

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Orion Minerals Ltd

ABN

76 098 939 274

Quarter ended ("current quarter")

June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	---	---
1.2 Payments for		
(a) exploration & evaluation	(2,736)	(15,671)
(b) development	---	---
(c) production	---	---
(d) staff costs	(486)	(1,755)
(e) administration and corporate costs	(930)	(2,962)
1.3 Dividends received (see note 3)	---	---
1.4 Interest received	13	93
1.5 Interest and other costs of finance paid	(191)	(1,757)
1.6 Income taxes paid	---	---
1.7 Research and development refunds	---	---
1.8 Other (provide details if material)	---	---
1.9 Net cash from / (used in) operating activities	(4,330)	(22,052)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	---	---
(b) tenements (see item 10)	---	---
(c) investments	---	---
(d) other non-current assets	(36)	(83)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	---	---
(b) tenements (see item 10)	---	2,500

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	---	---
(d) other non-current assets	---	---
2.3 Cash flows from loans to other entities	---	---
2.4 Dividends received (see note 3)	---	---
2.5 Other (provide details if material)	---	---
2.6 Net cash from / (used in) investing activities	(36)	2,417

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,725	19,234
3.2 Proceeds from issue of convertible notes	---	---
3.3 Proceeds from exercise of share options	---	---
3.4 Transaction costs related to issues of shares, convertible notes or options	(31)	(425)
3.5 Proceeds from borrowings	---	3,000
3.6 Repayment of borrowings	---	(5,498)
3.7 Transaction costs related to loans and borrowings	---	---
3.8 Dividends paid	---	---
3.9 Other (provide details if material)	---	---
3.10 Net cash from / (used in) financing activities	4,694	16,311

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,095	4,811
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,330)	(22,052)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(36)	2,417
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,694	16,311
4.5 Effect of movement in exchange rates on cash held	(21)	(87)
4.6 Cash and cash equivalents at end of period	1,400	1,400

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,400	1,095
5.2 Call deposits	---	---
5.3 Bank overdrafts	---	---
5.4 Other (provide details)	---	---
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,400	1,095

Note: On 19 July 2019, \$1.2M of the \$3.35M Tranche 2 of the recent Placement was received. The balance of Tranche 2 funds, being \$2.15M, are expected to be received shortly. Refer to the Company's June 2019 Activities Report for further details.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
136

Payments to directors and associates were on normal commercial terms. These payments represent director fees and payments in terms of consultancy agreements with director-related entities.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	5,040	5,040
	---	---
	7,370	7,370

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Note: Amounts above exclude capitalised interest and fees.

Convertible Note

On 17 March 2017, Orion Minerals Ltd (**Company**) issued 232,692,294 convertible notes each with a face value of 2.6 cents, raising \$6.05M (**Notes**). Key terms of the Notes are as follows:

- Security: secured over certain assets of the Company and its subsidiaries.
- Maturity Date: 30 September 2019. In January 2019, noteholders approved extension of the Maturity Date from 17 March 2019 to 30 September 2019.
- Interest: 12% per annum calculated and payable quarterly in arrears.
- Conversion: Noteholders may elect to convert part or all of their Notes at any time prior to the maturity date.
- Conversion Price: 2.6 cents per fully paid ordinary share (**Share**).
- Early redemption by the Company: Company may elect to redeem all or some of the Notes by notice to the noteholder, however the noteholder shall have the right, within 14 days of receipt of an early redemption notice from the Company, to convert the Notes the subject of the early redemption notice into Shares at the Conversion Price.
- Early redemption by the noteholder: Noteholders may require the Company to redeem the Notes if an event of default occurs and the noteholders by special resolution approve the redemption. At any time before the Maturity Date, a noteholder may elect to redeem and set off some or all of the Notes held by it for the redemption amount as part of an equity capital raising by the Company permitted by the note deed and in which the noteholder may have a right to participate in (**Equity Raising**), such that the redemption amount is set off against the amount payable by the Noteholder to subscribe for securities under the Equity Raising.
- Redemption amount: Outstanding facility amount with respect to each Note.

The Company issued 10.38M Shares on 23 April 2019, as a result of a Noteholder's election to convert all of their Notes to Shares, thereby reducing the Notes liability to \$5.78M. Interest accrued at the end of the quarter was \$0.2M. Further details of the key terms of the Notes are set out in the Company's 8 March 2017 ASX release.

Convertible Loan

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

- Loan Facility Amount: Up to \$3.6M;
- Interest: Capitalised at 12% per annum accrued daily on the amount drawn down;
- Repayment: Tembo may elect for repayment of the Outstanding Amount to be satisfied by the issue of Shares by the Company to Tembo at a deemed issue price of 2.6 cents per Share, subject to receipt of Shareholder approval. The Outstanding Amount must be repaid by 25 January 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);
- Establishment fee:
 - Cash - capitalised 5% of the Loan Facility Amount, payable on the Repayment date; and
 - Options - 11M unlisted Orion options, exercisable at a price of 3.0 cents per option, expiring on 17 June 2024. The options were issued on 17 June 2019, following receipt of shareholder approval at a general meeting held on 7 June 2019.
- Security: Loan Facility is unsecured.

At quarter end, the balance of the Loan Facility was \$3.95M (including capitalised interest and fees).

Redeemable Preference Shares

A subscription agreement was entered into between Repli Trading No 27 (Pty) Ltd (**Repli**) (a 73.33% owned subsidiary of Agama Exploration & Mining (Pty) Ltd (**Agama**)) and Anglo American sefa Mining Fund (**AASMF**) on 2 November 2015. Under the terms of the agreement, AASMF subscribed for 15.75M Repli redeemable preference shares at a subscription price of ZAR1 per redeemable preference share. The key terms of the agreement are as follows:

- 15.75M cumulative redeemable non-participating preference shares;
- Subscription price ZAR15.75M;
- Dividend rate – prime lending rate in South Africa;
- Dividend payment – dividends accrue annually based on the subscription price. Fifty percent of the dividends which have accrued and accumulated from the date of issue until 2 years after the Copperton Project mining right (**Mining Right**) has been issued shall become due and payable on the scheduled dividend date (approximately 4 years after the issue date). Balance of the accrued and accumulated dividends to be paid at the relevant redemption date;
- Redemption date is the earlier of 7 years after the issue date or 4 years after the Mining Right has been issued;
- Redemption amount consists of:
 - ZAR15.75M;
 - any unpaid and accumulated dividends; and
 - Settlement premium based on IRR of 13.5%, taking into account all cash flows from the preference shares in order to get an overall IRR of 13.5% (IRR is fixed for the duration that the preference shares are outstanding).
- Preference shares are unsecured, but AASMF will hold 26% voting rights in Repli in the event that there is a default on the part of Repli;
- Funding to principally used for a 12 month exploration program on the NW Oxide Zone and the use the results to update the scoping study.

On 5 November 2015, AASMF paid the subscription price of ZAR15.75M (~\$1.59M) to Repli and the preference shares were issued to AASMF by Repli. At quarter end, the balance was \$2.53M (including the subscription price and the provision for dividends and settlement premium (effective rate 13.5%)). For further information, refer to the Company's Full Year Statutory Accounts for financial year ending 30 June 2018.

On 4 March 2019, the Company announced that it had reached agreement with AASMF for Repli to redeem the preference shares held by AASMF for Shares and following the end of the quarter, on 5 July 2019, Repli voluntarily redeemed the

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preference shares, in consideration for which the Company issued 77.57M Shares to AASMF (redemption amount payable ZAR25.05M (~\$2.05M)). Further details are set out in the Company's 8 July 2019 ASX release.

AASMF Loan

On 2 November 2015, Repli and AASMF entered into a loan agreement for the further exploration and development of the Copperton Project. Under the terms of the loan, AASMF shall advance ZAR14.25M to Repli. The key terms of the agreement are as follows:

- Loan amount ZAR14.25M;
- Interest rate will be the prime lending rate in South Africa;
- The disbursement of the loan will be subject to AASMF notifying Repli that it is satisfied with the results of the updated scoping study;
- Repayment date will be the earlier of 3 years from the date of the advance or on the date which Repli raises any additional finance for the further development of the Copperton Project; and
- On the advancement of the loan, 29.17% of the shares held in Repli by the Agama group (a wholly owned subsidiary of the Company), will be pledged as security to AASMF for the performance of Repli's obligations in terms of the loan.

On 1 August 2017, Repli drew down on the AASMF Loan in full (ZAR14.25M (~\$1.44M)). For further information, refer to the Company's Full Year Statutory Accounts for financial year ending 30 June 2018. At quarter end, the balance of the loan was \$1.75M (including capitalised interest).

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	3,000
9.2	Development	---
9.3	Production	---
9.4	Staff costs	---
9.5	Administration and corporate costs	700
9.6	Other (provide details if material)	---
9.7	Total estimated cash outflows	3,700

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	<u>South Africa Prospecting Rights</u> --- <u>WA Exploration Licence</u> --- <u>VIC Exploration Licence</u> EL 5340 EL 5348	Relinquished Relinquished	100% 100%	0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	<u>South Africa Prospecting Rights</u> --- <u>WA Exploration Licence</u> --- <u>VIC Exploration Licence</u> ---			

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.



Sign here:
(Company secretary)

Date: 31 July 2019

Print name: Martin Bouwmeester

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.