

For personal use only



Orion Minerals Ltd

and its Controlled Entities

ABN: 76 098 939 274

**31 December 2022
Interim Financial Report**

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Orion Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate Directory

BOARD OF DIRECTORS

Mr Denis Waddell (Non-Executive Chairman)
Mr Errol Smart (Managing Director/CEO)
Mr Thomas Borman (Non-Executive Director)
Mr Godfrey Gomwe (Non-Executive Director)
Mr Alexander Haller (Non-Executive Director)
Mr Mark Palmer (Non-Executive Director)

COMPANY SECRETARY

Mr Martin Bouwmeester

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 21
55 Collins Street
Melbourne, Victoria, 3000
Telephone: +61 (0)3 8080 7170

AUDITOR

BDO Audit Pty Ltd
Level 18
Tower 4, 727 Collins Street
Docklands, Victoria 3008

SHARE REGISTRY

Link Market Services Limited
QV1, Level 2, 250 St Georges Terrace
Perth, Western Australia 6000
Telephone: +61 1300 306 089

STOCK EXCHANGE LISTING

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

WEBSITE

www.orionminerals.com.au

For personal use only

Directors' Report

The directors present their report together with the consolidated interim financial report for the half year ended 31 December 2022 and the independent auditor's review report thereon.

DIRECTORS

The names of Orion Minerals Ltd Directors at any time during or since the end of the half year are:

Director	Designation	Appointed
Non-executive		
Mr Denis Waddell	Non-executive Chairman	27 February 2009
Mr Thomas Borman	Non-executive Director	16 April 2019
Mr Godfrey Gomwe	Non-executive Director	16 April 2019
Mr Alexander Haller	Non-executive Director	27 February 2009
Mr Mark Palmer	Non-executive Director	31 January 2018
Executive		
Mr Errol Smart	Managing Director	26 November 2012

CORPORATE STRUCTURE

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the reporting period was exploration, evaluation and development of base metal, gold and platinum-group element (**PGE**) projects in South Africa (Areachap Belt and Okiep Copper Complex, 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 reporting period.

OPERATING RESULTS

The Group recorded a loss for the half year of \$7.47 million (31 December 2021: loss of \$10.47 million). The result is driven primarily by a \$2.99 million unrealised foreign exchange loss, contractor and advisor expenses of \$2.33 million, exploration expenditure incurred of \$2.21 million which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed and finance income of \$1.60 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 (**Agama**)) by Prieska Resources Pty (Ltd) (**Prieska Resources**).

Net cash used in operating and investing activities for the half year totalled \$7.80 million (31 December 2021: \$9.78 million) and included payments for exploration and evaluation activities of \$5.11 million (31 December 2021: \$7.17 million). The Group continues to focus strongly on the development of its Prieska Copper-Zinc Project in South Africa's Areachap geological terrane,

For personal use only

Directors' Report (continued)

Northern Cape (**Prieska Project**), Okiep Copper Project, Jacomynspan Project and exploration within its Areachap Belt projects in South Africa.

Net cash from financing activities totalled \$6.49 million and included proceeds from the issue of ordinary shares of \$4.84 million.

Cash on hand as at 31 December 2022 was \$2.73 million (30 June 2022: \$4.29 million).

The basic loss per share for the Group for the half year was (0.14) cents and diluted loss per share for the Group for the half year was (0.14) cents (31 December 2021: basic loss per share 0.23 cents and diluted loss per share 0.23 cents).

REVIEW OF OPERATIONS

During the half year, Orion continued to progress its strategy of building a high-quality pipeline of future facing base metals development and exploration assets to supply the demands created from a global clean energy transition. Results included strong progress with financing and pre-development activities at the development-ready Prieska Copper-Zinc Project (**Prieska Project**), as well as progressing exploration programs and feasibility studies at the Okiep Copper Project (**OCP**) and Jacomynspan Project, all located in the mineral-rich Northern Cape Province of South Africa.

Funding for Prieska was significantly advanced during the reporting period, with total pre-development funding of more than ZAR350 million (~\$32 million) secured to carry out demonstration trial mining and allow dewatering to commence from underground mine workings. Both of these work streams are critical to a Bankable Feasibility Study for an Early Production Plan at Prieska. The study work, including trial mining, is scheduled for completion by Q3 2023.

Pre-development funding has also been secured for the Okiep Copper Project, with South Africa's Industrial Development Corporation acquiring a 43.75% stake in New Okiep Mining Company. The Industrial Development Corporation will now advance its share of pre-development costs, amounting to ZAR34.6 million (~\$3.0 million), and will facilitate meaningful economic participation by Historically Disadvantaged South Africans to further the ownership objectives of the Mining Charter 2018.

A Mining Right has been granted and executed for the Flat Mines Area at the OCP, paving the way for the commencement of confirmation drilling and metallurgical sampling required to complete an advanced stage Feasibility Study.

At the Jacomynspan Nickel-Copper-PGE Project, a metallurgical test work program commenced to produce battery precursor products and other critical metal micro-powders from Jacomynspan ore. This work is being progressed under an exclusivity agreement signed with Stratega Metals in May 2022. Test work is progressing, with promising results and the exclusivity period has been extended to 31 July 2023.

In the Fraser Range Province in Western Australia, Orion's joint venture partner, IGO Limited (ASX: IGO), undertook aircore drilling, geological logging and moving loop electromagnetic (**MLEM**) surveys.

The Company strives at all times to achieve a sustainable balance between intense operational effort and maintaining a strong focus on safety, environment and community.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

HEALTH AND SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Health and Safety

No lost-time injuries were reported during the half year period. The hours worked for the 6 months ended 31 December 2022 are shown in Table 1.

Table 1: Hours worked at the Areachap Projects during the 6 months ended 31 December 2022 (South Africa).

Category of work	6 months to December 2022 (hours)
Exploration	8,375
Mine re-entry	21,012
Contractors	18,709
Total	48,096

The Lost-Time Injury Frequency Rate (**LTIFR**) per 200,000 hours worked is 0 for the 2022 calendar year.

The Company continues to manage the risks from the COVID-19 pandemic in the workplace in line with government and industry guidelines. No COVID-19 cases or hospitalisations were reported during the reporting period.

Community and Stakeholder Engagement

Prieska Project – Task Team Update: Focussed workstreams

The Prieska Copper-Zinc Mine (**PCZM**) Task Team continued to engage during the reporting period and prepare the roadmap of how Orion and host community businesses and other stakeholders will collaborate to promote the increased participation of local businesses and the creation of more employment opportunities in the Siyathemba Local Municipality and Vanwyksvlei areas.

It was agreed that the PCZM Task Team will be split into two focused work groups: one that will concentrate on promoting local procurement and the other on promoting the employment of host community residents.

These work groups are assessing the capacity of host community businesses and available skill-sets and comparing these to the future needs of the mine, both during its construction and operational phases. They will then develop methods and interventions to bridge the gap between what will be required by the mine and what the host communities have to offer. Orion remains committed to achieving the aspirational targets for host community participation.

Orion held a meeting with the Siyathemba Stakeholder Engagement Forum (**SEF**) in November 2022 to provide updates on the progress at the Prieska Project.

During this meeting, Orion provided an update on ongoing funding efforts, plans for the revised Bankable Feasibility Study (BFS) as well as the early production and dewatering plans at the PCZM. The forum also discussed the ongoing Bosberaad Task Team Process which concluded its mandate at the end of the reporting period. A report on the roadmap developed by the Task Team for the achievement of the aspirational host community employment and procurement targets (agreed at the Bosberaad in October 2021) is anticipated to be concluded and circulated to stakeholders during Q1 CY2023.

For personal use only

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Okiep Project - Consultations continue with the Nama Khoi community

Community liaison and consultation continued in the Nama Khoi Local Municipality to inform the community of the Company's progress and intended work plans.

Key outcomes from meetings held between Orion and the Nama Khoi SEF during the reporting period included the adoption of the terms of reference – which outline the rules that will govern how the Forum functions, and the introduction of the Black Economic Empowerment (**BEE**) partners for the New Okiep Mining Company Proprietary Limited (**NOM**)

The Community Liaison Office in the town of Springbok, one of the key economic hubs in the municipality, reopened in October 2022. Since the granting of the SAFTA Mining Right, there has been a sharp increase in inquiries and interest in Orion and the community liaison office provides an important channel for communication with host community stakeholders.

Orion keeps the wheels turning in its "Scholar Mobility" project

Orion continues to provide financial support to five locally based mechanics who conduct regular maintenance and inspections on the pre-loved bicycles that were donated to schools across the Prieska, Siyathemba and Vanwyksvlei areas. The bicycles were donated by Bicycles for Humanity Western Australia (B4H) and were brought to Prieska by Orion.

In collaboration with the principals of the nine schools, Orion is also currently monitoring the impact and benefits that the bicycle project has had for the beneficiary scholars.

Environmental Management

Orion recognises that its environmental management is a critical component of its success. The Company strives 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.

There were no environmental incidents reported during the period.

PRIESKA COPPER-ZINC MINE DEVELOPMENT AND EXPLORATION

Prieska Copper-Zinc Project Overview

Orion's flagship Prieska Project is in the financing and pre-development stage. An updated Bankable Feasibility Study was completed in May 2020 (**BFS-20**) (refer ASX/JSE release 26 May 2020).

As announced in January 2022, Orion is investigating the potential to bring forward the start of production at the Prieska Project (**Early Production Plan**). The new plan brings forward revenue generation and potentially reduces the upfront external peak funding requirements by phasing the mine build while retaining the option to scale up to the full-scale BFS-20 project as sufficient funding becomes available.

Leveraging off the information gathered and material assumptions made in BFS-20, and supplemented by additional information obtained from recent drilling campaigns and a planned trial mining exercise, the Early Production Plan will comprise:

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

- A revised mine sequence to extract the mine's crown pillar (**+105 Level Crown Pillar**), which is above the accumulated water level, using underground mining methods. Extraction of the +105 Level Crown Pillar was originally planned to occur at the end of the mine life using open pit mining. Mining the crown pillar upfront from underground access, offers the potential advantage of earlier concentrate production and allows for dewatering to be undertaken at lower pumping rates and concurrent with early revenue generation;
- The potential opportunistic extraction of the mineralised pillars left behind from previous mining and located above the accumulated water level. Production from the remnant pillars could supplement the ore sourced from +105 early mining;
- Commencing with dewatering of the underground workings using a modular configuration, with the first modules being commissioned in Q2 CY2023 at one-third of the full-scale pumping rate proposed in the BFS-20 Plan and ahead of the project being fully-funded for full-scale construction; and
- Extraction of the Deeps Sulphide deposit, below the previously mined area, as the future expansion phase.

Orion is planning to proceed with trial mining as early as Q2 2023, first targeting the +105 Level Crown Pillar using underground mining methods and then developing into the remnant pillars.

While preparations for early dewatering are already underway, the whole pumping and water discharge system is planned to be commissioned by March 2023. The Early Production Plan BFS could then be ready during 2023, paving the way for securing project development funding and a Final Investment Decision (FID).

Prieska Operations - Activities Subsequent to the Updated Bankable Feasibility Study

Operational Readiness

During the reporting period, there has been strong focus on the restructuring and recruitment of personnel to augment the Company's in-house expertise to include execution and operational capabilities in preparation for the imminent migrating of both the Prieska and Okiep Copper Projects to construction and operational phases.

An Executive Operations role has been created and filled, along with extensive recruitment of key roles for the project operational team at Prieska, including a Mining Manager, Engineering Manager, Engineering Overseer, Safety Officer, Procurement and Logistics Coordinator, as well as Finance and Administration support. Recruitment is being undertaken in line with the Company's uncompromising focus on a strong Environmental, Social and Corporate-governance focus, capacitating for a 4IR-enabled workforce and promoting host-community participation in employment and enterprise opportunities.

Discussions with the national power utility company, Electricity Supply Commission (**Eskom**), progressed to secure a 3MVA supply as early as February 2023 and the 15MVA supply required for expanded mining activities by mid-year 2023. Once the power supply upgrades are completed, operations can commence at the project with uninterrupted power supply.

Drilling and blasting of the +105 level drive, which will provide access to the ore zone for trial mining, has commenced and the installation of ventilation required for increased underground rehabilitation and trial mining activities is complete.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

The decline portal area, which is excavated in the weathered horizon, was re-supported in preparation for increased underground traffic. The works on the portal have been inspected and declared safe.

All underground water retention dams have been constructed for the dewatering campaign. The focus of activity will now move to surface infrastructure setup, which includes the receiver dam design and construction, as well as the evaporation paddocks and the surface electrical reticulation. Once dewatering has started, construction of the reservoir dam at the 210 level, designed to store around 30,000m³ of water for future use, will begin.

Early Dewatering

The Early Dewatering Setup, referred to as Project Metsi-ka-Pela ('Water in-front'), consists of a mine dewatering and water treatment network, with a pumping rate that will build up from 120m³/hr to 500m³/hr over time compared to full-scale dewatering in BFS-20 planned at 1,500m³/hr. The Early Dewatering Setup will be established in a modular form that allows the system to be scaled up should the need arise and sufficient funding becomes available. Preparations are on schedule to allow dewatering to commence during Q1 CY2023.

In addition, the Company commenced a series of field trials for the treatment of mine water at PCZM.

The water treatment trials are being undertaken in collaboration with Free Radical Process Design (FRPD), a South Africa-based technology company which has developed an innovative and proprietary process and equipment for the continuous extraction of metals and other valuable minerals from water using electrowinning via a rotating cathode (Electrosoftener).

The process has the potential to extract valuable products such as calcium and magnesium for agri-nutrient use from water pumped out of the underground mine at Prieska. In addition, other products with potential for by-product sales in the chemicals industry will also be extracted by the process.

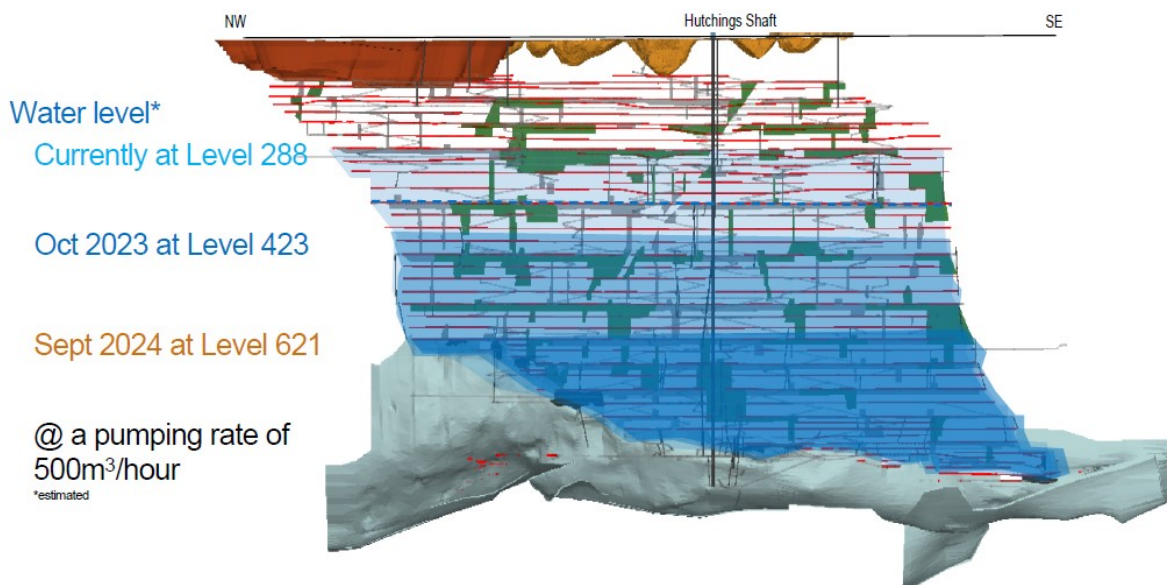


Figure 1: Planned dewatering at Prieska Copper-Zinc Mine for the next three years.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Processing Update

There has been no change to the process plant design from the BFS-20 plan for the hypogene sulphide portions of the Prieska Deposit. Processing routes developed by Mintek in 2018 include hypogene milling, sequential copper (Cu) flotation, zinc (Zn) flotation, and ultra-fine grinding. However, opportunities exist to improve on the processing route for the supergene sulphide portions of the deposit (+105 Level Crown Pillar). Test work conducted for the BFS-20 plan did not progress to assess the advantages of Locked Cycle flotation for the supergene sulphide ores.

The Locked Cycle flotation testing for hypogene samples achieved copper recoveries in the range of 75%-90% at a final concentrate grade of approximately 20%-26% copper. Zinc recoveries were in the range of 84%-90% at a final concentrate grade of approximately 45%-54% zinc. This is in line with historical recoveries when previous owners of the mine achieved over 86% recovery for both Cu and Zn with Cu concentrate grades above 28% and Zn at 53% (refer to ASX/JSE release 26 May 2020). Test work is now being progressed to assess the supergene recoveries from Locked Cycle testing. Results of this test work will be incorporated into the Early Mining Plan.

Investigations are also progressing to source and commission a low-capacity ore processing plant (with crushing, milling, flotation concentration capacity) as part of the trial mining and processing exercise. A number of second-hand plants have been identified and are being assessed for suitability and availability.

Prieska Project Funding Arrangements

Triple Flag Funding Package

In December 2022, Orion signed definitive agreements with certain subsidiaries of Triple Flag Precious Metals Corp. (TSX/NYSE: TFPM) (with its subsidiaries, **Triple Flag**) for an US\$87 million¹ secured funding package for PCZM made up of a precious metals stream and additional early funding arrangement.

The precious metal stream, which comprises US\$80 million (~\$118 million) of funding to be drawn down in tranches, alongside other bank and/or third-party funding during mine development, is conditional on the mine development being fully funded, finalisation of an executable mine plan to Triple Flag's satisfaction, South African regulatory approvals, and fulfilment of conditions precedent standard for such arrangements.

Triple Flag will also provide an additional \$10 million (~US\$7 million) early funding arrangement to complete the Bankable Feasibility Study for the mining of the crown and remnant pillars down to the 385m level at PCZM (**Early Mining Works BFS**) and the simultaneous commissioning and operating of pumping and water treatment facilities, to allow dewatering of the PCZM mine at a rate ramping up to 500m³ per hour (**Dewatering Project**).

The Early Mining Works BFS and the Dewatering Project are both key pre-development workstreams that are already well advanced. The Dewatering Project is a critical long-lead item for the development of the Prieska Project, given that total dewatering of the mine to facilitate access to the main sulphide VMS orebody will take approximately three years.

The \$10 million early funding arrangement draw-down is conditional on Orion securing an additional \$20 million funding to execute the agreed work focused on the Dewatering Project and the Early Mining Works BFS, as well as South African regulatory approvals and fulfilment of conditions precedent standard for such agreements.

¹ FX Source: Oanda.com. Values are converted at period end date or funding date.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Triple Flag has confirmed to Orion that draw-down of the IDC Convertible Loan (refer below) will be sufficient for this \$20 million funding condition to be satisfied. Draw-down of the \$10 million Funding Arrangement will be in tranches and will pro rata match the draw-down requests that Orion will make under the ZAR250 million IDC Convertible Loan (refer below). The first draw-down of funds from the early funding arrangement is expected in Q1 CY2023.

Refer to the Corporate Section for further detail.

IDC Convertible Loan

In October 2022, Orion entered a non-binding term sheet with the Industrial Development Corporation of South Africa Limited (**IDC**) for a ZAR250 million (~\$22 million) senior secured loan facility (**IDC Convertible Loan**) to fund early mining works and key pre-development activities at PCZM.

The proceeds of the IDC Convertible Loan will support the completion of the BFS on the Early Production Plan, while also allowing the Company to commence dewatering of the existing underground mine.

Definitive agreements on the IDC Convertible Loan were signed subsequent to the end of the reporting period (see ASX/JSE Announcement 8 February 2023).

Refer to the Corporate Section for further detail.

Prieska Copper-Zinc Project Exploration

105 Level Mineral Resource In-fill Drilling

Orion has established a program to first proceed with trial mining targeting the +105 Level Crown Pillar and then moving into the remnant pillars starting in Q1 CY2023. In-fill drilling of the +105 Level Crown Pillar Mineral Resource, required to support the Early Mining Scenario commenced in the March 2022 Quarter and was completed in the reporting period, with results confirming the presence of enriched copper mineralisation in the previously drilled supergene sulphide mineralisation (refer ASX/JSE release 11 July 2022).

The orebody model interpretation has been updated and the Mineral Resource will be re-estimated and re-classified where appropriate with an anticipated updated JORC Mineral Resource in Q1 CY2023.

OKIEP COPPER PROJECT

Okiep Copper Project Overview

The Okiep Copper Project (**OCP**) is a significant growth opportunity with the potential to become a second base metal production hub for Orion in the Northern Cape alongside the Prieska Project, located 450km east of Okiep.

Orion has defined total JORC compliant Mineral Resource Estimates for an initial six deposits at Okiep totalling 11.5Mt grading 1.4% copper for 159,000 tonnes of contained copper (refer ASX/JSE release 29 March 2021). The Company also 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 while Orion conducts the required work and engineering studies to support its aspiration for achieving a larger mining operation with production at a similar scale to past owners Newmont and Goldfields who produced 30,000 - 40,000 tonnes per annum of copper.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Orion's objective of rapidly expanding the Mineral Resource base at the OCP is supported by its acquisition of an extensive historical mining and exploration database held by the O'Okiep Copper Company (and its affiliates) (refer ASX/JSE release 15 February 2021), covering more than 60 years of production and exploration history.

Okiep Copper Project Operational Activities

New Okiep Mining Company Permitting

The status of the tenement holdings, the Mining Right and prospecting right applications pertinent to the NOM operations are as follows:

- The SAFTA mining right (Flat Mines area), which was granted by the Department of Mineral Resources and Energy (**DMRE**) in July 2022, was brought into effect through the notarial execution of the right with the DMRE in December 2022. The right is being lodged for registration with the Mineral and Petroleum Titles Registration Office (MPTRO);
- Land access negotiations with the landowners on the Mining Right and adjacent prospecting right areas are continuing; and
- SAFTA prospecting right applications over the areas contiguous to the mining area are in process with the authorities.

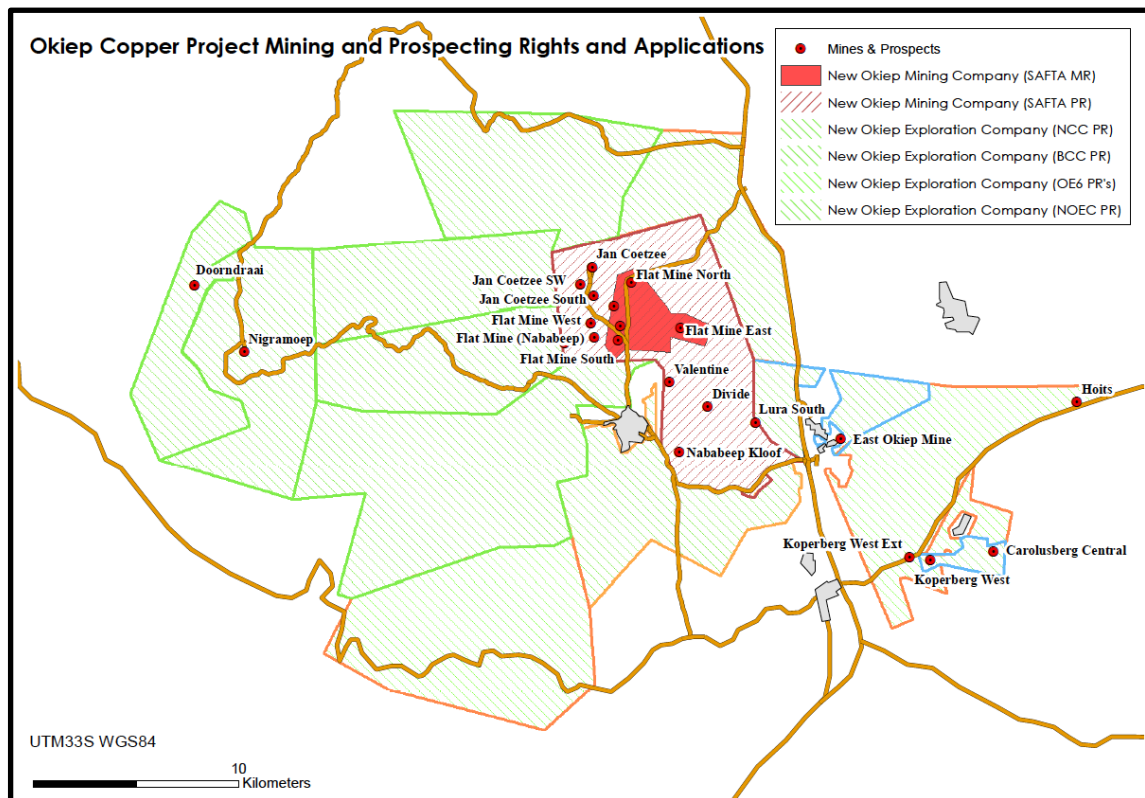


Figure 2: Location of the OCP tenements, the NOM - SAFTA Mining Right and prospecting right applications.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Environmental Management

Water Use Licence Application (WULA)

The Water Use Licence Application process commenced in November 2022, with the initiation of a public participation process (PPP) where comment on the draft Water and Waste Management Plan (WWMP) was sought from Interested and Affected Parties (IAP). The Draft WWMP has been posted on the consultant's (ABS-Africa) website and distributed to registered IAP in accordance with the applicable legislation. The PPP will remain open until mid-February 2023, after which submission of the WULA to the Department of Water and Sanitation can proceed.

Results from the Radiological Risk Classification of flotation tailings and development waste rock are imminent. The laboratories of the Nuclear Energy Corporation of South Africa (NECSA) were used for this analysis to ensure best possible accuracy. All indications received thus far indicate no significant radiological risks exist, but confirmation by NECSA laboratories is awaited.

Waste classification of the flotation tailings, development waste rock, ore sorting discard material and the in-situ evaporation paddy material has been completed and will form the basis of the Tailings Storage Facility (TSF) design. Test work confirms that leachable concentrations of all metals and compounds in the waste materials are below the thresholds for Class 3 waste classification and only the small mass of existing evaporation paddy residue material generates a leachate which could potentially impact on groundwater quality.

All planned aquifer drilling and testing in and downstream of the TSF basin has been completed and water analysis results received. The hydrological report including the groundwater and pollution-plume modelling around the planned TSF is complete.

The conclusion from all this work is that groundwater migration in aquifers in and around the TSF is very slow as indicated by elevated levels of sulphides being confined within a small distance from the source (existing evaporation paddies).

Tailings Storage Facility

The designed TSF facility is located on an area previously impacted by prior mining operations and comprises an embankment mechanically constructed using mine development waste and ore-sorter discard material.

The design of the TSF embankment is for construction in four phases of downstream embankment raises. This process ensures adequate storage capacity for tailings deposition throughout the Project life, while creating a single deposition site for all waste and tailings from the mining operation.

Collection of data to support the use of an unlined TSF has been comprehensive. The existing paddy material, identified as the source of existing elevated sulphate levels in the groundwater in the proposed TSF basin, will be relocated to an impoundment facility of less than 1.5 Ha with a Class B liner system located within the proposed TSF basin, resulting in an overall positive long-term impact on groundwater.

Mine Planning

During the reporting period, layouts of the underground mining areas were completed and various iterations of the mining schedule were investigated, aimed at improving early availability and grade of ore.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

A site visit to the existing Flat Mine North underground workings was conducted by a geotechnical engineer to confirm local rock conditions. Final recommendations for stope and pillar layouts are included in the resultant geotechnical report based on observations of drill core and underground conditions, as well as rock strength tests.

Drafting of the mine planning report is in progress.

Infrastructure

The design and costing of refurbishing and upgrading the Nama Khoi Municipal (**NKM**) electrical infrastructure to accommodate the 10 MVA supply to the mine site has been completed and approved by the Orion-NKM Power Supply Steering Committee. A mechanism for determination of an applicable electricity tariff based on Eskom tariffs and a cost of supply study has been agreed. This will be submitted to the National Energy Regulator (NERSA) for approval as required by municipal legislation.

A decision has been taken to limit the main incoming power supply to the distribution substation at the process plant site to 11 kV to avoid stringent environmental requirements for 66 kV overhead lines and provision of early construction power from the grid. The surface 11 kV reticulation design for all the remote decline portals and ventilation exhaust fans has been finalised.

Planned surface infrastructure servicing the operations includes prefabricated and containerised offices, change-houses and workshops for low cost and speedy construction. Layouts and specifications for these have been concluded and costed.

Potable water and process water sources, distribution and storage facilities have been finalised for inclusion in the WULA. Potable water for the mine site will be drawn from a drill hole with good quality water close to the process plant. It has been decided to source process make-up grey-water from the Nababeep Municipality Wastewater Works (**Water Works**) effluent. Orion is advising NKM on the appointment of consultants for the Water Works upgrade which is planned to use budget allocated from the South African National Government for this purpose.

The TSF site 1(C) has been selected as the site for construction. Drilling of piezometer holes around the TSF site for ground water impact monitoring is nearing completion, while sterilisation drilling of the TSF basin commenced in January 2022.

Metallurgical Processing Plant

The metallurgical test work program, including milling and flotation of diamond core samples, has been completed. Samples from Flat Mine North and Flat Mines South ore bodies were pre-sorted in a full-scale sorter to simulate the upgraded material which will report to milling and flotation once production is underway.

Milling and flotation optimisation tests indicated Copper recoveries of over 90% at concentrate grades over 30% Cu are achievable. Milling Work-index-analysis on multiple samples produced Bond work indices varying between 14 and 24 kWh/t. A design Bond Work Index of 24 has been adopted and an optimum milled discharge particle size distribution of 80% minus 106 microns has been established. The necessary, but relatively small alterations to the Process flow diagrams and Mill input power, have been made in response to the test results.

Three-dimensional plant layout drawings have been completed which formed the basis for requests for quotations being submitted to selected OEM's and engineering construction companies. Costs have been received which has led to a review of portions of the Plant design in the interest of optimising the design to reduce capital costs where possible.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Land Access

As reported previously, a lease agreement with the NKM for the use of municipal land for the construction of surface infrastructure required for the proposed mining operation has been concluded. The process for the rezoning of land use from agriculture to industrial (mining) has been initiated and will run concurrently with the WULA. Landowner support for this has been given and no impediments to this process are foreseen. Negotiations between Orion's Commercial and Legal team and other landowners are ongoing.

Pre-development funding

During the reporting period, Orion and the IDC entered into definitive agreements in terms of which the IDC acquired 43.75% of the issued ordinary shares in NOM and triggered pre-development funding arrangements for the Flat Mines SAFTA area (**Flat Mines Project**), as announced on 7 September 2022.

The IDC funding of pre-development costs in the aggregate amount of ZAR21.91 million (~\$1.89 million) has been advanced to NOM on the same terms as the pre-development funding amount of ZAR44 million (~\$3.84 million) that Orion had already advanced to NOM.

Refer to the Corporate section for further detail.

Okiep Copper Project Exploration

Exploration activities continued with ongoing target generation over the OCP area using SKYTEM™ magnetic and electro-magnetic (**EM**) data together with geological and structural interpretive work.

Digital compilation of historical drilling information over various old mines and prospects has continued, together with remodelling of the mineralisation aimed at re-estimating the Mineral Resources. The current focus of this work has been on the NOM-SAFTA Mining Right and contiguous prospecting right application areas, with the objective of including additional prospects as JORC Mineral Resources in Q1 CY2023.

AREACHAP NEAR MINE EXPLORATION

Areachap is an under-explored belt with multiple Cu-Zn and Ni-Cu-Co-PGE-Au intrusive targets within Orion's mineral rights. Chief among these are:

- The Prieska Cu-Zn near mine, open pit and underground targets with high-grade intersections;
- The Jacomynspan Mining Right with potential for sulphide Ni-Cu-PGE-Au open pit & underground mining;
- Several high-grade Cu-Au targets with historical and recent drill intersections; and
- Several Li, Be, REE occurrences & old diggings to be investigated.

Jacomynspan Project and Metal Refining

The Jacomynspan Nickel-Copper-PGE Project (South Africa) (Jacomynspan Project) has the potential to be a significant metals producer and Orion's third strategic future metals project alongside the PCZM and OCP.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Jacomynspan hosts a Mineral Resource of 65Mt at 0.28% Ni, 0.19% Cu, 0.02% Co, 0.2g/t 2PGE+Au using a cut-off of 0.2% Ni. The Project has a granted and executed Mining Right over a proven Ni-Cu-Co-PGE+Au Intrusive Complex. Orion sees compelling potential for a large scale, near surface bulk mining operation at Jacomynspan, with drilling confirming the presence of shallow sulphide nickel-copper-cobalt-PGE mineralisation within the ultramafic intrusive. This work is being progressed in parallel with a metallurgical test work program to produce battery precursor products and other critical metal micro-powders from Jacomynspan ore.

Orion and Stratega Metals have an exclusivity agreement whereby Stratega Metals will undertake amenability test work on a 250kg sample of Ni-Cu-Co-PGE-Au concentrates from the Jacomynspan Project, the agreement was signed prior to the start of the reporting period (refer ASX/JSE release 9 May 2022).

The amenability test work commenced during the reporting period, with positive visual observations during laboratory tests indicating strong reaction kinetics and good mass recoveries to separated metal and sulphur powders. Definitive results and a detailed report are imminent with assay results confirming expectations of recoveries >95% of each metal to refined metal powder form.

AUSTRALIAN PROJECTS

Fraser Range - Gold-Nickel-Copper Project (Western Australia)

The Fraser Range Project in Western Australia extends over a total strike distance of some 430km. The Project area is highly prospective for high-value magmatic nickel-copper-cobalt sulphide discoveries.

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

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

During the reporting period, IGO completed five aircore holes at the Artemis Target, geological logging of core and down hole EM data from diamond drilling on E28/2367. Moving loop EM (MLEM) surveys were conducted at CE, Pennor North and Porpoise target areas.

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, 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. During the period, the Company continued to progress its licence applications over prospective areas of Walhalla.

Directors' Report (continued)

CORPORATE

Cash and Finance

Cash on hand as at 31 December 2022 was \$2.73 million. Following the end of the reporting period, on 3 January 2023, Orion announced that Tembo Capital Mining Fund II LP (**Tembo**) has continued its strong support of Orion, through a US\$0.50 million (~\$0.72 million) unsecured Convertible Loan Facility (see Tembo Convertible Loan Facility details below).

Prieska Project Funding

Triple Flag Funding Arrangements

In December 2022, Orion signed definitive agreements with Triple Flag, for a US\$87 million secured funding package. The funding package comprises two components, being a precious metals stream (Precious Metal Stream) and additional early funding arrangement (Funding Arrangement).

The Precious Metal Stream comprises US\$80 million (~\$118 million) of funding to be drawn down in tranches, alongside other bank and/or third-party funding during mine development. Orion will also receive payments of 10% of the value of delivered precious metal paid at spot London Bullion Market Authority (LBMA) pricing at the time of delivery.

The proposed stream rates for gold and silver to be delivered under the stream agreement are 84% of "Payable Gold" until 94.3k ounces of gold are delivered and 84% of "Payable Silver" until 5,710k ounces of silver are delivered, with each stream rate reducing to 50% after the respective milestones.

The Precious Metal Stream is conditional on the mine development being fully funded, finalisation of an executable mine plan to Triple Flag's satisfaction, South African regulatory approvals and fulfilment of conditions precedent standard for such arrangements.

Orion and Triple Flag have also entered into a definitive agreement for an additional \$10 million Funding Arrangement, with this funding to be made available to Orion to complete the Early Mining Works BFS and the Dewatering Project.

The \$10 million Funding Arrangement draw-down is conditional on Orion securing an additional \$20 million funding to execute the agreed work focused on the Dewatering Project and the Early Mining Works BFS, as well as South African regulatory approvals and fulfilment of conditions precedent standard for such agreements. Triple Flag has confirmed to Orion that draw-down of the IDC Convertible Loan (refer below) will be sufficient for this \$20 million funding condition to be satisfied. Draw-down of the \$10 million Funding Arrangement will be in tranches and will pro rata match the draw-down requests that Orion will make under the ZAR250 million IDC Convertible Loan (refer below).

Under each of the Precious Metal Stream and Funding Arrangement, PCZM (a majority-owned subsidiary of Orion) and other obligors will agree to grant a first ranking security in favour of Triple Flag over certain assets and claims, with the security in respect of the Precious Metal Stream to be subordinated to Prieska Project financiers.

The Triple Flag Funding Arrangement is expected to be available for draw-down in Q1 CY2023. A summary of the material terms of the Precious Metal Stream and Funding Arrangement is provided in Appendix 1 and 2 of the 13 December 2022 ASX/JSE release.

Directors' Report (continued)

A key approval for the cross-border transaction was obtained from the South African Reserve Bank on 22 December 2022.

IDC Convertible Loan

On 21 October 2022, Orion announced a pivotal non-binding term sheet with the IDC for a ZAR250 million (~\$22 million) senior secured loan facility (**IDC Convertible Loan**) to fund early mining works and key pre-development activities at the Prieska Project. Orion, Agama Exploration and Mining Proprietary Limited (a wholly-owned subsidiary of Orion) (**Agama**) and PCZM (a majority-owned subsidiary of Orion) have reached agreement with the IDC on the key terms of the IDC Convertible Loan, which have been recorded in a non-binding term sheet (**Term Sheet**), with IDC Executive Committee approval.

Under this Term Sheet, the IDC will provide the ZAR250 million (~\$22 million) IDC Convertible Loan to Agama, or its wholly-owned subsidiary, which will be on-lent to PCZM on similar terms to fund the completion of the BFS for the previously articulated Early Production Plan at Prieska (refer ASX/JSE release 20 January 2022), while also allowing the Company to commence dewatering of the existing underground mine – a critical path activity required for the broader long-term development of the project. The Early Mining Works BFS and the Dewatering Project are key pre-development workstreams that are already well advanced.

Definitive agreement on the IDC Convertible Loan were signed with the IDC subsequent to the end of the reporting period on 8 February 2023. The IDC Convertible Loan funding is expected to be available for draw-down in Q1 CY2023, subject to fulfilment of conditions precedent and draw-down conditions standard for such arrangements. Draw-down of the ZAR250 million Convertible Loan will be in tranches and will be pro rata matched by the draw-down requests that Orion will make under the \$10 million Triple Flag Funding Arrangement (refer above). A summary of the material terms of the definitive agreement is provided in Appendix 1 of the 8 February 2023 ASX/JSE release.

Next Steps

The Triple Flag \$10 million early Funding Arrangement, together with the IDC Convertible Loan, will enable Orion to complete the Early Mining Works BFS and commission and carry out the Dewatering Project.

The Early Mining Works BFS for the Prieska Project is well advanced, with targeted completion in mid-2023. The Dewatering Project is also well advanced, with underground storage dams and pump site construction completed and the shaft platform installed to facilitate pump installation.

Okiep Copper Project Funding

IDC Share Acquisition and Pre-development Funding

Orion and the IDC have entered into a definitive agreement under which the IDC acquired 43.75% of the issued ordinary shares in NOM and triggered pre-development funding arrangements for the Flat Mines Project.

The IDC funding of pre-development costs in the aggregate amount of ZAR35 million (~\$3.0 million) will be advanced to NOM on the same terms as the pre-development funding amount of ZAR44 million (~\$3.84 million) that Orion had already advanced to NOM, including that the loan is unsecured, interest free until such time as the Flat Mines Project commences commercial production and will be repaid when NOM is in a financial position to make repayment. Pursuant to the definitive agreements having been implemented, and the IDC becoming a shareholder in NOM, during the reporting period the IDC advanced ZAR21.91 million (~\$1.89 million) of its pre-development funding commitment.

Directors' Report (continued)

The execution of definitive agreements, and acquisition of shares in NOM by the IDC, follows Orion's 7 September 2022 announcement that it had entered into non-binding term sheets with the IDC and Lulamile Xate regarding the key principles of the funding and Historically Disadvantaged South African (HDSA) ownership participation arrangements for NOM.

Orion, the IDC and Lulamile Xate anticipate finalising and executing the definitive agreements for the HDSA ownership arrangements within the coming months, with the implementation of the HDSA ownership arrangements being conditional on the transfer of the assets from SAFTA to NOM, per the terms and conditions of the SAFTA Asset Acquisition Agreement (refer ASX/JSE releases 2 February 2021 and 2 August 2021).

Capital Raising

Placement

On 22 June 2022, the Company announced a capital raising to raise up to \$20 million at 2.0 cents per ordinary fully paid shares (**Share**), to underpin the next phase of development of its portfolio of advanced base metal assets in South Africa's Northern Cape Province.

Given the significant volatility experienced in global financial markets since the time the capital raising was announced in June 2022, the raising was initiated in three tranches, with commitments received for the first two tranches (~\$6 million). No Shares were issued in relation to tranche 3. The two tranches completed, are summarised below:

- Tranche 1: in June 2022 and July 2022, the Company issued a total of 156 million Shares at an issue price of 2.0 cents (being ZAR22 cents) to raise \$3.1 million (together with one free attaching unlisted option for each two Shares issued, with an exercise price of 2.5 cents (being ZAR27.5 cents) and an expiry date of 30 June 2023 (**Options**)), using the Company's 15% placement capacity under ASX Listing Rule 7.1; and
- Tranche 2: the Company raised \$2.9 million through the issue of 145 million Shares at an issue price of 2.0 cents (being ZAR22 cents) per Share (together with one free attaching Option for each two Shares issued on the terms set out above), including \$2 million from Orion non-executive Director Tom Borman and \$0.2 million from Orion's Chairman Denis Waddell.

Share Purchase Plan

In addition to the capital raising announced on 22 June 2022, Orion also announced a share purchase plan (**SPP**) providing shareholders an opportunity to increase their shareholding in the Company at the same offer price as the Shares issued under the capital raising (refer above).

Under the SPP, Eligible Shareholders could subscribe for new Shares in parcels starting from \$2,000 (or ZAR20,000), up to a maximum of \$30,000 (~ZAR0.33 million), at an issue price of 2.0 cents (ZAR22 cents) per Share, without incurring brokerage or transaction costs. The SPP opened on 28 June 2022 and closed on 12 August 2022 and on 22 August 2022, the Company issued 67.3 million Shares under the SPP at an issue price of 2.0 cents per Share (ZAR22 cents), raising \$1.35 million.

The SPP attracted strong support from shareholders, particularly those in South Africa, which was a pleasing result given the volatility experienced in global financial markets and commodity prices during the SPP offer period.

Loans

Tembo – Convertible Loan Facility

Following the end of the reporting period, on 3 January 2023, Orion announced that Tembo had continued its strong support of Orion, through an unsecured convertible loan facility of US\$0.50 million (~\$0.72 million) (**Tembo Convertible Loan Facility**).

Directors' Report (continued)

Under the terms of the Tembo Convertible Loan Facility, in certain instances, amounts outstanding under the Tembo Convertible Loan Facility (including capitalised interest and fees) (**Outstanding Amount**) may be repaid by the issue of Shares to Tembo (subject to receipt of shareholder and regulatory approvals).

Proceeds from the Tembo Convertible Loan Facility will be used principally for working capital purposes, and any other purposes as agreed by Tembo in writing. The key terms of the Tembo Convertible Loan Facility agreement are:

- Loan Amount: US\$0.50 million.
- Interest: Capitalised at 12% per annum.
- Conversion or Repayment:
 - The Outstanding Amount must be repaid in cash by 30 April 2024, or, if Tembo elects (or is required) to receive Shares in repayment of the Outstanding Amount in lieu of payment in cash (as set out below), the date on which those Shares are issued (or such later date as agreed between Orion and Tembo) (Repayment Date);
 - If Orion undertakes a placement raising a minimum of US\$2.0 million from investors other than Tembo (Placement) prior to 31 May 2023 (**Placement End Date**), subject to receipt of necessary shareholder and regulatory approvals, Tembo must participate in any such Placement, with Shares being issued by Orion to Tembo in repayment of the Outstanding Amount (in lieu of payment in cash by Orion).
 - Tembo may also elect, subject to receipt of shareholder and regulatory approvals, for repayment of the Outstanding Amount to be satisfied by the issue of Shares by Orion to Tembo between the Placement End Date and the Repayment Date. The deemed issue price of those Shares shall be:
 - where Tembo elects to participate in a Placement conducted by Orion during that period, the subscription price payable by investors under any Placement conducted during that period; or
 - otherwise, the 10 day volume weighted average price of Orion's Shares prior to an election by Tembo to convert the Outstanding Amount to Shares.
 - Where necessary shareholder or regulatory approvals are not obtained for issues of Shares, Orion must repay the Outstanding Amount in cash.
- Security: The Tembo Convertible Loan Facility is unsecured.
- Conditions: The availability of funding is subject to certain customary conditions.

Anglo American sefa Mining Fund – Loan

In November 2015, PCZM, (a 70% owned subsidiary of Orion) and Anglo American sefa Mining Fund (**AASMF**), entered into a ZAR14.25 million loan agreement for the further exploration and development of the Prieska Project (**Loan 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 (~\$1.23 million);
- Interest rate: Prime lending rate in South Africa;
- Repayment date: 30 April 2022; 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 by PCZM of its obligations in terms of the Loan Facility.

For personal use only

Directors' Report (continued)

As at 31 December 2022, the balance of the Loan Facility was ZAR22.99 million (~\$1.98 million) (including capitalised interest). PCZM and AASMF are continuing negotiations to agree and settle a repayment plan.

Experienced owners team secured for Prieska Project

In preparation for the commencement of mine development at the Prieska Project, Orion has expanded its highly experienced management team, through the recruitment of additional management team members with specific experience appropriate for the planned South African mine development operations. The local South African management reporting structure has also been reorganised to be more appropriate for the intended operations focussed on mechanised mine development.

Appointment of Chief Financial Officer

On 15 December 2022, Orion announced the appointment of highly experienced corporate finance executive, Mr Peet van Coller, as the Company's new South African-based Chief Financial Officer (CFO), with effect from 1 April 2023. The appointment forms part of a series of recent and planned appointments to Orion's leadership team in South Africa, as it gears up for operational readiness at its flagship Prieska Project and Okiep Copper Project, in South Africa's Northern Cape Province.

Mr van Coller will succeed Orion's long-serving CFO, Mr Martin Bouwmeester, who will remain as Orion's Company Secretary and as a corporate consultant on a part-time basis, ensuring that Orion will continue to benefit from Martin's valuable corporate experience, financial and strategic capabilities.

Mr van Coller's appointment follows a comprehensive executive search process which was aimed at recruiting a South African-based CFO to support Orion's near-term transition to mine development and production in South Africa.

Appointment of operational leadership team

Eastern Operations

Mr Johan Stoltz joined Orion in May 2022 and has been appointed as Executive Eastern Operations (Prieska and Jacomynspan Projects). Mr Stoltz reports directly to the CEO, Mr Errol Smart. Mr Stoltz is a mining engineer with 27 years' experience in mine site establishment, mechanised mine development, deep-level mechanised mining, pillar extraction and general mining operations in South Africa.

Mr Stoltz is supported by a hand-picked team of South African mining, mechanical and electrical engineering staff.

Western Operations

Mr Mark Meyer, is an experienced mechanical engineer and mining executive with 40 years' experience in mine feasibility studies, mine planning, construction and operations. Mr Meyer reports directly to CEO, Mr Errol Smart and is responsible for Western Region Operations (Okiep Projects) and is supported by Mr Andre Rousseau who was the previous Manager Mining at Okiep Copper Mines and managed the Flat Mine development and operations in early 2000's. Mr Meyer is further supported by an outsourced team of industry experts.

Group Services

Mr Marcus Birch has been promoted to Group Executive Sustainability, reporting to CEO, Mr Errol Smart and is responsible for all permitting and tenure including ESG management for all operations. Mr Birch is supported by a team of experienced mineral title and stakeholder engagement experts.

Directors' Report (continued)

SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the half 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 periods, except for the matters referred to below:

- On 3 January 2023, Orion announced that Tembo continues its strong support of Orion, through an unsecured convertible loan facility of US\$0.50 million (~\$0.72 million) (**Tembo Convertible Loan Facility**).

Under the terms of the Loan Facility, in certain instances, amounts outstanding under the Convertible Loan Facility (including capitalised interest and fees) may be repaid by the issue of ordinary shares in Orion to Tembo (subject to receipt of shareholder and regulatory approvals).

- On 8 February 2023, Orion announced that it has entered into a definitive agreement with the IDC for a ZAR250 million (~\$21 million) senior secured convertible loan facility (Convertible Loan) to fund early mining works and key pre-development activities at the Prieska Copper-Zinc Project (Prieska Project), located in the Northern Cape region of South Africa.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 22 and forms part of the directors' report for the half year ended 31 December 2022.

Signed in accordance with a resolution of the directors.



Denis Waddell
Chairman

Perth, Western Australia

Date: 9 March 2023

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

As lead auditor for the review of Orion Minerals Limited for the half-year ended 31 December 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 9 March 2023

For personal use only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

CONTINUING OPERATIONS	Notes	December 2022 \$'000	December 2021 \$'000
Other income	4	25	33
Exploration and evaluation costs expensed	8	(2,207)	(4,340)
Employee expenses		(698)	(671)
Other operational expenses	4	(3,037)	(1,621)
Results from operating activities		(5,917)	(6,599)
Non-operating expenses	4	(2,989)	(5,234)
Finance income		1,603	1,504
Finance expense		(169)	(140)
Net finance income		1,434	1,364
Loss before income tax		(7,472)	(10,469)
Income tax expense		---	---
Loss from continuing operations attributable to equity holders of the Group		(7,472)	(10,469)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income			
Foreign currency reserve		489	614
Total other comprehensive income for the period		489	614
Total comprehensive loss for the period			
Loss for the period is attributed to:			
Non-controlling interest	11	(891)	(574)
Owners of Orion Minerals Ltd		(6,581)	(9,895)
		(7,472)	(10,469)
Total comprehensive loss for the period is attributable to:			
Non-controlling interest	11	(891)	(574)
Owners of Orion Minerals Ltd		(6,092)	(9,281)
		(6,983)	(9,855)
LOSS PER SHARE (CENTS PER SHARE)			
Basic loss per share	13	(0.14)	(0.23)
Diluted loss per share	13	(0.14)	(0.23)
Headline loss per share	13	(0.14)	(0.23)
Diluted headline loss per share	13	(0.14)	(0.23)

The notes on pages 27 to 40 are an integral part of this consolidated interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

ASSETS	Notes	December 2022 \$'000	June 2022 \$'000
Current assets			
Cash and cash equivalents	3	2,734	4,288
Trade and other receivables		252	394
Rehabilitation bonds	5	346	348
Prepayments		593	428
Total current assets		3,925	5,458
Non-current assets			
Trade and other receivables		90	93
Rehabilitation bonds	5	2,533	2,684
Right of use asset		1,789	1,897
Loans to related parties	6	4,811	4,743
Investment in preference shares	7	25,232	24,602
Plant and equipment		369	386
Deferred exploration, evaluation and development	8	49,969	49,773
Total non-current assets		84,793	84,178
Total assets		88,718	89,636
LIABILITIES	Notes	December 2022 \$'000	June 2022 \$'000
Current liabilities			
Trade and other payables		1,880	2,522
Provisions		143	189
Loans	9	1,984	1,959
Leases		1	1
Total current liabilities		4,008	4,671
Non-current liabilities			
Provisions		1,898	1,953
Loans	9	1,891	---
Leases		2,064	2,115
Total non-current liabilities		5,853	4,068
Total liabilities		9,861	8,739
NET ASSETS		78,857	80,897
EQUITY	Notes	December 2022 \$'000	June 2022 \$'000
Equity attributable to equity holders of the Company			
Issued capital	10	194,698	189,755
Accumulated losses		(132,119)	(127,481)
Share based payments reserve	10	3,606	3,606
Foreign currency translation reserve		466	(24)
Other reserve		19,956	19,956
Non-controlling interest - subsidiaries	11	(7,750)	(4,915)
Total equity		78,857	80,897

The notes on pages 27 to 40 are an integral part of this consolidated interim financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

	Notes	December 2022 \$'000	December 2021 \$'000
Cash flows from operating activities			
Payments for exploration and evaluation		(2,259)	(3,784)
Payments to suppliers and employees		(2,719)	(2,487)
Interest received		60	77
Interest paid		(56)	(45)
Other receipts		72	159
Net cash used in operating activities		(4,902)	(6,080)
Cash flows from investing activities			
Purchase of plant and equipment		(45)	(23)
Payments for exploration and evaluation		(2,855)	(3,389)
Term deposit funds – invested		---	(373)
Dividends received		---	86
Net cash used in investing activities		(2,900)	(3,699)
Cash flows from financing activities			
Proceeds from issue of shares		4,843	---
Share issue expenses		(6)	---
Borrowings provided to joint venture operations		(231)	(440)
Proceeds from borrowings		1,888	---
Net cash from / (used in) financing activities		6,494	(440)
Net decrease in cash and cash equivalents		(1,308)	(10,219)
Cash and cash equivalents at the beginning of the period		4,288	20,553
Effects of exchange rate on cash at end of reporting period		(246)	(340)
CASH ON HAND AND AT BANK AT PERIOD END	3	2,734	9,994

The notes on pages 27 to 40 are an integral part of this consolidated interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

31 December 2022							
	Issued capital	Accumulated losses	Non-controlling interest	Foreign currency translation reserve	Other reserve	Share based payments reserve	Total equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2022	189,755	(127,481)	(4,915)	(24)	19,956	3,606	80,897
Loss for the period	---	(6,581)	(891)	---	---	---	(7,472)
Other comprehensive income	---	---	---	489	---	---	489
Total comprehensive loss for the period	---	(6,581)	(891)	489	---	---	(6,983)
Transactions with owners in their capacity as owners:							
Contributions of equity, net costs	4,943	---	---	---	---	---	4,943
Share-based payments expense	---	---	---	---	---	---	---
Transactions between owners	---	1,943	(1,944)	1	---	---	---
Total transactions with owners	4,943	1,943	(1,944)	1	---	---	4,943
Balance at 31 December 2022	194,698	(132,119)	(7,750)	466	19,956	3,606	78,857

31 December 2021							
	Issued capital	Accumulated losses	Non-controlling interest	Foreign currency translation reserve	Other reserve	Share based payments reserve	Total equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2021	184,999	(113,924)	(3,677)	(270)	19,956	3,919	91,003
Loss for the period	---	(9,895)	(574)	---	---	---	(10,469)
Other comprehensive income	---	---	---	614	---	---	614
Total comprehensive loss for the period	---	(9,895)	(574)	614	---	---	(9,855)
Transactions with owners in their capacity as owners:							
Contributions of equity, net costs	559	---	---	---	---	---	559
Share-based payments expense	---	---	---	---	---	123	123
Capitalise option fee expensed prior year	---	85	---	---	---	---	85
Total transactions with owners	559	85	---	---	---	123	767
Balance at 31 December 2021	185,558	(123,734)	(4,251)	344	19,956	4,042	81,915

The notes on pages 27 to 40 are an integral part of this consolidated interim financial report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

For the half year ended 31 December 2022

1. REPORTING ENTITY

Orion Minerals Limited (**Company**) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the **Group**).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2022 is available upon request from the Company's registered office or at www.orionminerals.com.au.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated interim financial statements are consistent with those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2022. Mandatory accounting standards were adopted by the Group during the period. The adoption of the new accounting standards has had no material impact on the measurements of the Group's assets and liabilities.

a) Statement of compliance

The consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IFRS IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2022.

This consolidated interim financial report was approved by the Board of Directors on 9 March 2023.

b) Basis of measurement

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial report as at and for the year ended 30 June 2022.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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 \$7.47M for the half year ended 31 December 2022, and the Group's position as at 31 December 2022 was as follows:

- The Group had cash reserves of \$2.73M and had negative operating cash flows of \$4.90M for the half year ended 31 December 2022;
- The Group had negative working capital at 31 December 2022 of \$0.08M; and
- The Group's main activity is exploration, evaluation and development of base metal, gold and PGE projects in South Africa (Northern Cape Province) and as such it does not have a source of income, rather it is reliant equity raisings and / or debt 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 state in the financial report.

Following period end, in January 2023, the Company announced that Tembo Capital Mining Fund II LP (**Tembo**) has continued its strong support of the Company, through a US\$0.50M (~\$0.72M) unsecured convertible loan facility (refer Note 15).

Current forecasts indicate that cash on hand as at 31 December 2022 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.

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 Prieska Copper-Zinc Project (**Prieska Project**) bankable feasibility study (**BFS-20**) released May 2020, with an initial 12 year Foundation Phase (refer ASX/JSE release 26 May 2020) and the positive results delivered by the value engineering, optimisation works and pre-development undertaken since the completion of the BFS-20;
- In January 2022, the Company announced that it is investigating the potential to bring forward the start of production at the Prieska Project (**Early Production Plan**). The new plan brings forward revenue generation and potentially reduces the upfront external peak funding requirements by phasing the mine build while retaining the option to scale up to the full-scale BFS-20 project as sufficient funding becomes available;
- In December 2022, the Company signed definitive agreements with Triple Flag, for a US\$87M secured funding package comprising two components, being a US\$80M precious metals stream (Precious Metal Stream) and additional \$10M (~\$7M) early funding arrangement, with such early funding arrangement to be made available to the Company to complete the Early Production Plan feasibility study and the simultaneous commissioning and operation of pumping and water treatment facilities, to allow dewatering of the PCZM mine. The early funding arrangement is expected to be available for draw-down in Q1 CY2023;

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- In October 2022, the Company entered into a non-binding term sheet with the Industrial Development Corporation of South Africa Limited (**IDC**) for a ZAR250M (~\$22M) senior secured loan facility (**IDC Convertible Loan**) to fund early mining works and key pre-development activities at the Prieska Project. The proceeds of the IDC Convertible Loan will support the completion of the Early Production Plan feasibility study, while also allowing the Company to commence dewatering of the existing underground mine. Definitive agreements on the IDC Convertible Loan were signed subsequent to the end of the reporting period (see ASX/JSE Announcement 8 February 2023) and the IDC Convertible Loan is expected to be available for draw-down in Q1 CY2023; 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 potential debt and equity providers and potential strategic partners, in relation to funding for the development of the Company's projects.

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

Accordingly, the financial statements for the half year ended 31 December 2022 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.

d) 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.

e) New or amended Accounting Standards and Interpretations adopted

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2022. As a result, there are no new standards since last reporting date of 30 June 2022 that the Group is required to adopt or make retrospective assessment prior to adoption.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

3. CASH AND CASH EQUIVALENTS

	December 2022 \$'000	June 2022 \$'000
Cash and cash equivalents	1,744	4,270
Short term deposits	960	18
Total	2,734	4,288

Cash and cash equivalents includes an amount of \$0.96M held by New Okiep Mining Company (Pty) Ltd (**NOM**) (a subsidiary of Orion), from funds received from the IDC Shareholder Loan, as required under the terms of memorandum of incorporation agreement between NOM and the IDC, that is ringfenced for Okiep Copper Project – Flat Mines Project expenditure (refer Note 9).

4. REVENUES AND EXPENSES

Other income	December 2022 \$'000	December 2021 \$'000
Services rendered to associate companies	25	8
Intergroup transactions: Revenue from disbursements	---	25
Total other income	25	33
Other operational expenses	December 2022 \$'000	December 2021 \$'000
Contractor, consultants and advisory	2,329	988
Investor and public relations	161	117
Communications and information technology	56	59
Due diligence expenditure	---	28
Depreciation	93	62
Occupancy	23	35
Travel and accommodation	133	62
Directors' fees and employment costs	166	202
Other corporate and administrative	76	68
Total other operational expenses	3,037	1,621
Non-operating (income) / expenses	December 2022 \$'000	December 2021 \$'000
Net foreign exchange loss	2,989	5,197
Dividend income	---	(86)
Share based payments	---	123
Total non-operating expenses	2,989	5,234

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

5. REHABILITATION BONDS

	December 2022 \$'000	June 2022 \$'000
Current		
Rehabilitation bonds	346	348
Non-current		
Rehabilitation bonds	2,533	2,684
Total	2,879	3,032

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 Group also has environmental obligations for various projects in South Africa, including the Prieska Project. The Group has engaged the services of Centriq Insurance Company Ltd (**Centriq**), 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.

6. LOAN TO RELATED PARTIES

	December 2022 \$'000	June 2022 \$'000
Non-current		
Loan to Prieska Resources – principal	1,320	1,367
Loan to joint venture partners	3,491	3,376
Total	4,811	4,743

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, Prieska Copper Zinc Mine (Pty) Ltd (**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 7).

A secured loan (repayable 12 months from closing date of securing Prieska Project financing) with principal totalling ZAR15.29M arose as a result of PCZM delegating a portion of a loan which was owed to the Company by Prieska Resources, in exchange for which PCZM issues ordinary shares to Prieska Resources. The terms of the loan initially included that interest is payable by Prieska Resources at the publicly quoted prime overdraft rate. Subsequently, the terms of the loan have been amended such that:

- all accrued interest up to 30 June 2021 that has been waived by the Company; and
- from 1 July 2021 until the financial closing date of securing Prieska Project financing, the loan shall be interest free, subsequent to which date the loan shall bear interest at prime.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

6. LOAN TO RELATED PARTIES (continued)

Joint Venture Partners

In September 2017, Area Metals Holdings No3 (Pty) Ltd (an indirect, wholly owned, Orion subsidiary) (**AMH3**) entered into a binding earn-in agreement to acquire earn-in rights over the Jacomynspan Nickel-Copper-PGE Project (South Africa) (**Jacomynspan Project**) from two companies, Disawell (Pty) Ltd and Namaqua Nickel Mining (Pty) Ltd (**Namaqua Disawell Companies**), which hold partly overlapping granted prospecting rights and a mining right, respectively.

During the year ended 30 June 2019, AMH3 reached the next stage earn-in right, which will see its shareholding increase by a further 25% interest making its total interest 50% (subject to, inter alia, certain regulatory approvals). Orion is the manager and operator of the joint venture.

On 13 July 2020, the Company announced that it had entered into an agreement whereby Orion (or its nominated subsidiary) will acquire the remaining minority interests in the Jacomynspan Project, through the acquisition of the remaining issued shares held by the minority shareholders of the Namaqua Disawell Companies. The key terms of this agreement are set out in Orion's 13 July 2020 ASX / JSE release. On 31 August 2020, the parties entered into a comprehensive formal written agreement incorporating the principal terms and conditions set out in the initial agreement (**Sale Agreement**).

During the reporting period, the Group continued to advance exploration programs on the Jacomynspan Project, expending an additional \$0.23M (excludes effect of foreign exchange rate movement on balance). This expenditure, under the terms of a consolidated shareholders' agreement concluded in September 2017 between, amongst others, the Company, AMH3 and the Namaqua Disawell Companies, is held in a shareholder loan account.

The Sale Agreement was subject to the satisfaction or waiver of specified suspensive conditions. While certain suspensive conditions were fulfilled, the Agreement remained subject to the satisfaction or waiver of certain remaining suspensive conditions of the Agreement, including that, on or before 27 February 2022 (as extended by AMH3), all regulatory approvals as may be required for the purposes of implementing the transaction have been received. The Company and the other current shareholders in the Namaqua Disawell Companies reached an agreement (through their authorised representative) to extend the date by which the Sale Agreement must become unconditional from 27 February 2022 to 31 August 2022, with the extension providing additional time for the parties to discuss a potential expanded and revised transaction whereby additional prospective Southern African nickel projects will be combined with the Jacomynspan Project.

Although the Sale Agreement lapsed during the reporting period, the shareholders continue to discuss the future operational plans of the Jacomynspan Project, as they await the statutory approval for Orion to be issued the shares to achieve 50% shareholding in the Namaqua-Disawell companies following satisfaction of the obligations of the original earn-in agreement. Namaqua-Disawell has submitted its applications to the DRME for regulatory approval to issue the additional shares to Orion, resulting in a change of control of the companies holding the mineral rights.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

7. INVESTMENT IN PREFERENCE SHARES

	December 2022 \$'000	June 2022 \$'000
Non-current		
Prieska Resources preference shares – principal	17,265	17,878
Prieska Resources preference shares – interest receivable	7,967	6,724
Total	25,232	24,602

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 6) 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.

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	December 2022 \$'000	June 2022 \$'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	35,613	30,997
Effect of foreign exchange on opening balance	(1,332)	(1,231)
Expenditure incurred	3,734	16,836
Exploration expensed	(2,207)	(10,990)
Deferred exploration and evaluation expenditure	35,808	35,612
Net carrying amount at end of period	49,969	49,773

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

9. LOANS

	December 2022 \$'000	June 2022 \$'000
Current		
AASMF loan	1,984	1,959
Non-current		
IDC Shareholder loan	1,891	---
Total	3,875	1,959

AASMF Loan

On 2 November 2015, PCZM (a 70% owned subsidiary of Orion) 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; 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.

A settlement plan with two options was submitted to AASMF in the March 2022 quarter for consideration. At the end of the reporting period, the Company, its subsidiary PCZM and AASMF are continuing negotiations to agree and settle a repayment plan in relation to the loan.

IDC Shareholder Loan

In November 2022, Orion and the Industrial Development Corporation of South Africa Limited (**IDC**) entered into definitive agreements in terms of which the IDC acquired 43.75% of the issued ordinary shares in New Okiep Mining Company Proprietary Limited (**NOM**) and triggered pre-development funding arrangements for the Flat Mines SAFTA area (**Flat Mines Project**), refer ASX/JSE release 7 September 2022.

Under the terms of the NOM memorandum of incorporation (**MOI**), the IDC funding of pre-development costs in the aggregate amount of ZAR34.58M will be advanced to NOM as a shareholder loan on the same terms as the pre-development funding amount of ZAR44.46M that Orion had already advanced to NOM, including that the loan is unsecured, interest free until such time as the Flat Mines Project commences commercial production and will be repaid when NOM is in a financial position to make repayment. Pursuant to the definitive agreements having been implemented, the IDC becoming a shareholder in NOM. In November 2022, the IDC advanced ZAR21.91M (\$1.89M) of its pre-development funding commitment.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

10. ISSUED CAPITAL AND SHARE BASED PAYMENT RESERVE

	December 2022 \$'000	June 2022 \$'000
Ordinary fully paid shares	194,698	189,755
	194,698	189,755

The following movements in issued capital occurred during the period:

	Number of shares	Issue price	\$'000
Ordinary fully paid shares			
Opening balance at 1 July 2022	4,513,295,398		189,755
Share issues:			
Placement – 13 July 2022	24,954,817	\$0.02	499
Share Purchase Plan – 22 August 2022	67,332,902	\$0.02	1,423
Placement – 22 August 2022	144,454,044	\$0.02	2,921
Placement – Director Fees (21 December 2022)	5,312,500	\$0.02	106
Less: Issue costs	---	---	(6)
Closing balance as at 31 December 2022	4,755,349,661		194,698

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, consultants 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 2021	3,919
Share based payments expense	417
Unlisted share options expired/exercised and transferred to accumulated losses (i)	(730)
Closing balance at 30 June 2022	3,606
Share based payments expense	---
Unlisted share options expired/exercised and transferred to accumulated losses	---
Closing balance at 31 December 2022	3,606

- (i) During the period ended 30 June 2022, previously recognised share based payment transactions for options which had vested but subsequently expired were transferred to accumulated losses.

No options to subscribe for ordinary fully paid shares expired during the half year ended 31 December 2022.

No options were granted or exercised during the half year ended 31 December 2022 under the Group's Option and Performance Rights Plan.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

11. NON-CONTROLLING INTEREST – SUBSIDIARIES

	December 2022 \$'000	June 2022 \$'000
Opening balance	(4,915)	(3,677)
<u>Movement</u>		
Partial disposal of subsidiary	(1,944)	---
Accumulated losses	(891)	(1,238)
Closing balance	(7,750)	(4,915)

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

Prieska Copper Zinc Mine (Pty) Ltd 30% (December 2021: 30%), Vardocube (Pty) Ltd 30% (December 2021: 30%), New Okiep Mining Company (Pty) Ltd 43.75% (December 2021: 0%) and Aquila Sky Trading 890 (Pty) Ltd 31.78% (December 2021: 31.78%). Masiqhame Trading 855 (Pty) Ltd 50% (December 2021: 50%) do not participate in the profit/loss and have no impact on the NCI value.

The disposal of subsidiary relates to the agreement reached with the IDC for the Okiep Copper Project, specifically with the Group's subsidiary New Okiep Mining Company Pty Ltd (refer Note 9 for detail on the agreement and transaction).

12. COMMITMENTS – PROJECT RELATED

Okiep Copper Project

On 2 August 2021, the Company announced that it had exercised a restructured option to directly acquire the mineral rights and other assets held by Southern African Tantalum Mining (Pty) Ltd (**SAFTA**), NababEEP Copper Company (Pty) Ltd (**NCC**) and Bulletrap Copper Co (Pty) Ltd (**BCC**) (collectively the **Target Entities**), rather than acquire the shares in the Target Entities themselves (**OCP Sale Assets**) (**OCP Transaction**).

Two newly formed Orion subsidiary companies, New Okiep Mining Company (Pty) Ltd (initially 56.3% owned by Orion and 43.7% owned by IDC (in relation to SAFTA) and New Okiep Exploration Company (Pty) Ltd (initially 100% Orion-owned) (in relation to NCC and BCC) (each a **Purchaser**) will acquire all of the assets of SAFTA, NCC and BCC, respectively, comprising principally their respective mineral rights, 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 ZAR76.5M (~\$7.1M) (**Purchase Consideration**), to be settled as to ZAR18.4M (~\$1.7M) in cash and ZAR58.1M (~\$5.4M) in Orion Shares (**Consideration Shares**). The issue price of the Consideration Shares will be equal to the 30-day volume weighted average price of the 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 of specified mineral right is granted in respect of the Target Entity that is the subject of that transaction.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

12. COMMITMENTS – PROJECT RELATED (continued)

The Company will pre-pay a portion of the Purchase Consideration (**Pre-Payment**) to the Selling Shareholders with effect from the date that is 90 days after the date on which the last mineral right is granted in respect of the Target Entity that is the subject of that transaction until the closing date of the OCP Transaction concerned. The Pre-Payment amount is ZAR0.35M in respect of the SAFTA transaction and ZAR0.25M in respect of each of the NCC transaction and the BCC transaction. The aggregate of the Pre-Payments is deducted from the Consideration Shares.

For additional information on the Okiep Transaction Agreements, refer to Orion's ASX/JSE announcement, released on 2 August 2021.

Stratega Metals – Battery Metals Refinery

In May 2022, Orion entered into a term sheet that contains binding exclusivity arrangements through which Stratega Metals (Pty) Ltd (**Stratega**) will undertake technical due diligence, including amenability test work, for the use of carbo-chloro metal vapour extraction technology (CCMVT) for base metal refining of polymetallic concentrates produced from Orion's Northern Cape projects (**Test Work**) and during which Stratega and Orion may enter into a comprehensive earn-in agreement under which Orion may earn up to 75% ownership in Stratega, by funding the establishment of a bespoke test work facility and demonstration plant, to be located at Orion's project sites. Under the terms of the agreement, Orion has funded phase 1.1 of the Test Work for USD0.25M.

Following completion of phase 1.1 of the Test Work, depend on results and verification by independent experts, Stratega may be entitled to a phase 1.1 success bonus of \$0.1M, payable in cash or Shares at Orion's election. Orion has discretion whether to elect to proceed to phase 1.2 of the Test Work and development activities.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

13. LOSS PER SHARE

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

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 period (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

	December 2022 Cents	December 2021 Cents
Loss attributable to owners of the Company	(0.14)	(0.23)
Diluted loss attributable to owners of the Company	(0.14)	(0.23)

b) Reconciliation of loss used in calculating earnings per share

	December 2022 \$'000	December 2021 \$'000
Loss from continuing operations attributable to equity holders of the Group	(7,472)	(10,469)
Loss attributable non-controlling interest	(891)	(574)
Loss attributable to owners of the Company	(6,581)	(9,895)

c) Weighted average number of shares

	December 2022 Number	December 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (i)	4,601,143,312	4,321,025,819
(i) Shares are anti-dilutive		

d) Headline loss per share

	December 2022 \$'000	December 2021 \$'000
Loss before income tax	(6,581)	(9,895)
Impairment of non-current assets reversal	---	---
Plant and equipment written off	---	---
Adjusted earnings	(6,581)	(9,895)

	December 2022 Number	December 2021 Number
Weighted average number of shares	4,601,143,312	4,321,025,819

	December 2022 Cents	December 2021 Cents
Loss per share (cents per share)	(0.14)	(0.23)
Diluted loss per share (cents per share)	(0.14)	(0.23)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

14. 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, evaluation and development within South Africa and Australia. During the half year to 31 December 2022, the Group has actively undertaken exploration, evaluation and development in South Africa.

Reportable segments are represented as follows:

31 December 2022	Australia	South Africa	Total
	\$'000	\$'000	\$'000
Segment net operating loss after tax	(2,184)	(5,288)	(7,472)
Depreciation	(2)	(91)	(93)
Finance income	38	1,565	1,603
Finance expense	(4)	(165)	(169)
Exploration expenditure written off and expensed	(434)	(1,773)	(2,207)
Segment non-current assets	11,048	73,745	84,793

31 December 2021	Australia	South Africa	Total
	\$'000	\$'000	\$'000
Segment net operating loss after tax	(1,912)	(8,557)	(10,469)
Depreciation	(2)	(60)	(62)
Finance income	70	1,434	1,504
Finance expense	---	(140)	(140)
Exploration expenditure written off and expensed	(235)	(4,105)	(4,340)
Segment non-current assets	11,054	66,189	77,243

15. SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the half 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 periods, except for the matters referred to below:

- On 3 January 2023, Orion announced that Tembo continues its strong support of Orion, through an unsecured convertible loan facility of US\$0.50 million (~\$0.72 million) (**Tembo Convertible Loan Facility**).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

15. SUBSEQUENT EVENTS ARE THE BALANCE DATE (continued)

Under the terms of the Loan Facility, in certain instances, amounts outstanding under the Convertible Loan Facility (including capitalised interest and fees) may be repaid by the issue of ordinary shares in Orion to Tembo (subject to receipt of shareholder and regulatory approvals).

- On 8 February 2023, Orion announced that it has entered into a definitive agreement with the IDC for a ZAR250 million (~\$21 million) senior secured convertible loan facility (Convertible Loan) to fund early mining works and key pre-development activities at the Prieska Copper-Zinc Project (Prieska Project), located in the Northern Cape region of South Africa.

For personal use only

DIRECTORS' DECLARATION

In the opinion of the directors of Orion Minerals Limited (the **Company**):

1. the interim consolidated financial statements and notes set out on pages 23 to 40, are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance, as represented by the results of its operations and cash flows for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Denis Waddell
Chairman

Perth, Western Australia

9 March 2023

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orion Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Orion Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2(c) 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

The image shows two handwritten signatures. The top one is a stylized 'BDO' logo in black ink. The bottom one is a cursive signature that appears to read 'James Mooney'.

James Mooney
Director

Melbourne, 9 March 2023

For personal use only