

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Orion Minerals Ltd

ABN

76 098 939 274

Quarter ended ("current quarter")

June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	---	---
1.2 Payments for		
(a) exploration & evaluation	(277)	(4,472)
(b) development	---	---
(c) production	---	---
(d) staff costs	(367)	(1,644)
(e) administration and corporate costs	(214)	(2,317)
1.3 Dividends received (see note 3)	---	---
1.4 Interest received	4	40
1.5 Interest and other costs of finance paid	---	(371)
1.6 Income taxes paid	(13)	(13)
1.7 Government grants and tax incentives	---	---
1.8 Other (provide details if material)	---	---
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(867)</b>	<b>(8,777)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	---	---
(b) tenements	---	---
(c) property, plant and equipment	---	---
(d) exploration & evaluation	(855)	(5,533)
(e) investments	---	---
(f) other non-current assets	---	---

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	---	---
	(b) tenements	---	---
	(c) property, plant and equipment	---	---
	(d) investments	---	---
	(e) other non-current assets	---	---
2.3	Cash flows from loans to other entities	12	(68)
2.4	Dividends received (see note 3)	---	---
2.5	Other (provide details if material)	---	68
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(843)</b>	<b>(5,533)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	---	12,800
3.2	Proceeds from issue of convertible debt securities	---	---
3.3	Proceeds from exercise of options	---	---
3.4	Transaction costs related to issues of equity securities or convertible debt securities	---	(324)
3.5	Proceeds from borrowings	2,000	2,000
3.6	Repayment of borrowings	---	---
3.7	Transaction costs related to loans and borrowings	---	---
3.8	Dividends paid	---	---
3.9	Other (provide details if material)	---	---
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,000</b>	<b>14,476</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,198	1,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(867)	(8,777)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(843)	(5,533)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,000	14,476

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(269)	(342)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,219</b>	<b>1,219</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,219	1,198
5.2	Call deposits	---	---
5.3	Bank overdrafts	---	---
5.4	Other (provide details)	---	---
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,219</b>	<b>1,198</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	---

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

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7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	7,000	7,000
7.2 Credit standby arrangements	---	---
7.3 Other (please specify)	---	---
7.4 <b>Total financing facilities</b>	7,000	7,000
<b>Note: Amounts above exclude capitalised interest and fees.</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		---
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p><b>Convertible Loan Facility</b></p> <p>On 25 January 2019, Orion Minerals Ltd (<b>Orion</b>) announced a \$3.6M unsecured loan facility with Tembo Capital Mining Fund II LP (<b>Tembo</b>) (<b>Convertible Loan Facility</b>). The key terms of the Convertible Loan Facility are:</p> <ul style="list-style-type: none"> <li>• Loan Facility Amount: \$3.6M;</li> <li>• Interest: Capitalised at 12% per annum accrued daily on the amount drawn down;</li> <li>• Repayment: Tembo may elect for repayment of the balance of the Convertible Loan Facility (including capitalised interest and fees) (<b>Outstanding Amount</b>) to be satisfied by the issue of fully paid ordinary shares (<b>Shares</b>) by Orion to Tembo at a deemed issue price of 2.6 cents per Share (subject to shareholder and regulatory approvals). The Outstanding Amount must be repaid by 31 October 2020, or if Tembo elects to receive Shares in repayment of the Outstanding Amount in lieu of payment in cash, the date on which the Shares are to be issued to Tembo (or such later date as may be agreed between Tembo and Orion);</li> <li>• Establishment fee: <ul style="list-style-type: none"> <li>○ Cash - capitalised 5% of the Convertible Loan Facility Amount and capitalised 4% of the Outstanding Amount as of 24 January 2020, payable on the Repayment date; and</li> <li>○ Options - 11M unlisted Orion options, exercisable at a price of 3.0 cents per option, expiring on 17 June 2024.</li> </ul> </li> <li>• Security: Unsecured.</li> </ul> <p>At Quarter end, the Convertible Loan Facility balance was \$4.6M (including capitalised interest and fees).</p>		

**Loan Facility**

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

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

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

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

As Quarter end, the Loan Facility balance was \$2.01M (including capitalised interest).

**AASMF Loan**

On 2 November 2015, Prieska Copper Zinc Mine (Pty) Ltd (formerly Repli Trading No 27 (Pty) Ltd) (a 70% owned subsidiary of Orion) (**PCZM**) and Anglo American sefa Mining Fund (**AASMF**) entered into a ZAR14.25M loan agreement for the further exploration and development of the Prieska Copper-Zinc Project (**Loan**). Under the terms of the Loan, on 1 August 2017, AASMF advanced ZAR14.25M to PCZM. The key terms of the Loan are:

- Loan amount: ZAR14.25M (~\$1.2M);
- Interest: Prime lending rate in South Africa;
- Repayment: 30 April 2021 (previously 31 July 2020) (refer below); and
- Security: 29.17% of the shares held in PCZM by Agama Exploration and Mining (Pty) Ltd (a wholly owned subsidiary of Orion), have been pledged as security to AASMF for the performance of PCZM's obligations in terms of the loan.

At Quarter end, the Loan balance was \$1.6M (ZAR19.0M) (including capitalised interest).

Following Quarter end, on 29 July 2020, Orion announced that the term of the Loan has been extended from 31 July 2020 to 30 April 2021.

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<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(867)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(855)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,722)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,219
8.5 Unused finance facilities available at quarter end (item 7.5)	---
8.6 Total available funding (item 8.4 + item 8.5)	1,219
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>0.7</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: As outlined in the March 2020 Quarterly Activities Report, due to the impacts of COVID-19, Orion implemented significant cost savings and asset preservation initiatives across its business. This has resulted in lower outgoings in the June 2020 Quarter and Orion anticipates that lower total relevant outgoings will continue for the upcoming two Quarters.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: As demonstrated over recent years, Orion has been successful in funding its operations through a combination of equity and debt instruments, primarily with the support of its major shareholders. Consistent with this approach, the Directors consider that there are reasonable grounds to believe that Orion will be able to fund its ongoing operations using similar funding alternatives.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: On the basis of previously having been successful in undertaking funding initiatives as set out in Item 8.8.2 and the implementation of significant cost saving initiatives as set out in Item 8.8.1, Orion expects to continue its scaled down operations and meet its business objectives as outlined in its June 2020 Quarterly Activities Report.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by: Board of Directors

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.