relates to a foundation phase for the development of the Flat Mines and Jan Coetzee copper deposits.

The Scoping Study evaluated the commercial merits of a foundation phase operation with a production level in line with the pending Mining Right Application applied for by the project vendors (760 ktpa plant throughput).

The Scoping Study demonstrates the potential to establish foundation-scale mining operations in line with the scale of processing included in the Mining Right Application.

These foundation-scale operations could be in production within 16 months of the commencement of construction, requiring a low upfront capital expenditure commitment of AUD53 million, while providing substantial early cash-flows averaging AUD32 million (post tax) annually.

The proposed foundation-scale mining operations could run for 12 years at a design processing plant throughput of 780,000 tonnes per year, resulting in 9,000 tonnes per year of copper sold in marketable concentrates. Both underground and surface mining methods would be used in conjunction with mineral processing using conventional froth-flotation concentration to produce the copper concentrates for export.

The modelled scenario returns undiscounted free cash flows of approximately AUD413 million pre-tax (AUD291 million post-tax), a NPV of approximately AUD170 million pre-tax and post-royalties (AUD114 million post-tax, post royalties), using non-inflation-adjusted estimates and a discount rate of 10%. The Project achieves an Internal Rate of Return (IRR) of approximately 44% pre-tax (37% post-tax). The financial modelling assumes long-term forecast metal prices of USD7,593/tonne for copper.



Key assumptions and project performance parameters resulting from the Scoping Study are presented in Table 2 below:

Executive Dashboard					
Price and Forex Assumptions			Unit	Value	
Metal price – Cu			USD/t	7,593	
Metal price – Au			USD/oz	1,889	
Metal price – Ag			USD/oz	24	
Exchange rate			ZAR:USD	17.2:1	
Exchange rate			ZAR:AUD	11.1:1	
Production Metrics			Unit	Value	
LoM (Proof-of-Concept Phase)			Years	11.8	
Treatment plant capacity			ktpa	780	
Proof-of-Concept Phase tonnage – RoM			kt	9,011	
Proof-of-Concept Phase tonnage – Rom U/G			kt	7,479	
Proof-of-Concept Phase tonnage – Rom O-Pit			kt	1,531	
RoM Plant Feed Grade – Cu – U/G			%	1.29%	
RoM Plant Feed Grade – Cu – O-Pit			%	1.28%	
RoM Plant Feed Grade – Au			g/t conc	2.2	
RoM Plant Feed Grade – Ag			g/t conc	34	
Overall Plant Recovery – Cu			%	87.4%	
Concentrate tonnage – Cu			kt	386	
Concentrate grade – Cu			%	25.8%	
NSR as % of metal price – Cu			%	96.9%	
Metal sold (in concentrates) – Cu			tonnes	102,329	
Total Cu Sales			tonnes	386,787	
Financial Performance		Unit	Value	Unit	Value
NPV (pre-tax) approximated @10% discount rate	ZAR (M)	1,896	AUD (M)	170	
NPV (post-tax) approximated @10% discount rate	ZAR (M)	1,267	AUD (M)	114	
IRR (pre-tax)	%	44%			
IRR (post-tax)	%	37%			
Payback from first production	years	3.25			
Undiscounted free cash flow (pre-tax)	ZAR (M)	4,607	AUD (M)	413	
Peak funding	ZAR (M)	643	AUD (M)	58	
Project Cost Metrics		Unit	Value	Unit	Value
Average cash operating unit cost (C1)	ZAR/t	781	AUD/t	70	
All-in-sustaining cost per unit RoM t	ZAR/t	873	AUD/t	78	
All-in-sustaining cost per unit Cu eq t sold	USD/t Cu	4,478	AUD/t Cu	6,904	
Price received (net of NSR) – Cu	USD/t Cu	7,441	AUD/t Cu	11,473	
All-in-sustaining margin	%	40%			
Operating breakeven grade – Cu	%	0.83%			
Project Cash Flows		Unit	Value	Unit	Value
LoM net revenue	ZAR (M)	12,712	AUD (M)	1,142	
LoM operating costs (plus State Royalty)	ZAR (M)	7,320	AUD (M)	657	
Project Start-up Capital Expenditure	ZAR (M)	595	AUD (M)	53	
Sustaining Capital Expenditure	ZAR (M)	188	AUD (M)	17	
Income Tax	ZAR (M)	1,368	AUD (M)	123	
Cash Flow After Tax	ZAR (M)	3,241	AUD (M)	291	

Level of Accuracy of Financial Model \pm 25%,

LoM = Life of Mine, NSR = Net Smelter Return, NPV = Net Present Value, IRR = Internal Rate of Return

There is a low level of geological confidence associated with Inferred Mineral Resources and therefore there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target or financial forecast information referred to in this study will be realised.

Source: ORN Okiep Financial Model revision 4.0

TABLE 2: KEY ASSUMPTIONS AND PROJECT PERFORMANCE PARAMETERS FOR THE OKIEP COPPER PROJECT (FLAT MINES PROJECT AREA) (NUMBERS MAY CONTAIN APPARENT ROUNDING ERRORS).

Peak funding requirements total AUD58 million, including a 15% contingency allowance. This is forecast to occur in the second year of the capital expenditure (Capex) program. Payback is planned to occur 4.5 years from the start of construction or 3.25 years from the start of production

The unit all-in-sustaining costs (**AISC**) over the LoM are estimated to be AUD6,904/t (USD4,478/t) (USD2.03/lb) copper metal sold. The realised price (net of smelter charges) over the LoM is forecast to be AUD11,473/t (USD7,441/t) copper metal sold, yielding in the order of a 40% all-in-sustaining margin.

The operating breakeven grade is estimated at 0.8% copper, well below the RoM feed grade of 1.3% copper applied in the production schedule. The break-even grade using direct production costs (C1) is estimated at 0.7% copper, in line with the cut-off grade used for stating the supporting estimated Mineral Resources.

SYNERGIES WITH THE PRIESKA COPPER-ZINC PROJECT

Production of 9,000 tonnes of copper each year would potentially supplement the 22,000 tonnes of copper planned to be produced each year from the Prieska Project, also located in the Northern Cape Province, South Africa (refer ASX/JSE release 26 May 2020).

Combined production volumes could provide opportunities arising from economies of scale to be investigated, such as the ability to share some administrative costs, supply logistics, supply of power from a common renewable energy facility

and potentially justify the case to investigate the beneficiation of the copper concentrates to produce metals locally.

EXPLORATION RAMPING UP

Exploration activities were ramping up as this report was being finalised, with Orion’s due diligence work having already defined a series of high-priority drill targets along the prolific Carolusberg-Koperberg line of historical workings, where historical Newmont/ Goldfields-era drilling identified high-grade near-surface mineralisation that remains unmined.

The drilling program is designed to validate two zones of mineralisation at Koperberg West and Koperberg East (Figure 7), identified by high-density Newmont/ Goldfields-era drilling, to underpin the completion of JORC compliant Mineral Resource Estimates.

At Koperberg West (Figures 8 and 9), drilling will test the down-dip and strike extensions of a shallow glory hole that has been mined to a depth of 35m below surface. At the un-mined Koperberg East body (Figures 10 and 11), drilling will verify high-grade intersections returned from historical drilling.

Both drill targets lie within 3,000m of, and on the same structural feature that has been mined to a depth of 1,900m at Carolusberg Deeps. Importantly, historical drilling from the north at Koperberg East may have missed mineralisation potentially located down-dip (Figure 12). Mineralisation mined 2,000m to the east, along strike at Carolusberg Deeps, showed characteristic south-stepping down-dip, en-echelon lenses (Figure 13).



FIGURE 7: DRILL TARGETS ON THE KOPERBERG-CAROLUSBERG LINES.

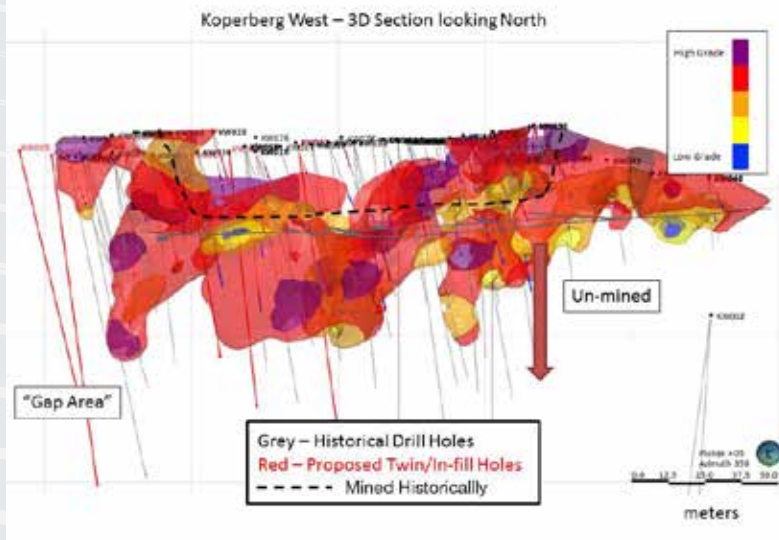


FIGURE 8: HISTORICAL INTERSECTIONS AND GEOLOGICAL INTERPRETATION AT KOPERBERG WEST TO BE IN-FILLED AND TRACED ALONG STRIKE AND DOWN-DIP

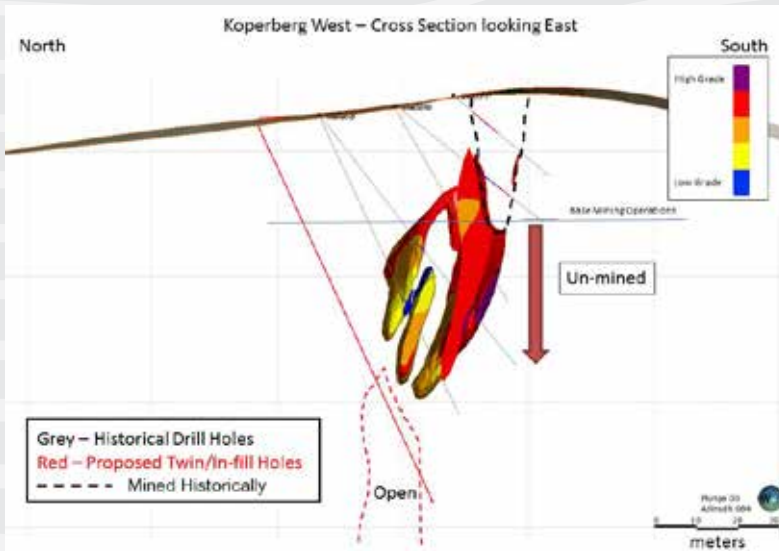


FIGURE 9: A TYPICAL CROSS-SECTION THROUGH HISTORICAL DRILLING AND MINING AT KOPERBERG WEST

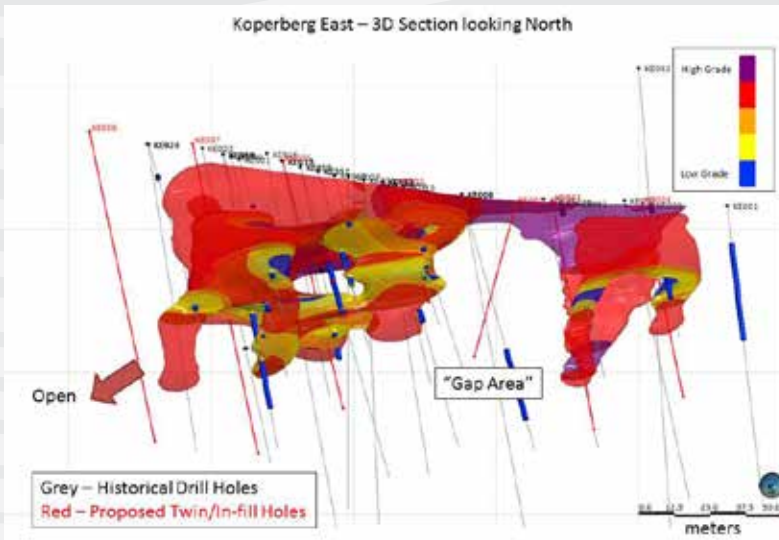


FIGURE 10: HISTORICAL DRILLING AT KOPERBERG EAST TO BE TWINNED, IN-FILLED AND TESTED ALONG STRIKE AND DOWN-DIP

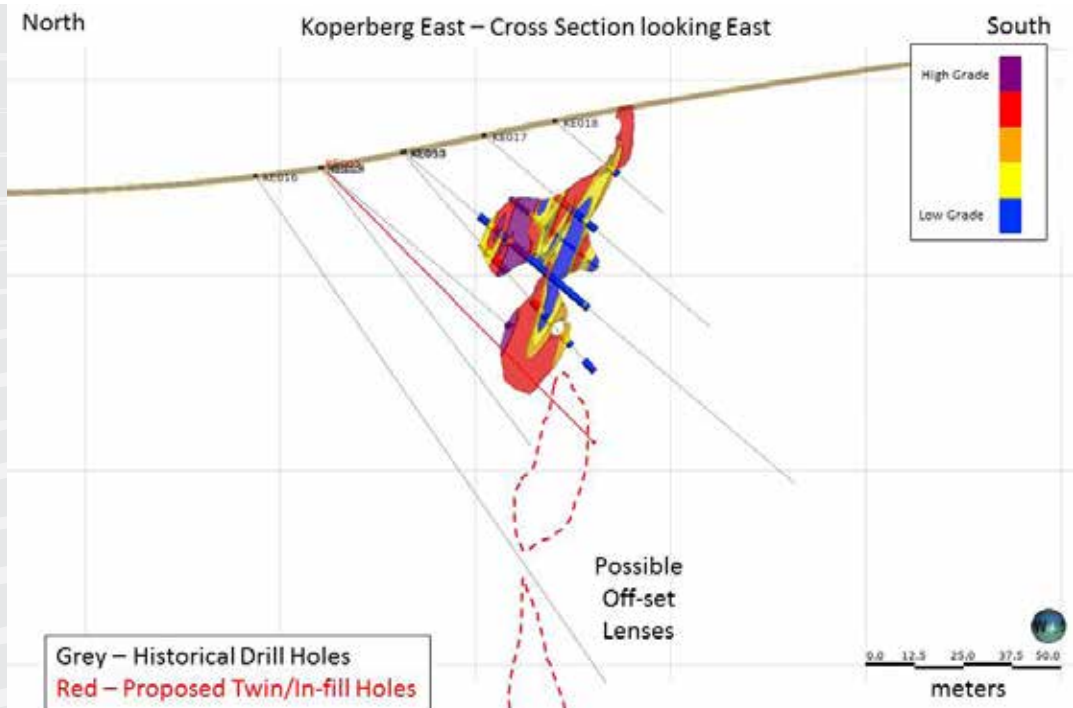


FIGURE 11: KOPERBERG EAST – CROSS-SECTION SHOWING POSSIBLE OFF-SET MINERALISED LENSES.

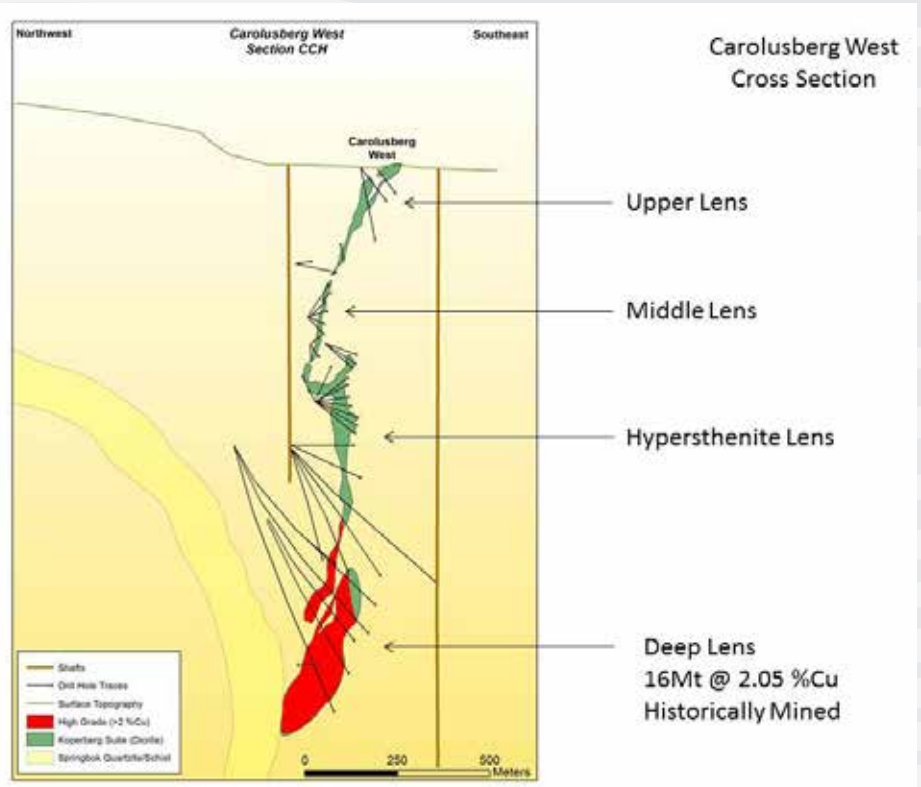


FIGURE 12: CAROLUSBERG DEEP CROSS-SECTION SHOWING CHARACTERISTIC DISCONTINUOUS AND SOUTH-STEPPING DOWN-DIP MINERALISED LENSES HISTORICALLY MINED TO A DEPTH OF 1,900M (AFTER LOMBAARD, 1986).

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SKYTEM™ SURVEY

Orion successfully completed an extensive SkyTEM™ helicopter-borne electromagnetic geophysical (AEM) survey over the OCP. The regional survey covered a total area of 1,872km² with approximately 1,073 line-kms flown at 1km line spacing in conjunction with the Council for Geosciences and Orion's high-priority area of 857km² flown at 150m line spacing, resulting in a total of 7,348 line-kilometers being flown.

SkyTEM™ is capable of targeting mafic intrusive bodies with high magnetite content and detecting zones with conductive pyrrhotite content, providing the Company's exploration team with a strong vector to find new copper sulphide orebodies in an area with proven potential to host multiple high-quality deposits.

High-grade mines discovered by early miners including the Okiep Mine – which gave the district its name and which yielded 907,000 tonnes of sulphide ore at an

average grade of 21% copper – and Nababeep South – which yielded 816,000 tonnes at an average grade of 5.5% copper – are reported to have high magnetite and significant pyrrhotite mineralisation, which is expected to yield anomalism that can be detected in the SkyTEM™ magnetic and EM surveys.

Production flights over the OCP commenced in June 2021 (refer ASX/JSE release 28 June 2021), with the survey successfully completed during August despite challenging weather conditions hampering safe low-altitude flying in the very mountainous terrain.

At the time of finalising this report, preliminary results had been received from first-pass processing of magnetic and AEM data. The initial results are very encouraging, resulting in the identification of numerous new targets for follow-up and demonstrating the value of applying modern exploration methods to the 1,872km² area.



FIGURE 13: SKYTEM™ FLY-OVER AT CAROLUSBERG MINE (DEFUNCT SHAFT IN FOREGROUND).

SKYTEM™ SURVEY RESULTS

A total of 16 'late-time' conductors have been selected as first-pass targets (Figure 14) with scope for more targets to be identified as data processing progresses (refer ASX/JSE Release 1 September 2021). Several of the conductors are close to known copper deposits, with the five best targets located close to the historical mining area of Nababeep (Figure 15).

Interpretation of the AEM data is well underway and includes filtering out of near-surface cultural effects, ground-truthing of anomalies, modelling of anomalies and target prioritisation. Advanced processing of data is also continuing to assist with the potential identification of additional, more obscure anomalies.

The magnetic data from the SkyTEM™ survey will assist in the prioritisation of AEM targets. The emplacement of the mafic intrusions that host copper deposits at the OCP

REVIEW OF OPERATIONS – SOUTH AFRICAN PROJECTS (CONTINUED)

are known to be structurally controlled and the magnetic data from the SkyTEM™ survey will significantly improve Orion's understanding of the geology and structure of the OCP – assisting with exploration targeting.

In addition, three-dimensional inversion modelling of magnetic anomalies will be undertaken. Although ground and airborne magnetic surveys were historically used as exploration tools, this is the first time that 3D inversion modelling of aeromagnetic data has been

undertaken in the OCP area. A database of anomalies and their respective exploration priority ranking will be compiled and maintained.

Orion believes that high-quality drill targets will be generated from the combination of the AEM and magnetic models and the reinterpretation of available historic geological data. Once they have been prioritised, the targets will be followed up with high-powered ground EM and drilling.

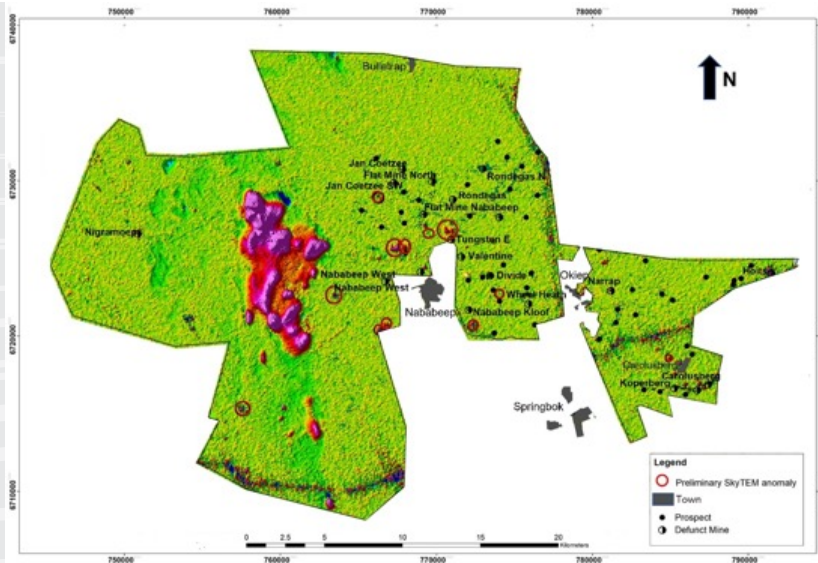


FIGURE 14: A Z-CHANNEL 40 AEM IMAGE OVER THE OCP AREA, WITH PRELIMINARY SKYTEM™ ANOMALIES SELECTED FOR FOLLOW-UP

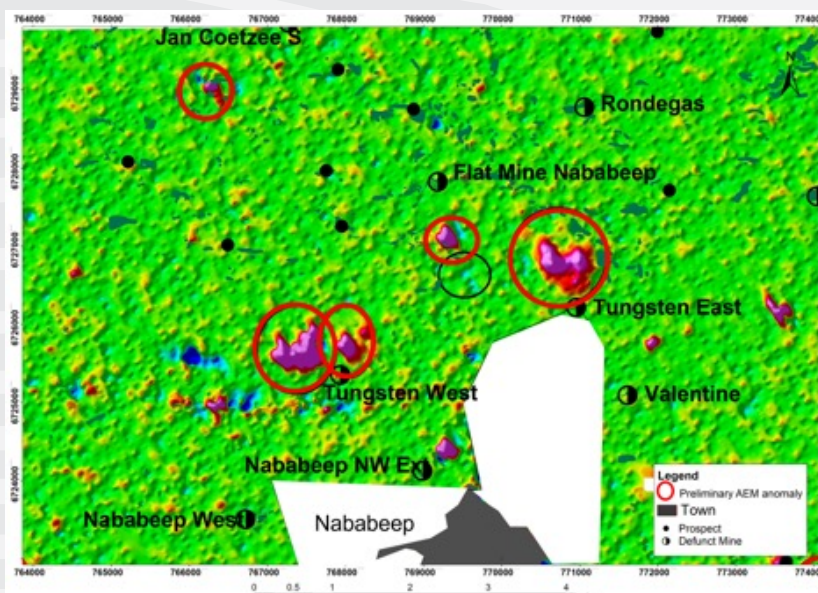


FIGURE 15: AEM TARGETS CLOSE TO NABABEEP ILLUSTRATING THE PROXIMITY OF THESE TARGETS TO KNOWN DEPOSITS

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PCZM NEAR-MINE PROJECTS

The PCZM near-mine projects are those projects within prospecting rights held by PCZM (Dooniespan), Vardocube and Bartotrax (Pty) Limited (Bartotrax). Volcanogenic Massive Sulphide (VMS) deposits worldwide tend to occur in clusters and, apart from the giant Prieska Copper-Zinc Deposit, five smaller deposits have previously been discovered on the near-mine project areas.

These include: Annex, explored by Anglovaal between 1969 and 1981; the Ayoba Prospect, discovered by Orion in 2018 (refer ASX/JSE release 28 November 2018); and the PK1, PK3 and PK6 deposits on Dooniespan (Kielder Prospects), explored by Newmont South Africa (Newmont) between 1976 and 1979 (Figure 16).

The Company has continued a high-impact, prospect-testing drilling campaign across the Near-Mine and Regional Projects to help prioritise its pipeline of

exploration opportunities that could support the Prieska Copper-Zinc Project.

For the Near-Mine areas, drilling was undertaken at the K3 and K6 prospects within the Kielder Prospect, located 15km north-west of the planned PCZM (Figure 18). The drilling program was designed to test outcropping VMS-style mineralisation, where historical shallow drilling by Newmont SA in the 1970s returned results of up to 4.8m @ 0.46% Cu, 6.18% Zn and 15g/t Ag. A total of 57 samples were submitted to ALS laboratory.

Mineralisation similar to that at the Prieska Copper-Zinc Project was intersected at less than 200m from surface at both K3 and K6. Orion's holes were designed to verify the historical Newmont results, as well as provide drill core for mineralisation characterisation purposes and to provide a platform for follow-up down-hole geophysics.

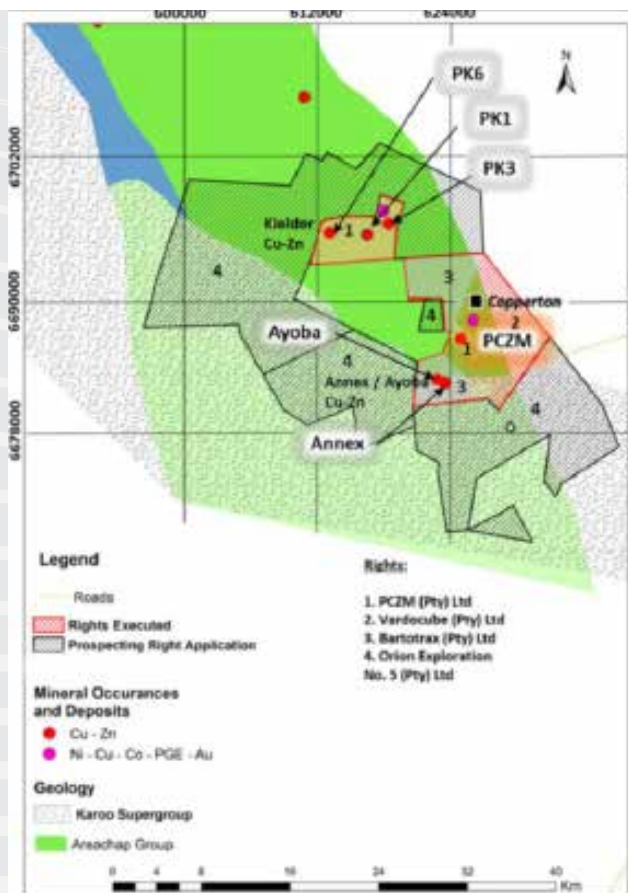


FIGURE 16: SURFACE PLAN SHOWING THE PROSPECTING TENEMENTS OVER AND ADJACENT TO THE PRIESKA COPPER-ZINC PROJECT AND THE LOCATION OF THE ANNEX, KIELDER (PK1, PK3 AND PK6) DEPOSITS AND AYOBA PROSPECT

REGIONAL EXPLORATION

Surrounding the Near-Mine Exploration Project, the Company holds a substantial and prospective land holding in the Areachap Belt (Figure 17). The Areachap Belt is analogous to other Proterozoic mobile belts hosting major VMS and magmatic Ni-Cu-Co-PGE deposits.

In addition to the Near-Mine VMS Project, the Company is also prospecting for VMS deposits on the Masiqhame Prospecting Right. The Kantiempen and Bokspuits Copper-Zinc Deposits are the two most prominent known VMS prospects on the Masiqhame Prospecting Right where the Kantiempen and Bokspuits Copper-Zinc prospects are the two most prominently known VMS deposits.

During the first quarter of 2021, assay results were reported from a drilling campaign completed in December 2020 which focused on four regional prospects – Jacomynspan, Area-4, Bokspuits and Kantiempen (Figure 18).

This drilling program intersected significant zones of shallow copper, zinc and nickel-copper-PGE mineralisation across all key prospects tested; confirming the under-explored nature of the Areachap Province and the substantial opportunity for a major discovery, both in the near-mine environment around the fully permitted Prieska Copper-Zinc Project, and the broader region.

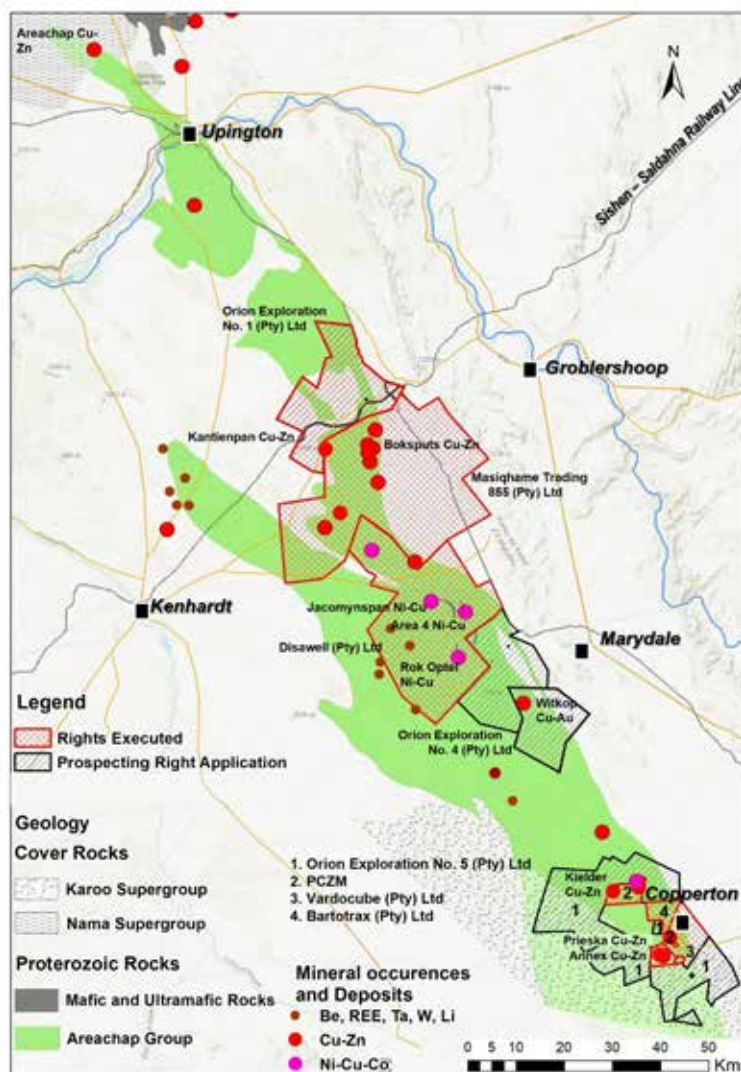


FIGURE 17: REGIONAL GEOLOGY MAP OF THE AREACHAP BELT SHOWING TENEMENTS HELD AND UNDER APPLICATION BY THE COMPANY AND NOTED MINERAL OCCURRENCES AS PER PUBLISHED DATA FROM SOUTH AFRICAN COUNCIL FOR GEOSCIENCE.

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At the Jacomynspan nickel-copper deposit, 80km north-west of Prieska Mine, drilling in late 2020 intersected three shallow zones of net textured sulphides with a best intercept in hole OJPD054 of 6.03m at 0.60% Ni, 0.31% Cu, 0.19g/t Pd, 0.21g/t Pt and 0.20g/t Au from 145.36m, including 1.10m at 1.23% Ni and 0.69% Cu from 146.35m (refer ASX/JSE release 25 January 2021).

Following the encouraging results reported in hole OJPD054, Orion completed a second diamond drill hole at Jacomynspan, OJPD055, which returned a significant high-grade massive sulphide intercept (refer ASX/JSE release 22 March 2021). The shallow intercept has substantially upgraded the prospectivity of the project and highlights the opportunity for a near-term resource drill-out targeting the upper portions of the deposit.

Diamond drill hole OJPD055 intersected a broad zone of strong mineralisation comprising:

- 31.53m from 100.63m at 0.72% Ni, 0.34% Cu, 0.05% Co and 0.45g/t 2PGE+Au from 100.63m down-hole, including a higher-grade zone of:
 - 7.00m from 106.00m at 1.55% Ni, 0.35% Cu, 0.10% Co and 0.43g/t 2PGE+Au from 106.00m down-hole.

The mineralisation is hosted by the Jacomynspan Intrusive, an ultramafic body striking roughly east-west for more than 3km with a thickness of up to 70m and dipping 80 degrees south. Jacomynspan currently hosts a Mineral Resource of 6.8Mt at 0.57% Ni, 0.33% Cu, 0.03% Co, 0.19g/t Pt, 0.12g/t Pd, 0.07g/t Au (refer ASX/JSE release 8 March 2018).

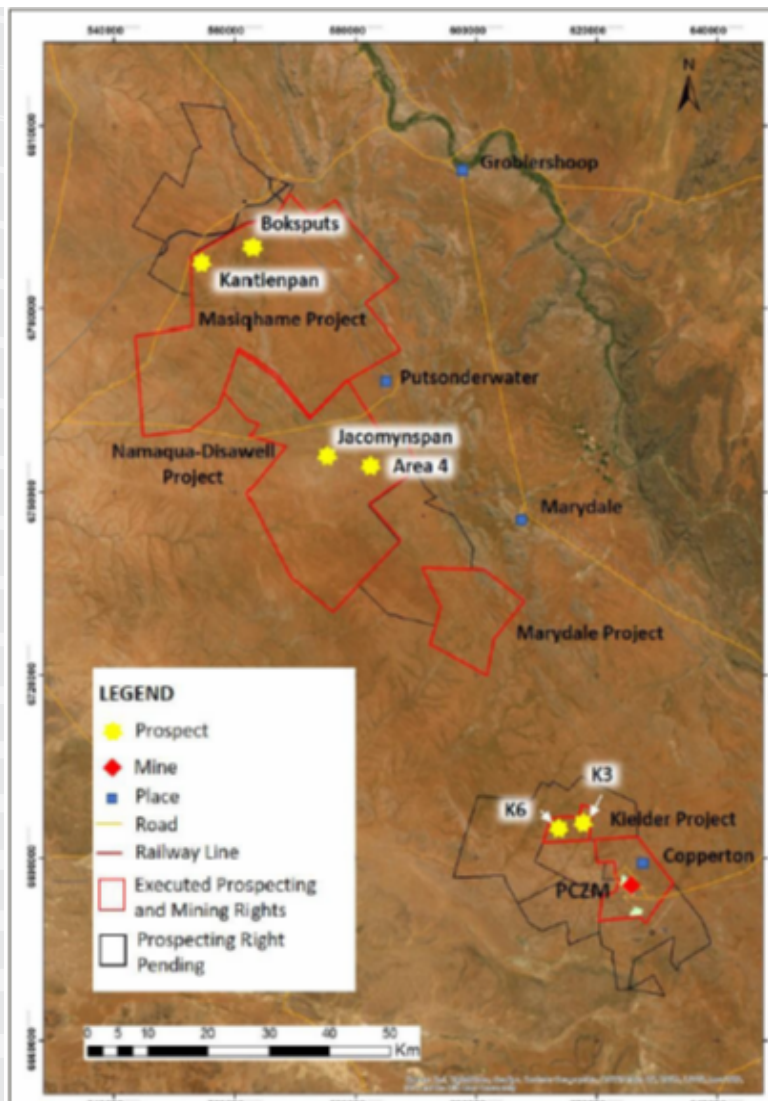


FIGURE 18: LOCALITY MAP SHOWING THE PROSPECTS DRILLED DURING THE 2020 / 2021 DRILLING CAMPAIGN ON THE AREACHAP BELT.

Orion is currently investigating the potential to exploit the shallow parts of the Jacomynspan deposit through open pit mining. Significantly, the high-grade mineralisation intersected in OJDP055 occurs just 85m below surface, highlighting the need to drill-out the upper 200m of the deposit over the interpreted strike length of over 3km (see Figure 19, which is a cross-section along Section Line 5 in Figure 20).

Figure 20 shows the drilling completed by various companies along the 3km of strike length of the Jacomynspan Intrusive. Drilling was concentrated on the deeper parts of the deposit and very few holes intersected the deposit above 150m vertical depth, as historical exploration was undertaken with a mindset focused on underground mining.

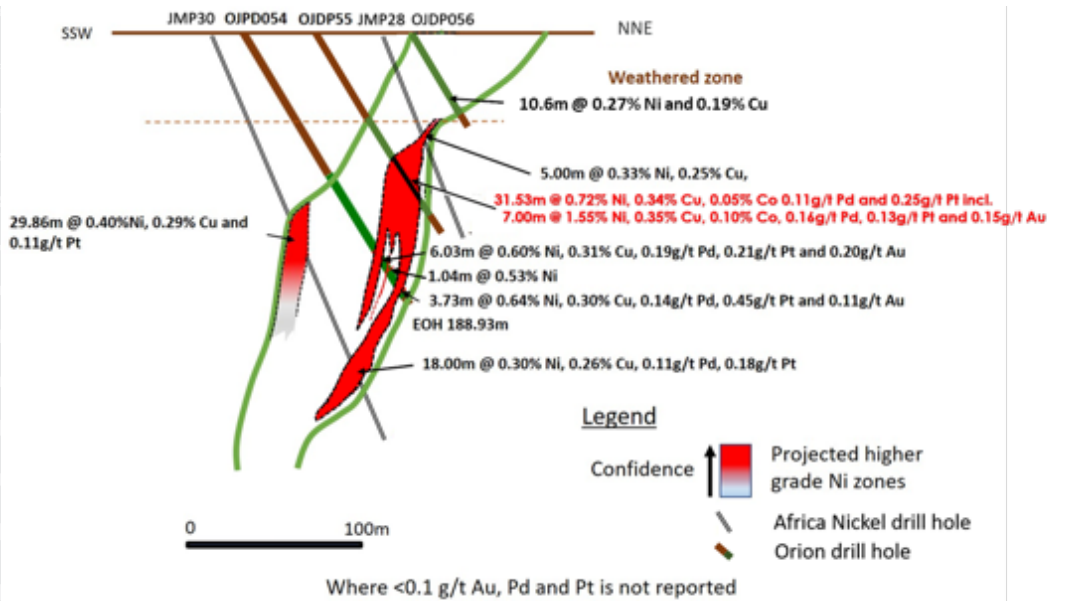


FIGURE 19: GEOLOGICAL CROSS-SECTION ALONG SECTION 5 SHOWING THE HIGHER NICKEL GRADES CLOSE TO SURFACE.

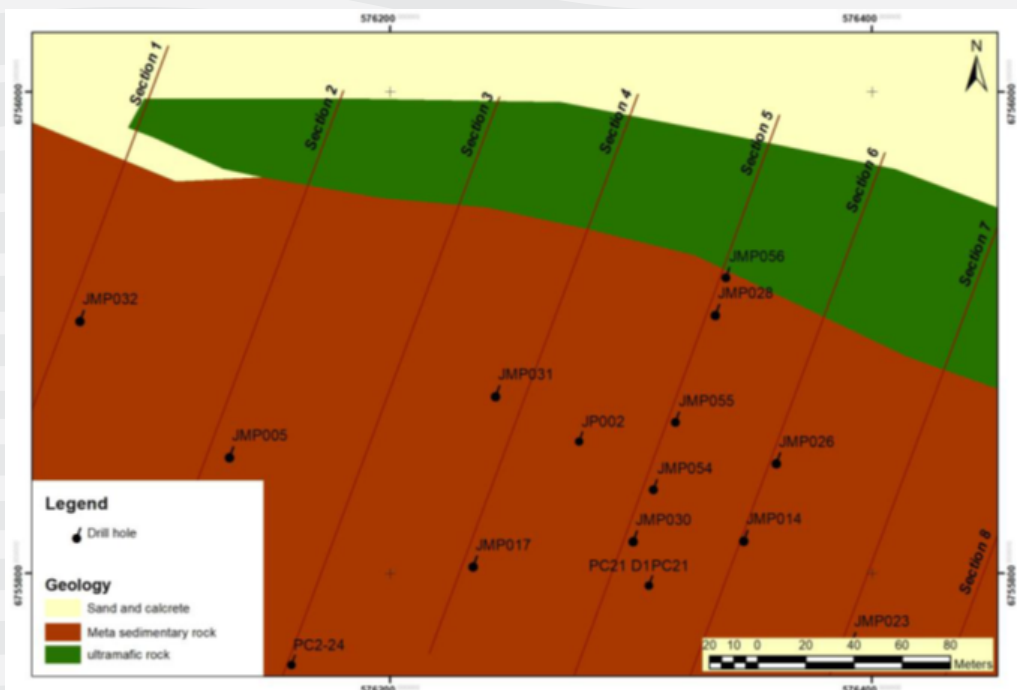


FIGURE 20: MAP SHOWING DRILL HOLES AND SECTION LINES IN THE VICINITY OF OJDP055.

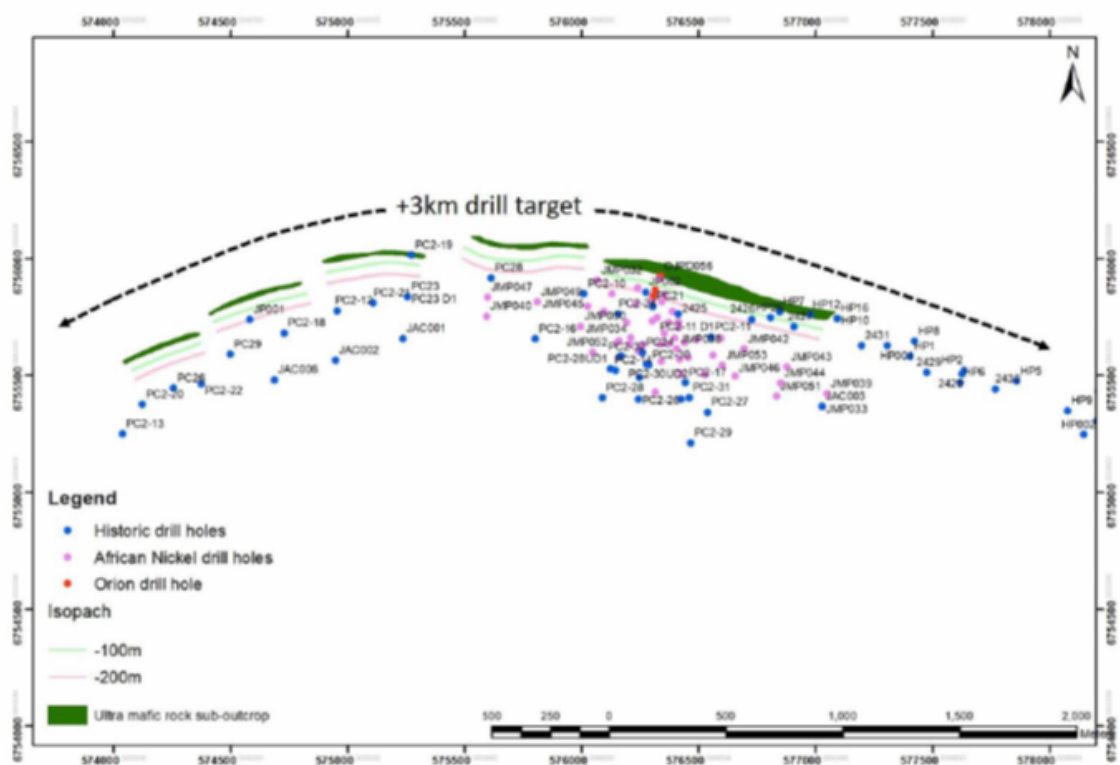


FIGURE 21: MAP SHOWING ULTRAMAFIC SUB-OUTCROPS OF THE JACOMYNSPAN INTRUSIVE AND DRILLING BY VARIOUS EXPLORATION COMPANIES.

The lack of shallow drilling at Jacomynspan provides Orion with a significant opportunity to explore at shallow depth, above the historical drill intercepts and known nickel-copper-cobalt mineralisation at depth.

Work is currently underway to plan an extensive resource drill-out targeting the upper 200m of the deposit, with a view to establishing a JORC Mineral Resource as the foundation for economic studies. This work is being progressed in parallel with metallurgical test work.



THE BOKSPUTS PROSPECT

Another priority target for Orion is the greenfields Boksputs copper-gold prospect, located 125km north-west of Prieska, where a deep diamond drill hole completed in late 2020 intersected numerous zones of VMS copper gold mineralisation across multiple horizons.

Diamond drilling commenced in July 2021 on a high priority target detected by a fixed-loop electromagnetic (**FLEM**) survey on the boundary of Orion's existing Masiqhame Prospecting Right and the newly-granted Boksputs North Prospecting Right.

The Boksputs Prospect has recently delivered very encouraging copper-gold intersections on the 600s B4 FLEM conductor, including a best section of 5m at 1.09%

Cu and 0.13g/t Au, including 1.00m at 2.38% Cu and 0.29g/t Au (refer ASX/JSE release 25 January 2021).

A follow-up FLEM survey of the B1 conductors previously detected in two small survey loops located 2,500m to the north of B4 – on the boundary of the prospecting right and continuing north – has now confirmed a very strong (3,000s – 6,000s) continuous conductor, DP1, that presents a compelling drill target (Figures 22 and 23).

The strike extension of this target is also now accessible to Orion following receipt of the grant notice for prospecting right NC12197PR covering the northern extension of the target (Figure 24).

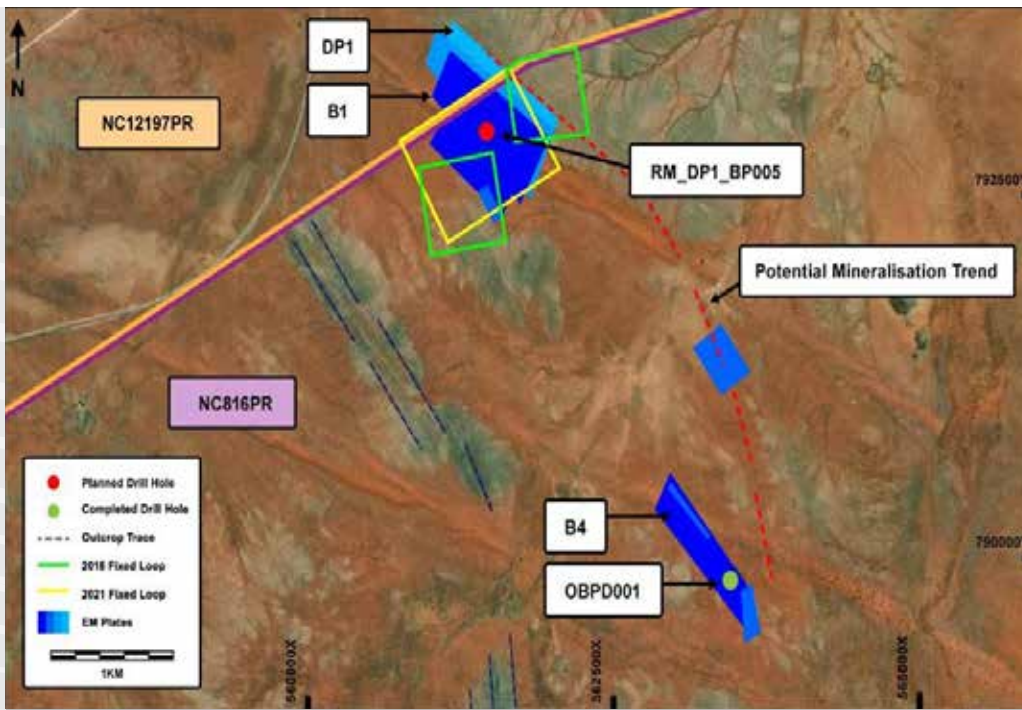


FIGURE 22: FLEM TARGETS AT BOKSPUTS PROSPECT.



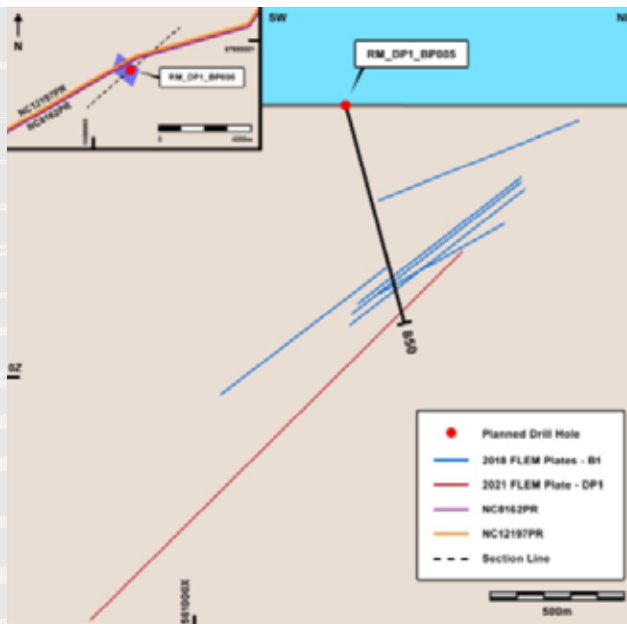


FIGURE 23:
 PLANNED
 DIAMOND
 DRILL HOLE
 TO TARGET
 NEW HIGH
 PRIORITY
 FLEM TARGET.

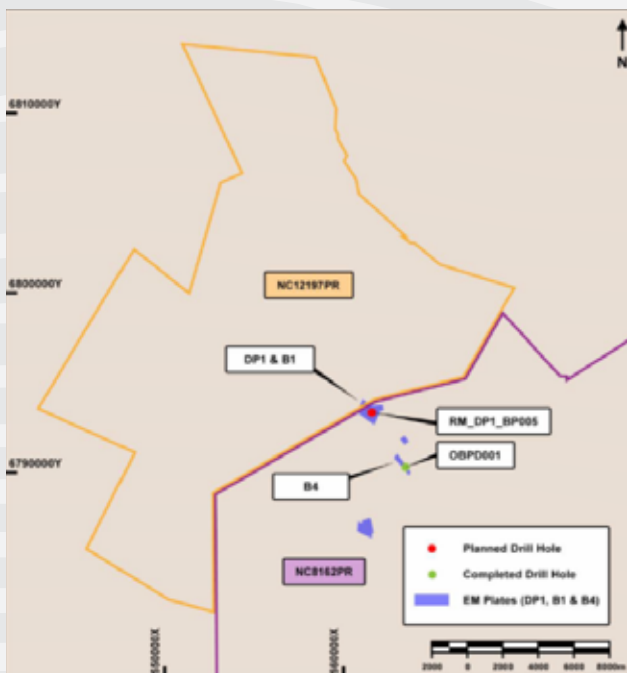


FIGURE 24:
 NEW
 PROSPECTING
 RIGHT,
 NC12197PR,
 COVERING
 THE BOKSPUTS
 NORTH
 TARGET AREA.

MARYDALE GOLD-COPPER PROJECT (WITKOP)

No exploration was carried out on the Marydale Gold-Copper Project during the reporting period.

REGIONAL COLLABORATION POTENTIAL

The significant prospectivity of the Northern Cape Province for base metals in general continues to be of strategic importance to Orion.

The activities of other explorers and mine developers in the region may offer the potential for collaboration in many areas, such as, sharing of support infrastructure, logistics, labour sending areas, community and social responsibility initiatives, technical data and operational experiences to mutual benefit. The Company continued to actively investigate the progress of various mineral development projects in the region and assess for potential areas for collaboration.

REVIEW OF OPERATIONS

AUSTRALIAN PROJECTS

FRASER RANGE – GOLD-NICKEL-COPPER PROJECT (WESTERN AUSTRALIA)

Orion maintains a sizeable tenement package in the Fraser Range Province of Western Australia in joint venture with IGO Limited (ASX: IGO) (refer ASX release 10 March 2017). Under the terms of the joint venture, IGO is responsible for all exploration on the tenements and provides regular updates to Orion on activities and results.

Importantly, Orion maintains an exposure to the ongoing exploration and development of the Fraser Range Project without additional financial commitment, given that Orion is free-carried through to the first pre-feasibility study on any of the tenements.

IGO undertook further desktop reviews of work completed to date and finalised planning and preparation of the 2021 field season work. The work planned to be undertaken includes:

- Diamond drilling;
- Air-core drilling; and
- Moving loop electromagnetic surveys.

Securing a dependable water supply is essential to exploration at Pike Eye. An agreement was signed between the owners of Kanandah Station and IGO for the use of water that will support the track improvements and maintenance, while also allowing the long-awaited follow-up drilling at Hook and Pike Prospects to commence.

On 28 April 2021, Legend Mining Limited (ASX: LEG) announced further promising nickel-bearing massive sulphide intersections in diamond holes at the Mawson deposit, located approximately 10km south-west along trend of the Orion-IGO Pike Eye target (Figure 25).

The latest Mawson intersection confirms the trend of the Mawson discovery toward Pike Eye.

IGO had previously intersected similar host geology to Mawson at Hook, including mafic intrusive hosted sulphide mineralisation, together with a strong off-hole conductor (18,000 Siemens) identified in diamond drill

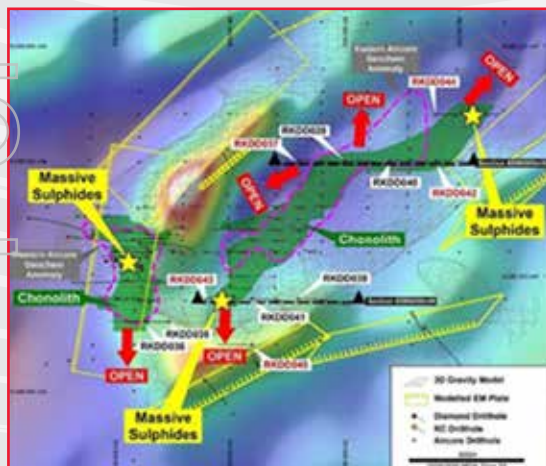


FIGURE 25: ORN-IGO JV PROSPECTS ON E28/2367 WITH LEGEND MINING MAWSON DEPOSIT SHOWN RELATIVE TO AREA.

hole 19AFDD1008 (refer ASX/JSE release 3 February 2020). Follow-up drilling has been frustrated for an extended time due to logistical issues that have now been resolved.

IGO has informed Orion that they will shortly commence follow-up drilling and geophysics at Hook and at Pike Eye.

WALHALLA GOLD & 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.

No field or exploration work was carried out on the Victoria Project during the reporting period. The Company continued to progress its licence applications over prospective areas of Walhalla.

CORPORATE

The Company recorded a loss of \$2.6 million for the year ended 30 June 2021. The result is driven primarily by, exploration expenditure incurred of \$3.9 million which, under Orion's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed, finance income of \$2.5 million principally related to interest receivable on the Company's investment in preference shares, issued to the Company (through its subsidiary Agama Exploration & Mining (Pty) Ltd) by Prieska Resources Pty (Ltd) (Prieska Resources), to partly fund the acquisition by Prieska Resources of a 20% interest in the Company's subsidiary, PCZM, finance expenses of \$0.8 million, principally related to interest on loans and a \$5.9 million unrealised foreign exchange gain.

Net cash used in operating activities and investing activities totalled \$11.0 million and included payments for exploration and evaluation of \$6.8 million. 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, including the recently acquired Okiep Copper Project.

Cash on hand as at 30 June 2021 was \$20.6 million

CAPITAL RAISINGS

During the financial year, the Company raised \$34.0 million before costs to fund its operations primarily in South Africa and for working capital. In summary, key capital raisings comprised:

- In February 2021, Orion announced a strongly-supported \$25 million capital raising to fast-track its strategy of developing two significant long-term base metal production centres in South Africa's Northern Cape Province. The landmark capital raising, gives Orion the capability to:

- Progress its development-ready Prieska Copper-Zinc Project to a Final Investment Decision, undertake early-works and secure a comprehensive project funding package;
- Undertake resource evaluation and exploration activities at the OCP, complete the potential acquisition of this advanced copper development asset and progress it rapidly towards a near-term production scenario; and
- Progress a significant exploration effort, both at the OCP and across numerous recently defined PCZM near-mine and regional exploration targets across the Areachap Province of the Northern Cape.

The capital raising was conducted via a two-tranche placement to sophisticated and professional investors, pursuant to Section 708A of the Corporations Act 2001 and comprised the issue of 694.4 million fully paid ordinary shares (**Share**) at an issue price of \$0.036 per Share.

The placement was strongly supported by Australian and international institutional investors, including a number of South African institutional investors.

- In August 2020, the Company announced a \$6.2 million, two-tranche placement to sophisticated and professional investors, comprising the issue of 365.2 million Shares at an issue price of \$0.017 per Share, to progress its development-ready Prieska Copper-Zinc Project. The capital raising was strongly supported by existing cornerstone shareholders and new investors, with the proceeds putting Orion in a strong financial position, as it progresses pivotal funding discussions and advances the previously announced partnering process for the Prieska Copper-Zinc Project.

Tembo Capital Mining Fund II LP and its affiliated entities (Tembo Capital) confirmed its continued support of Orion through subscribing for \$0.3 million worth of Shares in the capital raising. In addition, Tembo Capital subscribed for \$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. Following receipt of shareholder approval and Foreign Investment Review Board (FIRB) approval, in October 2020, the Company issued 122.1 million Shares to Tembo Capital at an issue price of \$0.017 per Share. This amount was offset against the Tembo Capital Loan Facility, thereby repaying the Loan Facility in full (refer below).

- In September 2020, the Company announced a \$0.35 million capital raising to a South African sophisticated and professional investor. The capital raising comprised the issue of 10.5 million Shares at an issue price of \$0.033 per Share (being the AUD equivalent of South African Rand (ZAR) 40 cents per Share).

OKIEP COPPER PROJECT (OCP) ACQUISITION

On 2 August 2021, Orion announced that it has taken another key step in its strategy to become a leading diversified international base metals producer after exercising its exclusive option to acquire a controlling interest in the majority of the properties comprising the Okiep Copper Project (OCP).

Orion and the management and shareholders of each of SAFTA, NCC and BCC (collectively, Target Entities) reached agreement with each other in relation to the manner in which the OCP Option would be restructured when implemented. This restructure principally related to Orion acquiring the assets and claims on loan account from each of the OCP Target Entities, rather than acquiring all of the issued shares in, and claims on loan account against, the Target Entities as had been previously contemplated in the OCP Option Agreement.

New Okiep Mining Co (in relation to SAFTA) and New Okiep Exploration Co (in relation to NCC and BCC) (each a Purchaser and subsidiary of Orion) will acquire all of the assets of SAFTA, NCC and BCC, respectively, comprising principally their respective mineral rights (Mineral Projects), mineral data, rehabilitation guarantees, any specified contracts and any other assets identified by the Purchasers (collectively, the Sale Assets) (Okiep Transaction).

The aggregate purchase consideration payable by the Purchasers to the Target Entities and their shareholders (excluding the IDC) (Selling Shareholders) for the Sale Assets is ZAR76.5 million (~\$7.1 million) (Purchase Consideration), to be settled as to ZAR18.4 million in cash and ZAR58.1 million in Shares (Orion Consideration Shares).

The issue price of the Orion Consideration Shares will be equal to the 30-day volume weighted average price of the Orion Consideration Shares traded on the ASX and the JSE in the period ending on the date that is the earlier of (i) the closing date of the applicable part of Okiep Transaction; and (ii) 30 days after the

date on which the last specified mineral right is granted in respect of the Target Entity that is the subject of that transaction.

In addition to the Purchase Consideration, the Selling Shareholders will be entitled to a conditional deferred payment (Agterskot). The Agterskot will be calculated on the basis of the number of tonnes of Mineral Resources published by Orion in relation to the Mineral Projects in compliance with the JORC Code, estimated with reference to the relevant cut-off grade, less the tonnes of the baseline JORC Code Mineral Resource (as set out in more detail in Orion's ASX/JSE announcement, released on 2 August 2021).

Orion will, within a period of 12 months after the closing date of each Okiep Transaction, incur aggregate exploration expenditure of at least ZAR4.0 million (~\$0.37 million) in exploring the Mineral Projects for each Acquisition Target seeking to satisfy the Mineral Resource requirements on the basis of which the Agterskot will become payable to the shareholders of the Target Entities (excluding the Industrial Development Corporation (IDC)).

O'OKIEP COPPER COMPANY DATABASE – KEY ACQUISITION DETAILS

The aggregate purchase price payable by Orion to the O'Okiep (Okiep) Copper Company Proprietary Limited, O'Okiep Australia Pty Ltd and N7 Transport CC for the mining and exploration data and premises following Orion's exercise of the Data Option (Data Option Purchase Price) is as follows:

- The Purchase Price settlement details:
 - Stage 1 Cash: Payable within five business days following the date the option was exercised (30 July 2021) (Data Option Exercise Date).
 - Stage 1 Shares: Orion has elected to settle the Purchase Price in Shares and under the terms of the agreement, will issue ~4.1 million Shares at an issue price of \$0.034 per Share, within 30 days following the Data Option Exercise Date.

Target Entity	Purchase Price		Total
	Cash	Cash or Shares ¹	
Stage 1:			
Mining and Exploration Data	ZAR3.5 million	ZAR2.5 million	ZAR6.0 million
Premises	ZAR0.5 million	–	ZAR0.5 million
Sub-total	ZAR4.0 million	ZAR2.5 million	ZAR6.5 million
Stage 2:			
Mining and Exploration Data	–	ZAR18.0 million	ZAR18.0 million
Premises	ZAR0.5 million	–	ZAR0.5 million
Sub-total	ZAR0.5 million	ZAR18.0 million	ZAR18.5 million
Total	ZAR4.5 million	ZAR20.5 million	ZAR25.0 million

¹ Orion may at its election, settle the Purchase Price in cash or Shares (refer below).

- Stage 2 Cash: Payable on or before 12 February 2022.
- Stage 2 Shares: Where Orion elects to settle the Purchase Price in Shares, the Shares will be issued on or before 12 February 2022 on the same terms as those Shares issued by Orion in Stage 1, above.
- The Purchase Price payable in respect of the Premises shall be adjusted to account for certain expenses, rates, taxes and levies incurred up to the date of registration of the transfer.

The Data purchase agreement otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary to include in transactions of this nature.

For key terms of the Data Option Purchase price payable by Orion following the exercise of the option to acquire the O'Okiep Copper Company database, refer to Orion's ASX/JSE announcement, released on 15 February 2021.

JACOMYNSPAN PROJECT

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).

The key terms of the Agreement are set out in Orion's 13 July 2020 ASX/JSE release. The Agreement contains a number of suspensive conditions to be fulfilled before the Agreement becomes unconditional, including required regulatory approvals.

Refer to the Regional Exploration (South Africa) Section for further information in relation to the Jacomynspan Project.

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).

In accordance with the terms of the Convertible Loan Facility, Tembo Capital elected to receive repayment of the balance of the Convertible Loan Facility (including capitalised interest and fees) (Outstanding Amount) by the issue of Shares (subject to shareholder and FIRB approvals).

Following the receipt of both shareholder approval and FIRB approval, on 28 June 2021 Orion issued 191.6 million Shares at a deemed issue price of \$0.026 per Share in consideration for repayment of amounts owing to Tembo Capital under the Convertible Loan Facility.

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 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 (Loan Facility).

On 29 October 2020, the Company issued 122.1 million Shares at an issue price of \$0.017 per Share to Tembo Capital, which, under the terms of the Loan Facility, was offset against the Outstanding Amount, resulting in the Loan Facility being repaid in full.

ANGLO AMERICAN SEFA MINING FUND – LOAN

During the reporting period, Orion reached agreement with Anglo American sefa Mining Fund (AASMF) to extend the term of the ZAR14.25 million Loan Facility from 30 April 2021 to 31 October 2021.

In November 2015, PCZM, (a 70%-owned subsidiary of Orion) and AASMF, entered into a ZAR14.25 million loan agreement for the further exploration and development of the Prieska Project (Loan Facility). Under the terms of the Loan Facility, on 1 August 2017, AASMF advanced ZAR14.25 million to PCZM. The key terms of the Loan Facility are:

- Loan amount: ZAR14.25 million (~\$1.32 million);
- Interest: Prime lending rate in South Africa;
- Repayment date: 31 October 2021; and
- Security: 29.17% of the shares held in PCZM by Agama Exploration and Mining (Pty) Ltd (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 Facility.

As at 30 June 2021, the balance of the Loan Facility was ZAR20.36 million (~\$1.89 million) (including capitalised interest).

MOU WITH SOUTH AFRICA'S COUNCIL FOR GEOSCIENCE

During the reporting period, Orion signed a Memorandum of Understanding (MOU) with the Council for Geoscience, Republic of South Africa (CGS) to collaborate on joint initiatives in the Northern Cape Province, aimed at stimulating exploration activity and enhancing regional exploration targeting across this highly prospective region.

Under the MOU, Orion and the CGS will co-operate on matters of common interest, particularly in respect of national priorities, research, geoscientific advice and development.

The parties will benefit by cooperating on joint exploration initiatives and the exchange of information, scientific and technical personnel and research into

CORPORATE (CONTINUED)

subjects of mutual interest. The main purpose is to enable a two-way flow of knowledge, information and collaborative research aimed at stimulating exploration activity and potentially unlocking a new generation of mineral discoveries in the Northern Cape Province.

Under the terms of the MOU, exchange and cooperation is intended to be conducted in the following ways:

- Skills development;
- Capability and capacity augmentation;
- Joint project development and implementation;
- Implementation of high-resolution in-fill surveys;
- Data, information and knowledge sharing;
- Technology development and implementation; and
- Other forms of cooperation as may be mutually agreed upon by both Parties.

The parties intend to enter into formal written agreements on specific cooperative projects, with the scope for cooperation expected to include activities such as:

- Geoscientific professional services and/or advice;
- Geophysical surveys; and
- Projects of mutual benefit, as agreed to by both parties in writing.

Subject to mutual agreement, other areas of cooperation may be identified subject to the resources and capacity of the parties.



ORE RESERVES AND 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 all subsidiaries have been aligned to this annual reporting date.

The 2021 Annual Report covers Orion's eight exploration projects in the Areachap and Okiep areas 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 to ASX releases 8 February 2018 and 9 April 2018) as well as the Jacomynspan Nickel-copper Project (refer to 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 Resource (refer to ASX releases 15 January 2019 and 26 June 2019) and the underground Deep Sulphide Mineral Resource (refer to ASX releases 18 December 2018 and 26 June 2019).

The Prieska Deep Sulphide Ore Reserve was updated in FY2020. In 2021, two maiden Mineral Resources were announced for Orion's Okiep Copper Project covering a number of known copper deposits.

Listings of the respective estimates as they stand at the end of FY2021 are tabulated below for Orion's total interests and for the operational and project divisions. A comparison of the FY2020 and FY2021 estimates are also summarised below on a project-by-project basis. 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 ensure 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 for 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)).

MINERAL RESOURCES

The Mineral Resource Estimate for the Prieska Project is as reported in the 2020 annual report. There are no material changes to the estimate.

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.

ORE RESERVES AND MINERAL RESOURCE STATEMENT (CONTINUED)

Deep Sulphide Mineral Resource for PCZM + Vardocube Tenements (Effective date: 15 December 2018) ¹						
	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	0.9
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.

Combined Prieska Project Mineral Resource for PCZM + Vardocube Tenements (Effective date: 11 January 2019) ²						
Mineral Resource	Classification	Tonnes	Cu (metal tonnes) ²	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

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.

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.

ORE RESERVES

The Ore Reserve that follows is classified and reported in accordance with JORC Code, 2012. The Ore Reserve Estimate for the Prieska Project is as reported in the 2020 annual report. There are no material changes to the estimate.

The Deep Sulphide Probable Ore Reserve¹ 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: 20 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 1 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 (Kt)	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

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

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

$$\text{Therefore Cu Equivalent grade} = \text{Cu grade} + \\ 0.23 \times \text{Zn grade.}$$

Open-pit Cu Equivalent Estimation

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

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

$$\text{Therefore Cu Equivalent grade} = \text{Cu grade} + \\ 0.17 \times \text{Zn grade.}$$

Combined Cu Equivalent Estimation

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

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

$$\text{Therefore Cu Equivalent grade} = \text{Cu grade} + \\ 0.23 \times \text{Zn grade.}$$

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.

ORE RESERVES AND MINERAL RESOURCE STATEMENT (CONTINUED)

Prieska Project Ore Reserves Estimate (Effective Date: 20 April 2020) ³								
Deposit	Ore Reserve classification	Tonnage (Mt)	Cu		Zn		Cu equivalent ²	
			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.

MINERAL RESOURCE AND ORE RESERVE ANNUAL COMPARISON FOR THE PRIESKA PROJECT

PRIESKA PROJECT MINERAL RESOURCE AND ORE RESERVE ANNUAL COMPARISON

Prieska Project		Financial year	July 2019 – June 2020			July 2020 – June 2021			Refer ASX release
Tenement	Mineral Resource		Tonnage (Mt)	Cu (Kt)	Zn (%)	Tonnage (Mt)	Cu (Kt)	Zn (%)	
PCZM and Vardocube	Deep Sulphide	Probable Ore Reserve	14.0	1.0	3.2	No material change		26 May 2020	
		Indicated Mineral Resource	18.5	1.2	3.6	No material change		18 Dec 2019	
		Inferred Mineral Resource	10.2	1.1	4.1	No material change		9 Apr 2018 18 Dec 2018	
	+105m Level	Probable Ore Reserve	0.5	1.5	3.3	No material change		26 Jun 2019	
		Indicated Mineral Resource	0.6	1.5	3.1	No material change		8 Feb 2018 15 Jan 2019	
		Inferred Mineral Resource	1.1	1.4	1.4	No material change		8 Feb 2018 15 Jan 2019	
	MINERAL RESOURCES ARE INCLUSIVE OF ORE RESERVES								
	Totals	Probable Ore Reserve	14.5	1.1	3.2	No material change		26 May 2020	
		Indicated Mineral Resource	19.1	1.2	3.6	No material change		15 Jan 2019	
Inferred Mineral Resource		11.3	1.2	3.8	No material change		8 Feb 2018 15 Jan 2019		

The Mineral Resources are inclusive of Ore Reserves.

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 Proprietary Limited. Mr Duggan (PrSciNat) is registered with the South African Council for Natural Scientific Professionals (Registration No. 400035/01), a 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 Proprietary Limited 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 Limited, which 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 Jacomynspan Prospect in the Namaqua-Disawell 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 to ASX release 8 March 2018). The Mineral Resources for the Jacomynspan Project were previously reported (refer to 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 Proprietary Limited on behalf of the Company and reported in compliance with the JORC Code, 2012⁶.

MINERAL RESOURCE

MINERAL RESOURCE GRADE-TONNAGE TABLE FOR THE JACOMYNSPAN PROJECT AT A 0.40% NI CUT-OFF GRADE

Classification	Cut off %Ni	Volume (m ³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
				Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)
Indicated	0.4	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	0.4	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 MINERAL RESOURCE FOR THE JACOMYNSPAN PROJECT AT VARIOUS NI CUT-OFF GRADES

Cut off %Ni	Volume (m ³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
			Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)
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	0.062	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.

⁶ Mineral Resource for Jacomynspan reported in ASX/JSE release of 8 March 2018: "Modelling confirms targets surrounding Jacomynspan Intrusive" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Mineral Resource: Mr Jeremy Witley. 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 estimates in the original release continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

ORE RESERVES AND MINERAL RESOURCE STATEMENT (CONTINUED)

INFERRED MINERAL RESOURCE FOR THE JACOMYNSPAN PROJECT AT VARIOUS NI CUT-OFF GRADES

Cut off %Ni	Volume (m ³)	Tonnes	Ni		Cu		Co		Pt		Pd		Au	
			Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)	Grade (%)	Metal (tonnes)
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.

MINERAL RESOURCE ANNUAL COMPARISON FOR THE JACOMYNSPAN PROJECT

NAMAQUA-DISAWELL PROJECT MINERAL RESOURCE AND ORE RESERVE ANNUAL COMPARISON

Prieska Project		Financial year		July 2017- June 2018						July 2020- June 2021			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	0.1	No material change			8 Mar 2018
		Inferred Mineral Resource	5.06	0.6	0.4	0.03	0.2	3.8	0.1	No material change			8 Mar 2018

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 Proprietary Limited 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.

NEW OKIEP MINING PROJECT MINERAL RESOURCE

Maiden Mineral Resource Estimates were reported in FY2021 for the New Okiep Mining Project. The Mineral Resource Estimates are classified and reported in terms of the JORC Code, 2012 guidelines. Flat Mine North (FMN), Flat Mine South (FMS) and Flat Mine East (FME) Mineral Resources were released on 10 February 2021; with Jan Coetzee, Flat Mine Nababeep and Nababeep Kloof Mineral Resources announced on 29 March 2021. The estimates are tabulated below with a combined total.



OKIEP PROJECT MAIDEN MINERAL RESOURCE ESTIMATES

Total Mineral Resource Estimate for the Flat Mines Area of the Okiep Project (0.7% Cu cut-off) ⁷ Effective Date: 29 March 2021									
Mine / Prospect	Measured			Indicated			Inferred		
	Mt	% Cu	† Cu	Mt	% Cu	† Cu	Mt	% Cu	† Cu
Flat Mine East	3.166	1.43	45,000	0.80	1.11	8,900	–	–	–
Flat Mine North	0.339	1.27	4,300	0.97	1.50	14,500	–	–	–
Flat Mine South	–	–	–	3.32	1.41	45,600	0.4	0.8	3,000
Flat Mine (Nababeep)	–	–	–	–	–	–	1.0	1.4	15,000
Jan Coetzee Mine	–	–	–	–	–	–	1.0	1.4	14,000
Nababeep Kloof Mine	–	–	–	–	–	–	0.5	1.2	6,000
Total	3.505	1.41	49,300	5.00	1.38	69,000	3.0	1.3	38,000

COMPETENT PERSON'S STATEMENT – NEW OKIEP MINING PROJECT

The information in this report that relates to Orion's Mineral Resource for Jan Coetzee, Flat Mine Nababeep and Nababeep Kloof mines at the Okiep Copper Project complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Dr Deon Vermaak. Dr Vermaak (Pri.Sci.Nat.) is registered with the South African Council for Natural Scientific Professionals (Registration No. 400020/00), a ROPO for JORC purposes. Dr Vermaak 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. Dr Vermaak consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Orion's Mineral Resource for FMN, FMS and FME complies with the latest Edition of the JORC Code and has been compiled and assessed under the supervision of Dr Dion Brandt, Concession Creek Consulting CC. Dr Brandt (Pri.Sci.Nat.) is registered with the South African Council for Natural Scientific Professionals (Registration No. 400024/12), a ROPO for JORC purposes. Dr Brandt 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. Dr Brandt consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

⁷ Mineral Resource for Nababeep, Jan Coetzee and Nababeep Kloof mines reported in ASX/JSE release of 29 March 2021: "Additional Mineral Resource Estimate for the Okiep Copper Prospect, Flat Mines" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Mineral Resource: Dr Deon Vermaak. 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 estimates in the original release continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Mineral Resource for FMN, FMS and FME reported in ASX/JSE release of 10 February 2021: "Orion reports maiden JORC Mineral Resource for the Okiep Copper Complex, Flat Mines" available to the public on <http://www.orionminerals.com.au/investors/asx-jse-announcements/>. Competent Person Mineral Resource: Dr Dion Brandt. 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 estimates in the original release continue to apply and have not materially changed. Orion confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.



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FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2021.

BOARD OF DIRECTORS

Director	Designation	Qualifications, experience and expertise	Directorships of other listed companies	Other roles held during the year
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
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 28 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 South Africa.	None	Chief Executive Officer Member of the Audit Committee
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
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.	AECL limited Econet Wireless Zimbabwe Limited	Chairman of the Audit Committee
Alexander Haller Appointed 27 February 2009	Non-executive Director	BSc Economics Mr Haller is a principal of Zachary Asset Holdings. Previously, Mr Haller worked in the corporate finance division at JPMorgan Chase, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets.	None	Member of the Audit Committee
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
Martin Bouwmeester Company Secretary (Appointed 1 April 2016)	Bachelor Business (Accounting) (La Trobe University) FCPA (Aust.) Mr Bouwmeester is highly experienced in exploration, mine development and operations and was Chief Financial Officer, Company Secretary and Business Development Manager of Perseverance Corporation Limited. Martin 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. Martin 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 \$2.64M (2020: \$18.65M) after tax for the year. The result is driven primarily by a \$5.92M unrealised foreign exchange gain, exploration expenditure incurred of \$3.88M which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed, finance income of \$2.47M principally related to interest receivable on the Company's investment in preference shares, issued to the Company (through its subsidiary Agama Exploration & Mining (Pty) Ltd (**Agama**)) by Prieska Resources Pty (Ltd) (**Prieska Resources**), to partially fund the acquisition by Prieska Resources of a 20% interest in the Company's subsidiary, Prieska Copper Zinc Mine (Pty) Ltd and finance expenses of \$0.84M, principally related to interest on loans.

Net cash used in operating activities and investing activities totalled \$11.02M (2020: \$13.83M) and included payments for exploration and evaluation of \$6.76M (2020: \$9.58M). 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 \$30.16M (2020: \$14.02M) and included proceeds from the issue of ordinary shares of \$34.02M (2020: \$12.80M).

Cash on hand at the end of the year was \$20.55M (2020: \$1.22M).

The basic loss per share for the Group for the year was 0.05 cents and diluted loss per share for the Group for the year was 0.05 cents (2020: loss per share 0.66 cents and diluted loss per share 0.66 cents). No dividend has been paid during or is recommended for the financial year ended 30 June 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

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).

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 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 certain measures in 2020, continuing into 2021, which included 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. Work sites were streamlined, satellite offices closed and secured, and as necessary, staff and contractors sent home until further advised;
- As operations resumed, during the course of the reporting period, strict reporting and authorisation measures were maintained. To aid the Company in keeping abreast of changes, including regulatory mandates, and monitoring activities at project sites, a human resources team was established;
- The introduction of a mobile application-based employee wellness program, during the calendar year, improves the support available to the Group workforce and ability to manage the various precautionary protocols and psychological effects of the pandemic. Adoption of the wellness app is in line with the Company's aim to make use of available technology to improve safety and efficiency in the workplace; and
- Monitoring and use of published guidelines from the Minerals Council 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 World Health Organisation and the National Institute for Communicable Diseases in South Africa.

The Company continues 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 South Africa.

The Company maintains the view that it is not possible to adequately estimate the effect this ongoing 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 the matter referred to below:

- On 2 August 2021, the Company announced that it had taken another key step in its strategy to become a leading diversified international base metals producer after exercising its exclusive option to acquire a controlling interest in the majority of the properties comprising the Okiep Copper Project (OCP), located approximately 570km north of Cape Town in the Northern Cape Province of South Africa. In parallel, the Company also exercised its option to acquire the database owned by the O'Okiep Copper Company (and its affiliates), including all historical mining and exploration records for the OCP covering more than 60 years of production history.

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
Denis Waddell	35	35	2	2
Errol Smart	35	35	2	2
Thomas Borman	35	35	---	---
Godfrey Gomwe	35	35	2	2
Alexander Haller	35	35	2	2
Mark Palmer	35	35	---	---

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
Denis Waddell	115,714,746	24,000,000
Errol Smart	21,869,415	60,000,000
Thomas Borman	58,555,555	3,000,000
Godfrey Gomwe	1,000,000	3,000,000
Alexander Haller (i)	108,735,320	3,000,000
Mark Palmer	---	---

(i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 106,321,961 ordinary shares, Mr Haller 2,412,039 ordinary shares and Pershing Securities 1,320 ordinary shares.

SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted 48,000,000 options for no consideration over unissued ordinary shares in the Company to key management personnel as part of their remuneration.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

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
31 May 2022	\$0.03	11,100,000
31 May 2022	\$0.045	11,600,000
31 May 2022	\$0.06	11,600,000
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	26,833,333
31 March 2025	\$0.035	26,833,333
31 March 2025	\$0.04	26,833,334
Total		232,000,000

Shares issued to directors on exercise of options

There were 4,000,000 options exercised during the financial year by a director of the Company. There has been no options exercised by any director since the end of the financial year.

REMUNERATION REPORT - AUDITED

The Remuneration Report sets out remuneration information for Orion Minerals Ltd for the year ended 30 June 2021. 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
Denis Waddell	Chairman – Non-Executive	Chairman
Errol Smart	Director – Executive	Managing Director & Chief Executive Officer
Thomas Borman	Director – Non-Executive	Director
Godfrey Gomwe	Director – Non-Executive	Director
Alexander Haller	Director – Non-Executive	Director
Mark Palmer	Director – Non-Executive	Director
Walter Shamu	---	Chief Operating Officer
Martin Bouwmeester	---	Chief Financial Officer & Company Secretary
Louw van Schalkwyk	---	Executive: Exploration (South Africa)
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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

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.

The total level of remuneration for the financial year for all non-executive directors of \$294,060 (\$195,832 excluding share-based payments of \$98,228) 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.

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Net loss attributable to equity holders of the Company	\$ (2,643)	\$ (18,651)	\$ (10,750)	\$ (8,833)	\$ (7,930)
Dividends paid	---	---	---	---	---
Actual share price	\$0.034	\$0.015	\$0.031	\$0.04	\$0.025
Directors and KMP remuneration	\$2,935	\$2,613	\$2,533	\$1,835	\$1,151

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

Unlisted options were granted during the year ended 30 June 2021 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 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.

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.

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 2020 Annual General Meeting

The 30 June 2020 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 98% in favour.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

Directors and Executive Officers' Remuneration – 2021

Remuneration	Short term benefits (vii)			Post-employment benefit	Long-term benefits	Share-based payments (viii)		Total remuneration	% of remuneration in options
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity settled shares	Equity settled options		
2021	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors									
Errol Smart (i)	311,267	70,875	70,875	---	---	---	242,015	695,032	35
Non-executive Directors									
Denis Waddell (ii)	274,576	---	---	5,424	---	---	76,616	356,616	21
Thomas Borman	33,333	---	---	---	---	---	7,204	40,537	18
Godfrey Gomwe	33,333	---	---	---	---	---	7,204	40,537	18
Alexander Haller	33,333	---	---	---	---	---	7,204	40,537	18
Mark Palmer	33,333	---	---	---	---	---	---	33,333	---
Other Key Management Personnel									
Walter Shamu (iii)	288,856	67,688	67,688	---	---	---	43,678	467,910	9
Martin Bouwmeester (iv)	235,000	56,400	61,487	---	---	---	54,072	406,959	13
Louw van Schalkwyk (v)	264,375	63,788	63,788	---	---	---	30,407	422,358	7
Michelle Jenkins (vi)	274,167	63,450	63,450	---	---	---	30,407	431,474	7
Total	1,781,573	322,201	327,288	5,424	---	---	498,807	2,935,293	17

(i) Mr Smart also holds Directorship positions within Group subsidiary companies.

(ii) Mr Waddell's fixed component of remuneration is \$75,000 per annum, received \$62,500 for reporting period. During the financial year, in addition to director fees, Mr Waddell received additional amounts for consulting services provided to the Company, amount \$217,500 (refer to Note 23 for related party disclosure).

(iii) Mr Shamu holds the position of Chief Operating Officer and is also a Director of certain Group subsidiary companies.

(iv) Mr Bouwmeester holds the position of Chief Financial Officer and Company Secretary.

(v) Mr van Schalkwyk holds the position of Executive: Exploration (South Africa).

(vi) Ms Jenkins holds the position of Executive: Finance & Administration (South Africa) and is also a Director of certain Group subsidiary companies.

(vii) Short Term Incentives (STI) were achieved during the reporting period. Executives who received STIs were awarded up to 50% of their base remuneration, payable as 50% in cash and 50% via fully paid ordinary shares in Orion. The Shares were issued in March 2021 and April 2021 (Mr Smart, following receipt of shareholder approval). Key performance indicators (KPI) established for each executive are periodically reviewed by the Board, to ensure they are in line with current operations of the Company. For the STIs awarded, executives reached average of 94% of their KPIs. Future reporting period STIs may be awarded to a maximum of 50% of executive base remuneration.

(viii) Share based payments represent the fair values of options estimated at the date of grant using both the Hull-White and Black Scholes option pricing models. These amounts are not paid in cash.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

Directors and Executive Officers' Remuneration – 2020

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

(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 Executives 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.

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 (2020: 174,000,000 unissued ordinary shares under option).

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

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 FY2021 ⁽ⁱ⁾	Grant date	Fair value per option at grant date	Exercise price per option ⁽ⁱⁱ⁾	Expiry date	Number of options vested during FY2021
Directors						
		14 June 2019	\$0.02	\$0.06	30 April 2024	4,000,000
Denis Waddell	12,000,000	20 November 2020	\$0.02	\$0.028 \$0.035 \$0.04	31 March 2025	8,000,000
		14 June 2019	\$0.02	\$0.06	30 April 2024	10,000,000
Errol Smart	30,000,000	29 September 2020	\$0.02	\$0.028 \$0.035 \$0.04	31 March 2025	20,000,000
Alexander Haller	---	14 June 2019	\$0.02	\$0.06	30 April 2024	1,000,000
Thomas Borman	---	14 June 2019	\$0.02	\$0.06	30 April 2024	1,000,000
Godfrey Gomwe	---	14 June 2019	\$0.02	\$0.06	30 April 2024	1,000,000
Other Key Management Personnel						
	---	21 September 2018	\$0.02	\$0.07	31 March 2023	1,000,000
Walter Shamu	---	29 April 2019	\$0.02	\$0.06	30 April 2024	2,500,000
	---	26 March 2020	\$0.01	\$0.035	31 March 2025	2,500,000
	---	29 April 2019	\$0.02	\$0.06	30 April 2024	2,000,000
Martin Bouwmeester	---	26 March 2020	\$0.01	\$0.035	31 March 2025	2,000,000
	6,000,000	24 November 2020	\$0.02	\$0.028 \$0.035 \$0.04	31 March 2025	4,000,000
Louw van Schalkwyk	---	29 April 2019	\$0.02	\$0.06	30 April 2024	2,000,000
	---	26 March 2020	\$0.01	\$0.035	31 March 2025	2,000,000
Michelle Jenkins	---	29 April 2019	\$0.02	\$0.06	30 April 2024	2,000,000
	---	26 March 2020	\$0.01	\$0.035	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	Grant Date	% vested in current year	% lapsed in current year (i)	Date grant vests (ii)
Directors					
Denis Waddell	4,000,000	26 November 2015	---	100%	30 November 2015
	4,000,000	26 November 2015	---	100%	30 November 2016
	4,000,000	26 November 2015	---	100%	30 November 2017
	4,000,000	14 June 2019	---	---	14 June 2019
	4,000,000	14 June 2019	---	---	30 April 2020
	4,000,000	14 June 2019	100%	---	30 April 2021
	4,000,000	1 December 2020	100%	---	1 December 2020
	4,000,000	1 December 2020	100%	---	31 March 2021
	4,000,000	1 December 2020	---	---	31 March 2022
Errol Smart	10,000,000	26 November 2015	---	100%	30 November 2015
	10,000,000	26 November 2015	---	100%	30 November 2016
	10,000,000	26 November 2015	---	100%	30 November 2017
	10,000,000	14 June 2019	---	---	14 June 2019
	10,000,000	14 June 2019	---	---	30 April 2020
	10,000,000	14 June 2019	100%	---	30 April 2021
	10,000,000	30 September 2020	100%	---	30 September 2020
	10,000,000	30 September 2020	100%	---	31 March 2021
	10,000,000	30 September 2020	---	---	31 March 2022
Alexander Haller	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	---	---	30 April 2020
	1,000,000	14 June 2019	100%	---	30 April 2021
Thomas Borman	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	---	---	30 April 2020
	1,000,000	14 June 2019	100%	---	30 April 2021
Godfrey Gomwe	1,000,000	14 June 2019	---	---	14 June 2019
	1,000,000	14 June 2019	---	---	30 April 2020
	1,000,000	14 June 2019	100%	---	30 April 2021
Other Key Management Personnel					
Walter 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	---	---	31 May 2020
	1,000,000	21 Sept 2018	---	---	31 Mar 2019
	1,000,000	21 Sept 2018	---	---	31 Mar 2020
	1,000,000	21 Sept 2018	100%	---	31 Mar 2021
	2,500,000	29 April 2019	---	---	30 April 2019
	2,500,000	29 April 2019	---	---	30 April 2020
	2,500,000	29 April 2019	100%	---	30 April 2021
	2,500,000	26 March 2020	---	---	31 March 2020
	2,500,000	26 March 2020	100%	---	31 March 2021
	2,500,000	26 March 2020	---	---	31 March 2022

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

	Number	Grant Date	% vested in current year	% lapsed in current year (i)	Date grant vests (ii)
Martin Bouwmeester	2,000,000	26 November 2015	---%	100%	30 November 2015
	2,000,000	26 November 2015	---%	100%	30 November 2016
	2,000,000	26 November 2015	---%	100%	30 November 2017
	2,000,000	29 April 2019	---%	---%	30 April 2019
	2,000,000	29 April 2019	---%	---%	30 April 2020
	2,000,000	29 April 2019	100%	---%	30 April 2021
	2,000,000	26 March 2020	---%	---%	31 March 2020
	2,000,000	26 March 2020	100%	---%	31 March 2021
	2,000,000	26 March 2020	---%	---%	31 March 2022
	2,000,000	1 December 2020	100%	---%	1 December 2020
	2,000,000	1 December 2020	100%	---%	31 March 2021
	2,000,000	1 December 2020	---%	---%	31 March 2022
Louw 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	---%	---%	31 May 2020
	2,000,000	29 April 2019	---%	---%	30 April 2019
	2,000,000	29 April 2019	---%	---%	30 April 2020
	2,000,000	29 April 2019	100%	---%	30 April 2021
	2,000,000	26 March 2020	---%	---%	31 March 2020
	2,000,000	26 March 2020	100%	---%	31 March 2021
	2,000,000	26 March 2020	---%	---%	31 March 2022
Michelle 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	---%	---%	31 May 2020
	2,000,000	29 April 2019	---%	---%	30 April 2019
	2,000,000	29 April 2019	---%	---%	30 April 2020
	2,000,000	29 April 2019	100%	---%	30 April 2021
	2,000,000	26 March 2020	---%	---%	31 March 2020
	2,000,000	26 March 2020	100%	---%	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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

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 \$
Denis Waddell	213,933	46,528	79,228
Errol Smart (i)	585,208	---	198,070
Alexander Haller	---	---	---
Mark Palmer	---	---	---
Thomas Borman	---	---	---
Godfrey Gomwe	---	---	---
Walter Shamu	---	---	---
Martin Bouwmeester	106,887	23,264	39,614
Louw van Schalkwyk	---	---	---
Michelle Jenkins	---	---	---

- (i) Mr Smart held 10,000,000 options which were sold and subsequently exercised by the purchasing party during the reporting period. These options have been excluded from this table, are reflected in the movement of 30,000,000 options in the table below.

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-20	Granted as remuneration	Options exercised	Expired	Balance at end of period 30-June-21	Not vested and not exercisable	Vested and exercisable
Directors							
Denis Waddell	24,000,000	12,000,000	(4,000,000)	(8,000,000)	24,000,000	4,000,000	20,000,000
Errol Smart	60,000,000	30,000,000	---	(30,000,000)	60,000,000	10,000,000	50,000,000
Alexander Haller	3,000,000	---	---	---	3,000,000	---	3,000,000
Mark Palmer	---	---	---	---	---	---	---
Thomas Borman	3,000,000	---	---	---	3,000,000	---	3,000,000
Godfrey Gomwe	3,000,000	---	---	---	3,000,000	---	3,000,000
Other Key Management Personnel							
Walter Shamu	24,000,000	---	---	---	24,000,000	2,500,000	21,500,000
Martin Bouwmeester	18,000,000	6,000,000	(2,000,000)	(4,000,000)	18,000,000	4,000,000	14,000,000
Louw van Schalkwyk	18,000,000	---	---	---	18,000,000	2,000,000	16,000,000
Michelle Jenkins	18,000,000	---	---	---	18,000,000	2,000,000	16,000,000
Total	171,000,000	48,000,000	(6,000,000)	(42,000,000)	171,000,000	24,500,000	146,500,000

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

	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							
Denis Waddell	24,000,000	---	---	---	24,000,000	4,000,000	20,000,000
Errol Smart	60,000,000	---	---	---	60,000,000	10,000,000	50,000,000
Alexander Haller	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Mark Palmer	---	---	---	---	---	---	---
Thomas Borman	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Godfrey Gomwe	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Other Key Management Personnel							
Walter Shamu	16,500,000	7,500,000	---	---	24,000,000	8,500,000	15,500,000
Martin Bouwmeester	12,000,000	6,000,000	---	---	18,000,000	6,000,000	12,000,000
Louw van Schalkwyk	12,000,000	6,000,000	---	---	18,000,000	6,000,000	12,000,000
Michelle 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

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 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 (refer Note 23).

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-20	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-21
Directors						
Denis Waddell	111,714,746	---	4,000,000	---	---	115,714,746
Errol Smart	19,900,666	1,968,749	---	---	---	21,869,415
Alexander Haller (i)	78,735,320	---	---	(10,000,000)	40,000,000	108,735,320
Mark Palmer	---	---	---	---	---	---
Thomas Borman	3,000,000	55,555,555	---	---	---	58,555,555
Godfrey Gomwe	---	1,000,000	---	---	---	1,000,000
Other Key Management Personnel						
Walter Shamu (ii)	2,083,333	5,082,738	---	---	---	7,166,071
Martin Bouwmeester	5,566,871	1,566,666	2,000,000	(296,825)	---	8,836,712
Louw van Schalkwyk	---	1,771,875	---	---	---	1,771,875
Michelle Jenkins (ii)	2,916,287	5,082,738	---	---	---	7,999,025
Total	223,917,223	72,028,321	6,000,000	(10,296,825)	40,000,000	331,648,719

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (continued)

- (i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 106,321,961 shares and Pershing Securities 1,320 shares. Silja Investment Ltd undertook a restructure resulting in acquiring 40,000,000 shares in off-market transactions from a number of family members. Mr Haller personally holds interests of 2,412,039 shares.
- (ii) Mr Shamu and Ms Jenkins hold relevant interests as follows: WMP Mining Services Inc 7,166,071 shares (held equally) and Ms Jenkins holds additional interests of 832,954 shares.

	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						
Denis Waddell	111,714,746	---	---	---	---	111,714,746
Errol Smart	19,900,666	---	---	---	---	19,900,666
Alexander Haller (i)	69,119,937	9,615,383	---	---	---	78,735,320
Mark Palmer	---	---	---	---	---	---
Thomas Borman	3,000,000	---	---	---	---	3,000,000
Godfrey Gomwe	---	---	---	---	---	---
Other Key Management Personnel						
Walter Shamu (ii)	2,083,333	---	---	---	---	2,083,333
Martin Bouwmeester	4,867,360	1,200,000	---	(500,489)	---	5,566,871
Louw van Schalkwyk	---	---	---	---	---	---
Michelle 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 832,854 shares.

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

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 (2020: \$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.

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 2021.

BDO Corporate Finance (Pty) Ltd has not performed other non-audit professional services for the Group in relation to South African entities during the year ended 30 June 2021.

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 24 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

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

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.

GROUP AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 73 and forms part of the Directors' Report for the financial year ended 30 June 2021.

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 2021



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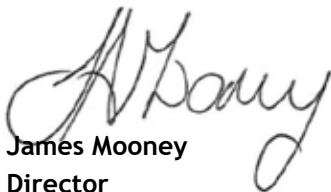
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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ORION MINERALS LIMITED

As lead auditor of Orion Minerals Limited for the year ended 30 June 2021, 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 Limited and the entities it controlled during the period.


James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 22 September 2021

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

CONTINUING OPERATIONS	Notes	2021 \$'000	2020 \$'000
Other income	3	46	70
Exploration and evaluation costs expensed	11	(3,883)	(2,169)
Employee expenses		(1,989)	(1,230)
Other operational expenses	3	(3,568)	(4,651)
Results from operating activities		(9,394)	(7,980)
Non-operating income / (expenses)	3	5,122	(11,258)
Finance income		2,468	1,893
Finance expense		(839)	(1,293)
Net finance expenses		1,629	600
Loss before income tax		(2,643)	(18,638)
Income tax (expense)/benefit	17	---	(13)
Loss from continuing operations attributable to equity holders of the Group		(2,643)	(18,651)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income			
Foreign currency reserve		(393)	433
Total Other comprehensive income for the year		(393)	433
Total comprehensive loss for the year		(3,036)	(18,218)
Loss for the year is attributed to:			
Non-controlling interest	22	(885)	(1,096)
Owners of Orion Minerals Ltd		(1,758)	(17,555)
		(2,643)	(18,651)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	22	(885)	(1,096)
Owners of Orion Minerals Ltd		(2,151)	(17,122)
		(3,036)	(18,218)
LOSS PER SHARE (CENTS PER SHARE)			
Basic loss per share	18	(0.05)	(0.66)
Diluted loss per share	18	(0.05)	(0.66)
Headline loss per share	18	(0.05)	(0.66)
Diluted headline loss per share	18	(0.05)	(0.66)

The notes on pages 78 to 111 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

ASSETS	Notes	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	4	20,553	1,222
Trade and other receivables	5	368	169
Rehabilitation bonds	6	349	---
Prepayments		84	73
Total current assets		21,354	1,464
Non-current assets			
Trade and other receivables	5	93	93
Rehabilitation bonds	6	2,359	2,352
Right of use asset	7	2,018	16
Loans to related parties	8	4,227	3,333
Investment in preference shares	9	22,648	18,262
Plant and equipment	10	103	57
Deferred exploration, evaluation and development	11	45,158	40,253
Total non-current assets		76,606	64,366
Total assets		97,960	65,830
LIABILITIES	Notes	2021 \$'000	2020 \$'000
Current liabilities			
Trade and other payables	12	963	958
Provisions	13	177	145
Loans	14	1,888	8,194
Leases		---	17
Total current liabilities		3,028	9,314
Non-current liabilities			
Provisions	13	1,823	1,684
Leases	7	2,106	---
Total non-current liabilities		3,929	1,684
Total liabilities		6,957	10,998
NET ASSETS		91,003	54,832
EQUITY	Notes	2021 \$'000	2020 \$'000
Equity attributable to equity holders of the Company			
Issued capital	15	184,999	146,648
Accumulated losses		(113,924)	(112,727)
Share based payments reserve	15	3,919	3,384
Foreign currency translation reserve		(270)	123
Other reserve	16	19,956	19,956
Non-controlling interest - subsidiaries	22	(3,677)	(2,552)
Total equity		91,003	54,832

The notes on pages 78 to 111 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Payment for exploration and evaluation		(4,973)	(4,191)
Payments to suppliers and employees		(4,291)	(3,961)
Interest received		67	40
Interest paid		(235)	(383)
Income taxes paid		---	(13)
Other receipts		306	228
Net cash used in operating activities	4	(9,126)	(8,280)
Cash flows from investing activities			
Purchase of plant and equipment		(74)	(3)
Payments for exploration and evaluation		(1,788)	(5,616)
Term deposit funds (invested)/released		(35)	68
Proceeds from sale of property, plant and equipment		5	---
Net cash used in investing activities		(1,892)	(5,551)
Cash flows from financing activities			
Proceeds from issue of shares		34,015	12,800
Share issue expenses		(1,230)	(324)
Borrowings provided to joint venture operations		(611)	(296)
Payment of lease liabilities		(18)	(160)
(Repayment)/proceeds from borrowings		(2,000)	2,000
Net cash from financing activities		30,156	14,020
Net increase in cash and cash equivalents		19,138	189
Cash and cash equivalents at the beginning of the financial year		1,222	1,395
Effects of exchange rate on cash at end of financial year		193	(362)
CASH ON HAND AND AT BANK AT END OF YEAR	4	20,553	1,222

The notes on pages 78 to 111 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

30 June 2021								
	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 2020	146,648	(112,727)	(2,552)	123	19,956	---	3,384	54,832
Loss for the period	---	(1,758)	(885)	---	---	---	---	(2,644)
Other comprehensive loss	---	---	---	(393)	---	---	---	(393)
Total comprehensive loss for the period	---	(1,758)	(885)	(393)	---	---	---	(3,036)
Transactions with owners in their capacity as owners:								
Contributions of equity, net costs	38,351	---	---	---	---	---	---	38,351
Convertible notes reserve	---	---	---	---	---	---	---	---
Transfer of share options expired	---	562	---	---	---	---	(562)	---
Share-based payments expense	---	---	---	---	---	---	1,096	1,096
Transactions between owners	---	---	(240)	---	---	---	---	(240)
Total transactions with owners	38,351	562	(240)	---	---	---	534	39,207
Balance at 30 June 2021	184,999	(113,924)	(3,677)	(270)	19,956	---	3,919	91,003

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

The notes on pages 78 to 111 are an integral part of these consolidated financial statements.

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 2021 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 2021.

(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 \$2.64M for the year ended 30 June 2021 and the Group's position as at 30 June 2021 was as follows:

- The Group had cash reserves of \$20.55M and had negative operating cash flows of \$9.13M for the year ended 30 June 2021;
- The Group had positive working capital at 30 June 2021 of \$18.33M; 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 2021 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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:

- Based on the updated high-margin bankable feasibility study (**BFS**) released May 2020, with an initial 12 year Foundation Phase (refer ASX release 26 May 2020), the positive results delivered by the value engineering and optimisation works undertaken since the completion of the BFS, the commencement of a partnering process which contemplates the introduction of a strategic project-level equity partner/ investor in the Prieska Copper-Zinc Project (**Prieska Project**); 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-Zinc 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 late 2021 / early 2022.

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 2021 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

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

(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 2021 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 Group 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 Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Group 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 Group'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.

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 Group 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 Group's share of the net assets of the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 Group 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 both the Hull-White and Black Scholes models. Further details are given in Note 27.

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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Group: 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.

(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 Statement of Cash Flows 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 7 – Leases
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances
- Note 11 - 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.
- Note 13 - 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 15 - 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 the Hull-White model (from 1 July 2020) and Black Scholes model (prior to 1 July 2020), 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.
- Note 19 – Incremental Borrowing Rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 behaviour), 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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Right of Use Assets:

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) Lease Liabilities:

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(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.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 REVENUES AND EXPENSES

Other income	2021 \$'000	2020 \$000
Services rendered to associate companies	46	70
Total other income	46	70
Other operational expenses	2021 \$'000	2020 \$'000
Contractor, consultants and advisory	2,463	3,013
Investor and public relations	240	559
Communications and information technology	107	125
Depreciation	95	176
Loss on disposal of plant and equipment	2	41
Occupancy	59	80
Travel and accommodation	76	60
Directors' fees and employment	411	429
Other corporate and administrative	115	168
Total other operational expenses	3,568	4,651
Non-operating income and expenses	2021 \$'000	2020 \$'000
Net foreign exchange (gain)/loss	(5,917)	9,957
Government grants	(61)	---
Profit on sale of portion of subsidiary	---	(11)
Liquidation of subsidiary	(240)	---
Share based payments	1,096	1,312
Total non-operating expenses	(5,122)	11,258

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FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

4 CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash and cash equivalents	16,754	1,221
Short term deposits	3,799	1
	20,553	1,222
Reconciliation	2021 \$'000	2020 \$'000
Net loss	(2,643)	(18,651)
<i>Adjustment for:</i>		
Depreciation	95	176
Loss on disposal of property, plant & equipment	2	41
Profit on sale of portion of subsidiary	---	(11)
Share base payments expense	1,096	1,312
Share issue costs	---	157
Liquidation of subsidiary	(240)	---
Okiep acquisition consideration	84	---
Short term incentives – share issued	503	---
Other items written off	(1)	---
(Gain)/loss on foreign exchange	(5,917)	9,956
Finance income	(2,468)	(1,893)
Finance expense	839	1,293
Interest received	67	40
Interest paid	(235)	(383)
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other payables	(116)	(89)
Decrease/(increase) other current assets	(222)	178
(Decrease)/increase in provisions	30	(406)
Net cash used in operating activities	(9,126)	(8,280)

To give a clear view on the non-cash items eliminated as part of this reconciliation, the actual items eliminated are shown as separate lines and therefore, only movement in working capital is taken into account. Comparative values in the Cash and Cash Equivalents note have been reclassified as follows:

	June 2020 (reclassified) \$'000	June 2020 \$'000
Share issue costs	157	---
Finance income	(1,893)	---
Finance expense	1,293	---
Interest received	40	---
Interest paid	(383)	---
Decrease in other current assets	178	292
Increase in other non-current assets	---	(1,385)
Increase in provisions	(407)	(705)
Decrease in trade and other payables	(89)	(1,041)
Decrease in non-current liabilities	---	(2,512)
Increase in current liabilities	---	4,247
Total	(1,104)	(1,104)

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Current receivables:		
Security deposits (a)	20	23
Taxes receivable	304	138
Other receivables	44	8
	368	169
Non-current receivables:		
Security deposits (a)	3	3
Deposits	90	90
	93	93

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.

6 REHABILITATION BONDS

	2021 \$'000	2020 \$'000
Current		
Rehabilitation bonds	349	---
Non-current		
Rehabilitation bonds	2,359	2,352
Total	2,708	2,352

Rehabilitation 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 13).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

7 LEASES AND RIGHT OF USE ASSET

	2021 \$'000	2020 \$'000
Right of use asset - Vehicles		
Opening cost	53	---
Accumulated depreciation	(40)	---
Opening carrying amount	13	---
Additions	---	128
Disposals and write offs	---	(23)
Effect of movement in exchange rate	---	12
Depreciation expense for the year	(13)	(104)
Closing carrying amount	---	13

	2021 \$'000	2020 \$'000
Right of use asset – Land and Buildings		
Opening cost	37	---
Accumulated depreciation	(34)	---
Opening carrying amount	3	---
Additions (a)	2,077	37
Effect of movement in exchange rate	(3)	5
Depreciation expense for the year	(59)	(39)
Closing carrying amount	2,018	3

(a) Request Trust lease

On 15 October 2020, the Company's subsidiary, Prieska Copper Zinc Mine (Pty) Ltd (**PCZM**) agreed with Request Trust to amend and extend the lease agreement entered into between the parties, relating to properties owned by the Request Trust and located within PCZM (and/or any other company in the Orion Group) mining rights, in South Africa's Northern Cape Province.

The lease agreement's term is for the duration of the mining rights held by PCZM (and/or any other company in the Orion Group) in respect of the properties, or until PCZM terminates its activities on the properties, whichever comes first. The lease agreement has been determined to terminate on the same date as the mining right, being December 2043.

Under the terms of the lease agreement, payments will increase by 7% annually and future cash payments relating to the lease liability are shown in Note 19.

The Group has recognised a lease liability and right of use asset, in accordance with IFRS 16 Leases, for ZAR22.40M (~\$2.08M), being the present value of unavoidable future lease payments payable under the terms of the lease agreement, using the prime interest rate in South Africa (currently 7%).

Depreciation for the right of use asset of ZAR638k (~\$59k) and interest on the lease liability of ZAR982k (~\$85.62k) is included in the Consolidated Statement of Profit or Loss.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8 LOANS TO RELATED PARTIES

	2021 \$'000	2020 \$'000
Non-current		
Loan to Prieska Resources – principal	1,418	1,288
Loan to Prieska Resources – interest receivable	---	81
Loan to joint venture partners	2,809	1,964
Total	4,227	3,333

Prieska Resources

The Black Economic Empowerment (**BEE**) restructure implemented in September 2019 involved the acquisition by Prieska Resources Pty (Ltd) (**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 (refer Note 9).

A secured loan (repayable 12 months from closing date of securing Prieska Project financing) of ZAR15.29M 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 the Company to Prieska Resources, in exchange for which PCZM issues ordinary shares to Prieska Resources.

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**), 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 \$0.64M (excludes effect of foreign exchange rate movement on balance). 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 (prior reporting period), which will see its shareholding increase by a further 25% interest (making its total interest 50% (Orion 37%)).

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 Project held by the Namaqua Disawell Companies (**Agreement**). The key terms of the Agreement are set out in Orion's 13 July 2020 ASX release. The majority of the suspensive conditions set out in the Agreement have been fulfilled with two suspensive conditions remaining unfulfilled. Under the terms of the Agreement, the Company has extended the final completion deadline date to 27 February 2022, to enable the final suspensive conditions to be fulfilled.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 INVESTMENT – PREFERENCE SHARES

	2021 \$'000	2020 \$'000
Non-current		
Prieska Resources preference shares – principal	18,545	16,850
Prieska Resources preference shares – interest receivable	4,103	1,412
Total	22,648	18,262

To fund the acquisition by Prieska Resources of a 20% interest in the Company's subsidiary, PCZM, the Company has provided vendor financing comprised of two components, being a loan (refer Note 8) and preference shares. The preference shares issued by Prieska Resources to the Company (through its subsidiary Agama Exploration & Mining (Pty) Ltd (**Agama**)) have the following key 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 the Company (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.

The movement year on year in relation to principal amount is related to impact of foreign exchange rate movement and not additional amounts classified as principal through the issue of additional preference shares.

10 PLANT AND EQUIPMENT

	2021 \$'000	2020 \$'000
Opening balance – 1 July		
Cost	401	425
Accumulated depreciation	(344)	(330)
Opening written down value	57	95
<u>Movement</u>		
Additions	74	3
Disposals or write offs	(7)	(1)
Effect of movement in exchange rate	2	(7)
Depreciation expense for the year	(23)	(33)
Written down value at 30 June	103	57
Closing balance – 30 June		
Cost	475	401
Accumulated depreciation	(372)	(344)
Total at 30 June	103	57

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2021 \$'000	2020 \$'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	26,092	26,830
Effect of foreign exchange on opening balance	2,949	(5,005)
Expenditure incurred	5,839	6,436
Exploration expensed	(3,883)	(2,169)
Deferred exploration and evaluation expenditure	30,997	26,092
Net carrying amount at 30 June	45,158	40,253

To give a clear view on true expenditure for exploration and evaluation, the presentation of the effect of foreign exchange rate movement has been reclassified. Comparative values in the Deferred Exploration, Evaluation and Development note have been reclassified as follows:

	June 2020 (reclassified) \$'000	June 2020 \$'000
Expenditure incurred	6,436	7,473
Effect of foreign exchange movement	(5,005)	(6,042)
Total	1,431	1,431

12 TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Current		
Trade payables	746	826
Other payables	217	132
	963	958

13 PROVISIONS

	2021 \$'000	2020 \$'000
Current		
Employee benefits – annual leave	177	145
	177	145
Non-current		
Rehabilitation (a)	1,810	1,672
Employee benefits – long service leave	13	12
	1,823	1,684
Total	2,000	1,829

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

13 PROVISIONS (continued)

(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 (\$2.4M) (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).

14 LOANS

	2021 \$'000	2020 \$'000
Current		
AASMF loan (a)	1,888	1,600
Convertible Loan (b)	---	4,579
Loan Facility (c)	---	2,015
Total	1,888	8,194

(a) AASMF Loan

On 2 November 2015, PCZM (a 70% owned subsidiary of Agama) and Anglo American sefa Fund (**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;
- Repayment date: 31 October 2021 (previously 30 April 2021); 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) Convertible Loan

On 25 January 2019, the Company announced a \$3.6M loan facility had been agreed with Tembo Capital Mining Fund II LP and its affiliated entities (**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;
- 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 ordinary shares by the Company to Tembo Capital at a deemed issue price of \$0.026 per Share (subject to receipt of shareholder and Foreign Investment Review Board (**FIRB**) approvals). The Outstanding Amount must be repaid by 31 October 2020, or if Tembo Capital elects to receive ordinary shares in repayment of the Outstanding Amount in lieu of payment in cash, the date on which the ordinary shares are to be issued to Tembo Capital (or such later date as may be agreed between Tembo Capital and the Company);

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

14 LOANS (continued)

- 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.

In accordance with the terms of the Convertible Loan, Tembo Capital elected to receive repayment of the Outstanding Amount by the issue of ordinary shares (subject to shareholder approval and FIRB approval). Following the receipt of both shareholder approval and FIRB approval, on 28 June 2021 Orion issued 191,603,223 ordinary shares at a deemed issue price of \$0.026 per Share in consideration for repayment of amounts owing to Tembo Capital under the Convertible Loan Facility.

(c) Loan Facility

On 14 May 2020, the Company and Tembo Capital entered into a \$1.0M unsecured loan facility (**Loan Facility**) and on 29 June 2020, the Company 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 (capitalised at 12% per annum) 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 ordinary shares to Tembo Capital under any capital raising undertaken by the Company on or before 31 October 2020 (**Subscription Amount**) (subject to shareholder and FIRB approvals).

Following receipt of Shareholder approval on 29 September 2020 and FIRB approval 28 October 2020, on 29 October 2020, the Company issued 122,075,745 ordinary shares at an issue price of \$0.017 per Share to Tembo Capital, which, under the terms of the Loan Facility, was offset against the Outstanding Balance, thereby repaying the Loan Facility in full.

15 ISSUED CAPITAL AND SHARE BASED PAYMENTS RESERVE

	2021 \$'000	2020 \$'000
Ordinary fully paid shares	184,999	146,648
	184,999	146,648

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 ISSUED CAPITAL AND SHARE BASED PAYMENT RESERVE (continued)

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 2020	2,899,560,397		146,648
<i>Share Issues:</i>			
Placement - 12 August 2020	342,341,167	\$0.017	5,820
Placement - 19 August 2020	3,807,348	\$0.017	65
Placement - 8 October 2020	10,500,000	\$0.033	347
Placement - Tembo Capital (29 October 2020)	141,176,470	\$0.017	2,400
Options exercise (24 November 2020)	10,000,000	\$0.020	200
Options exercise (30 November 2020)	4,000,000	\$0.020	80
Options exercise (1 December 2020)	2,333,333	\$0.020	47
Placement - 15 March 2021	355,063,496	\$0.036	12,782
Placement - 10 March 2021	133,547,616	\$0.036	4,808
Placement - Executive STI Shares (12 March 2021)	12,002,929	\$0.036	432
Placement - 12 March 2021	1,388,888	\$0.036	50
Placement - OCC Data Option (12 March 2021)	1,878,042	\$0.046	86
Placement - 19 April 2021	205,444,445	\$0.036	7,396
Placement - Executive STI Shares (19 April 2021)	1,968,749	\$0.036	71
Options exercise (9 June 2021)	500,000	\$0.030	15
Placement - Tembo Loan Conversion (28 June 2021)	191,603,223	\$0.026	4,982
Less: Issue costs	---	---	(1,230)
Closing balance at 30 June 2021	4,317,116,103		184,999

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 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 2019	2,003,344,917		121,530
<i>Share Issues:</i>			
Placement - AASMF (5 July 2019)	77,567,412	\$0.032	2,505
Placement - 22 July 2019	30,000,000	\$0.040	1,200
Placement - 9 August 2019	33,706,695	\$0.040	1,348
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 - 1 November 2019	235,399,983	\$0.025	5,885
Placement - 5 November 2019	19,400,000	\$0.025	485
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

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 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
Share based payments expense	1,096
Unlisted share options expired and transferred to accumulated losses (i)	(562)
Closing balance at 30 June 2021	3,919

- (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:

Class	Number of options	Expiry date	Exercise price
Unlisted options	18,333,333	30/11/2020	\$0.035
Unlisted options	18,333,334	30/11/2020	\$0.05
Total	36,666,667		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

16 OTHER RESERVE

	2021 \$'000	2020 \$'000
Opening balance	19,956	---
<u>Movement</u>		
Transactions between owners	---	19,956
Closing balance	19,956	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.

17 INCOME TAX

	2021 \$'000	2020 \$'000
Income tax expense		
(Loss) before tax	(2,643)	(18,638)
Income tax using the corporation rate of 26.0% (2020: 27.5%)	(687)	(5,125)
Movements in income tax expense due to:		
Effect of different tax rates in foreign jurisdictions	53	---
Non deductible expenses	548	---
Non assessable income	(692)	---
Employee share based payments expensed	285	361
Non creditable or refundable taxes paid	---	13
	(493)	(4,751)
Income tax attributable to prior years	465	---
Tax effect of tax losses not recognised	28	4,764
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 \$23M (2020: \$20M) 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 ZAR4.9M (~\$0.4M) (2020: ~\$0.4M) and unredeemed capital expenditure carried forward, which can be offset against future mining income, of ZAR523M (~\$47M) (2020: ~\$38M).

Benefits from the Group's carry forward tax losses 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.

Except to the extent that it does not offset a net deferred tax liability, a deferred tax asset has not been recognised in the accounts for these unused losses because it is not probable that future taxable profit will be available to use against such losses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

17 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.

18 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 loss and share data used to calculate basic and diluted earnings per share:

a) Basic and diluted loss per share

	2021 Cents	2020 Cents
Loss attributable to owners of the Company	(0.05)	(0.66)
Diluted loss attributable to owners of the Company	(0.05)	(0.66)

b) Reconciliation of loss used in calculating earnings per share

	2021 \$'000	2020 \$'000
Loss from continuing operations attributable to equity holders of the Group	(2,643)	(18,651)
Loss attributable non-controlling interest	(885)	1,096
Loss attributable to owners of the Company	(1,759)	(17,555)

c) Weighted average number of shares

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	3,535,504,984	2,667,885,443
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	3,535,504,984	2,667,885,443

d) Headline loss per share

	2021 \$'000	2020 \$'000
Loss before income tax	(1,759)	(17,555)
Impairment of non-current assets reversal	---	---
Plant and equipment written off	---	---
Adjusted earnings	(1,759)	(17,555)
Weighted average number of shares	3,535,504,984	2,667,885,443
Earnings / (loss) per share (cents per share)	(0.05)	(0.66)
Diluted earnings / (loss) per share (cents per share)	(0.05)	(0.66)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 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 \$40,000 (2020: \$2,000) based on year-end cash balances, and up to \$5,000 (2020: \$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 2021

19 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 2021			30 June 2020		
	ZAR	EUR	GBP	ZAR	EUR	GBP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Trade and other receivables	360	---	---	159	---	---
Loan to joint venture partners	2,809	---	---	3,333	---	---
Investment in Prieska Resources	22,648	---	---	18,262	---	---
Loan to Prieska Resources	1,418	---	---	1,288	---	---
Financial Liabilities						
Trade and other payables	630	---	2	578	44	---
AASMF loan	1,888	---	---	1,600	---	---

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 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 (2020: 10% weaken / 10% strengthen), with all other variables held constant, the Groups loss before tax for the year would have been \$0.28M lower / \$0.28M higher (2020: \$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 2021	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	0.74%	20,553	---	---	---	---	20,553
Loan to Prieska Resources	0.00%	---	---	---	---	1,418	1,418
Investment in preference shares	12.00%	---	---	---	22,648	---	22,648
Other receivables	3.41%	---	439	---	2,359	371	3,169
Total		20,553	439	---	25,007	1,789	47,788
Financial liabilities							
Loans	7.00%	---	1,888	---	---	---	1,888
Lease liability	7.00%	---	1,078	6,632	47,028	---	54,738
Trade and other payables	0.00%	---	---	---	---	963	963
Total		---	2,966	6,632	47,028	963	57,589

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 FINANCIAL INSTRUMENTS (continued)

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

20 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 Group has the following contingent liabilities at 30 June 2021:

- It has negotiated bank guarantees in favour of the South African Government for rehabilitation obligations of mining and exploration tenements. The total of these guarantees at 30 June 2021 was \$2.46M (2020: \$2.10M). The Group also has bank guarantees in favour of the Victorian Government for rehabilitation obligations and the total of these guarantees at 30 June 2021 was \$0.25M (2020: \$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 – Rental Agreement

The Group has the following bonds at 30 June 2021:

- It has negotiated guarantees in favour of rental agreements. The total of these guarantees at 30 June 2021 was \$3,117 (2020: \$3,117).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

21 CONTROLLED ENTITIES

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

Entity	County of incorporation	Parent Ownership Interest		Non-controlling Interest	
		2021 %	2020 %	2021 %	2020 %
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 B.V.	Netherlands	100	100	---	---
Areachap Investments 2 B.V.	Netherlands	100	100	---	---
Areachap Investments 3 B.V.	Netherlands	100	100	---	---
Areachap Investments 6 B.V.	Netherlands	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	100	---	---
Orion Exploration No 1 (Pty) Ltd	South Africa	100	100	---	---
Orion Exploration No 3 (Pty) Ltd	South Africa	100	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	---	---
Prieska Copper Zinc Mine (Pty) Ltd	South Africa	70.00	70.00	30.00	30.00
Rich Rewards Trading 437 (Pty) Ltd	South Africa	100.00	100.00	---	---
Vardocube (Pty) Ltd	South Africa	70.00	70.00	30.00	30.00
Bartotrax (Pty) Ltd	South Africa	100.00	100.00	---	---
Aquila Sky Trading 890 (Pty) Ltd	South Africa	68.22	68.22	31.78	31.78
Prieska Copper Mines Nature Conservation Trust	South Africa	---	68.22	---	31.78
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 2021 (refer Note 8).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

22 NON-CONTROLLING INTEREST

	2021 \$'000	2020 \$'000
Opening balance – 1 July	(2,552)	1,244
<u>Movement</u>		
BEE restructure adjustment	---	(2,700)
Liquidation of subsidiary	(240)	---
Accumulated losses	(885)	(1,096)
Closing balance – 30 June	(3,677)	(2,552)

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

Prieska Copper Zinc Mine (Pty) Ltd 30% (2020: 30%), Vardocube (Pty) Ltd 30% (2020: 30%), Aquila Sky Trading 890 (Pty) Ltd 31.78% (2020: 31.78%) and Prieska Copper Mines Nature Conservation Trust 0% (2020: 31.78%).

23 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 11) is as follows:

	2021 \$	2020 \$
Short-term employee benefits	2,431,062	1,774,284
Post-employment benefits	5,424	5,967
Share based payments	498,807	834,465
Total	2,935,293	2,612,716

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 2021

23 RELATED PARTIES DISCLOSURE (continued)

	2021 \$	2020 \$
Payments for services to Tarney Holdings Pty Ltd	217,500	211,800
Total	217,500	211,800

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.

24 AUDITOR REMUNERATION

	2021 \$	2020 \$
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	72,500	32,500
Total amount for BDO Audit Pty Ltd	72,500	32,500
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	68,015	55,593
Professional services – corporate finance	---	3,834
Total amount for BDO South Africa	68,015	59,427
Total amount for auditors	140,515	91,927

25 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 2021 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 2021	Australia \$'000	South Africa \$'000	Total \$'000
Segment net operating profit /(loss) after tax	(5,449)	2,806	(2,643)
Depreciation	(6)	(89)	(95)
Finance income	65	2,403	2,468
Finance expense	(630)	(209)	(839)
Exploration expenditure written off and expensed	(495)	(3,388)	(3,883)
Segment non-current assets	11,303	65,303	76,606

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

25 SEGMENT REPORTING (continued)

30 June 2020	Australia	South Africa	Total
	\$'000	\$'000	\$'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

26 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2021 the parent company of the Group was Orion Minerals Ltd.

	2021 \$'000	2020 \$'000
Result of parent entity		
Loss for the year	(3,919)	(5,290)
Other comprehensive income	---	---
Total comprehensive loss for the period	(3,919)	(5,290)
Financial position of parent entity at year end		
Current assets	25,838	6,011
Non-current assets	70,285	61,172
Total assets	96,123	67,183
Current liabilities	(465)	(7,054)
Non-current liabilities	(2,317)	(2,316)
Total liabilities	(2,782)	(9,370)
Total net assets	93,341	57,813
Total equity of the parent entity comprising of:		
Issued capital	184,999	146,648
Accumulated losses	(95,577)	(92,219)
Other reserves	3,919	3,384
Total equity	93,341	57,813

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 2021

26 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.

27 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 7.0M options granted during the financial year (2020: 31.5M options) under the Company's OPRP for a total transactional value of \$1.09M. Options granted to Directors and CEO during the year, are reported in the Remuneration Report.

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense was \$1.10M (2020: \$1.31M). Options which expired during the financial year were written back to accumulated losses, \$561,697.

Outlined below is a summary of option movements during the financial year for options issued to key to employees under the OPRP:

30 June 2021	Average Weighted Exercise Price	Number of Options
	\$	
Balance outstanding at start of year	0.045	130,999,999
Granted during the year	0.034	7,000,000
Exercised during the year	0.022	(2,833,333)
Expired / lapsed during the year	0.043	(8,666,666)
Balance outstanding at end of year	0.045	126,500,000

30 June 2020	Average Weighted Exercise Price	Number of Options
	\$	
Balance outstanding at start of year	0.050	100,599,999
Granted during the year	0.034	31,500,000
Exercised during the year	---	---
Expired / lapsed during the year	0.057	(1,100,000)
Balance outstanding at end of year	0.045	130,999,999

The weighted average contractual life for the share options outstanding as at 30 June 2021 is between 1 and 4 years (2020: 1 and 4 years).

The exercise price range for outstanding options as at 30 June 2021 is between \$0.02 and \$0.07.

The weighted average share price, on options exercised, during the year ended 30 June 2021 was \$0.02 (\$2020: Nil)

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27 SHARE BASED PAYMENTS (continued)

Set out below are the unlisted options exercisable by directors, key management personnel and all employees at the end of the financial year:

Grant date	Expiry date	2021	2020	2019
24 Nov 2020	31 Mar 2025	4,666,666	---	---
20 Nov 2020	31 Mar 2025	8,000,000	---	---
29 Sep 2020	31 Mar 2025	20,000,000	---	---
26 Mar 2020	31 Mar 2025	21,000,000	10,500,000	---
14 June 2019	30 April 2024	30,000,000	20,000,000	10,000,000
29 April 2019	30 April 2024	58,500,000	39,000,000	19,500,000
21 Sep 2018	31 May 2023	14,700,000	10,000,000	5,100,000
31 May 2017	31 May 2022	35,800,000	24,400,000	12,300,000
Total		192,666,666	103,900,000	46,900,000

The fair values of the options are estimated at the date of grant using the Hull-White 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
24 Nov 2020	31 Mar 2025	\$0.029	\$0.028	110.00%	0.23%	\$0.018
24 Nov 2020	31 Mar 2025	\$0.029	\$0.035	110.00%	0.23%	\$0.017
24 Nov 2020	31 Mar 2025	\$0.029	\$0.04	110.00%	0.23%	\$0.018
20 Nov 2020	31 Mar 2025	\$0.029	\$0.028	110.00%	0.23%	\$0.018
20 Nov 2020	31 Mar 2025	\$0.029	\$0.035	110.00%	0.23%	\$0.017
20 Nov 2020	31 Mar 2025	\$0.029	\$0.04	110.00%	0.23%	\$0.018
29 Sep 2020	31 Mar 2025	\$0.031	\$0.028	110.00%	0.31%	\$0.019
29 Sep 2020	31 Mar 2025	\$0.031	\$0.035	110.00%	0.31%	\$0.019
29 Sep 2020	31 Mar 2025	\$0.031	\$0.04	110.00%	0.31%	\$0.020

The weighted average contractual life for the share options outstanding as at 30 June 2021 is between 1 and 4 years (2020: 1 and 4 years).

28 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 the matter referred to below:

- On 2 August 2021, the Company announced that it had taken another key step in its strategy to become a leading diversified international base metals producer after exercising its exclusive option to acquire a controlling interest in the majority of the properties comprising the Okiep Copper Project (OCP), located approximately 570km north of Cape Town in the Northern Cape Province of South Africa. In parallel, the Company also exercised its option to acquire the database owned by the O'Okiep Copper Company (and its affiliates), including all historical mining and exploration records for the OCP covering more than 60 years of production history.

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 74 to 111 and the Remuneration report set out on pages 60 to 70, 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 2021 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 2021.

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 2021



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INDEPENDENT AUDITOR'S REPORT

To the members of Orion Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orion Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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 11 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; • Reviewing the status of the Group's project to support/corroborate management assessment of the classification of the capitalised exploration asset to ensure the correct presentation at the reporting date.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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 2021, 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 60 to 70 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Orion Minerals Limited, for the year ended 30 June 2021, 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 stylized signature of the BDO logo, consisting of the letters 'BDO' in a bold, blue, sans-serif font.

A handwritten signature in black ink that reads 'James Mooney'.

James Mooney
Director

Melbourne, 22 September 2021

ADDITIONAL ASX INFORMATION

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

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 27 August 2021.

DISTRIBUTION OF ORDINARY SHARES AND OPTIONS

	Fully paid ordinary shares			Unlisted options		
	No. of holders	No. of shares	(%)	No. of holders	No. of options	(%)
1 - 1,000	7,615	271,632	0.04	-	-	-
1,001 - 5,000	2,959	6,850,316	0.16	-	-	-
5,001 - 10,000	916	6,872,176	0.16	-	-	-
10,001 - 100,000	2,656	103,916,402	2.40	-	-	-
100,001 and over	1,323	4,201,771,985	97.24	29	233,500,000	100
	15,469	4,321,213,568	100	29	233,500,000	100

HOLDERS OF NON-MARKETABLE PARCELS

Shareholders holding less than a marketable parcel on the ASX register was 322.

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

The names of the twenty largest holders of ordinary shares are:

	Ordinary shares	%
1. Ndovu Capital X BV	1,029,083,226	23.81
2. Sparta AG	267,647,058	6.19
3. J P Morgan Nominees Australia Proprietary Limited	222,351,934	5.15
4. Delphi Unternehmensberatung Aktiengesellschaft	222,285,691	5.14
5. IGO Limited	154,166,666	3.57
6. Netwealth Investments Limited	142,409,865	3.30
7. Tarney Holdings Proprietary Limited	115,714,746	2.68
8. Silja Investment Limited	106,321,960	2.46
9. Anglo American sefa Mining	77,567,412	1.80
10. Deutsche Balaton Aktiengesellschaft	67,911,764	1.57
11. Mosiapoa Capital (Pty) Ltd	55,813,872	1.29
12. Mr Thomas Borman	55,555,555	1.29
13. Belair Australia Pty Ltd	49,000,000	1.13
14. African Exploration Mining & Fina Soc Ltd	43,522,276	1.01
15. JAXL Group Pty Ltd	40,500,000	0.94
16. Mr Mark William Daniel & Mrs Suzanne Louise Daniel	30,000,000	0.69
17. Dr Leon Eugene Pretorius	29,190,000	0.68
18. Citicorp Nominees Pty Ltd	26,166,557	0.01
19. Ubhejane Resources Investment Pty Ltd	26,000,000	0.60
20. BNP Paribas Nominees Pty Ltd	25,936,457	0.60
	2,787,145,069	64.50
Total issued ordinary share capital	4,321,213,568	

SUBSTANTIAL SHAREHOLDERS

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

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	28-06-2021	1,029,083,226	23.84
Delphi Unternehmensberatung Aktiengesellschaft	15-05-2021	568,844,513	13.79

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.

ADDITIONAL ASX INFORMATION

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%	4/12/19	3/12/43	PCZM
Prieska	NC30/5/1/2/2/10146MR	Granted	ORN 70.00%	14/8/20	13/8/32	VAR
Repli-Dooniespan	NC30/5/1/1/2/11840PR	Granted	ORN 70.00%	29/8/18	28/8/23	PCZM
Bartotrax	NC5/1/1/2/1850PR	Granted	ORN 100.00%	9/3/18	8/3/23	BAR
Namaqua-Disawell	NC5/1/2/2/10032MR	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
Namaqua-Disawell	NC30/5/1/1/2/12216PR	Granted	ORN 25.00%	14/1/21	13/1/26	NAM
Bokputs North	NC30/5/1/1/2/12197PR	Granted	ORN 70.00%	14/1/21	13/1/26	OE1
Masiqame	NC30/5/1/1/2/00816PR	Granted	ORN 50.00%	14/5/12	11/3/19 ³	MAS
New Okiep – Exploration	NC30/5/1/1/2/11125PR	Granted	ORN 100.00%	9/11/17	8/11/22	NCC
New Okiep – Exploration	NC30/5/1/1/2/12357PR	Granted	ORN 100.00%	14/1/21	13/1/26	BCC
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	NC30/5/1/1/2/12721PR	Application	–	–	–	–
Northern Pipeline	NC30/5/1/1/2/12196PR	Application	–	–	–	–
New Okiep – Mining	NC30/5/1/2/2/10150MR	Application	–	–	–	–
New Okiep – Mining	NC30/5/1/1/2/12755PR	Application	–	–	–	–
New Okiep – Mining	NC30/5/1/1/2/12848PR	Application	–	–	–	–
New Okiep – Mining	NC30/5/1/1/2/12850PR	Application	–	–	–	–
Okiep Pipeline	NC30/5/1/1/2/12852PR	Application	–	–	–	–
Okiep Pipeline	NC30/5/1/1/2/12854PR	Application	–	–	–	–
Okiep Pipeline	NC30/5/1/1/2/12897PR	Application	–	–	–	–
Okiep Pipeline	NC30/5/1/1/2/13010PR	Application	–	–	–	–
Western Australia						
Fraser Range	E28/2367	Granted	KMX 30%	7/5/15	6/5/25	IGO
Fraser Range	E28/2378	Granted	KMX 30%	22/7/15	21/7/25	IGO
Fraser Range	E28/2462	Granted	KMX 30%	27/7/15	26/7/25	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	18/6/25	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 (Masiqame 855 (Pty) Ltd); PCZM (Prieska Copper Zinc Mine (Pty) Ltd); VAR (Vardocube (Pty) Ltd); BAR (Bartotrax (Pty) Ltd); OE1 (Orion Exploration No. 1 (Pty) Ltd); SAFTA (Southern African Tantalum Mining (Pty) Ltd); NCC (Nababoop Copper Company (Pty) Ltd); BCC (Bulletrap Copper Co (Pty) Ltd).

² Prospecting Right executed on 9 November 2017.

³ Renewal application lodged, NC30/5/1/1/2/12292PR.

CORPORATE DIRECTORY

COMPANY SECRETARY

Martin Bouwmeester

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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
13th Floor, Illovo Point
68 Melville Road
Illovo, Sandton 2196

