Orion Minerals NL

ANNUAL REPORT 2017

ABN 76 098 939 274

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- Acquisition of Prieska Zinc-Copper Project and Marydale Gold-Copper Project completed March 2017
- Commencement of bankable feasibility study at Prieska Zinc-Copper Project
- Excellent initial results from intensive drilling program to test Deep Sulphide Target at Prieska Zinc-Copper Project
- High grade near surface supergene sulphides identified in drilling at +105 Level Target (Open Pit) at Prieska Zinc-Copper Project
- Value of application of modern exploration methods in Areachap Belt demonstrated at Kantienpan and Marydale exploration projects
- Cornerstone investor and strategic relationship with Tembo Capital Mining Fund II LP established April 2017
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HIGHLIGHTS 2016/17

CHAIRMAN'S REPORT

Dear Shareholder,

This reporting period has seen significant advancement in the Company's Prieska Zinc-Copper Project and exploration portfolio located in the Northern Cape of South Africa. Orion's decision in 2015 to focus on acquiring zinc-copper projects at the bottom of the base metals cycle culminated in the acquisition of unlisted company, Agama Exploration & Mining (Pty) Ltd (Agama), a South African registered company which, through its subsidiary companies, ultimately holds an effective 73.33% interest in the Prieska Zinc-Copper Project and the Marydale Gold-Copper project. In addition to the Agama acquisition, two earn-in agreements on large prospecting rights along strike from Prieska, effectively consolidated an exceptional development and exploration opportunity.

Agama holds exclusive mineral exploration rights over one of the world's largest volcanogenic massive sulphide (VMS) zinc-copper deposits, the Copperton Deposit, located at the historic Prieska Copper Mine, in the Northern Cape Province of South Africa. In the Director's view, such acquisition, combined with securing additional ground holdings in the Northern Cape Province of South Africa totalling 1790km^2, has positioned the Company for major growth going forward.

Importantly, it is the first time that tenement holdings in this highly prospective region have been consolidated under a single owner, with the region having no major exploration activity for over 35 years. With the application of modern exploration tools over a terrane which hosts 22 identified VMS occurrences discovered by major mining companies in the 1970's and 80's, the probability of further exploration success is considered very high. In addition to the potential for new discoveries, most of the identified occurrences remain open down dip and along strike. To assist in prioritising drill targets, the Company is about to embark upon a large regional airborne electromagnetic survey.

With the acquisition of Agama now completed, the Company has embarked on an intensive growth and development strategy, initially focused on expeditiously developing the Prieska Project towards production, which will establish the Company as a significant new participant in the global base metal sector.

During the year, the Company has rapidly progressed drill programs to enable estimation of JORC compliant Mineral Resources at both the +105 Level Target (Open Pit) and Deep Sulphide Target by Q1, 2018. With 14 drill rigs in operation, both at surface and underground, positive drill results have been returned which continue to confirm and validate the historical drill data information compiled by the Company. Importantly, drilling results have also identified dip and strike extensions to historically identified mineralisation. I refer you to the Review of Operations section of this report for the positive results received to date.

In conjunction with the drill programs, the Company has also commenced a bankable feasibility study and environmental impact assessment for the Prieska Project. Completion of both is expected by Q4 2018.

On 12 April 2017, the Company announced that it had taken another important step in its base metal development strategy in South Africa after entering into an agreement with leading mining-focused private equity group, Tembo Capital Mining Fund II LP (Tembo), which contemplated that Tembo would acquire a cornerstone stake in the Company and a strategic relationship would be formed between the two groups. Tembo now holds 19.9% of Orion and has provided additional funding as set out in the Corporate section of this report.

In Australia, the Company also entered into a Joint Venture Agreement (JVA) with Independence Group NL over its ground holdings in the Fraser Range area, Western Australia. Importantly, the Company is free carried through to pre-feasibility study on any of the ground acquired under the JVA while retaining between 10% and 35% interest in the JVA.

Given the acquisitions made during the year, the Directors agreed that the name of the Company should be changed to reflect the future direction of the Company and the diversification into base metals. After receiving shareholder approval in May 2017, Orion Gold NL changed its name to Orion Minerals NL.

In September 2017, the Company successfully listed on the Johannesburg Stock Exchange as a dual listing, alongside the primary listing on the Australian Securities Exchange. The secondary listing is consistent with the Company's strategy of engaging South African capital markets in the funding strategy of the Prieska Project and providing South Africans with an opportunity to invest, alongside foreign investors, to advance a South African base metal mining opportunity.

For more details on our Projects, I refer you to the Key Points on the previous page and to the Review of Operations section of this report.

On behalf of the Board of Directors, I sincerely thank our Managing Director, Mr Errol Smart and our dedicated team of employees and consultants for their very significant contribution to what has been achieved during the past year and for positioning the Company in a very sound position for future success.

I also thank you, our shareholders, for your ongoing support of the Company.

Yours faithfully,

Denis Waddell
Chairman

REVIEW OF OPERATIONS

AREACHAP BELT – SOUTH AFRICA

Prieska Zinc-Copper Project

The Company completed the acquisition of Agama Exploration & Mining (Pty) Ltd (**Agama**) in March 2017. Agama holds exclusive mineral exploration rights over one of the world's largest volcanogenic massive sulphide (**VMS**) zinc-copper deposits, the Copperton Deposit, located at the historic Prieska Copper Mine, in the Northern Cape Province of South Africa.

The Company, through Agama's subsidiary companies, now holds an effective 73.33% interest in the Prospecting Rights covering both the Prieska Zinc-Copper Project (**Prieska Project**) and the Marydale Gold-Copper Project, (Figure 11). The Marydale Project is a volcanogenic gold-copper discovery located 60km from the Prieska Project. A well-established Broad Based Black Economic Empowerment ownership structure, comprised of strong local partners, holds the balance of the projects' interests (26.67%).

With the acquisition now completed, the Company has embarked on an intensive growth and development strategy, initially focused on expeditiously developing the Prieska Project towards production, which will establish the Company as a significant new participant in the global base metal sector.

Prieska Zinc-Copper Project

The Prieska Project is located 270km's south-west of Kimberley (the regional capital) in the Northern Cape province (Figure 1). Importantly, the project has access to significant local and regional infrastructure, with mine infrastructure, including a regional power grid feed, bitumen access roads, access to a bulk, treated water supply and a 1,700m landing strip. Several large commercial wind and solar generation projects are operational in the surrounding area and the mine is located just 48km's from a railway siding at Groveput with an open-access railway line connecting the site to the world-class export port of Saldanha Bay.

The Prieska Project encompasses the historical Prieska Copper Mine, which was operated by Anglovaal Limited between 1971 and 1991. During this time, the mine produced more than 1 million tonnes of zinc and over 430,000 tonnes of copper from an underground operation based on an initial drilled reserve[(1)] of 47Mt grading 1.74% copper, 3.87% zinc, 8g/t silver, 0.4g/t gold and 30% pyrite. The operation was a significant financial success for its owners, repaying US Dollar denominated loans at commercial rates and returning ZAR2.64 per share (US$1.16 in money of the time) in dividend yields for an investment of ZAR0.5 per share (US$0.70) by the shareholders.

Mining ceased in 1989, with milling ceasing in 1991. The site was closed and rehabilitated in 1991. The premature closure of the mine, leaving behind a significant portion of the Copperton deposit, was influenced by a strategic decision to focus on maximising dividend yields, rather than investing further in underground capital development to extend mine life.

The underground development and regional infrastructure and services in place at the mine is estimated by the Company to have significant replacement value, which will assist in the feasibility and economics of any redevelopment of the mine. The underground mine is accessed via an 8.8m diameter concrete lined vertical shaft to a depth of 1,024m. Three separate ramp declines (6.5m by 3.8m) have been developed to access the deepest ore at a vertical depth of 1,140m. The Deep Sulphide mineralisation lies in a synformal structure and the targeted mineralisation lies in the keel and up-turned limb of the syncline, to a depth of 1,200m below surface.

Exploration and Mineral Resources Definition

As part of the due diligence process, the Company digitally captured, validated and modelled all relevant project drilling data available from hard-copy sources. Following the completion of the acquisition, the Company implemented a major drilling program at the Prieska Project, which is continuing.

(1) Note – this is not a JORC Compliant figure, source Prieska Copper Mines Ltd Annual Report 1970.

Drilling aims to advance the +105 Level Target (Open Pit) and Deep Sulphide Target to a level of confidence where Mineral Resources (as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**)) can be defined. Drilling is ongoing at a rapid pace, with the Company currently advancing the Deep Sulphide Target with 10 surface diamond drill rigs. A further 3 underground drill rigs are operating, at the +105 Level Target (Open Pit), to confirm and increase the delineation of the mineralised zone. As at 30 September 2017, 11,929m of diamond drilling and 7,915m of percussion drilling has been completed (Figure 2).

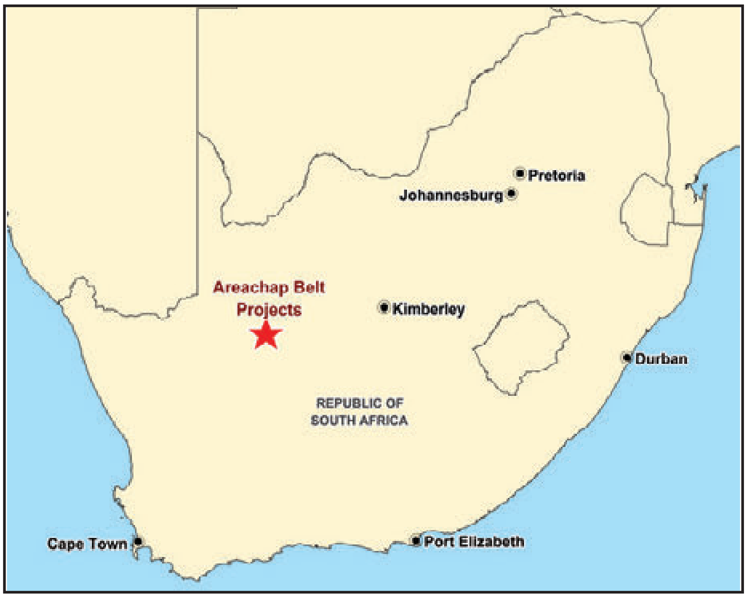

Figure 1: Location of Areachap Belt Projects, South Africa.

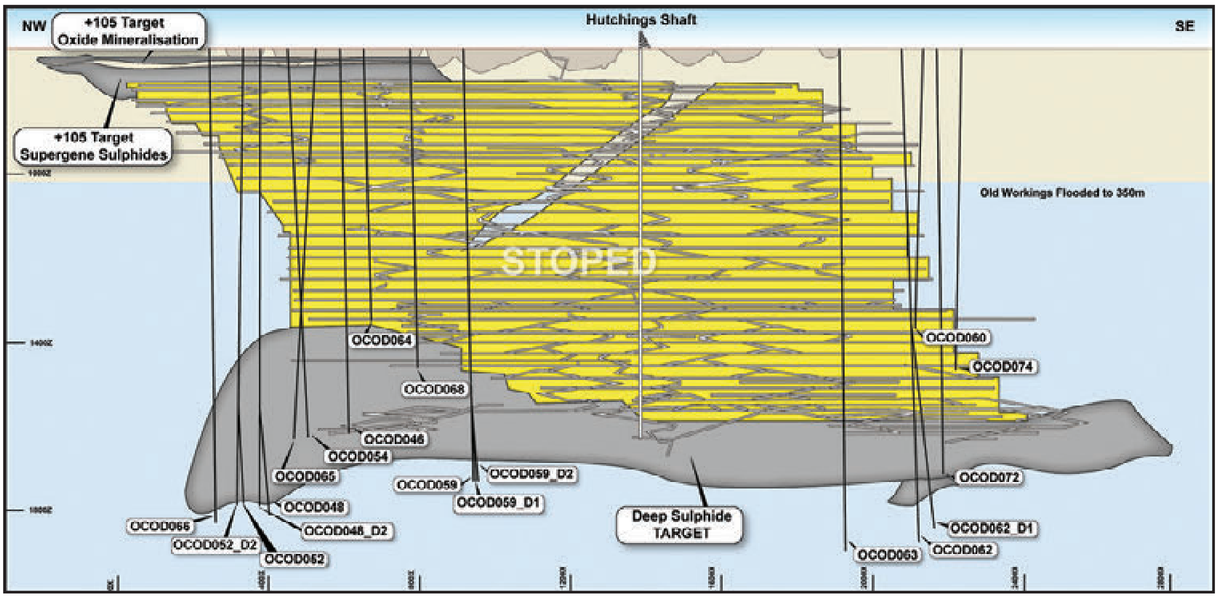

Figure 2: Longitudinal projection showing the +105 Level Target (Open Pit) and Deep Sulphide Target as well as drilling on the Deep Sulphide Target.

The current drilling program at the +105 Level Target (Open Pit) is designed to confirm, in-fill and extend mineralisation delineated by historical drilling and targets mineralisation that would be amenable to extraction via open pit (Figures 2 and 3). The Company has announced drilling results of 24 drill holes with best results, to date, shown in table 1. Resource drilling from surface on the +105 Level Target (Open Pit) is completed and the Company is currently operating 3 drill rigs from underground (Figure 4).

REVIEW OF OPERATIONS CONTINUED

Drill hole	East (UTMz34S)	North (UTMz34S)	Depth (m)	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
OCOR012A	624166	6686808	39	23	31	8	0.31	0.92	0.03	0.5
				36	39	3	0.50	1.36	0.02	0.6
OCOR013A	624199	6686776	42	15	20	5	0.92	1.56	0.04	0
				36	42	6	0.60	0.68	0.03	0.3
OCOR014	624228	6686776	42	35	40	5	2.10	0.34	0.01	0
OCOR015	624228	6686744	108	83	86	3	0.40	1.40	0.05	2.3
OCOR016	624340	6686653	108	57	79	22	1.38	10.8	0.30	9.7
			incl.	62	69	7	1.41	17.8	0.26	6.9
OCOR017	624361	6686618	77	57	69	12	4.14	1.89	0.29	9.9
			incl.	63	66	3	7.40	4.34	0.08	1.3
OCOR020	624300	6686626	38	10	20	10	0.39	1.13	0.16	1.0
OCOR023	624347	6686621	85	48	68	20	2.21	8.58	0.36	12.1
			incl.	63	66	17	2.01	9.98	0.37	2.3
OCOR025	624378	6686544	49	8	25	17	0.86	1.00	0.55	8.1
OCOR027	624393	6686556	110	55	97	42	2.36	4.41	0.42	13.6
			incl.	55	60	5	9.28	0.10	0.65	31.6
			incl.	75	81	6	0.90	12.4	0.29	6.7
OCOR028	624363	6686561	43	7	24	14	0.94	0.56	0.09	0.9
OCOR029	624394	6686534	46	5	25	20	0.53	0.65	0.10	1.5
OCOR030	624292	6686713	103	71	77	6	1.90	0.85	0.39	8.2
OCOR031	624252	6686723	61	17	20	3	1.22	0.26	0.03	1.0
				46	60	14	0.30	0.71	0.01	0.6
OCOD033	624503	6686323	186.14	161	163	2	0.14	1.02	0.14	7.0
				170.71	180.05	9.34	1.40	4.00	0.13	9.0
OCOD035	624477	6686355	184.7	156.1	176.7	20.6	0.63	1.36	0.11	8.9
			incl.	167.9	170.5	2.6	0.49	5.20	0.11	13.9
OCOD036	624375	6686455	149.25	103	105	2	3.25	0.52	0.37	20.1
				112.6	142	29.4	1.52	3.06	0.36	9.0
			incl.	115	123.5	8.5	2.17	4.33	0.35	11.3
			incl.	129.06	131.11	2.05	1.09	4.86	0.24	7.4
			incl.	134	137.35	3.35	3.82	3.31	0.47	23.5
			incl.	139	142	3	0.44	7.13	0.13	2.9
OCOD037	624406	6686417	157.29	147.53	152.75	5.22	1.42	4.95	0.38	15.6
OCOD038	624406	6686417	141.21	103.8	106.5	2.70	1.20	1.02	0.21	2.7
				110.98	111.90	0.92	3.04	0.06	0.14	4.0
				113.80	115.63	1.83	1.38	0.50	0.07	3.3
				126.44	130.88	4.44	1.46	3.03	0.13	4.2
				132.28	137.17	4.89	1.19	1.78	0.16	5.7
OCOD040	624553	6686302	149	119.48	123.60	4.12	2.83	0.35	0.01	0.5
OCOD043	624563	6686287	202.3	187.76	199.29	11.53	0.97	3.23	0.22	8.8
			incl.	189.22	192.56	3.34	1.51	5.26	0.36	8.3
OCOD044	624483	6686360	94.6	59.56	65.50	5.94	0.58	1.16	0.01	0.9
OCOD047	624844	6686154	117.8	143.70	147.47	3.07	0.47	1.06	0.09	1.3
OCOU073	624777	6686284	75	50.00	54.82	4.82	1.10	0.63	0.33	12.7
				56.00	59.00	3.00	5.65	1.00	0.34	17.0

Table 1: Drill hole intersections from the +105 Level Target (Open Pit) (refer ASX release 6 September 2017).
All intersections are length weighted.

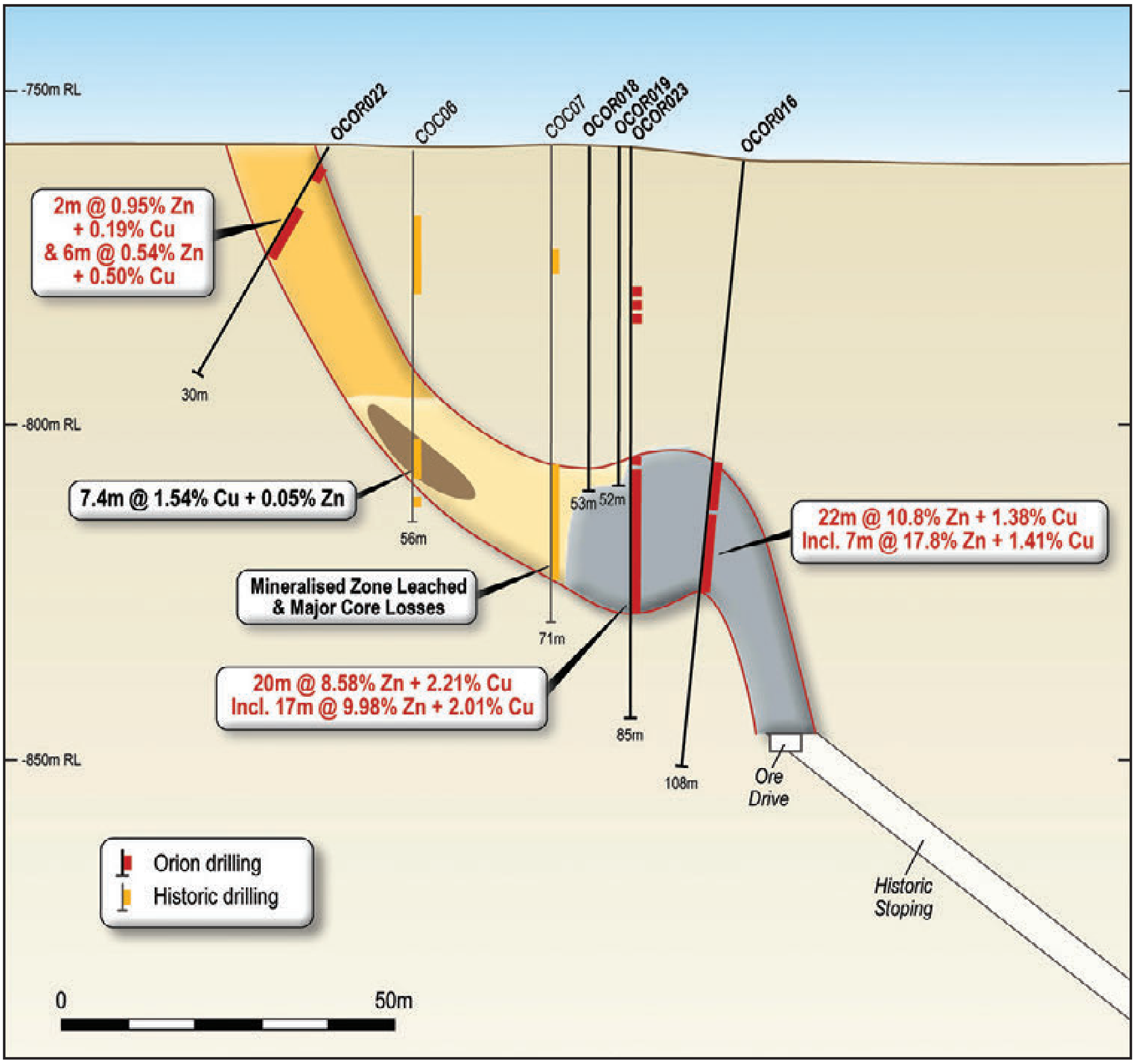

Figure 3: Section showing drilling at the +105 Level Target (Open Pit) with results from OCOR022, OCOR023 and OCOR016.

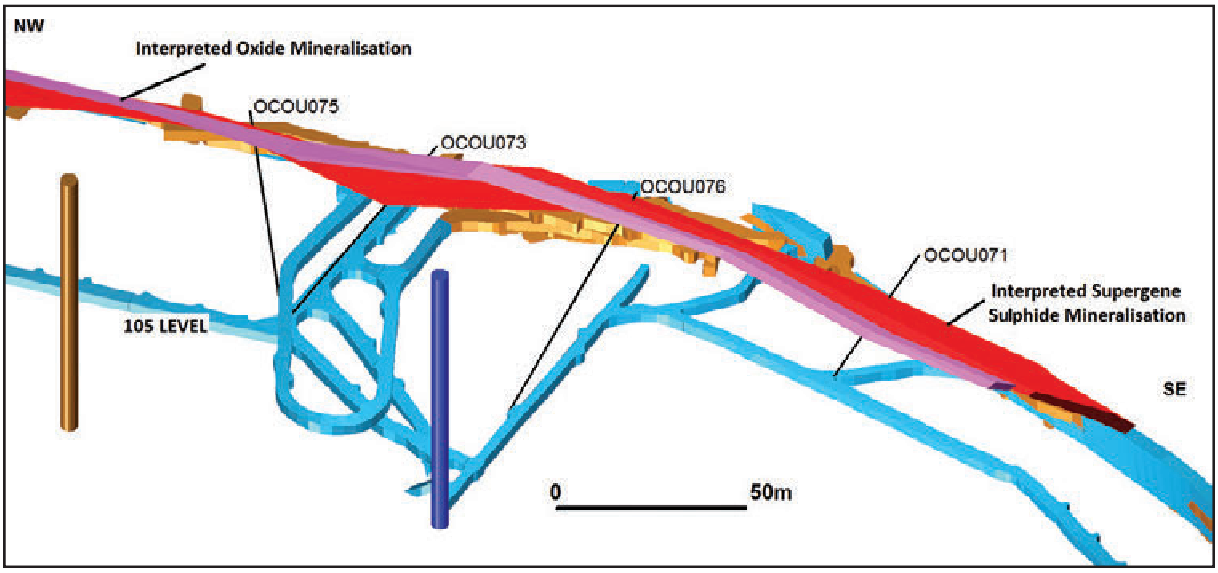

Figure 4: Oblique view showing current underground drilling at the Prieska Project.

REVIEW OF OPERATIONS CONTINUED

At the Deep Sulphide Target, drilling is targeting strike and dip extension of mineralisation that was not mined in historical underground mining. Drilling aims to provide statistical validation of historic drilling that intersected the unmined mineralised zones and add to infill data so that the resultant data spacing meets the requirements for a Mineral Resource estimate. In addition, holes will be drilled to test potential extensions to mineralisation down dip and along strike on targets identified from a recently completed high powered electromagnetic (**EM**) survey. To date, the Company has announced drilling results of 11 drill holes from the Deep Sulphide Target (Figures 5 and 6, Table 2). The reported results as at 30 September, 2017 are shown in table 2.

Drill hole	Deflection	East (UTMz34S)	North (UTMz34S)	Depth (m)	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
OCOD048	Parent	624452	6686375	1179	1060.00	1082.45	22.45	1.34	5.33	0.26	10.60
				including	1060.80	1066.50	5.70	0.54	10.89	0.07	3.45
	D2	From 702m downhole parent		---	1064.00	1066.35	2.35	0.56	5.13	0.09	3.45
				---	1070.59	1089.69	19.10	1.58	3.38	0.39	15.30
OCOD052	Parent	624419	6686406	1164	1089	1091	2	0.08	1.40	0.39	5.51
					1116.00	1132.15	16.15	1.72	3.30	0.26	13.72
				including	1119.55	1123.55	4.00	1.35	5.34	0.26	8.45
	D2	From 785m downhole parent		---	1117.59	1133.51	15.92	0.95	5.55	0.22	7.5
OCOD054	Parent	624576	6686282	---	1026.20	1037.94	11.74	1.23	3.11	0.17	10
OCOD059	Parent	624824	6686282	---	1003.43	1004.11	0.68	0.09	5.45	0.08	14.0
					1010.89	1011.89	1.00	0.07	4.5	0.08	9.0
OCOD062	Parent	625647	6685275	---	1122.26	1123.30	1.04	0.20	7.93	0.08	3.0
					1124.70	1127.60	2.90	0.74	3.51	0.21	11.3
OCOD063	Parent	625400	6685250	---	1045.00	1048.00	3.00	0.43	2.41	0.16	5.3
OCOD065	Parent	624520	6686338	---	1022.20	1029.45	7.25	1.09	5.07	0.22	6.69
OCOD066	Parent	624349	6686476	---	1111.95	1114.50	2.55	0.70	0.99	0.05	4.9
					1126.15	1126.78	0.63	5.39	2.61	0.91	38.0
OCOD046		624610	6686251	1017.00	1017.00	1027.65	10.65	0.80	4.19	0.15	5.72
				1031.70	1031.70	1034.00	2.30	1.04	4.14	0.33	5.4
OCOD059_D1		624824	6686282	998.00	998.00	1009.15	11.15	0.33	3.42	0.15	9.7
				1023.60	1023.60	1033.40	9.80	0.72	7.96	0.13	5.5
				1040.86	1040.86	1045.32	4.46	0.55	5.06	0.10	8.42
OCOD062		625647	6685275	1108.45	1108.45	1110.52	2.07	0.61	5.33	0.28	7.60
OCOD072		625714	6685217	1101.70	1101.70	1107.05	5.35	0.72	5.14	0.22	6.28

Table 2: Drill hole intersections from the Deep Sulphide Target (refer ASX release 6 September 2017 and 17 September 2017).
All intersections weighted by length and specific gravity.

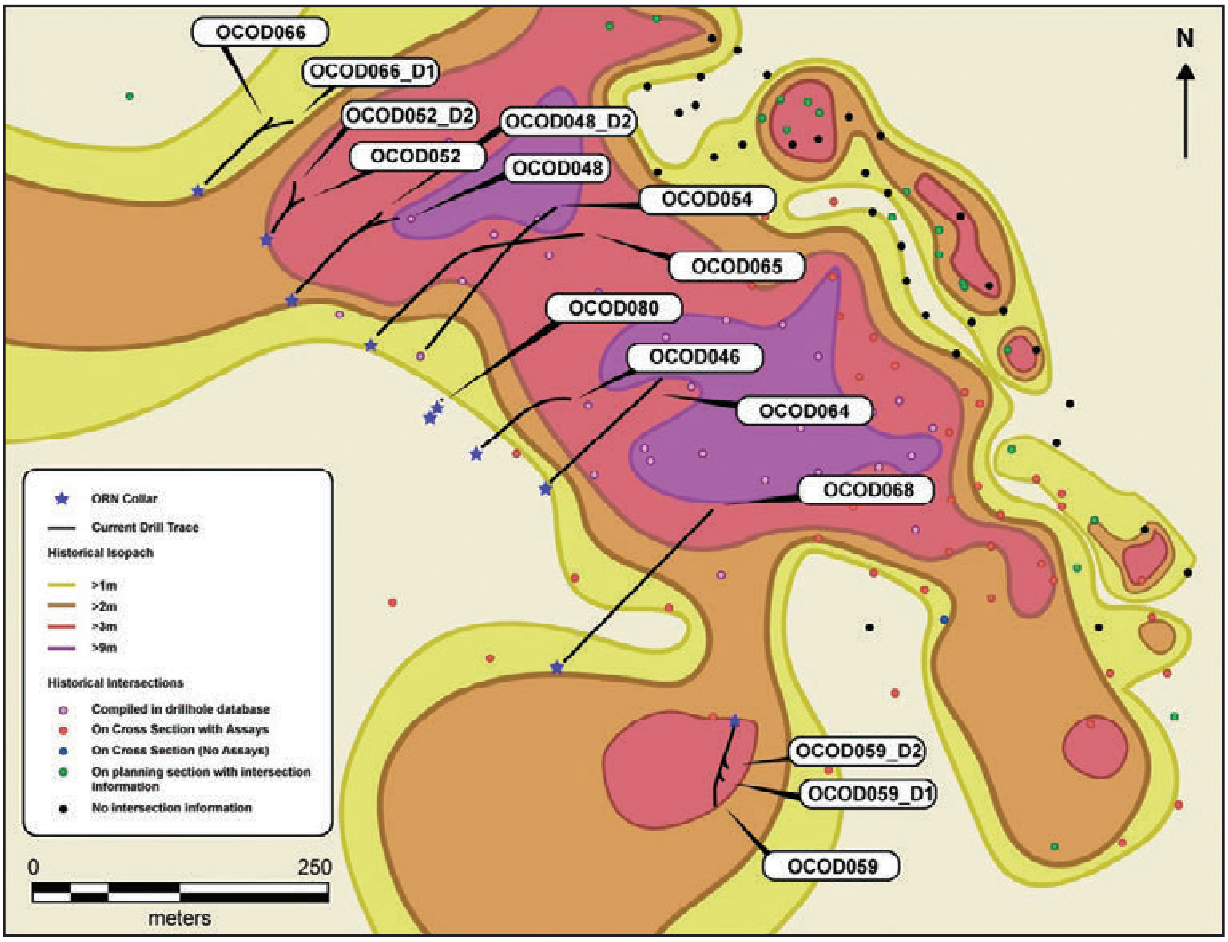

Figure 5: Plan showing historic isopach map of interpreted mineralisation and current drilling at the Prieska Project Deep Sulphide Target (northwest area).

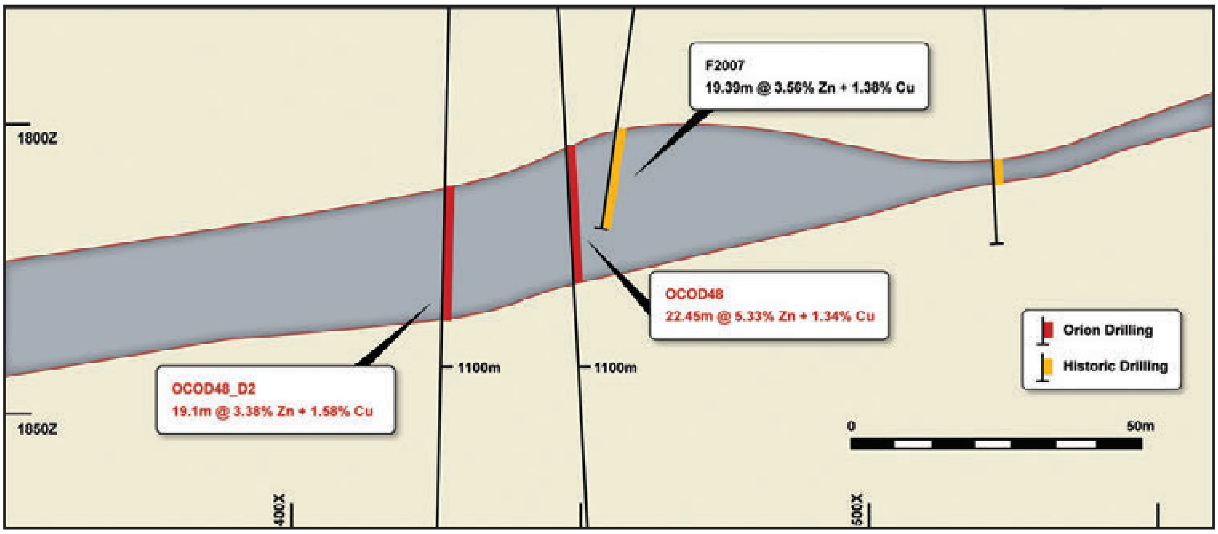

Figure 6: Section showing drilling results at the Prieska Project Deep Sulphide Target.

REVIEW OF OPERATIONS CONTINUED

Feasibility Studies

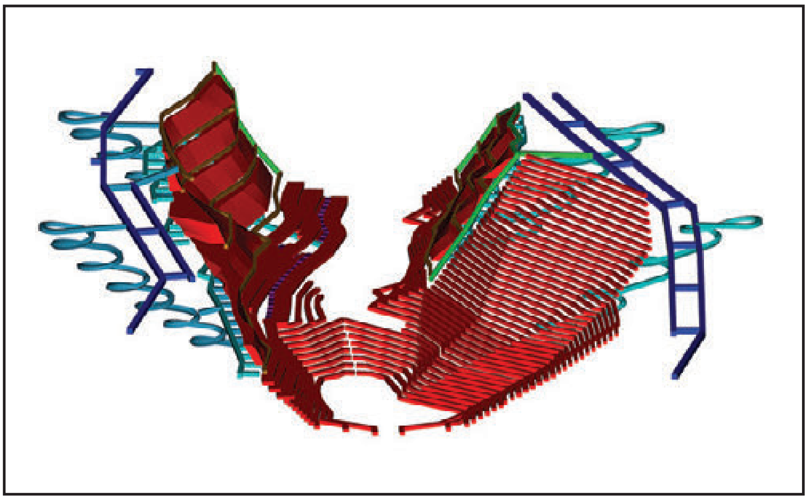

Figure 7: Conceptual underground mine layout for Prieska Project Deep Sulphide Target.

In June 2017 DRA Projects SA Pty Ltd (**DRA**) and ABS Africa Pty Ltd (**ABS**) were appointed as the lead consultants to advance the Prieska Project bankable feasibility (**BFS**) and environmental impact assessment (**EIA**) studies respectively. The two companies were selected following an extensive tendering and assessment process conducted by management with the assistance of R&R Quantity Surveyors and Project Managers, Earth Science Solutions (environmental consultants) and Falcon Hume Incorporated (legal practitioners) as external third-parties to structure and guide the adjudication and award process and to prepare contracts.

DRA is managing the BFS and is the overall study coordinator and compiler. ABS is overseeing the EIA studies associated with the BFS. The METS Group will be retained to undertake periodic peer reviews of the feasibility studies as they are progressed, whilst SRK Consulting SA Pty Ltd will peer review the associated mineral resources evaluation.

The BFS will incorporate both open pit (+105) and underground (Deep Sulphide) developments utilising the historic mine and drill database as well as new drilling information. Historic data was reviewed during the due diligence process and provides a starting point for potential mining methods, mineral processing options, mining infrastructure establishment, mine operating philosophy, environmental management aspects, licences to operate applications, capital and operating cost estimations and other key parameters being investigated in the BFS. In addition, the underground development and regional infrastructure and services in place at the mine is estimated by the Company to have significant replacement value, which will assist in the feasibility and economics of any potential redevelopment of the mine.

The BFS and EIA work programs are being undertaken in parallel with the current activities (resource drilling, Mineral Resource estimation, underground inspections and establishment of activities). The BFS will build on both the substantial existing historical dataset relating to mining and processing activities as well as the new information being generated by the onsite activities.

The Company has also commissioned a bulk power supply study through Eskom, the state power supply company. Eskom will investigate the technical and commercial requirements of re-establishing power supply from their Cuprum Substation that is located on the project site.

Investigations into re-using the existing Prieska to Copperton water pipeline are also under way, with discussions now in progress with the Siyathemba Municipality and other water pipeline users. Preliminary engineering inspections of the water supply infrastructure indicate that sufficient capacity exists to support a large-scale mining and ore processing operation.

Product logistics, transport and marketing is being assessed by Cart Investments.

Mine Re-entry and Geotechnical Appraisal

The Company has made significant progress in assessing the state of existing mine infrastructure at the Prieska Project. Safe underground access has been re-established via the main decline roadway and the main vertical shaft (Hutchings Shaft) has also been re-entered and visually inspected down to the accumulated water level, being 360m below surface, with the shaft bottom being at 1,024m below surface.

Figure 8: (LHS) Excavating Prieska Project portal (RHS) Rehabilitated decline at Prieska Project portal.

The portal and main decline had been partially backfilled as part of mine closure in 1991. These have been fully re-excavated and rehabilitated to allow for safe vehicular access. Though both portal and decline roadway were in very good condition, some precautionary re-supporting work was conducted to meet contemporary safety standards. This remedial work has required a careful and systematic approach, using a select and experienced underground re-entry team, to ensure best practice workplace safety for our people.

Ground conditions and infrastructure in the underground mine, now inspected down to 360m below surface, were found to generally be in a better state than was expected (for example Figure below).

Figure 9: 294m below surface level at Prieska Project - Water settlors still useable.

REVIEW OF OPERATIONS CONTINUED

Underground roadways were all trafficable after minor scraping to improve mobile equipment traction and installation of precautionary ground support was required. The Company is confident that mine refurbishment will not require a substantial engineering effort.

Underground drilling platforms were established to allow for the infill drilling of the +105 Level Target (Open Pit) and the collection of additional metallurgical and geotechnical investigation samples. The setup has required the installation of mine services, upgrading of ventilation and establishing of underground communications.

The Hutchings Shaft was re-entered for visual inspections using a Skyjack hoist and platform assembly. The integrity of the shaft and the concrete lining down to the water level were found to be well preserved. Non-destructive testing was carried out on some of the steelwork in the main shaft column as well as in the 68m-high concrete headframe. This work confirmed that the main carrier steelwork remains in good condition and should not require replacement ahead of possible future recommissioning.

Figure 10: (LHS) Visual Inspection of Hutchings Shaft (RHS) Non-destructive testing of Hutching Headframe

Underground access is facilitating more efficient data gathering for the feasibility studies, allowing amongst others, more accurate infill drilling, geotechnical mapping and back analysis, assessment of the condition of the mine crown pillar, sampling and inspection of historical draw points and better access to the shaft infrastructure.

On surface, geotechnical monitoring stations have been established on the western edges of the sinkholes that abut the +105 Level Target (Open Pit) and baseline readings taken to supplement visual inspections being used to track ground stability. Since the installations in May 2017, the beacons show that no significant movement or change has occurred adjacent to the +105 Level Target (Open Pit).

The accumulated water level in the mine has been sampled for environmental baseline studies and to confirm suitability for use in metallurgical processing. Water samples have been collected via the Hutchings Shaft from depths of 360m, 400m, 500m, 600m and more recently 900m below surface. Analysis of the water samples down to 600m indicate that the water has a neutral pH of 7.4, providing encouragement that the submerged steel and concrete in the Hutchings Shaft will not have corroded with time.

Marydale Gold-Copper Project

In addition to the Prieska Project, the Agama transaction gives the Company exploration right over the Marydale Gold-Copper Project (**Marydale Project**), a virgin gold discovery of possible high sulphidation epithermal origin located 60km from the Prieska Project (Figure 11). Historical drilling following the discovery was carried out in various orientations and, despite wide zones of mineralisation being returned, the majority of these are now seen to be sub optimal. The Company drilled two holes adjacent to historical drilling at the NW Quadrant Prospect in late 2016 as part of due diligence investigations prior to the acquisition of Agama.

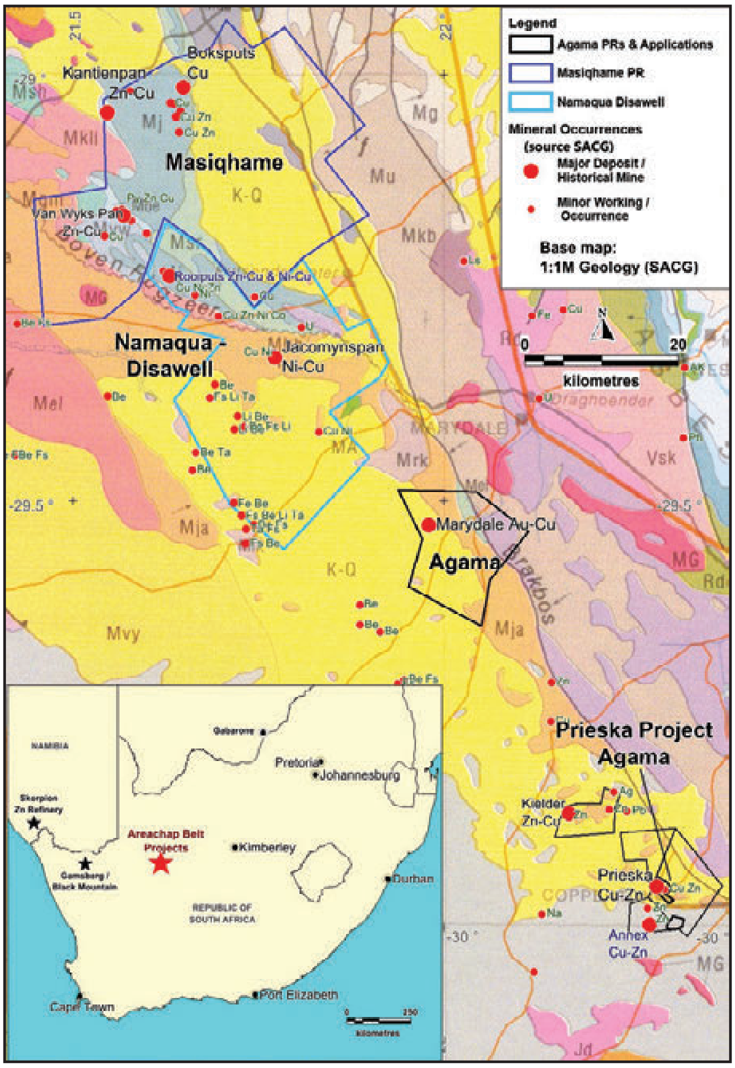

Figure 11: Regional geology map of the Areachap Belt showing prospecting rights currently under option to the Company and noted mineral occurrences as per published data from South African Council for Geoscience.

Hole OWD032 intersected 64m at 1.55g/t Au and 0.26% Cu from 22m down- hole. This intersection includes a higher grade interval of 21m at 2.93g/t Au and 0.34% Cu including 5m at 5.09g/t Au and 0.37% Cu (ASX release 17 August 2016). OWCD033 intersected 25m at 1.81g/t Au and 0.31% Cu from 67.5m down-hole, including a higher grade interval of 11.6m at 2.63g/t Au and 0.36% Cu including 3m at 4.23g/t Au and 0.54% Cu, as well as 2.4m at 1.61g/t Au and 0.32% Cu from further downhole (134.1m) (ASX release 5 October 2016). The broad zones of mineralisation intersected are consistent with historical drilling (Figure 12).

REVIEW OF OPERATIONS CONTINUED

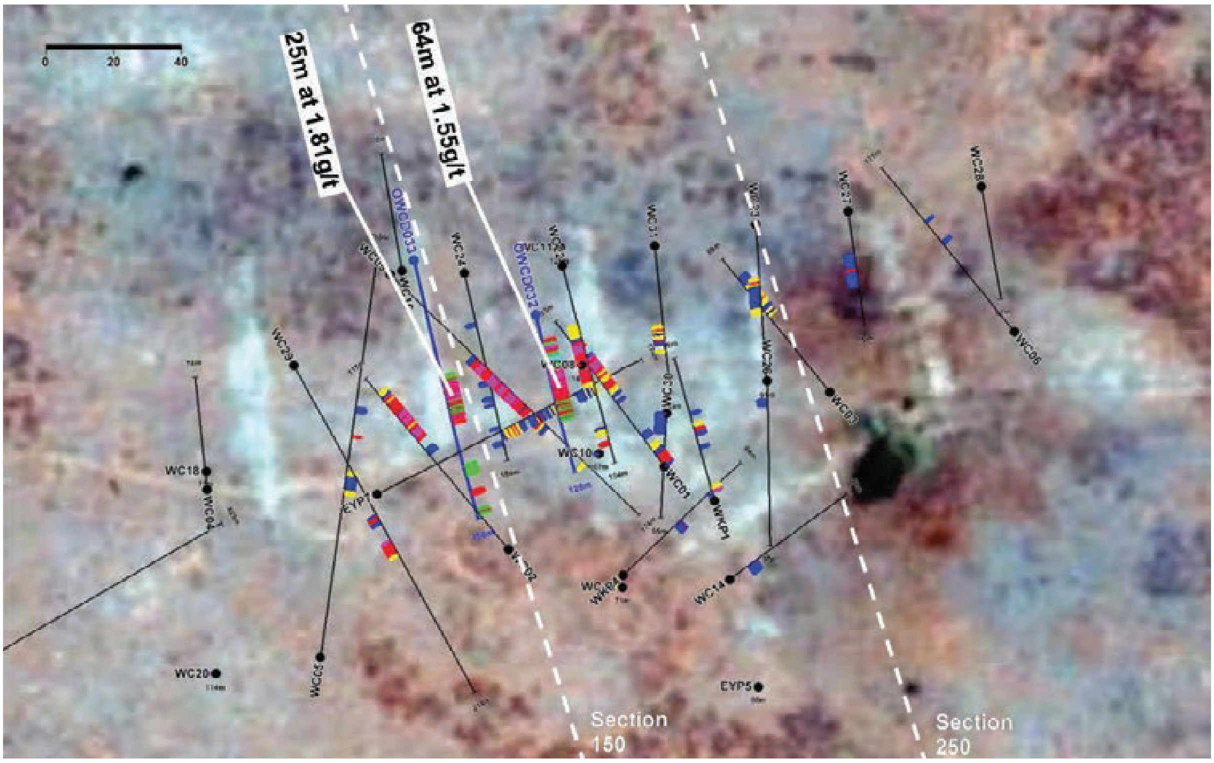

Figure 12: Plan showing results from the Company and historical drilling at the NW Quadrant area of the Marydale Gold-Copper Project.

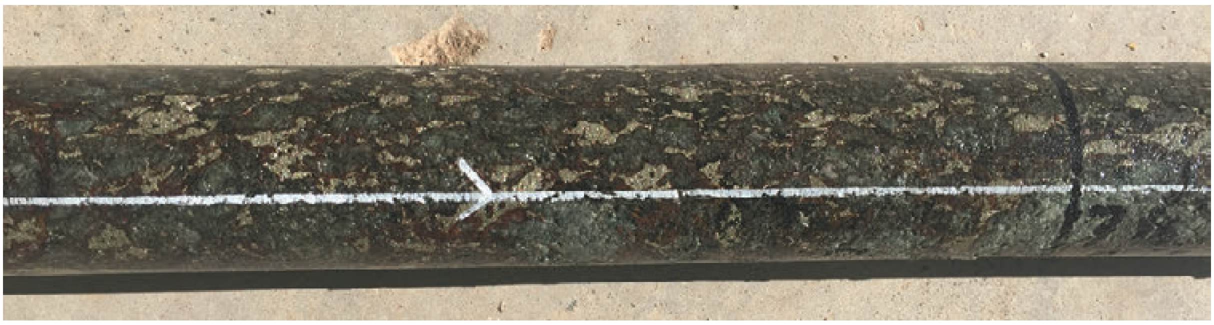

Figure 13: Highly sulphidic, blebby and net-textured sulphides associated with elevated gold-copper mineralisation, indicating suitability for EM detection.

Following the receipt of drilling results, the Company undertook a high powered induced polarisation (**IP**) survey at the Marydale Project. A previous survey carried out by Anglo American Prospecting Services (**AAPS**) in 1973 detected a number of anomalies including the NW Quadrant prospect, leading to the AAPS drilling which discovered copper-gold mineralisation at this prospect. The Company's IP survey was undertaken in 3D array using higher powered and more modern instruments than the previous survey with the objective of looking deeper and providing more defined targets.

The IP survey delineated an extensive arcuate chargeability anomaly, semi-continuous over 1.7km, extending from the NW Quadrant area parallel to a major regional shear zone. The Company completed 4 holes for 1,464m as an initial test of the anomaly and several zones of disseminated sulphides were intersected, a number of which returned anomalous levels of copper and gold in assays.

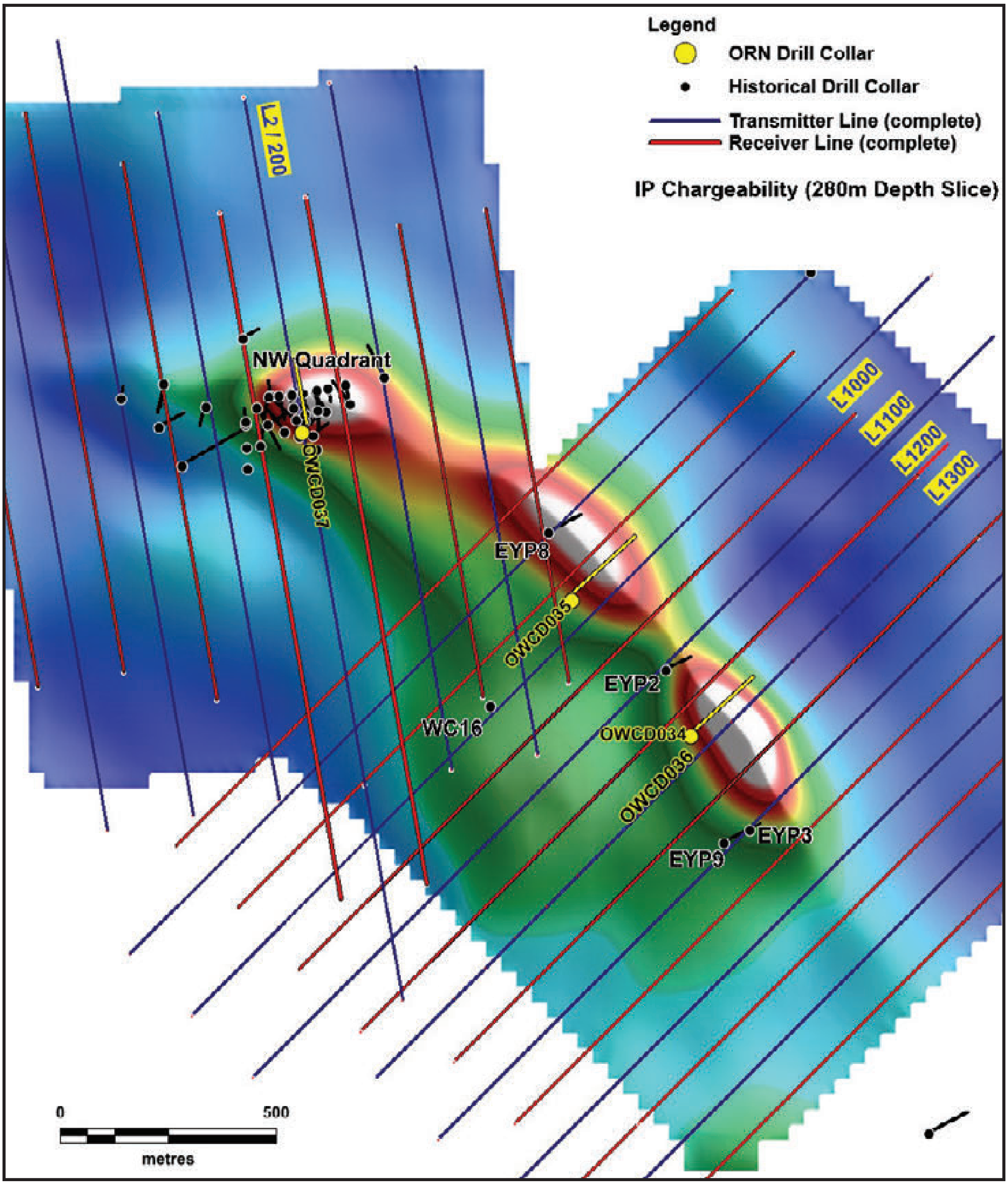

Figure 14: 134m depth slice of IP response (chargeability) over the Marydale Gold–Copper Project.

REVIEW OF OPERATIONS CONTINUED

Kantienpan Deposit

In April 2016, the Company entered into a binding option agreement to earn up to a 73% interest in Masiqhame Trading 855 Pty Ltd (**Masiqhame**), which holds a prospecting right covering an area of almost 980km^2, located 80km north of the Prieska Project (Figure 11). The key terms of the option agreement are set out in the Corporate section of this report. The Company has targeted the large Masiqhame prospecting right after analysing regional data which points to the potential for three significant styles of mineralisation:

- Zinc-copper VMS-VHMS mineralisation in the Areachap Belt;
- The Masiqhame Permit overlies a highly prospective VMS horizon extending over more than 30km of strike. This horizon contains numerous occurrences of copper-zinc and zinc-copper mineralisation associated with massive sulphides;
- Nickel-Copper mineralisation hosted in mafic intrusions related to the Jacomynspan Deposit; and
- Pegmatite hosted mineralisation such as lithium, beryl and REEs in the Orange River pegmatite belt.

Due diligence investigations were carried out between April 2016 and September 2016, followed by the Company exercising its option (subject to regulatory approvals) to acquire an initial 50% in Masiqhame in late September 2016. The Kantienpan Deposit is one of several VMS hosted zinc-copper occurrences within the Masiqhame prospecting right. The deposit was targeted by a combination of magnetic and time-domain electromagnetic ground surveys, following up on alteration identified by rock-chip sampling.

Historically, a total of 14 diamond core holes for 3,199m were drilled at the Kantienpan Deposit by Iscor Ltd. Significant intersections included the following results:

- 8.84m at 6.32% Zn and 1.02% Cu (KN005);
- 6.15m at 4.74% Zn and 0.49% Cu (KN010);
- 7m at 3.15% Zn and 0.57% Cu (KN007);
- 13m at 3.96% Zn and 0.36% Cu (KN003); and
- 2.6m at 6.59% Zn and 0.35% Cu (KN011).

(refer ASX release 31 May 2016, including further historical results)

Historic drilling has confirmed the presence of significant mineralisation extending from 80m – 250m below surface and along 800m of strike (Figure 15). Mineralisation at the Kantienpan Deposit remains open both along strike and at depth with massive sulphides intersected in OKNR014 at the southern end of the deposit. Assays from this hole returned 7m at 6.45% Zn and 0.43% Cu from 60m including 3m at 7.94% Zn and 0.50% CU from 63m (Figure 16, refer ASX release 29 September 2016).

Following completion of 2 RC holes for 213m the Company conducted EM and magnetic surveys at the Kantienpan Deposit. A high-powered fixed loop electromagnetic (**HP_ FLEM**) survey identified a previously undetected highly conductive body below the extent of historical drilling at the Kantienpan deposit. The KN1 conductor was modelled to be substantially larger and 3-4 times more conductive than the shallower portion of the deposit (Figure 15).

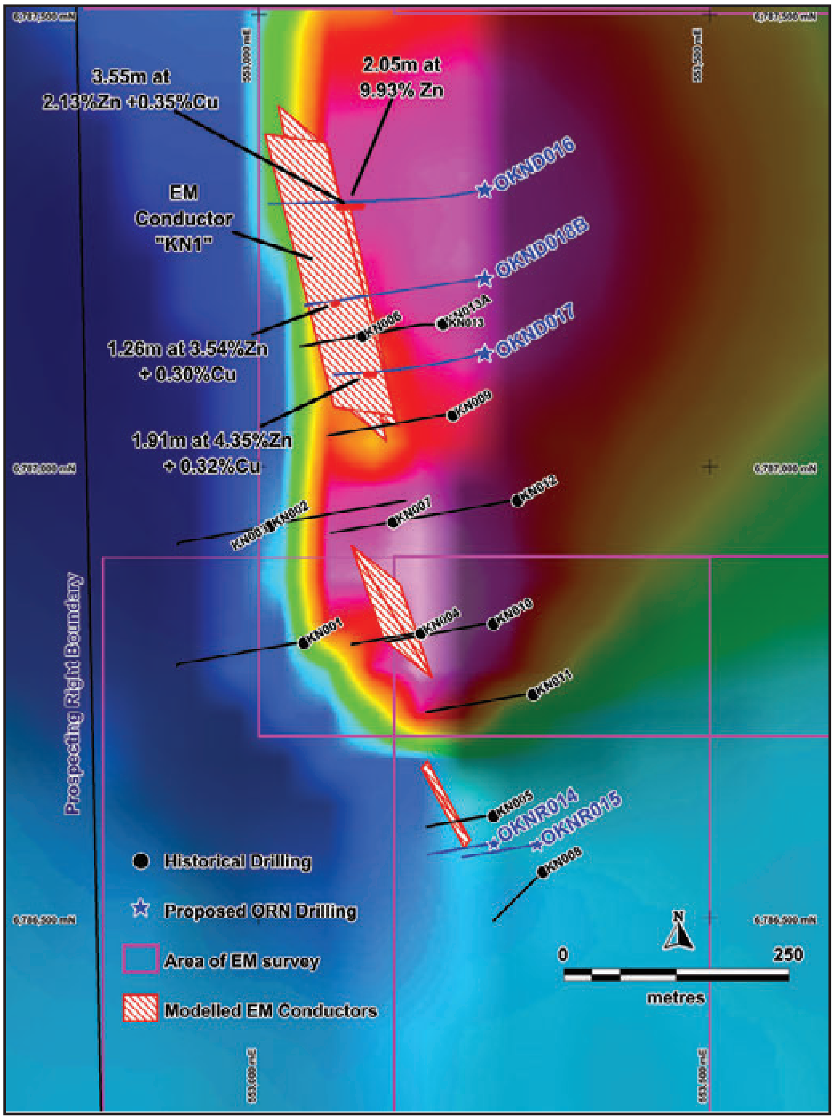

Figure 15: Plan showing the Company's drilling at Kantienpan on response from Channel 30 from the Company's recent HP_FLEM survey. Historical drilling and modelled conductors (including KN1) from survey data are also shown.

The survey also detected smaller conductors in the footwall of the current known mineralisation. Stacking of mineralised bodies is a common occurrence in VMS deposits.

Drill testing of the conductors yielded encouraging results as tabulated in table 3 including 2.05m at 9.93% Zn and 0.09% Cu from 404.87m (OKND016) and 1.91m at 4.35% Zn and 0.32% Cu from 404.12m (OKND017) and demonstrated the value of the application of modern exploration methods in this environment. The highly prospective stratigraphic horizon, which has been traced for at least 7km south of the initial drilling target, will be examined using similar EM methods in coming months.

REVIEW OF OPERATIONS CONTINUED

Figure 16: Massive sulphides in OKNR014 which returned 7m at 6.45% Zn and 0.43% Cu from 60m.
(Note each divider shows chips from a 1m interval)

		CUT-OFF 1% Zn				
Borehole Number	**EOH (m)**	**From (m)**	**To (m)**	**Width (m)**	**Zn%**	**Cu%**
OKNR014	78.00	60.00	67.00	7.00	6.45	0.43
including		63.00	66.00	3.00	7.94	0.50
OKNR015	135.00					No intersection
OKND016	450.09	404.87	406.92	2.05	9.93	0.09
including		409.75	413.30	3.55	2.13	0.35
OKND017	443.60	404.12	406.03	1.91	4.35	0.32
OCKN018B	450.75	423.62	424.88	1.26	3.54	0.30

Table 3: Summary table of significant intersections drilled by the Company on the Kantienpan deposit.

Jacomynspan Nickel-Copper-PGE Project

In July 2016, the Company entered into a binding term sheet to acquire the earn-in rights to the prospecting and mining right applications covering a further area of 626km^2 in the Areachap Belt. The earn-in rights have been acquired over the Jacomynspan Nickel-Copper-PGE Project (**Jacomynspan Project**) from two companies, Namaqua Nickel Mining (Pty) Ltd (**Namaqua**) and Disawell (Pty) Ltd (**Disawell**), which hold partly overlapping prospecting rights and mining right applications. In September 2017, the Company entered into a binding earn in agreement, principally on the same terms as the binding term sheet. Further details are set out in the Corporate section of this report.

The Namaqua mining right application covers an advanced nickel-copper-platinum group elements (**PGE**) deposit with a completed mining concept study, while the Disawell prospecting rights are focused on zinc-copper VHMS deposits such as those at the Prieska Project and Kantienpan Project discussed above. The Jacomynspan Project area is contiguous with the prospecting rights held under the Company's Masiqhame transaction and adjacent to the Marydale Prospecting Right (Figure 11).

The Jacomynspan Project area contains numerous known occurrences of VHMS style zinc-copper deposits and is highly prospective for magmatic hosted nickel-copper mineralisation similar to that seen in Proterozoic mobile belts worldwide including the Thompsons Belt in Canada and the Albany-Fraser Belt in Western Australia. A number of mafic-ultramafic intrusions have been recognised within the project area, with most historical work focusing on the Jacomynspan Deposit.

A substantial exploration opportunity exists within the project area to search for higher grade, massive and semi-massive accumulations of nickel-bearing sulphides, analogous to the Nova-Bollinger deposit in the Fraser Range Province of Western Australia.

The Company has identified many similarities to the Fraser Range-style of mineralisation from historical data available for the project area and the surrounding Areachap belt. This includes:

- mafic-ultramafic intrusives of late Proterozoic age;
- intruded in intercratonic/craton margin tectonic setting;
- hosted in high metamorphic grade rocks (garnet, amphibolite gneisses) within a mobile belt;
- the presence of evolving magmas yielding multi-phase intrusives, including mafic to ultramafic rocks. Importantly, lithologies observed at the Jacomynspan Project include anorthosites, hartzburgites and various metamorphic equivalents;
- the identification of nickel and copper-bearing sulphides with minor cobalt and PGE's (higher concentrations than in Fraser Range) at numerous localities;
- low-grade, disseminated nickel-copper sulphide bodies are re-intruded by cumulate textured mafics, with net textured and massive sulphides present; and
- shallow, recent cover sequences (calcrete and soil) obscures much of the surface expression on the belt.

The Company will be utilising its experience and expertise developed in exploring for magmatic nickel-copper deposits to reinterpret the extensive database for the Jacomynspan Project area and rank the existing prospects. These prospects will then be followed up with modern high-powered geophysical tools and methods which have not previously been applied in the Areachap belt, to assist in better defining drill targets. The results of the HP_FLEM survey at Masiqhame, where a strong conductor was not detected by the historical ground EM survey, highlights the potential for the detection of massive sulphide deposits, associated with numerous known disseminated sulphide bodies. Activities during the year comprised data compilation and review.

REVIEW OF OPERATIONS CONTINUED

AUSTRALIA

Fraser Range Project (Western Australia)

On 10 March 2017, the Company announced that it had secured the involvement of Independence Group NL (ASX: IGO), the owner of the Nova Bollinger Mine, in the ongoing exploration and evaluation of its highly prospective tenement package in the Fraser Range region of Western Australia (**Fraser Range Project**), after entering into a landmark joint venture agreement (**JVA**) with the leading mid-tier miner. The key terms of the JVA are set out in the Corporate section of this report.

The JVA over the Fraser Range Project is funded by IGO to the completion of pre-feasibility by IGO. The Fraser Range Project consists of a substantial tenement holding in the Albany-Fraser Belt, which hosts Australia's two most significant discoveries of the last decade (the Tropicana Gold Deposit and the Nova Nickel-Copper-Cobalt Deposit).

Prior to the establishment of the JVA, the Company had completed first pass geophysical surveys over the southern portion of its Fraser Range Project area.

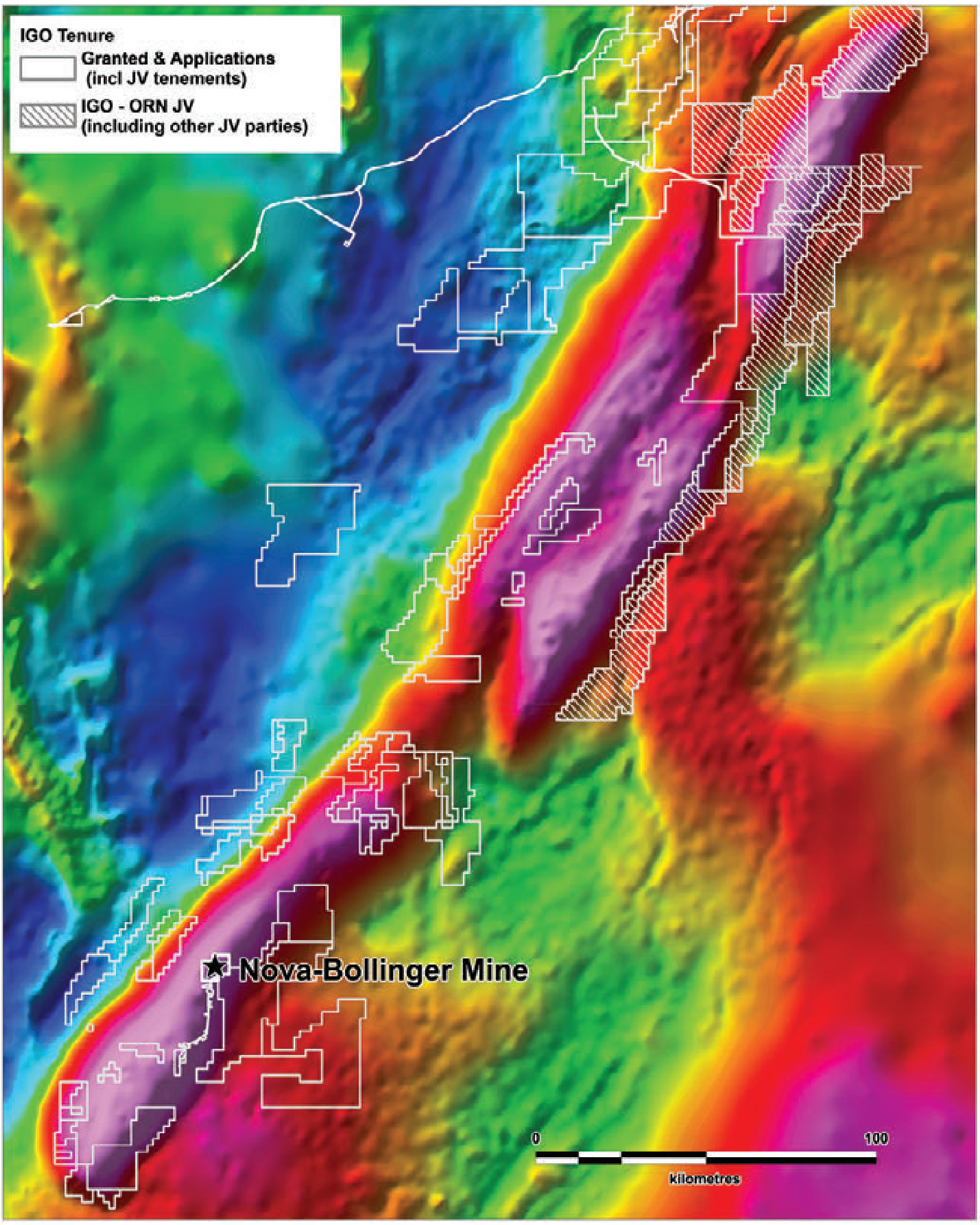

Figure 17: Plan showing the Company's Fraser Range Project and ownership/JV structure over regional gravity image. Also shown is IGO tenure (including JVs).

REVIEW OF OPERATIONS CONTINUED

Connors Arc Project (Queensland)

With the Company's main focus on its South African projects, exploration on the Company's extensive Queensland landholding was limited to geological reconnaissance at new prospects in the northern portion of the Company's holdings and preparation for a planned drill program at the Chough, 6 Mile Creek and Killarney prospects.

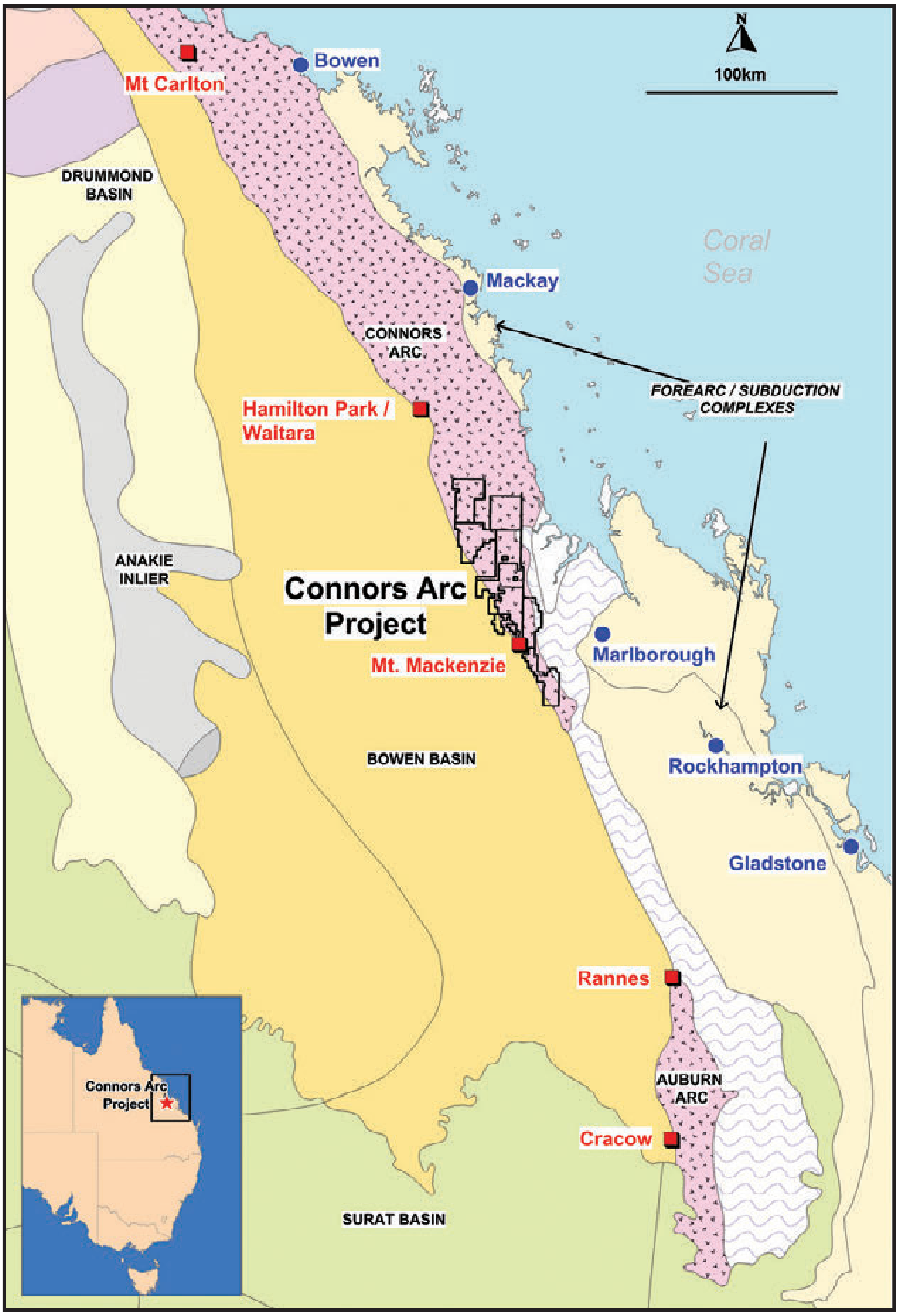

Figure 18: Location of tenements in the Connors Arc Project

Corporate

The Company recorded a loss of $7,929,737 after tax for the full-year ended 30 June 2017. Net cash used in operating activities totalled $6,542,963 and in investing activities totalled $4,127,692. Cash on hand at the end of the year was $3,405,252.

The Company continues to focus strongly on exploration within its Areachap Copper-Zinc and Gold Project (South Africa), Connors Arc Epithermal Gold Project (Queensland) and its Fraser Range – Gold-Nickel-Copper Project (Western Australia). A total of $5,070,442 in exploration expenditure was incurred during the year.

Acquisition of the Prieska Project and Marydale Gold-Copper Project (South Africa)

As referred to in the Operations section of this Report, on 29 March 2017, the Company completed the acquisition of Agama, an unlisted South African registered company. Following the acquisition, through its subsidiary companies, the Company now holds an effective 73.33% interest in the Prieska Project, located at Copperton, Northern Cape Province, South Africa and the Marydale Project, located 60km from the Prieska Project.

Prior to the acquisition of Agama, in July 2015, the Company announced the signing of a binding term sheet giving the Company the right to acquire Agama. During the option period, the Company undertook comprehensive due diligence including conducting exploration programs at both the Prieska Project and Marydale Project, leading to the exercise of the option by the Company as announced to the ASX on 3 January 2017.

The purchase consideration paid on settlement of the acquisition was 63 million South African Rand (**R**) (~$6.5 million), of which R31.5 million (~$3.3 million) was paid in cash and R21.5 million (~$2.2 million) was paid by issue of 94,321,464 Orion Minerals NL fully paid ordinary shares (**Shares**) (each Share having an attached unlisted Orion Minerals NL option, exercisable at $0.0462 and expiring 29 March 2019) (~$1.0 million).

Shares issued to the Agama vendors are subject to a 6 month voluntary escrow period which ended on 29 September 2017 and 75% of the Shares issued to the vendors are subject to a 12-month voluntary escrow period ending 29 March 2018.

In addition, the Company provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately R33.3 million (~$3.4 million).

Earn-In Right - Jacomynspan Nickel-Copper-PGE Project (South Africa)

As referred to in the Operations section of this Report, on 14 July 2016, the Company announced that it had entered into a binding term sheet to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Companies**), which hold partly overlapping prospecting rights and mining right applications.

The Company's earn-in right will be via a South African-registered special-purpose vehicle (**Orion SPV**), which will be established by the Company as its vehicle for investment in the joint ventures and of which historically-disadvantaged South African (**HDSA**) shall hold a minimum of 26% of the issued shares. Key terms of the transaction are set out below:

- Orion SPV has the exclusive opportunity to earn up to an 80% interest (the Company 59.2%) in the Companies. The Companies are privately owned South African companies with 26% or greater HDSA ownership.
- Conditions precedent to the commencement of earn in rights (**Earn-In Commencement Date**) include:
  - Due diligence to be conducted by the Company;
  - the Company providing the Companies with an initial exploration program to be carried out for the first 6 month period following the Earn-In Commencement Date (**Initial Program**);
  - The Companies obtaining all necessary approvals for the Company to access the Jacomynspan Project and conduct exploration activities including the Initial Program;
  - the Company providing proof of financial capacity to execute the Initial Program; and
- The parties entering into a comprehensive earn-in agreement.

REVIEW OF OPERATIONS CONTINUED

- Orion SPV is able to earn an initial interest of 25% (the Company 18.5%) in the Companies via staged expenditure of US$0.5 million on the Jacomynspan Project over the 12 months from the Earn In Commencement Date (**First Earn In Right**) including:
  - Expenditure commitment of US$0.25 million in the first 6 months; and
  - A further $0.25 million must be spent within 12 months of the Earn-In Commencement Date (US$0.5 million in total expenditure).
- Once Orion SPV has earnt the initial 25% interest:
  - The Companies will issue the Company with fully paid ordinary shares in the Companies which shall result in Orion SPV being the holder of 25% of the total shares on issue immediately following such issue of shares;
  - The Companies will record a shareholder loan account in favour of Orion SPV to the value of the First Earn In Right expenditure incurred by the Company and shall continue to record further expenditure by the Orion SPV as an increase in the shareholder loan account (**Orion Loan**);
  - the Company can elect to increase its interest via further expenditure, as detailed below, or maintain its 25% interest by contributing pro-rata to exploration; and
  - Within 30 days, the parties will negotiate the terms of a shareholders agreement to govern the terms of relationship between the shareholders.
- Following the First Earn-in Right, should the Company elect to increase its interest via further expenditure, the Orion SPV can earn a further 25% interest (making its total interest 50% (the Company 37%)) by expending a further US$1 million on the Jacomynspan Project (US$1.5 million total expenditure) over a further 12 months (2 years from Earn-In Commencement Date) (**Second Earn In Right**).
- Once Orion SPV has earnt a 50% interest:
  - The Companies will issue the Company with shares which shall result in Orion SPV being the holder of 50% of the total shares on issue immediately following such issue of shares; and
  - the Company can elect to increase its interest via further expenditure, as detailed below, or maintain its 50% interest by contributing pro-rata to exploration.
- Following the Second Earn in Right, should the Company elect to increase its interest via further expenditure, Orion SPV can earn a further 30% interest (making its total interest 80% (the Company 59.2%)) by:
  - Expending a further US$0.5 million on the Jacomynspan Project (US$2 million total expenditure) over a further 12 months (3 years from Earn In Commencement Date);
  - Completing a bankable feasibility study, which has been reviewed and signed off by an independent external expert; and
  - Providing or securing project finance terms to develop a mining operation within the Project Area as per the bankable feasibility study and which shall not result in any Shareholder dilution.
- On the Earn-In Commencement Date, the Company will be appointed as the operator and manager of the joint ventures and will have the right to appoint a minimum of one director to the boards of the Companies.
- The Companies shareholders on the date of execution of the Term Sheet (**Signature Date**) shall be entitled to a 2% royalty in proportion to their beneficial interest in the Companies at the Signature Date, on net smelter returns arising from the production and sale of metals from the Jacomynspan Project's SAMREC resource as at the Signature Date (**Royalty**). At any time following the Earn-In Commencement Date, the Company shall have the right at its sole discretion to buy out the Royalty for an aggregate value of US$2 million.
- As noted above, all expenditure by the Company shall be advanced to the Companies as an Orion Loan. In addition to the Orion Loan, the Companies have existing shareholder loans of R78.5 million (~US$5.4 million) as at the Signature Date (together **Shareholder Loans**). Following the completion of the First Stage Earn In, the parties will negotiate the terms of a Shareholders Loan to govern the terms of the Shareholder Loans. The Shareholder Loan agreement will contain clauses normally contemplated by a formal agreement negotiated in good faith between the parties.

Should the Company fail to meet its earn in right commitments, then either the parties will re-negotiate the terms of the Term Sheet or, if the parties are unable to agree those new terms, then the Company will relinquish its rights to earn any further interest in the Companies and the Term Sheet will be at an end.

Following year end, in September 2017, the Company entered into a binding earn in agreement principally on the same terms as the binding term sheet.

Option Agreement – Masiqhame (South Africa)

On 29 April 2016, the Company announced that it had executed a binding option agreement with Masiqhame for the Company to earn up to a 73% interest in Masiqhame. Masiqhame holds prospecting rights over large, highly prospective area located approximately 80km north of the Prieska Project. On 7 September 2016, the Company announced that the terms of the option had been amended to enable the Company to commence exploration activities including drilling and have the cost of this work program deducted from the consideration payable of R1.5 million (~$0.15 million) by the Company for 50% of Masiqhame shares on issue.

On 29 September 2016, the Company announced that it had exercised the option it holds with Masiqhame, for the Company to acquire an initial 50% interest in Masiqhame.

Key terms of the binding option agreement (**Term Sheet**) are as follows:

- the Company has the opportunity to earn up to a 73% interest in Masiqhame.
- Masiqhame is a privately owned South African company with 100% Historically Disadvantaged South African ownership. Masiqhame is thus black economic empowerment (**BEE**) compliant from the outset and the Company will earn in to an incorporated joint venture, partnering with a BEE partner via Masiqhame.
- the Company held an exclusive option to undertake due diligence on the corporate entity and the prospecting rights until no later than 30 September 2016 (**Option**), failing which the parties will be released from their obligations under the Term Sheet. As noted above, the Company has exercised the Option.
- Upon exercise the Option:
  - the Company will pay Masiqhame R1.5 million less all expenditure by the Company on the exploration program currently underway, to invest in new fully paid Masiqhame shares (**Masiqhame Shares**). As a result of exploration activities undertaken by the Company, the Company will not be required to make any cash payment to Masiqhame upon Completion; and
  - Masiqhame will issue the Company with Masiqhame Shares which shall result in the Company being the holder of 50% of the total Masiqhame Shares on issue immediately following such issue of Masiqhame Shares.

  (**Completion**)

Upon Masiqhame obtaining all requisite regulatory approvals to the extent required, Completion will occur by no later than 30 days following the exercise of the option.

- At Completion, the Company shall have the right to appoint the majority of directors to the board of Masiqhame and shall be appointed manager and operator of the prospecting rights;
- Once the Company has earned the initial 50% interest in Masiqhame through the issue of Masiqhame Shares to the Company, the Company can elect to increase its interest by a further 23% (to 73% in total) via:
  - provision of a shareholder loan to Masiqhame (**Loan**) on the following terms:
    - The principal amount of the Loan shall be the R equivalent of $0.1 million in each 12 month period commencing from the 12th month following Completion (**Principal**);
    - Proceeds from the Loan shall be used to progress exploration programs and feasibility study works;
    - The Loan interest rate shall be nil;
    - The Loan shall only be repaid from operating surplus from future operations of Masiqhame;

REVIEW OF OPERATIONS CONTINUED

  - In addition to the Principal, the Company may elect at its sole discretion to provide additional finance by means of the Loan in order to progress exploration works and complete feasibility study works and if applicable, apply for a mining right;
  - Masiqhame shareholders as at the date of execution of the Term Sheet will be free carried until such time that a mining right is granted; and
  - If the Company fails to advance the Principal in any 12 month period, Masiqhame may subject to notice periods demand that all of the Masiqhame Shares held by the Company be transferred back to the Masiqhame shareholders (excluding the Company) for nil consideration and remove the Company as manager.
- finalisation of a feasibility study; and
- lodgement of an application for the grant of a mining right over some or all of the area of the prospecting rights.

Following the above terms being satisfied, Masiqhame shall immediately issue further new Masiqhame Shares to the Company which shall result in the Company being the holder of 73% of the total Masiqhame Shares on issue immediately following such issue.

Fraser Range – Joint Venture with IGO

As referred to in the Operations section of this Report, on 10 March 2017, the Company announced that it had secured the involvement of Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its Fraser Range Project, after entering into a landmark JVA with the leading mid-tier miner.

Under the terms of the JVA, IGO acquired 70% equity in the Company's 100%-owned tenements (the Company retains 30%) and 60 - 65% equity in various joint venture tenements (i.e. joint ventures between the Company and other parties in existence at the time of the Company entering into the JVA) (the Company retains 10% - 15%), in exchange for a $0.7 million cash payment and subscribing for a $1.3 million placement in the Company at $0.024 per Share.

Importantly, the Company will maintain an exposure to the ongoing exploration and development of the Fraser Range Project without additional financial commitment, given that it will be free-carried through to the first pre-feasibility study (**PFS**) on any of the tenements.

The key terms of the JVA are as follows:

- IGO initially acquired 70% equity in the Company's 100% owned tenements, 60% in the Creasy JV tenements (being tenements the subject of a joint venture between entities controlled by Mark Creasy and the Company) and 65% in the GR JV tenement (being a tenement the subject of a joint venture between Geological Resources Pty Ltd and the Company);
- in consideration for the above, IGO paid the Company $0.7 million cash and subscribed for 54,166,666 Shares at $0.024 per Share for total subscription fees of $1.3 million (**Consideration Shares**);
- IGO will have the right to top-up its equity in the joint ventures through the payment of cash or shares; and
- the Company will be free carried through to completion of a PFS on any of the tenements comprising the Fraser Range Project.

On 14 March 2017, the Company announced that it had received $2.0 million from IGO (comprising the cash consideration of $0.7 million and the subscription amount for the Consideration Shares of $1.3 million) and that it had issued the 54,166,666 Consideration Shares to IGO.

Tembo Capital

On 12 April 2017, the Company announced that it had taken another important step in its base metal development strategy in South Africa after entering into an agreement (**Placement Agreement**) with leading mining-focused private equity group, Tembo Capital Mining Fund II LP (**Tembo**), which contemplated that Tembo would acquire a cornerstone stake in the Company and a strategic relationship would be formed between the two groups. The Placement Agreement provided for Tembo to subscribe for Shares at an issue price of $0.024 per Share up to a maximum of $4.7 million which would give Tembo a 19.9% holding in the Company, subject to the satisfaction of certain conditions including due diligence on the Company to Tembo's satisfaction (including with respect to the Company's operating budget and financing plan) and the Company's shareholders approving the Placement. The Placement formed part of a proposed placement, approved by Shareholders at a general meeting of shareholders held on 17 May 2017, of a maximum of 200,000,000 Shares to Tembo (or its nominees) and/or sophisticated and professional investors at an issue price of $0.024 per Share, to raise a maximum of $4.8 million no later than 17 August 2017.

In June 2017, Tembo confirmed completion of satisfactory due diligence and nominated that it would subscribe for 125,000,000 Shares in the Placement at an issue price of $0.024 per Share raising $3 million.

The Placement Agreement contemplated the formation of a strategic relationship between the Company and Tembo. As part of this, the Company announced on 17 May 2017 that the ASX has granted the Company a waiver from listing rule 6.18 to enable the Company to provide an anti-dilution right to Tembo should the Placement to Tembo proceed. Under the terms of the waiver, for so long as Tembo holds at least 12.5% of the Company's Shares on issue, Tembo will be granted an anti-dilution right to maintain its percentage holding in the Company if the Company conducts an equity capital raising by way of the issue of equity securities.

Following year end, on 18 August 2017, the Company announced that it had entered into an agreement with Tembo whereby Tembo would subscribe for a further 73,000,000 Shares in the Placement to raise $1.75 million at an issue price of $0.024 per Share.

In addition to the Placement, a $6 million bridge loan facility was agreed with Tembo (**Bridge Loan Agreement**). Under the terms of the Bridge Loan Agreement, the Company has agreed that it will use its best endeavours to undertake a capital raising by 15 December 2017, to raise additional equity to progress the Prieska Project BFS and to continue its South African exploration programs. The Company has also agreed that Tembo will be offered the opportunity to participate in the sub-underwriting of any rights issue on standard market terms and conditions.

Tembo's agreement to the Placement and the Bridge Loan Agreement follows its decision to become a cornerstone shareholder in the Company to facilitate the acquisition of the Prieska Project via its initial $3 million investment in the Company by way of Convertible Notes issued as part of the Convertible Notes issued in March 2017, as referred to below.

The Placement Agreement also sets out the key terms of the strategic relationship between the Company and Tembo. Following the completion of the Placement:

- the Company will have access to Tembo's strategic and financing networks within emerging markets, which access will cease on Tembo ceasing to hold at least 12.5% of the Company's issued Shares;
- Tembo will have access to certain information about the Company and its assets, subject to the Company's confidentiality and disclosure obligations, which access will cease on Tembo ceasing to hold at least 12.5% of the Company's issued Shares;
- for so long as Tembo holds at least 12.5% of the Company's issued Shares, Tembo will be granted an anti-dilution right to maintain its percentage holding in the Company if the Company conducts an equity capital raising by way of the issue of equity securities;
- the Company will use best endeavours to undertake a rights issue to raise additional equity as soon as reasonably practicable (see above); and
- for so long as Tembo holds at least 12.5% of the issued Shares, the Company agrees to procure that the Board consults with Tembo in respect of any proposed changes to its key management personnel, provided that any Executive Director must not participate in any discussions in relation to him or her.

REVIEW OF OPERATIONS CONTINUED

Change of Company Name

With the change in focus for the Company, the Directors considered that it was appropriate for the Company to adopt a new name which is more reflective of its future direction. At a general meeting of Shareholders, held 17 May 2017, approval was received to change the name of the Company to "Orion Minerals NL".

Following receipt of the approval to change name, the Australian and Securities Investment Commission accepted the change of name the same day, the ASX officially reflected the change prior to commencement of trade on 23 May 2017, with no change to the Company's stock code, ORN.

Capital Raisings

1. Convertible Notes

On 7 February 2017, the Company announced that it was proposing to conduct a capital raising through the issue of convertible notes to various sophisticated and professional investors to raise up to $8 million through the issue of up to 307,692,308 convertible notes, each with a face value of $0.026 (**Convertible Notes**).

The Company obtained shareholder approval for the Convertible Notes issue at a meeting of shareholders held on 13 March 2017. Following obtaining approval, on 17 March 2017 the Company issued 232,692,294 Convertible Notes each with a face value of $0.026, raising $6.05 million. Key terms of the Convertible Notes are set out in the Company's 8 March 2017 ASX release.

Proceeds received from the Convertible Notes issue were used to complete the purchase of 100% of the issued capital of Agama and to otherwise provide working capital to the Company.

2. Placements

- On 16 September 2016, the Company issued 9,100,000 Shares at an issue price of $0.025 per Share to raise $0.23 million by way of placement to Eastern Goldfields Limited.
- On 14 November 2016, the Company issued 72,222,221 Shares at $0.018 per Share to raise $1.3 million. The issue of these Shares to sophisticated and professional investors was approved by the Company's shareholders at the Company's General Meeting held on 14 December 2016.
- On 23 December 2016, the Company issued 57,016,664 Shares at $0.018 per Share to raise $1.0 million. The issue of 55,555,553 Shares to sophisticated and professional investors was approved by shareholders at the Company's General Meeting held on 14 December 2016 and 1,461,111 Shares were issued to a sophisticated and professional investor within the 15% capacity for issues of equity securities without shareholder approval afforded by ASX Listing Rule 7.1.
- On 14 March 2017, the Company announced that it had received $2.0 million from IGO (comprising the cash consideration of $0.7 million and the subscription amount for the Consideration Shares of $1.3 million) and that it had issued the 54,166,666 Consideration Shares to IGO.
- On 29 March 2017, the Company issued 94,321,464 Shares at $0.023 per Share to the vendors of Agama. As the issue of these Shares formed part of the acquisition purchase price, no cash was received. Each Share also has attached an unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019.
- On 9 June 2017, the Company issued 125,000,000 Shares at $0.024 per Share to Tembo (or nominee) to raise $3.0 million. At the May 2017 shareholder meeting, the Company obtained approval for the issue of up to 200,000,000 Shares at an issue price of $0.024 per Share to raise $4.0 million. On 31 May 2017, the Company announced that Tembo had confirmed completion of satisfactory due diligence and had nominated to subscribe for 125,000,000 Shares at an issue price of $0.024 per Share to raise $3.0 million, and following year end, on 17 August 2007, subscribed for a further 73,000,000 Shares at $0.024 per Share to Tembo (or nominee) to raise $1.75 million (total raised $4.75 million).

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2017.

BOARD OF DIRECTORS

Director	Designation	Qualifications, experience & expertise	Directorships of other listed companies	Other roles held during the year
Denis Waddell Appointed 27 February 2009	Non-executive Chairman	ACA, FAICD Mr Waddell is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Mr Waddell founded Tanami Gold NL in 1994 and was involved with the Company as Managing Director and then Chairman and Non-Executive Director until 2012. Prior to founding Tanami Gold NL, Mr Waddell was the Finance Director of the Metana Minerals NL group. During the past 35 years, Mr Waddell has gained considerable experience in corporate finance and operations management of exploration and mining companies.	Tanami Gold NL (former)	Chairman of Audit Committee
Errol Smart Appointed 26 November 2012	Managing Director	BSc(Hons) Geology (University of Witwatersrand) NHD Economic Geology (Technikon Witwatersrand) (PrSciNat) Mr Smart is a geologist, registered with the South African Council of Natural Scientific Professionals, a Recognised Overseas Professional Organisation in terms of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) purposes. Mr Smart has more than 25 years of industry experience across all aspects of exploration, mine development and operations with experience in precious and base metals. Mr Smart has held positions in Anglogold, Cluff Mining, Metallon Gold, Clarity Minerals LionGold Corporation and African Stellar Holdings. Mr Smart's senior executive roles have been on several boards of companies listed on both the TSX and ASX.	None	Chief Executive Officer Member of the Audit Committee
William Oliver Appointed 7 April 2014	Non-executive Director	BSc (Hons) Geology (UWA), Grad Dip App Fin (FINSIA), MAIG, MAusIMM Mr Oliver is a geologist with over 16 years' experience in the international resources industry working for both major and junior companies. Mr Oliver has had wide-ranging exploration experience with considerable success and has expertise in project identification and acquisition. Mr Oliver has led exploration teams in Europe and Australia, including senior roles with Harmony Gold, Iberian Resources, BC Iron and Bellamel Mining, and most recently was the Managing Director of Signature Metals.	Celsius Coal Ltd (ongoing) Minbos Resources Ltd (ongoing)	Chief Operating Officer
Alexander Haller Appointed 27 February 2009	Non-executive Director	BSc (Economics) Mr Haller is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies, including Silja Investment Ltd, focusing on the principal investment activities for these companies. From 2001 to 2007 Mr Haller worked in the corporate finance division at JP Morgan in the U.S, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets.	UMS Limited (ongoing) Shaft Sinkers PLC (former)	Member of the Audit Committee

Directors' Report (continued)

COMPANY SECRETARY

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

Name	Experience and qualifications
Mr Martin Bouwmeester Company Secretary (Appointed 1 April 2016)	Mr Bouwmeester has over 20 years' experience in the mining industry and was Business Development Manager, Chief Financial Officer and Company Secretary of Perseverance Corporation Limited. Mr Bouwmeester was a key member of the team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit those resources. Mr Bouwmeester also holds the position of Chief Financial Officer with the Company. Mr Bouwmeester is a FCPA.

CORPORATE STRUCTURE

Orion Minerals NL (**Orion** or **Company**) is a no liability company that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, including those newly acquired (referred to as the **Group**).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was exploration and evaluation of the South African Areachap Zinc-Copper and Gold Project, the Connors Arc Epithermal Gold Project in central Queensland, the Fraser Range Nickel-Copper and Gold Project in Western Australia and the Walhalla Polymetals Project in Victoria. There were no significant changes in the nature of the Group's principal activities during the year.

OPERATING AND FINANCIAL REVIEW

Operations

During the financial year the Company acquired Agama Exploration & Mining (Pty) Ltd (**Agama**), a South African registered company, which, through its subsidiary companies, holds an effective 73.33% interest in a portfolio of projects including an advanced volcanic massive sulphide zinc-copper exploration project with near-term production potential at the Prieska Zinc-Copper Project, located near Copperton in the Northern Cape province of South Africa (**Prieska Project**), and the Marydale Prospecting Right, a virgin gold discovery of possible epithermal origin, located 60km from the Prieska Project (**Marydale Project**). Exploration also continued at the Company's Queensland and Western Australian Projects, culminating in a joint venture agreement being entered into over the Fraser Range Project in Western Australia.

<u>Areachap Zinc-Copper and Gold Project – South Africa</u>

The Company completed the acquisition of the Prieska Project and Marydale Project in South Africa from Agama on 29 March 2017, a key element in the Company's strategic move to become a base metal developer. In addition to the acquisition of the Prieska Project and Marydale Project, the Company has entered into options and earn-in rights agreements over a large area in the highly prospective Areachap belt, Northern Cape Province of South Africa. This has secured an outstanding growth and diversification opportunity for the Company.

Directors' Report (continued)

1. Prieska Zinc-Copper Project

In July 2015, the Company signed a binding term sheet giving the Company the right to acquire Agama. During the option period, the Company undertook comprehensive due diligence on the Prieska Project. On 3 January 2017, the Company announced that it had exercised its option to acquire Agama, the owners of a 73.33% beneficial interest in the Prieska Project, completing the acquisition on 29 March 2017. The Prieska Project covers unmined dip and strike extensions from historical underground mining, with the zinc-copper mineralisation having been delineated by extensive drilling and geophysics by previous owners.

The current focus is on fast tracking the Prieska Project to production. A Bankable Feasibility Study (**BFS**) commenced in July 2017, with lead consultants appointed for these studies, along with the Environmental Impact Assessment (**EIA**) studies. The BFS and EIA work programs will be undertaken in parallel with the current activities (resource drilling, underground inspections and establishment of activities), taking advantage of the substantial historical database from mining and processing at the Prieska Project.

Underground access has been re-established, allowing assessment of geotechnical conditions and the substantial remaining underground infrastructure. Ground conditions and infrastructure in the underground mine to date have been found to generally be in a better state than was expected. Orion is confident that mine refurbishment will not require substantial engineering effort. Power and vehicle access has now been gained to the 105 Level.

The Company undertook two major phases of drilling at the Prieska Project during the reporting period:

A) +105 Level Target (Open Pit):

The surface and underground drilling programs at the +105 Level Target were designed to confirm, in-fill and extend near-surface historical drilling, targeting mineralisation expected to be amenable to open pit mining. Surface drilling carried out in the 12 months from June 2016 highlighted the potential for a high grade open pit project to commence the restart of Prieska in parallel with the development of the larger Deep Sulphide Target. Significantly a zone of "supergene sulphide" mineralisation was discovered via surface drilling, being a zone of high grade primary sulphide mineralisation occurring within the +105 Level Target which is expected to be amenable to processing via a similar flowsheet to the primary sulphide mineralisation previously mined and processed elsewhere in the project.

The surface drilling program comprised 20 reverse circulation holes for 1297m and 14 diamond core holes for 1900.71m. All significant intersections from surface have been included in ASX releases of 25 July 2016, 22 August 2016, 14 September 2016, 2 November 2016, 7 December 2016, 16 December 2016 and 25 May 2017 with best results including:

- 22m at 10.8% Zn, 1.38% Cu and 0.3g/t Au from 57m, including:
  7m at 17.8% Zn and 1.41% Cu (OCOR016);
- 20m at 8.58% Zn, 2.21% Cu and 0.3g/t Au from 48m, including:
  17m at 9.98% Zn and 2.01% Cu (OCOR023);
- 42m at 4.41% Zn, 2.36% Cu and 0.42g/t Au from 55m, including:
  5m at 9.28% Cu from 55m and 6m at 12.4% Zn from 75m (OCOR027);
- 9.3m at 4.0% Zn, 1.4% Cu, 0.13g/t Au and 9.0g/t Ag from 170m (OCOD033);
- 29.4m at 3.06% Zn + 1.52% Cu, 0.36g/t Au and 9.0g/t Ag from 112.6m, including:
  8.5m at 4.33% Zn + 2.17% Cu from 115m and 3m at 7.13% Zn from 139m (OCOD036);
- 12m at 4.14% Cu, 1.89% Zn and 0.29g/t Au from 57m, including:
  3m at 7.4% Cu and 4.34% Zn (OCOR017);
- 11.53m at 3.23% Zn, 0.97% Cu, and 0.22g/t Au from 189.22m, including:
  3.34m at 5.26% Zn, 1.51% Cu and 0.36g/t Au (OCOD043); and
- 20.6m at 1.36% Zn, 0.63% Cu, and 0.1g/t Au from 156.1m, including:
  2.6m at 5.2% Zn (OCOD035).

Directors' Report (continued)

Underground inspection of ore drives and draw points on the 105 Level by Orion's geological and mining team (ASX release 29 June 2017) demonstrated an extremely competent hanging wall at the 910m ore drive. The combination of the observed supportive underground conditions and increased geotechnical data for review have provided encouragement for additional strike extension of the +105 Level Target area. Accordingly, underground drilling has recently commenced aimed at infilling and extending the supergene mineralisation drilled from surface. First results from underground drilling have included high grade copper results reported from both OCOU073 and OCOU075 (refer ASX releases 5 August 2017 and 19 September 2017).

B) Deep Sulphide Target (Underground):

In May 2017, the Company commenced a major drilling program designed to evaluate the main Deep Sulphide Target below the historical mine, which is expected to form the cornerstone of the Company's development strategy. Drilling aims to systematically test and confirm the mineralisation as interpreted from the extensive historical drilling data. Results are anticipated to provide statistical validation of this drilling, which intersected unmined mineralised zones, and add to infill data so that the resultant data spacing meets the requirements for a JORC compliant Mineral Resource estimate.

The Company's first two drill holes testing the Deep Sulphide Target (OCOD048 and OCOD052) successfully intersected massive sulphides and maiden assay results have now been received as follows (refer ASX releases 17 July 2017, 27 July 2017, 5 August 2017 and 19 September 2017):

- 22.45 m at 5.33% Zn, 1.34% Cu, 0.26g/t Au and 10.60g/t Ag from 1060m, including:
  5.7m at 10.89% Zn from 1060.8m (OCOD048);
- 19.10m at 3.38% Zn, 1.58% Cu, 0.39g/t Au and 19.1g/t Ag from 1070.59m; and
  2.35m at 3.50% Zn, 0.56% Cu, 0.09g/t Au and 2.35% Ag from 1064.00m (OCOD048_D2, a deflection from parent OCOD048);
- 16.15 m at 3.30% Zn, 1.72% Cu, 0.26g/t Au and 13.72g/t Ag from 1116m, including:
  4m at 5.34% Zn from 1119m (OCOD052)
- 15.92m at 5.55% Zn, 0.95% Cu, 0.22g/t Au and 7.5g/t Ag from 1117.59m (OCOD052_D2, a deflection from parent OCOD052);
- 7.25m at 5.07% Zn, 1.09% Cu, 0.22g/t Au and 7.22g/t Ag from 1022.20m (OCOD065);
- 11.74m at 3.34% Zn, 1.22% Cu, 0.18g/t Au and 9.8g/t Ag from 1026.20m (OCOD054);
- 0.68m at 5.45% Zn, 0.09% Cu, 0.08g/t Au and 14.0g/t Ag from 1003.43m and
  1.00m at 4.50% Zn, 0.07% Cu, 0.08g/t Au and 9.0g/t Ag from 1010.89m (OCOD059);
- 0.63m at 2.61% Zn, 5.39% Cu, 0.91g/t Au and 38g/t Ag from 1126.15m (OCOD066);
- 2.90m at 3.51% Zn, 0.74% Cu, 0.21g/t Au and 11.3g/t Ag from 1124.7m (OCOD062); and
  3.00m at 2.41% Zn, 0.43% Cu, 0.16g/t Au and 5.3g/t Ag from 1045.0m (OCOD063).

The intersections in OCOD048, OCOD048_D2, OCOD054 and OCOD065 successfully validate historical drilling intersections and are therefore important results in verifying historic results for use in future Mineral Resource estimations (as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**)). The intersections in OCOD052, OCOD052_D2, OCOD059, OCOD062, OCOD063 and OCOD066 represent an extension to the mineralisation previously confirmed by drilling at the Deep Sulphide Target and the results from these holes, as well as the presence of massive sulphides and with wide zones of alteration, is considered encouraging.

Drilling continues with nine holes in progress (six with active diamond core drilling and a further three holes with pre collars completed). In addition, downhole EM surveying has been completed on a number of holes, in parallel with a surface EM survey, providing additional targets for drill testing.

2. Marydale Project

The Marydale Project is a virgin gold-copper discovery located 60km north west of the Prieska Project. The Company completed 4 holes for 1,464m testing a semi-continuous, arcuate chargeability anomaly extending some 1.7km from the previously drilled NW Quadrant area, which was mapped by the Company's high-powered 3D induced polarisation (**IP**) survey. Drilling intersected several zones of disseminated sulphides, a number of which returned anomalous levels of copper and gold in assays.

Directors' Report (continued)

3. Jacomynspan Project (Namaqua-Disawell Tenure)

During the year, the Company continued an extensive compilation and review process of data relating to the Namaqua – Disawell Tenure. A substantial amount of pre-digital data exists from exploration pre 2000 by (amongst others) Anglo American/AAPS, Phelps Dodge, Anglovaal and Iscor (now Kumba).

The Jacomynspan Project area contains numerous known occurrences of volcanogenic hosted massive sulphide (**VHMS**) style zinc-copper deposits and is highly prospective for magmatic hosted nickel-copper mineralisation similar to that seen in Proterozoic mobile belts worldwide including the Thompsons Belt in Canada and the Albany-Fraser Belt in Western Australia. A number of mafic-ultramafic intrusions have been recognised within the project area, with most historical work focusing on the Jacomynspan Deposit.

Orion believes a substantial exploration opportunity exists within the project area to search for higher grade, massive and semi-massive accumulations of nickel-bearing sulphides, analogous to the Nova-Bollinger deposit in the Fraser Range Province of Western Australia. For further information, refer to this Corporate Section of the Directors' Report.

4. Kantienpan Deposit (Masiqhame Tenure)

The Kantienpan Deposit lies within a substantial prospecting right owned by Masiqhame Trading 855 Pty Ltd (**Masiqhame**). Orion has completed work and exercised its option to acquire a 50% interest (subject toregulatory approval) and under the option agreement can earn up to a 73% interest.

During the year, the Company completed a high powered fixed loop ground electromagnetic surveys (**HP_FLEM**) (refer ASX release 4 October 2016). This survey detected a strong, late channel conductor (the KN1 conductor) distinct from that tested by historical drilling.

Orion completed 3 diamond drill holes for 1347.5m as a first test of the KN1 conductor, confirming that the KN1 conductor is a result of massive and disseminated sulphide mineralisation. Assay results included 2.05m at 9.93% Zn + 0.09% Cu from 404.87m in OKND016 (refer ASX release 25 January 2017 and 25 May 2017). Downhole EM surveys were completed on all holes to assist targetting of follow up drilling. In addition, the Company completed 2 RC holes for 213m at the southern end of the deposit with a significant result of 7m at 6.45% Zn and 0.43% Cu from 60m returned in OKNR014.

For further information, refer to the Corporate Section of this Directors' Report.

Connors Arc Project – Queensland

During the year, the Company carried out limited exploration on its extensive landholdings in the Connors Arc in Queensland. Field work comprised further geological reconnaissance and preparation for drilling planned at the 6 Mile Creek and Killarney Prospects and to follow up results from the Chough Prospect, including an Aboriginal Heritage Survey.

Fraser Range Project – Western Australia

On 10 March 2017, the Company announced that it had secured the involvement of Independence Group NL (ASX: IGO), the owner of the Nova Bollinger Mine, in the ongoing exploration and evaluation of its highly prospective tenement package in the Fraser Range region of Western Australia (**Fraser Range Project**), after entering into a landmark joint venture agreement (**JVA**) with the leading mid-tier miner.

The JVA over the Fraser Range Project is funded to the completion of pre-feasibility by IGO. The Fraser Range Project consists of a substantial tenement holding in the Albany-Fraser Belt, which hosts Australia's two most significant discoveries of the last decade (the Tropicana Gold Deposit and the Nova Nickel-Copper-Cobalt Deposit).

For further information, refer to the Corporate Section of this Directors' Report.

Directors' Report (continued)

Walhalla Gold & Polymetals Project (Victoria)

During the year, the Company did not carry out any exploration activity on the Walhalla Project. As announced by the Company, Centennial Mining Limited (formerly A1 Consolidated Gold Limited) (**Centennial Mining**) is acquiring the Company's Walhalla Project mining licence 5487 (**Licence**). As at reporting date, the acquisition of the Licence is still proceeding through Victorian Government Department of Economic Development, Jobs, Transport and Resources requirements.

The Company retains its mineral rights across all other licences held within the Walhalla Project area, which are prospective for gold, copper – nickel and platinum group elements.

Corporate

Acquisition of the Prieska Project and Marydale Project (South Africa)

On 29 March 2017, the Company completed the acquisition of Agama, an unlisted South African registered company. Following the acquisition, through its subsidiary companies, Orion now holds an effective 73.33% interest in the Prieska Project, located at Copperton, Northern Cape Province, South Africa and the Marydale Project, located 60km from the Prieska Project.

Prior to the acquisition of Agama, in July 2015, the Company announced the signing of a binding term sheet giving Orion the right to acquire Agama. During the option period, Orion undertook comprehensive due diligence including conducting exploration programs at both the Prieska Project and Marydale Project, leading to the exercise of the option by the Company as announced to the ASX on 3 January 2017.

The purchase consideration paid on settlement of the acquisition was 63 million South African Rand (**R**) (~$6.5 million), of which R31.5 million (~$3.3 million) was paid in cash and R21.5 million (~$2.2 million) was paid by issue of 94,321,464 Orion fully paid ordinary shares (**Shares**) (each Share having an attached unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019) (~$1.0 million).

Shares issued to the Agama vendors are subject to a 6 month voluntary escrow period ending 29 September 2017 and 75% of the Shares issued to the vendors are subject to a 12-month voluntary escrow period ending 29 March 2018.

In addition, Orion provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately R33.3 million (~$3.4 million).

Earn-In Right - Jacomynspan Nickel-Copper-PGE Project (South Africa)

On 14 July 2016, the Company announced that it had entered into a binding term sheet to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Companies**), which hold partly overlapping prospecting rights and mining right applications.

Orion's earn-in right will be via a South African-registered special-purpose vehicle (**SPV**), which will be established by the Company as its vehicle for investment in the joint ventures and of which historically-disadvantaged South African (**HDSA**) shall hold a minimum of 26% of the issued shares. Key terms of the transaction are set out below:

- Orion SPV has the exclusive opportunity to earn up to an 80% interest (Orion 59.2%) in the Companies. The Companies are privately owned South African companies with 26% or greater HDSA ownership.

- Conditions precedent to the commencement of earn in rights (**Earn-In Commencement Date**) include:
    - Due diligence to be conducted by Orion;
    - Orion providing the Companies with an initial exploration program to be carried out for the first 6 month period following the Earn-In Commencement Date (**Initial Program**);
    - The Companies obtaining all necessary approvals for Orion to access the Jacomynspan Project and conduct exploration activities including the Initial Program;
    - Orion providing proof of financial capacity to execute the Initial Program; and
    - The parties entering into a comprehensive earn-in agreement.

Directors' Report (continued)

- Orion SPV is able to earn an initial interest of 25% (Orion 18.5%) in the Companies via staged expenditure of US$0.5 million on the Jacomynspan Project over the 12 months from the Earn In Commencement Date (**First Earn In Right**) including:
  - Expenditure commitment of US$0.25 million in the first 6 months; and
  - A further $0.25 million must be spent within 12 months of the Earn-In Commencement Date (US$0.5 million in total expenditure).

- Once Orion SPV has earnt the initial 25% interest:
  - The Companies will issue Orion with fully paid ordinary shares in the Companies which shall result in Orion SPV being the holder of 25% of the total shares on issue immediately following such issue of shares;
  - The Companies will record a shareholder loan account in favour of Orion SPV to the value of the First Earn In Right expenditure incurred by Orion and shall continue to record further expenditure by the Orion SPV as an increase in the shareholder loan account (**Orion Loan**);
  - Orion can elect to increase its interest via further expenditure, as detailed below, or maintain its 25% interest by contributing pro-rata to exploration; and
  - Within 30 days, the parties will negotiate the terms of a shareholders agreement to govern the terms of relationship between the shareholders.

- Following the First Earn-in Right, should Orion elect to increase its interest via further expenditure, the Orion SPV can earn a further 25% interest (making its total interest 50% (Orion 37%)) by expending a further US$1 million on the Jacomynspan Project (US$1.5 million total expenditure) over a further 12 months (2 years from Earn-In Commencement Date) (**Second Earn In Right**).

- Once Orion SPV has earnt a 50% interest:
  - The Companies will issue Orion with shares which shall result in Orion SPV being the holder of 50% of the total shares on issue immediately following such issue of shares; and
  - Orion can elect to increase its interest via further expenditure, as detailed below, or maintain its 50% interest by contributing pro-rata to exploration.

- Following the Second Earn in Right, should Orion elect to increase its interest via further expenditure, Orion SPV can earn a further 30% interest (making its total interest 80% (Orion 59.2%)) by:
  - Expending a further US$0.5 million on the Jacomynspan Project (US$2 million total expenditure) over a further 12 months (3 years from Earn In Commencement Date);
  - Completing a bankable feasibility study, which has been reviewed and signed off by an independent external expert; and
  - Providing or securing project finance terms to develop a mining operation within the Project Area as per the bankable feasibility study and which shall not result in any Shareholder dilution.

- On the Earn-In Commencement Date, Orion will be appointed as the operator and manager of the joint ventures and will have the right to appoint a minimum of one director to the boards of the Companies.

- The Companies shareholders on the date of execution of the Term Sheet (**Signature Date**) shall be entitled to a 2% royalty in proportion to their beneficial interest in the Companies at the Signature Date, on net smelter returns arising from the production and sale of metals from the Jacomynspan Project's SAMREC resource as at the Signature Date (**Royalty**). At any time following the Earn-In Commencement Date, Orion shall have the right at its sole discretion to buy out the Royalty for an aggregate value of US$2 million.

- As noted above, all expenditure by Orion shall be advanced to the Companies as an Orion Loan. In addition to the Orion Loan, the Companies have existing shareholder loans of R78.5 million (~US$5.4 million) as at the Signature Date (together **Shareholder Loans**). Following the completion of the First Stage Earn In, the parties will negotiate the terms of a Shareholders Loan to govern the terms of the Shareholder Loans. The Shareholder Loan agreement will contain clauses normally contemplated by a formal agreement negotiated in good faith between the parties.

Directors' Report (continued)

Should Orion fail to meet its earn in right commitments, then either the parties will re-negotiate the terms of the Term Sheet or, if the parties are unable to agree those new terms, then Orion will relinquish its rights to earn any further interest in the Companies and the Term Sheet will be at an end.

Following year end, in September 2017, the Company entered into a binding earn in agreement principally on the same terms as the binding term sheet.

Option Agreement – Masiqhame (South Africa)

On 29 April 2016, the Company announced that it had executed a binding option agreement with Masiqhame for Orion to earn up to a 73% interest in Masiqhame. Masiqhame holds prospecting rights over large, highly prospective area located approximately 80km north of the Prieska Project. On 7 September 2016, the Company announced that the terms of the option had been amended to enable Orion to commence exploration activities including drilling and have the cost of this work program deducted from the consideration payable of R1,500,000 (~$150,000) by Orion for 50% of Masiqhame shares on issue.

On 29 September 2016, the Company announced that it had exercised the Option it holds with Masiqhame, for Orion to acquire an initial 50% interest in Masiqhame.

Key terms of the amended binding term sheet (**Term Sheet**) are as follows:

- Orion has the opportunity to earn up to a 73% interest in Masiqhame.
- Masiqhame is a privately owned South African company with 100% Historically Disadvantaged South African ownership. Masiqhame is thus black economic empowerment (**BEE**) compliant from the outset and Orion will earn in to an incorporated joint venture, partnering with a BEE partner via Masiqhame.
- Orion held an exclusive option to undertake due diligence on the corporate entity and the prospecting rights until no later than 30 September 2016 (**Option**), failing which the parties will be released from their obligations under the Term Sheet. As noted above, Orion has exercised the Option.
- Upon exercise the Option:
    - Orion will pay Masiqhame R1.5 million less all expenditure by Orion on the exploration program currently underway, to invest in new fully paid Masiqhame shares (**Masiqhame Shares**). As a result of exploration activities undertaken by the Company, Orion will not be required to make any cash payment to Masiqhame upon Completion; and
    - Masiqhame will issue Orion with Masiqhame Shares which shall result in Orion being the holder of 50% of the total Masiqhame Shares on issue immediately following such issue of Masiqhame Shares.

    (**Completion**)

  Upon Masiqhame obtaining all requisite regulatory approvals to the extent required, Completion will occur by no later than 30 days following the exercise of the Option.
- At Completion, Orion shall have the right to appoint the majority of directors to the board of Masiqhame and shall be appointed manager and operator of the prospecting rights;
- Once Orion has earned the initial 50% interest in Masiqhame through the issue of Masiqhame Shares to Orion, Orion can elect to increase its interest by a further 23% (to 73% in total) via:
    - provision of a shareholder loan to Masiqhame (**Loan**) on the following terms:
        - The principal amount of the Loan shall be the R equivalent of $0.1 million in each 12 month period commencing from the 12th month following Completion (**Principal**);
        - Proceeds from the Loan shall be used to progress exploration programs and feasibility study works;
        - The Loan interest rate shall be nil;
        - The Loan shall only be repaid from operating surplus from future operations of Masiqhame;
        - In addition to the Principal, Orion may elect at its sole discretion to provide additional finance by means of the Loan in order to progress exploration works and complete feasibility study works and if applicable, apply for a mining right;

Directors' Report (continued)

    - Masiqhame shareholders as at the date of execution of the Term Sheet will be free carried until such time that a mining right is granted; and
    - If Orion fails to advance the Principal in any 12 month period, Masiqhame may subject to notice periods demand that all of the Masiqhame Shares held by Orion be transferred back to the Masiqhame shareholders (excluding Orion) for nil consideration and remove Orion as manager.
  - finalisation of a feasibility study; and
  - lodgement of an application for the grant of a mining right over some or all of the area of the prospecting rights.

Following the above terms being satisfied, Masiqhame shall immediately issue further new Masiqhame Shares to Orion which shall result in Orion being the holder of 73% of the total Masiqhame Shares on issue immediately following such issue.

<u>Fraser Range – Joint Venture with IGO</u>

As referred to in the Review of Operations section of this Report, on 10 March 2017, the Company announced that it had secured the involvement of Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its Fraser Range Project, after entering into a landmark JVA with the leading mid-tier miner.

Under the terms of the JVA, IGO acquired 70% equity in the Company's 100%-owned tenements (Orion retains 30%) and 60 - 65% equity in various joint venture tenements (i.e. joint ventures between the Company and other parties in existence at the time of the Company entering into the JVA) (Orion retains 10% - 15%), in exchange for a $0.7 million cash payment and subscribing for a $1.3 million placement in Orion at $0.024 per Share.

Importantly, Orion will maintain an exposure to the ongoing exploration and development of the Fraser Range Project without additional financial commitment, given that it will be free-carried through to the first pre-feasibility study (**PFS**) on any of the tenements.

The key terms of the JVA are as follows:

(a) IGO initially acquired 70% equity in the Company's 100% owned tenements, 60% in the Creasy JV tenements (being tenements the subject of a joint venture between entities controlled by Mark Creasy and the Company) and 65% in the GR JV tenement (being a tenement the subject of a joint venture between Geological Resources Pty Ltd and the Company);

(b) in consideration for the above, IGO paid the Company $0.7 million cash and subscribed for 54,166,666 Shares at $0.024 per Share for total subscription fees of $1.3 million (**Consideration Shares**);

(c) IGO will have the right to top-up its equity in the joint ventures through the payment of cash or shares; and

(d) the Company will be free carried through to completion of a PFS on any of the tenements comprising the Fraser Range Project.

On 14 March 2017, the Company announced that it had received $2.0 million from IGO (comprising the cash consideration of $0.7 million and the subscription amount for the Consideration Shares of $1.3 million) and that it had issued the 54,166,666 Consideration Shares to IGO.

<u>Tembo Capital</u>

On 12 April 2017, the Company announced that it had taken another important step in its base metal development strategy in South Africa after entering into an agreement (**Placement Agreement**) with leading mining-focused private equity group, Tembo Capital Mining Fund II LP (**Tembo**), which contemplated that Tembo would acquire a cornerstone stake in the Company and a strategic relationship would be formed between the two groups. The Placement Agreement provided for Tembo to subscribe for Shares at an issue price of $0.024 per Share up to a maximum of $4.7 million which would give Tembo a 19.9% holding in the Company, subject to the satisfaction of certain conditions including due diligence on the Company to Tembo's satisfaction (including with respect to the Company's operating budget and financing plan) and the Company's shareholders approving the Placement. The Placement formed part of a proposed placement, approved by Shareholders at a general meeting of shareholders held on 17 May 2017, of a maximum of 200,000,000 Shares to Tembo (or its nominees) and/or sophisticated and professional investors at an issue price of $0.024 per Share, to raise a maximum of $4.8 million no later than 17 August 2017.

Directors' Report (continued)

In June 2017, Tembo confirmed completion of satisfactory due diligence and nominated that it would subscribe for 125,000,000 Shares in the Placement at an issue price of $0.024 per Share raising $3 million.

The Placement Agreement contemplated the formation of a strategic relationship between Orion and Tembo. As part of this, the Company announced on 17 May 2017 that the ASX has granted the Company a waiver from listing rule 6.18 to enable the Company to provide an anti-dilution right to Tembo should the Placement to Tembo proceed. Under the terms of the waiver, for so long as Tembo holds at least 12.5% of Orion's Shares on issue, Tembo will be granted an anti-dilution right to maintain its percentage holding in Orion if Orion conducts an equity capital raising by way of the issue of equity securities.

Following year end, on 18 August 2017, the Company announced that it had entered into an agreement with Tembo whereby Tembo would subscribe for a further 73,000,000 Shares in the Placement to raise $1.75 million at an issue price of $0.024 per Share.

In addition to the Placement, a $6 million bridge loan facility was agreed with Tembo (**Bridge Loan Agreement**). Under the terms of the Bridge Loan Agreement, Orion has agreed that it will use its best endeavours to undertake a capital raising by 15 December 2017, to raise additional equity to progress the Prieska Project BFS and to continue its South African exploration programs. The Company has also agreed that Tembo will be offered the opportunity to participate in the sub-underwriting of any rights issue on standard market terms and conditions. Refer to the Subsequent Events section for further detail.

Tembo's agreement to the Placement and the Bridge Loan Agreement follows its decision to become a cornerstone shareholder in Orion Minerals to facilitate the acquisition of the Prieska Project via its initial $3 million investment in the Company by way of Convertible Notes issued as part of the Convertible Notes issued in March 2017, as referred to below.

The Placement Agreement also sets out the key terms of the strategic relationship between Orion and Tembo. Following the completion of the Placement:

- Orion will have access to Tembo's strategic and financing networks within emerging markets, which access will cease on Tembo ceasing to hold at least 12.5% of Orion's issued Shares;
- Tembo will have access to certain information about Orion and its assets, subject to Orion's confidentiality and disclosure obligations, which access will cease on Tembo ceasing to hold at least 12.5% of Orion's issued Shares;
- for so long as Tembo holds at least 12.5% of Orion's issued Shares, Tembo will be granted an anti-dilution right to maintain its percentage holding in Orion if Orion conducts an equity capital raising by way of the issue of equity securities;
- Orion will use best endeavours to undertake a rights issue to raise additional equity as soon as reasonably practicable (see above); and
- for so long as Tembo holds at least 12.5% of the issued Shares, Orion agrees to procure that the Board consults with Tembo in respect of any proposed changes to its key management personnel, provided that any Executive Director must not participate in any discussions in relation to him or her.

<u>Change of Company Name</u>

With the change in focus for the Company, the Directors considered that it was appropriate for the Company to adopt a new name which is more reflective of its future direction. At a general meeting of Shareholders, held 17 May 2017, approval was received to change the name of the Company to "Orion Minerals NL".

Following receipt of the approval to change name, the Australian and Securities Investment Commission accepted the change of name the same day, the ASX officially reflected the change prior to commencement of trade on 23 May 2017, with no change to the Company's stock code, ORN.

Directors' Report (continued)

Capital Raisings and Loan Facilities

1. Convertible Notes

On 7 February 2017, the Company announced that it was proposing to conduct a capital raising through the issue of convertible notes to various sophisticated and professional investors to raise up to $8 million through the issue of up to 307,692,308 convertible notes, each with a face value of $0.026 (**Convertible Notes**).

The Company obtained shareholder approval for the Convertible Notes issue at a meeting of shareholders held on 13 March 2017. Following obtaining approval, on 17 March 2017 the Company issued 232,692,294 Convertible Notes each with a face value of $0.026, raising $6.05 million. Key terms of the Convertible Notes are set out in the Company's 8 March 2017 ASX release.

Proceeds received from the Convertible Notes issue were used to complete the purchase of 100% of the issued capital of Agama and to otherwise provide working capital to the Company.

2. Placements

- On 16 September 2016, the Company issued 9,100,000 Shares at an issue price of $0.025 per Share to raise $0.23 million by way of placement to Eastern Goldfields Limited.

- On 14 November 2016, the Company issued 72,222,221 Shares at $0.018 per Share to raise $1.3 million. The issue of these Shares to sophisticated and professional investors was approved by the Company's shareholders at the Company's General Meeting held on 14 December 2016.

- On 23 December 2016, the Company issued 57,016,664 Shares at $0.018 per Share to raise $1.0 million. The issue of 55,555,553 Shares to sophisticated and professional investors was approved by shareholders at the Company's General Meeting held on 14 December 2016 and 1,461,111 Shares were issued to a sophisticated and professional investor within the 15% capacity for issues of equity securities without shareholder approval afforded by ASX Listing Rule 7.1.

- On 14 March 2017, the Company announced that it had received $2.0 million from IGO (comprising the cash consideration of $0.7 million and the subscription amount for the Consideration Shares of $1.3 million) and that it had issued the 54,166,666 Consideration Shares to IGO.

- On 29 March 2017, the Company issued 94,321,464 Shares at $0.023 per Share to the vendors of Agama. As the issue of these Shares formed part of the acquisition purchase price, no cash was received. Each Share also has attached an unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019.

- On 9 June 2017, the Company issued 125,000,000 Shares at $0.024 per Share to Tembo (or nominee) to raise $3.0 million. At the May 2017 shareholder meeting, the Company obtained approval for the issue of up to 200,000,000 Shares at an issue price of $0.024 per Share to raise $4.0 million. On 31 May 2017, the Company announced that Tembo had confirmed completion of satisfactory due diligence and had nominated to subscribe for 125,000,000 Shares at an issue price of $0.024 per Share to raise $3.0 million, and following year end, on 17 August 2007, subscribed for a further 73,000,000 Shares at $0.024 per Share to Tembo (or nominee) to raise $1.75 million (total raised $4.75 million).

3. Loan Facilities

On 31 October 2016, the Company announced that a $0.50 million loan facility had been agreed with Tarney Holdings Pty Ltd (**Tarney**), a major shareholder of Orion and a company associated with Orion's Chairman, Mr Denis Waddell (**Facility**).

Under the terms of the Facility, Tarney could elect to convert cash drawn down under the Facility into Orion Shares, subject to shareholder approval being sought at the Company's Annual General Meeting held on 30 November 2016 (**Meeting Date**).

Directors' Report (continued)

Any advances drawn down under the Facility could be convertible to new Shares at Tarney's discretion and at an issue price per Share which would be either:

- If Shares were issued during the period between 21 October 2016 and the Meeting Date, the highest price at which the Company issued Shares during this period, but at a price which is not less than $0.02 per Share; or
- If no Shares are issued during the period between 21 October 2016 and the Meeting Date, the greater of:
  - o the highest price at which the Company issued Shares following the Meeting Date and the day prior to the date of issue of Shares to Tarney, but at a price which is not less than $0.02 per Share; or
  - o if no Shares were issued during the period between the Meeting Date and the date of the issue of Shares to Tarney, 80% of the VWAP, which is at a discount not greater than 20% to the market price of the Company's Shares over the last 5 days on which sales are recorded before the day on which the Shares were issued.

A total of $0.45 million was drawn under the Facility and subsequently repaid to Tarney on 18 November 2016. The Facility expired on 31 December 2016 with a nil balance owing.

4. Issue of Shares to Directors and Associates

- On 30 December 2016, the Company issued 25,000,000 Shares at $0.02 per Share to Orion's Chairman, Mr Denis Waddell (or nominee). The issue of these Shares was approved by the Company's shareholders at the Company's Annual General Meeting held on 30 November 2016; and

- On 30 December 2016, the Company issued 5,555,555 Shares at $0.018 per Share to Directors of Orion (or nominees) as approved by the Company's shareholders at the Company's General Meeting held on 14 December 2016.

Investments

In the prior reporting period, the Company entered into transactions where it held investments in other entities. As a result of these transactions, and as previously announced to the ASX, the Company continues to hold the following, unlisted options in Eastern Goldfields Limited (ASX: EGS):

Number of options	Exercise Price	Expiry Date
1,000,000	$0.168	8/03/2018
1,000,000	$0.189	8/03/2020

Further, during the financial year, the Company divested all of its interest held in Centennial Mining (formerly A1 Consolidated Gold Limited) and sold 7,816,285 A1 Gold Shares at an average price of $0.026 per share, receiving $0.204 million from the sale.

Research and Development Tax Incentive

During the year, the Company received a Research and Development (**R&D**) Tax Incentive rebate from the Australian Taxation Office of $0.39 million. For the year ended 30 June 2016, the Company incurred eligible R&D expenditure from which the rebate was calculated.

For the year ended 30 June 2017, the Company did not incurr eligible R&D expenditure and as such, no application for a R&D Tax Incentive rebate will be made.

Results of operations – the Group

The Group recorded a loss of $7,929,737 (2016: $2,528,188) after tax for the year. The result was affected considerably by impairment of exploration assets of $1,616,905 (2016: $414,764) and exploration expenditure incurred of $3,541,229 which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed. Net cash used in operating activities totalled $6,542,963 (2016: $2,252,847) and net cash used in investing activities totaled $4,127,692 (2016: $538,514). For the year, the Group's net cash used in exploration and evaluation activities was $5,119,805 (2016: $1,449,779). Cash on hand at the end of the year was $3,405,252 (2016: $651,748).

Directors' Report (continued)

The Group continues to focus strongly on exploration within its Areachap Copper-Zinc and Gold Project (South Africa), Connors Arc Epithermal Gold Project (Queensland), Fraser Range – Gold-Nickel-Copper Project (Western Australia) and its Walhalla Polymetals Project (Victoria). A total of $5,070,442 (2016: $1,934,719) in exploration expenditure was incurred during the year. The Group undertook a review of the carrying value of each exploration area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure was written down by $1,616,905 due to analysis performed by management indicating that the capitalised exploration on an area of interest will not be recoverable by the Company as successful future development is not expected.

The basic loss per share for the Group for the year was 1.28 cents and diluted loss per share for the Group for the year was 1.28 cents (2016: loss per share 0.68 cents and diluted loss per share 0.68 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2017.

Business Strategies
The Company will continue to focus on exploration within its Areachap Zinc-Copper and Gold Project (South Africa), Connors Arc Epithermal Gold Project (Queensland), Fraser Range – Gold-Nickel-Copper Project (Western Australia) and its Walhalla Polymetals Project (Victoria).

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

- Capital - Each of the Group's key exploration targets remain in the exploration phase. Future exploration programs require substantial levels of expenditure to ensure that Group's tenements are held in good standing. The Group is currently reliant on the capital and debt markets to fund its ongoing operations and therefore any unforeseeable events in these markets may impact the Group's ability to finance its future exploration projects;

- Sovereign risk – The Group's exploration activities are carried out in South Africa and Australia. As a result, the Group is subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties should also be considered. Potential risk to the Group's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Group's interests in South Africa. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

- Title risk and Native Title – One of the Group's key projects, the Areachap Zinc-Copper and Gold Project, is located in South Africa. Interests in tenements in South Africa are governed by legislation and are evidenced by the granting of mining or prospecting rights. The Company also has an interest in several Australian exploration tenements. Interests in Australian tenements held by the Group are governed by Federal and State legislation and are evidenced by the granting of mining or exploration licences. These tenements are subject to periodic review and compliance, including the relinquishment of certain areas. As a result, there is no guarantee that these areas of interest will be renewed in the future or if there will be sufficient funds available to meet the attaching minimum expenditure commitments when they arise.

  It is also possible that in relation to the Australian tenements which the Group has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected;

Directors' Report (continued)

- Resources and Reserve estimates - There are inherent uncertainties in estimating reserve and resource estimates as it requires significant subjective judgements and determinations based on the available geological, technical, and economic information. Estimates and assumptions that were previously valid may change significantly when new information or techniques become available and therefore may require restatement; and

- Rehabilitation – The Group is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable mining and environmental laws and regulations. At the Prieska Project, a closure plan and estimate of closure and rehabilitation liabilities for prospecting activity has been prepared. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions, however actual costs at the time of closure and rehabilitation may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward closure and rehabilitation costs. The Group's intention is to conduct its exploration and operating activities to the highest level of environmental obligations, however there are certain risks inherent in the Group's activities which could subject the Group to future liabilities.

SUBESQUENT EVENTS AFTER THE BALANCE DATE

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

<u>AASMF Loan</u>

On 2 November 2015, Repli Trading No 27 (Pty) Ltd (**Repli**) (a subsidiary of the Company) and Anglo American Sefa Mining Fund (**AASMF**) entered into a loan agreement for the further exploration and development of the Prieska Project. Under the terms of the loan, AASMF shall advance R14.25 million to Repli. The key terms of the agreement are as follows:

- Loan amount R14.25 million;
- 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 Prieska 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 Orion), 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 available AASMF loan in full (~$1.350 million (R14.25 million)).

<u>Bridge Loan Facility and Placement – Tembo</u>

On 18 August 2017, the Company announced that it had issued 73,000,000 Shares at $0.024 per Share to raise $1.752 million by way of placement to Tembo (or nominee) and that a $6.0 million bridge loan facility has been agreed with Tembo (**Bridge Loan Agreement**).

Under the terms of Bridge Loan Agreement, Orion has agreed that it will use best endeavours to undertake a capital raising by 15 December 2017, to raise additional equity to progress the Prieska Project BFS and to continue its South African exploration programs. Orion has also agreed that Tembo will be offered the opportunity to participate in the sub-underwriting of any rights issue on standard market terms and conditions.

The key terms of the Bridge Loan Agreement are:

- Bridge Loan Amount - Up to $6.0 million, available in two $3.0 million tranches;
- Interest - capitalised at 12% per annum accrued daily on the amount drawn down;
- Repayment – repayable on the earlier of 15 December 2017 and the completion of a capital raising(s) whether by way of a pro rata issue and/ or security purchase plan of Shares and/or a placement or placements of Shares undertaken by the Company to raise such amount as is required, in Tembo's reasonable opinion, to progress the Prieska Project BFS, continue exploration programs at the Company's South African projects and for working capital (**Equity Capital Raising**);

Directors' Report (continued)

- Equity Capital Raising - the Company will use its best endeavours to undertake an Equity Capital Raising before 15 December 2017. Orion shall procure that Tembo (or its affiliate) is offered the right to underwrite or sub-underwrite any pro rata issue and/or security purchase plan which form part of an Equity Capital Raising, on standard market terms and conditions;
- Set-off under Entitlement Offer – repayment of the Bridge Loan will be set off against the amount to be paid by Tembo for the issue and allotment of Shares to Tembo under the Equity Capital Raising and/or at Tembo's election against the underwriting amount payable by Tembo in respect of any shortfall under any 'pro rata issue' which form part of an Equity Capital Raising in its capacity as underwriter or sub-underwriter. Any surplus amount owing by Tembo after the set-off will be paid by Tembo in accordance with the terms of the relevant Equity Capital Raising and the underwriting arrangements (as applicable);
- Establishment fee - capitalised at 5% of the Bridge Loan facility amount; and
- Security - the Bridge Loan is unsecured.

As at the date of this report, $3.0 million had been drawn down against the Bridge Loan.

Johannesburg Stock Exchange

On 18 September 2017, the secondary listing of the Company's Shares on the main board of the Johannesburg Stock Exchange (**JSE**) commenced. Orion's secondary listing of its Shares is in the "Gold Mining" sector, under the abbreviated name "ORIONMIN", JSE share code "ORN" and ISIN "AU000000ORN1". The stock code is ORN. The Company's primary listing remains on the ASX and the Company continues to be regulated by the Australian Securities and Investment Commission (**ASIC**).

DIRECTORS' MEETINGS

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

	Board meetings		Audit committee meetings	
	Number held and entitled to attend	**Number attended**	**Number held and entitled to attend**	**Number attended**
Mr Denis Waddell	39	39	2	2
Mr Errol Smart	39	39	2	2
Mr William Oliver	39	39	---	---
Mr Alexander Haller	39	39	2	2

DIRECTORS' INTERESTS

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

	Ordinary shares	Unlisted options over ordinary shares
Mr Denis Waddell	92,541,324	18,000,000
Mr Errol Smart	19,542,666	45,000,000
Mr William Oliver	6,582,199	9,000,000
Mr Alexander Haller (i)	69,119,937	---

(i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 56,706,578 ordinary shares, Mr Haller 12,412,039 ordinary shares and Pershing Securities 1,320 ordinary shares.

Directors' Report (continued)

SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to key management personnel as part of their remuneration. On the 31 May 2017, the following unlisted options were granted under the Company's Option & Performance Rights Plan:

Expiry date	Exercise price	Number of options
31 May 2022	$0.030	6,000,000
31 May 2022	$0.045	6,000,000
31 May 2022	$0.060	6,000,000

REMUNERATION REPORT - AUDITED

Unissued shares under options and performance rights

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

Expiry date	Exercise price	Number of ordinary shares
30 April 2018	$0.15	1,000,000
30 April 2018	$0.25	1,000,000
30 April 2018	$0.35	1,000,000
31 May 2018	$0.15	9,000,000
31 May 2018	$0.25	9,000,000
31 May 2018	$0.35	9,000,000
29 March 2019	$0.046	94,321,464
30 November 2019	$0.045	250,000
30 November 2019	$0.06	250,000
30 November 2020	$0.02	18,333,333
30 November 2020	$0.035	18,333,333
30 November 2020	$0.05	18,333,334
31 May 2022	$0.03	12,300,000
31 May 2022	$0.045	12,300,000
31 May 2022	$0.06	12,300,000
		216,721,464

Shares issued on exercise of options

There were no options exercised during or since the end of the financial year.

The Remuneration Report sets out remuneration information for Orion Minerals NL for the year ended 30 June 2017. The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Key management personnel	Designation	Position held during year
Mr Denis Waddell	Chairman – Non-Executive	Chairman
Mr Errol Smart	Director – Executive	Managing Director & Chief Executive Officer
Mr William Oliver	Director – Non-Executive	Technical Director & Chief Operating Officer
Mr Alexander Haller	Director – Non-Executive	Director
Mr Martin Bouwmeester	---	Chief Financial Officer & Company Secretary
Mr Louw van Schalkwyk (from 1 June 2017)	---	Executive: Exploration (South Africa)
Mr Walter Shamu (from 1 June 2017)	---	Executive: Mining & Development (South Africa)
Ms Michelle Jenkins (from 1 June 2017)	---	Executive: Finance & Administration (South Africa)

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Remuneration Policy

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

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

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

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

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

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

The total level of remuneration for the financial year for all non-executive directors of $124,650 is maintained within the maximum limit of $350,000 approved by shareholders. When setting fees and other compensation for non-executive directors, the Board may seek independent advice and apply Australian benchmarks. The Board may recommend additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group.

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

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

Consequences of performance on shareholders wealth

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

	2017	2016	2015	2014	2013
Net loss attributable to equity holders of the Company	$(7,929,737)	$(2,528,188)	$(3,362,961)	$(12,866,030)	$(8,515,184)
Dividends paid	---	---	---	---	---
Actual share price	$0.025	$0.016	$0.023	$0.04	$0.04

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Long Term Incentive Based Remuneration

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

A total of 36,900,000 options were granted during the year ended 30 June 2017 under the terms of the Orion Minerals Option and Performance Rights Plan to employees.

The issue of options to directors and employees encourages the alignment of personal and shareholder interests.

Service contracts

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

<u>Managing Director and CEO</u>
Unlimited in term but capable of termination on 3 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 3 months' remuneration in lieu of notice.

<u>Chief Financial Officer and Company Secretary</u>
Unlimited in term but capable of termination on 3 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 3 months' remuneration in lieu of notice.

<u>Executive: Exploration (South Africa)</u>
Unlimited in term but capable of termination on 3 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 3 months' remuneration in lieu of notice.

<u>Executive: Mining & Development (South Africa)</u>
Unlimited in term but capable of termination on 1 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 months' remuneration in lieu of notice.

<u>Executive: Finance & Administration (South Africa)</u>
Unlimited in term but capable of termination on 1 months' notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 months' remuneration in lieu of notice.

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

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

Directors

Total compensation for all non-executive directors, last voted upon by shareholders at the 2007 Annual General Meeting, is not to exceed $350,000 per annum and is set based on advice from external advisors with reference to fees paid to other directors of comparable companies.

Prior to 1 January 2017, the Chairman received $37,500 per annum. From 1 January 2017, the Chairman receives $75,000 per annum. Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of one committee.

Directors may be paid additional amounts for consulting services provided in addition to normal director duties. Such additional amounts are paid on commercial terms.

Remuneration report approval at the 2016 Annual General Meeting

The 30 June 2016 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 89% in favour.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Directors and Executive Officers' Remuneration – 2017

		Primary salary, incentives, superannuation and consultancy payments				Share based payments (v)	Total remuneration	% of remuneration in options
Names	Year	Salary and fees $	Short term incentives $	Super-annuation $	Termination benefits $	Options $	$	%
Directors								
Executive Directors								
Mr E Smart(i)	2017	250,000	---	---	---	89,280	339,280	26
	2016	120,000	---	---	---	220,353	340,353	65
Mr W Oliver (ii)	2017	128,000	---	---	---	17,946	145,946	12
	2016	108,000	---	---	---	51,047	159,047	32
Sub-total executive Directors	2017	378,000	---	---	---	107,226	485,226	22
	2016	228,000	---	---	---	271,400	499,400	54
Non-executive Directors								
Mr D Waddell (iii)	2017	124,650	---	---	---	35,744	160,394	22
	2016	80,700	---	---	---	87,722	168,422	52
Mr A Haller (iv)	2017	---	---	---	---	---	---	---
	2016	---	---	---	---	---	---	---
Total directors remuneration	**2017**	**502,650**	**---**	**---**	**---**	**142,970**	**645,620**	**22**
	2016	**308,700**	**---**	**---**	**---**	**359,122**	**667,822**	**54**
Executives								
Mr M Bouwmeester (v)	2017	193,000	---	---	---	17,644	210,644	8
	2016	99,000	---	---	---	41,684	140,684	30
Mr L van Schalkwyk (vi)	2017	32,111	---	---	---	5,002	37,113	13
	2016	---	---	---	---	---	---	---
Mr W Shamu (vii)	2017	114,229	---	---	---	5,002	119,231	4
	2016	---	---	---	---	---	---	---
Ms M Jenkins (viii)	2017	132,668	---	---	---	5,002	137,670	4
	2016	---	---	---	---	---	---	---
Total executives remuneration	**2017**	**472,008**	**---**	**---**	**---**	**32,650**	**504,658**	**6**
	2016	**99,000**	**---**	**---**	**---**	**41,684**	**140,684**	**30**
Total directors and executive officers remuneration	**2017**	**974,658**	**---**	**---**	**---**	**175,620**	**1,150,728**	**15**
	2016	**407,700**	**---**	**---**	**---**	**400,806**	**808,506**	**50**

(i) Effective from 1 May 2017, Mr Smart's fixed component of remuneration was revised to $300,000 per annum (previous $120,000 per annum).

(ii) Effective from 1 October 2014, Mr Oliver's fixed component of remuneration was revised to $108,000 per annum (previous $180,000 per annum).

(iii) Effective from 1 January 2017, Mr Waddell's fixed component of remuneration was revised to $75,000 per annum (previous $37,500 per annum). During the financial year, Mr Waddell also received additional amounts for consulting services provided to the Company, in addition to normal director duties.

(iv) Mr Haller has waived his entitlement to receive fees for his position as Non-Executive Director from 1 October 2013. Fees may be reinstated at a later date by resolution of the Board.

(v) Mr Bouwmeester has held the position of Chief Financial Officer since 9 February 2017 and has held the position of Company Secretary since 1 April 2016.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

(vi) Mr van Schalkwyk has held the position of Executive: Exploration (South Africa) from 1 June 2017. Prior to 1 June 2017, from 1 May 2017 until 31 May 2017, Mr van Schalkwyk was engaged as a consultant to the Group.

(vii) Mr Shamu has held the position of Exploration: Mining & Development (South Africa) from 1 June 2017. Prior to 1 June 2017, from 6 February 2017 until 31 May 2017, Mr Shamu was engaged as a consultant to the Group.

(viii) Ms Jenkins has held the position of Executive: Finance & Administration (South Africa) from 1 June 2017. Prior to 1 June 2017, from 19 January 2017 until 31 May 2017, Ms Jenkins was engaged as a consultant to the Group.

(ix) Share based payments represent the fair values of options estimated at the date of grant using the Black Scholes option pricing model. These amounts are not paid in cash.

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

Options and Rights over equity instruments granted as compensation

As at the date of this report, there were 99,000,000 unissued ordinary shares under option issued to directors and executives (2016: 81,000,000 unissued ordinary shares under option).

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

	Number of options granted during 2017 (i)	Grant date	Fair value per option at grant date	Exercise price per option (ii)	Expiry date	Number of options vested during 2017
Directors						
Mr D Waddell	---	26 November 2015	$0.01	$0.035	30 November 2020	4,000,000
Mr E Smart	---	26 November 2015	$0.01	$0.035	30 November 2020	10,000,000
Mr W Oliver	---	26 November 2015	$0.01	$0.035	30 November 2020	2,000,000
Mr A Haller	---	---	---	---	---	---
Executives						
Mr M Bouwmeester	---	26 November 2015	$0.01	$0.035	30 November 2020	2,000,000
Mr L van Schalkwyk	2,000,000	31 May 2017	$0.01	$0.03	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.045	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.06	31 May 2022	---
Mr W Shamu	2,000,000	31 May 2017	$0.01	$0.02	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.035	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.05	31 May 2022	---
Ms M Jenkins	2,000,000	31 May 2017	$0.01	$0.02	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.035	31 May 2022	---
	2,000,000	31 May 2017	$0.01	$0.05	31 May 2022	---

(i) The options were provided at no cost to the recipient. Each option gives the option holder the right to subscribe for one ordinary share in the capital of the Company upon exercise of the option in accordance with the attaching terms and conditions.

(ii) The options are exercisable between 1 and 5 years from grant date.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Analysis of Options and Rights over equity instruments granted as compensation

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

Directors	Options granted		% vested in current year	% lapsed in current year (i)	Date grant vests (ii)
	Number	Date			
Mr D Waddell	2,000,000	8 July 2013	---%	---%	26 November 2013
	2,000,000	8 July 2013	---%	---%	26 November 2014
	2,000,000	8 July 2013	---%	---%	26 November 2015
	4,000,000	26 November 2015	---%	---%	30 November 2015
	4,000,000	26 November 2015	100%	---%	30 November 2016
	4,000,000	26 November 2015	---%	---%	30 November 2017
Mr E Smart	5,000,000	8 July 2013	---%	---%	26 November 2013
	5,000,000	8 July 2013	---%	---%	26 November 2014
	5,000,000	8 July 2013	---%	---%	26 November 2015
	10,000,000	26 November 2015	---%	---%	30 November 2015
	10,000,000	26 November 2015	100%	---%	30 November 2016
	10,000,000	26 November 2015	---%	---%	30 November 2017
Mr W Oliver	1,000,000	3 October 2013	---%	---%	30 November 2013
	1,000,000	3 October 2013	---%	---%	30 November 2014
	1,000,000	3 October 2013	---%	---%	30 November 2015
	2,000,000	26 November 2015	---%	---%	30 November 2015
	2,000,000	26 November 2015	100%	---%	30 November 2016
	2,000,000	26 November 2015	---%	---%	30 November 2017
Mr A Haller	---	---	---%	---%	---
Mr M Bouwmeester	1,000,000	8 July 2013	---%	---%	30 September 2013
	1,000,000	8 July 2013	---%	---%	31 March 2014
	1,000,000	8 July 2013	---%	---%	31 March 2015
	2,000,000	26 November 2015	---%	---%	30 November 2015
	2,000,000	26 November 2015	100%	---%	30 November 2016
	2,000,000	26 November 2015	---%	---%	30 November 2017
Mr L van Schalkwyk	2,000,000	31 May 2017	---%	---%	31 May 2018
	2,000,000	31 May 2017	---%	---%	31 May 2019
	2,000,000	31 May 2017	---%	---%	31 May 2020
Mr W Shamu	2,000,000	31 May 2017	---%	---%	31 May 2018
	2,000,000	31 May 2017	---%	---%	31 May 2019
	2,000,000	31 May 2017	---%	---%	31 May 2020
Ms M Jenkins	2,000,000	31 May 2017	---%	---%	31 May 2018
	2,000,000	31 May 2017	---%	---%	31 May 2019
	2,000,000	31 May 2017	---%	---%	31 May 2020

(i) The % lapsed in the year represents the reduction from the maximum number of options available to be exercised.

(ii) The vesting conditions attached to each option granted require the key management personnel to remain in employment with the Company until the vesting date, unless the Board of directors elects to waive the expiry terms attached to the grant.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Analysis of movements in options

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

	Value of options		
	Granted in year $	Exercised in year $	Lapsed in year $
Mr D Waddell	---	---	---
Mr E Smart	---	---	---
Mr W Oliver	---	---	---
Mr A Haller	---	---	---
Mr M Bouwmeester	---	---	---
Mr L van Schalkwyk	95,140	---	---
Mr W Shamu	95,140	---	---
Ms M Jenkins	95,140	---	---

Options and rights over equity instruments

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

	Balance at beginning of period 1-Jul-16	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-Jun-17	Not vested and not exercisable	Vested and exercisable
Specified directors							
Mr Denis Waddell	18,000,000	---	---	---	18,000,000	4,000,000	14,000,000
Mr Errol Smart	45,000,000	---	---	---	45,000,000	10,000,000	35,000,000
Mr William Oliver	9,000,000	---	---	---	9,000,000	2,000,000	7,000,000
Mr Alexander Haller	---	---	---	---	---	---	---
Specified executives							
Mr Martin Bouwmeester	9,000,000	---	---	---	9,000,000	2,000,000	7,000,000
Mr Louw van Schalkwyk	---	6,000,000	---	---	6,000,000	6,000,000	---
Mr Walter Shamu	---	6,000,000	---	---	6,000,000	6,000,000	---
Ms Michelle Jenkins	---	6,000,000	---	---	6,000,000	6,000,000	---
Total	**81,000,000**	**18,000,000**	**---**	**---**	**99,000,000**	**36,000,000**	**63,000,000**

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

	Balance at beginning of period 1-Jul-15	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-Jun-16	Not vested and not exercisable	Vested and exercisable
Specified directors							
Mr Denis Waddell	8,000,000	12,000,000	---	(2,000,000)	18,000,000	8,000,000	10,000,000
Mr Errol Smart	15,900,000	30,000,000	---	(900,000)	45,000,000	20,000,000	25,000,000
Mr William Oliver	3,000,000	6,000,000	---	---	9,000,000	4,000,000	5,000,000
Mr Alexander Haller	4,720,000	---	---	(4,720,000)	---	---	---
Specified executives							
Mr Martin Bouwmeester	3,000,000	6,000,000	---	---	9,000,000	4,000,000	5,000,000
Mr Kim Hogg	---	---	---	---	---	---	---
Total	**34,620,000**	**54,000,000**	**---**	**(7,620,000)**	**81,000,000**	**36,000,000**	**45,000,000**

Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or a relevant interest over the financial or operating policies of those entities. A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Movement in shares

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

	Balance at beginning of period 1-Jul-16	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-17
Specified directors						
Mr Denis Waddell	66,546,104	25,995,220	---	---	---	92,541,324
Mr Errol Smart	16,209,333	3,333,333	---	---	---	19,542,666
Mr William Oliver	5,471,088	1,111,111	---	---	---	6,582,199
Mr Alexander Haller (i)	68,008,826	1,111,111	---	---	---	69,119,937
Specified executives						
Mr Martin Bouwmeester	1,117,361	1,666,666	---	---	---	2,784,027
Mr Louw van Schalkwyk	---	---	---	---	---	---
Mr Walter Shamu	---	---	---	---	---	---
Ms Michelle Jenkins	---	---	---	---	---	---
Total	**157,352,712**	**33,217,441**	**---**	**---**	**---**	**190,570,153**

(i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 56,706,578 shares, Mr Haller 12,412,039 shares and Pershing Securities 1,320 shares.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

	Balance at beginning of period 1-Jul-15	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-16
Specified directors						
Mr Denis Waddell	33,212,771	33,333,333	---	---	---	66,546,104
Mr Errol Smart	8,742,667	7,466,666	---	---	---	16,209,333
Mr William Oliver	5,471,088	---	---	---	---	5,471,088
Mr Alexander Haller (i)	58,675,493	9,333,333	---	---	---	68,008,826
Specified executives						
Mr Martin Bouwmeester	1,117,361	---	---	---	---	1,117,361
Mr Kim Hogg	---	---	---	---	---	---
Total	**107,219,380**	**50,133,332**	**---**	**---**	**---**	**157,352,712**

(i) Mr Haller holds relevant interests as follows: Silja Investment Ltd 56,706,578 shares, Mr Haller 11,300,928 shares and Pershing Securities 1,320 shares.

Engagement of remuneration consultants

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

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

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

No remuneration consultants were engaged during the year.

ENVIRONMENTAL ISSUES

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

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed government expectations.

Based on the results of enquires made, the board is not aware of any significant breaches during the period covered by this report.

DIVIDENDS

There were no dividends paid or declared during the financial year (2016: $nil).

Directors' Report (continued)

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

NON-AUDIT SERVICES

RSM Australia Partners, the Company's auditor, has performed other non-audit services in addition to their statutory duties during the year ended 30 June 2017.

The board considered the non-audit services provided in the prior year by the auditor and was satisfied that the provision of those non-audit services in the prior year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor, RSM Australia Partners, and its related practices for non-audit services provided during the year are set out below.

	Consolidated	
	2017 $	**2016 $**
Services other than statutory audit:		
Taxation compliance services (RSM Australia Partners)	7,350	7,100
	7,350	**7,100**

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 55 and forms part of the Directors' Report for the financial year ended 30 June 2017.

Directors' Report (continued)

CORPORATE GOVERNANCE

The Board of directors recognises the recommendations of the Australian Securities Exchange Corporate Governance Council for Corporate Governance Principles and Recommendations (3rd Edition) and considers that the Company substantially complies with those guidelines, which are of critical importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance statement and disclosures can be viewed on our website, www.orionminerals.com.au.

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

Denis Waddell
Chairman

Melbourne

Date: 28 September 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Orion Gold NL for the year ended 30 June 2017 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 28 September 2017
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Continuing operations			
Other income	3	87,800	439,720
Exploration and evaluation expenses	3	(3,541,229)	(1,449,779)
Administration expenses	3	(2,510,293)	(1,281,105)
Impairment of available for sale financial assets		---	(135,858)
Gain/(loss) fair value of unlisted securities in other entities	6	(86,267)	305,098
Fair value gain/(loss) on net smelter royalty receivable		(62,083)	---
Impairment of non-current assets	8	(1,616,905)	(414,764)
Plant and equipment written-off	7	(20,044)	(3,238)
Results from operating activities		(7,749,021)	(2,539,926)
Finance income		92,361	11,738
Finance expense		(273,077)	---
Net finance costs		(180,716)	11,738
Loss before income tax		(7,929,737)	(2,528,188)
Income tax (expense) / benefit	14	---	---
Loss from continuing operations attributable to equity holders of the Group		**(7,929,737)**	**(2,528,188)**
Other comprehensive income			
Foreign currency reserve		99,172	---
Other comprehensive income for the year, net of income tax		---	---
Total comprehensive loss for the year		**(7,830,565)**	**(2,528,188)**
Loss per share (cents per share)			
Basic loss per share	15	(1.28)	(0.68)
Diluted loss per share	15	(1.28)	(0.68)
Headline loss per share	15	(1.02)	(0.57)
Diluted headline loss per share	15	(1.02)	(0.45)

The notes on pages 60 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
AS AT 30 JUNE 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	4	3,405,252	651,748
Trade and other receivables	5	338,273	190,947
Prepayments		78,734	27,089
Available for sale financial assets		---	164,142
Unlisted securities in other entities	6	455,455	541,722
Total current assets		**4,277,714**	**1,575,648**
Non-current assets			
Trade and other receivables	5	2,643,737	710,188
Plant and equipment	7	91,049	55,949
Deferred exploration, evaluation and development	8	12,405,016	3,257,801
Total non-current assets		**15,139,802**	**4,023,938**
TOTAL ASSETS		**19,417,516**	**5,599,586**
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,129,737	296,418
Provisions	10	47,585	16,018
Total current liabilities		**1,177,322**	**312,436**
Non-current liabilities			
Provisions	10	1,836,787	932
Preference shares	11	1,955,367	---
Convertible note	12	5,823,757	---
Total non-current liabilities		**9,615,911**	**932**
TOTAL LIABILITIES		**10,793,233**	**313,368**
NET ASSETS		**8,624,283**	**5,286,218**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	85,498,959	75,966,064
Accumulated losses		(79,883,039)	(72,065,740)
Other reserves	13	3,008,363	1,385,894
TOTAL EQUITY		**8,624,283**	**5,286,218**

The notes on pages 60 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Payments for exploration and evaluation		(5,119,805)	(1,476,138)
Payments to suppliers and employees		(1,439,187)	(866,248)
Interest received		12,041	11,785
Interest expense		---	---
Convertible note – interest expense		(29,836)	---
Research and development (**R&D**) tax offset received		---	26,359
Other receipts		33,824	51,395
Net cash used in operating activities	4	**(6,542,963)**	**(2,252,847)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(77,000)	---
Proceeds from sale of plant and equipment		---	26,769
Purchase of exploration and evaluation assets		(5,342,975)	(479,256)
R&D tax offset received in relation to exploration assets		387,109	816,001
Proceeds from sale of available for sale financial assets		205,174	---
Proceeds from sale of tenements		700,000	175,000
Net cash used in investing activities		**(4,127,692)**	**538,514**
Cash flows from financing activities			
Proceeds from issue of Shares		7,453,800	1,901,149
Share issue expenses		(79,641)	(33,347)
Proceeds from borrowings	12/16	6,500,000	480,000
Repayment of borrowings	16	(450,000)	(100,000)
Net cash from financing activities		**13,424,159**	**2,247,802**
Net increase in cash and cash equivalents		2,753,504	533,469
Cash and cash equivalents at beginning of year		651,748	118,279
Cash on hand and at bank at end of year	4	**3,405,252**	**651,748**

The notes on pages 60 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2017

30 June 2016	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2015	**73,458,263**	**(69,616,091)**	**1,044,774**	**4,886,946**
Loss for the year	---	(2,528,188)	---	(2,528,188)
Other comprehensive loss	---	---	---	---
Total comprehensive loss for the year	---	(2,528,188)	---	(2,528,188)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	2,507,801	---	---	2,507,801
Transfer of share options expired	---	78,539	(78,539)	---
Share-based payments expense	---	---	419,659	419,659
Total Transactions with Owners	2,507,801	78,539	341,120	2,927,460
Balance at 30 June 2016	**75,966,064**	**(72,065,740)**	**1,385,894**	**5,286,218**

30 June 2017	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2016	**75,966,064**	**(72,065,740)**	**1,385,894**	**5,286,218**
Loss for the year	---	(7,929,737)	---	(7,929,737)
Other comprehensive loss	---	---	---	---
Total comprehensive loss for the year	---	(7,929,737)	---	(7,929,737)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	9,532,895	---	---	9,532,895
Convertible note	---	---	407,246	407,246
Foreign translation reserve	---	---	99,172	99,172
Transfer of share options expired	---	112,437	(112,437)	---
Share-based payments expense	---	---	1,228,488	1,228,488
Total Transactions with Owners	9,532,895	112,437	1,622,468	11,168,629
Balance at 30 June 2017	**85,498,959**	**(79,883,039)**	**3,008,363**	**8,624,282**

The notes on pages 60 to 93 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

1 CORPORATE INFORMATION

Orion Minerals NL (**Company**) is a company domiciled in Australia. The address of the Company's registered office is Suite 617, 530 Little Collins Street, Melbourne, Victoria, 3000. The consolidated financial statements as at and for the year ended 2017 comprised the Company and its subsidiaries, (together referred to as the **Group**). The Group is a for-profit group and is primarily involved in zinc, copper nickel, gold and platinum group elements (**PGE**) exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements are general purpose financial statement which have been prepared in accordance with Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**). The consolidated financial statements were authorised for issue by the Board of directors on 28 September 2017.

(ii) Basis of measurement

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

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

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

(iii) Going concern

The Group recorded a net loss of $7,929,737 for the year ended 30 June 2017 and the Group's position as at 30 June 2017 was as follows:

- The Group had cash reserves of $3,405,252 and had negative operating cash flows of $6,542,963 for the year ended 30 June 2017;
- The Group had positive working capital at 30 June 2017 of $3,100,392; and
- The Group's main activity is exploration and as such it does not have a source of income, rather it is reliant on debt and / or equity raisings to fund its activities.

Current forecasts indicate that cash on hand as at 30 June 2017 will not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing. Accordingly, the Group will be required to raise additional equity, consider alternate funding options or a combination of the foregoing.

The Directors are confident that the Group will raise sufficient cash to ensure that the Group can meet its minimum exploration and operational expenditure commitments for at least the next twelve months and maintain the Group's tenements in good standing and pay its debts, as and when they fall due. The Company has previously been successful in raising capital as and when required as evidenced by capital raising initiatives of $7,453,800 (before costs) during the year ended 30 June 2017. Additionally, the Company raised $6,050,000 through the issue of convertible notes in March 2017. Following year end, in August 2017, the Company also $1,750,000 through the issue of 73,000,000 Shares to Tembo and agreed to a $6,000,000 bridge loan facility with Tembo, as set out more fully in Note 25, to support the Company's ongoing exploration and feasibility programs.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Based on results to date from exploration programs, the Company's ability to successfully raise capital in the past and capital raising initiatives as announced, 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.

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

Accordingly, the financial statements for the year ended 30 June 2017 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. In this case, the holders of the convertible notes and Anglo American Sefa Mining Fund (**AASMF**), as the holders of security over certain assets of the Group, under existing funding agreements, would take priority in relation to the assets of the Group. No allowance for such circumstances has been made in the financial report. Further details on these funding arrangements are given in Note 12 (Convertible Notes) and Note 16 (Loans with other entities and related parties).

(b) New accounting standards and interpretations

(i) New accounting standards

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

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 with the impact of its adoption assessed as minimal due to timing of these instruments held by the Group.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 with the impact of its adoption assessed by the Group as being minimal to no impact based on current operations and non-cash generating.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 and the impact of its adoption is assessed as minimal due to the minimal operating leases as at 30 June 2017.

- *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Orion Minerals NL (**Parent Company**) from time to time during the year and at 30 June 2017 and the results of its controlled entities for the year then ended. The effects of all transactions between entities in the economic entity are eliminated in full.

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

(i) Subsidiaries

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

(ii) Loss of control

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

(iii) Transactions eliminated on consolidation

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

(d) Foreign currency translation

The functional and presentation currency of the Company and its Australian subsidiary's is Australian Dollars. For comparative purposes, the consolidated financial statements may make reference to South African Rand (**R**).

Transactions in foreign currencies are translated to the respective functional currency of Group at exchange rates at the dates of the transactions.

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

(e) Investment and Other Financial Assets

The Company classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(i) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

(iv) Impairment

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(f) Property, plant and equipment

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

Plant and equipment - over 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

(g) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(h) Impairment

(i) Non-financial assets

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

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

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

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

(ii) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. Financial assets measured at amortised cost.

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables
Trade receivables, which generally have 30 - 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

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

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

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

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

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

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

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes model. Further details are given in Note 24.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until Vesting Date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Interest

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

(ii) Government grants

Grants that compensate the Group for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised.

R&D tax offsets received are offset against the carrying value of the assets and consequent reduction in the value of impairments recognised.

(p) Income tax

Tax consolidation

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Other taxes

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

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

(r) Exploration and evaluation expenditure

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

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

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

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

Exploration and evaluation assets include:

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

General and administrative costs are not recognised as an exploration and evaluation asset. These costs are expensed as incurred.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

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

Assets that are classified as intangible assets include:

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Exploration and evaluation assets are assessed for impairment if:

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

The value of R&D tax incentives received in relation to exploration assets is recognised by deducting the grant when arriving at the carrying value of the asset.

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

(s) Rehabilitation provision

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

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

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

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Note 8 - Deferred exploration, evaluation and development;
- Note 10 - Provisions;
- Note 12 - Convertible notes; and
- Note 24 - Measurement of share based payments.

(u) Earnings per share

The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, contract personnel, shareholders and corporate entities engaged by the Group, that are expected to be exercised.

(v) Segment reporting

(i) Determination and presentation of operating segments

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

Segment results that are reported to the Managing Director and Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(w) Share capital

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

(x) Determination of fair values

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

(i) Share-based payment transactions

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Fair value measurement hierarchy

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

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

3 REVENUES AND EXPENSES

	2017 $	2016 $
Other income		
Sundry revenue	87,800	439,720
Total other income	**87,800**	**439,720**
Exploration and evaluation expenses		
Exploration and evaluation expenses	3,237,682	1,144,123
Employee expenses	303,547	305,656
Total exploration and evaluation expenses	**3,541,229**	**1,449,779**
Administration expenses		
Administration expenses	1,527,462	604,847
Employee expenses	757,933	216,207
Superannuation	7,218	6,487
Employee share based payments	195,416	419,659
Depreciation	22,264	33,905
Total administration expenses	**2,510,293**	**1,281,105**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

4 CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash and cash equivalents (a)	3,405,252	651,748
	3,405,252	**651,748**

(a) Cash and cash equivalents earn interest at floating rates based on daily bank rates.

	2017 $	2016 $
Reconciliation from the net loss after tax to the net cash flows used in operations		
Net loss	(7,929,737)	(2,528,188)
Adjustments for:		
Depreciation	22,264	33,906
Movement in securities in other entities	312,492	(405,864)
Share based payments expense	195,416	419,659
Creditors paid via shares	219,450	---
Interest on preference shares	369,115	---
Deferred exploration, evaluation and development impairment	1,616,905	414,764
Loss on disposal of plant and equipment	20,044	3,238
Fees and interest waived by shareholder	---	(8,630)
Changes in assets and liabilities:		
(Increase)/decrease in exploration expenditure	---	---
(Increase)/decrease in trade and other receivables	(2,142,958)	(18,360)
(Increase)/decrease in non-current receivables	---	---
(Increase)/decrease in inventories	---	4,599
(Increase)/decrease in prepayments	(51,645)	(24,044)
(Decrease)/increase in trade and other payables	857,819	(116,747)
(Decrease)/increase in provisions	(32,128)	(27,180)
Net cash used in operating activities	**(6,542,963)**	**(2,252,847)**

The settlement of outstanding directors' and creditors' fees through the issue of shares to the value of $219,450 (2016: $120,000), constitutes a non-cash operating activity and is not included in the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

5 TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Current receivables:		
Security deposits and environmental bonds (a)	180,000	180,000
Other receivables	157,237	9,919
Interest receivable	1,036	1,028
	338,273	**190,947**
Non-current receivables:		
Net smelter royalty receivable from Centennial Mining Limited	437,917	500,000
Security deposits and environmental bonds (a)	2,205,820	210,188
	2,643,737	**710,188**

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

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

During the financial year the Company acquired Agama Exploration and Mining Proprietary Limited (**Agama**), a South African registered company, which, through its subsidiary companies, holds an effective 73.33% interest in a portfolio of projects including an advanced volcanic massive sulphide zinc-copper exploration project with near-term production potential at the Prieska Zinc-Copper Project, located near Copperton in the Northern Cape province of South Africa (**Prieska Project**). The Group also has environmental obligations for the Prieska Project. This amount is held on deposit via a call account with the bank and by bank guarantee issued to the government body. These funds can be applied by the government body for rehabilitation works should the Group fail to meet regulatory standards for environmental rehabilitation. This deposit offsets the provisional non-current liability held in the Groups accounts (refer Note 10).

6 UNLISTED SECURITIES IN OTHER ENTITIES

	2017 $	2016 $
Unlisted securities in other entities at fair value	455,455	541,722

Securities held in other entities is an investment of unlisted options in a listed company on the ASX. The fair value of these securities is measured using an appropriate financial model, including the value of the entities share price, as published, in the relevant market domain.

7 PLANT AND EQUIPMENT

	2017 $	2016 $
Opening cost - 1 July	1,011,393	1,014,631
Accumulated depreciation	(955,444)	(921,539)
Opening written down value	**55,949**	**93,092**
Additions	77,408	---
Disposals/write offs	(20,044)	(3,238)
Depreciation charge for the year	(22,264)	(33,905)
Written down value at 30 June	**91,049**	**55,949**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

8 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2017 $	2016 $
Acquired mineral rights		
Opening cost	2,228,640	2,228,640
Exploration and evaluation acquired (b)	9,234,907	---
Exploration, evaluation and development	**11,463,547**	**2,228,640**
Deferred exploration and evaluation expenditure		
Opening cost	1,029,161	1,788,985
Expenditure incurred	5,070,442	1,934,719
R&D tax offset received in relation to exploration assets	(342,980)	(830,000)
Exploration expensed	(3,198,248)	(1,449,779)
Impairment (a)	(1,616,905)	(414,764)
Deferred exploration and evaluation expenditure	**941,468**	**1,029,161**
Net Carrying amount at 30 June	**12,405,016**	**3,257,801**

(a) As at 30 June 2017 the Group undertook a review of the carrying value of each area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the Statement of Financial Position, as at 30 June 2017, was impaired by $1,616,905 due to analysis performed by management indicating that the capitalised exploration on an area of interest may not be recoverable by the Company. An amount of $1,189,801 relates to deferred exploration development and expenditure at the Fraser Range Project in Western Australia.

(b) On 29 March 2017, the Company completed the acquisition of Agama, an unlisted South African registered company. Following the acquisition, through its subsidiary companies, the Company holds an effective 73.33% interest in the Prieska Project. The purchase consideration paid on settlement of the acquisition was $6,529,433, of which $3,317,536 was paid in cash and $2,178,826 was paid by the issue of 94,321,464 Orion Shares. Each Share has an attached unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019 ($1,033,071) In addition, the Company provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately $3,334,427. At initial recognition, the Company measured the Agama acquisition at its fair value, being $9,234,907.

9 TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade payables	499,418	222,579
Accruals	630,319	73,839
	1,129,737	**296,418**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

10 PROVISIONS

Current		
Employee benefits - annual leave	47,585	16,018
	47,585	**16,018**
Non-current		
Rehabilitation (i)	1,832,337	---
Employee benefits - long service leave	4,450	932
	1,836,787	**932**
Total	**1,884,372**	**16,950**

(i) In South Africa, long term environmental obligations are based on the Group's environmental plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation. The rehabilitation provision for the Group's South African project is offset by a guarantee held on deposit (refer Note 5).

In Australia, the state government regulations in the various states in which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. The costs are not of a material nature and vary across disturbance sites. To date rehabilitation has taken place on drill sites as drill rigs are moved as part of the exploration program when drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities.

11 PREFERENCE SHARES

	2017 $	**2016 $**
AASMF preference shares – principal	1,586,252	---
AASMF preference shares - provision for dividends and settlement premium	369,115	---
Total	**1,955,367**	---

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

Repli Trading No 27 (Pty) Ltd (**Repli**) (a 73.33% owned subsidiary of Agama Exploration & Mining (Pty) Ltd (**Agama**)), applied for a funding facility from the Anglo American Sefa Mining Fund (**AASMF**) for the further exploration and development of the Prieska Project. On 14 November 2014, AASMF approved the funding facility for an amount of R30,000,000, subject to certain terms and conditions. The funding is provided in two tranches, the first tranche for R15,750,000 by way of the issue of Repli preference shares and the second tranche for R14,250,000 by way of a loan from AASMF (refer Note 16).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

11 PREFERENCE SHARES (continued)

On 2 November 2015, a subscription agreement was entered into between Repli and AASMF, on 5 November 2015 the Subscription Price was paid to Repli and on the same day the Preference Shares were issued to AASMF. Under the terms of the agreement, AASMF subscribed for 15,750,000 Repli redeemable preference shares at a subscription price of R1 per redeemable preference share. The key terms of the agreement are as follows:

- 15,750,000 cumulative redeemable non-participating preference shares;
- Subscription price R15,750,000 ($1,586,252);
- 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 Prieska 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:
  - R15,750,000;
  - any unpaid and accumulated dividends; and
  - Settlement premium based on internal rate of return (**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 at the Prieska Project and the use the results to update the scoping study.

12 CONVERTIBLE NOTES

Convertible notes – liability	2017 $	2016 $
Opening balance	---	---
Convertible note liability	5,823,757	---
Closing balance	**5,823,757**	**---**

Refer to Note 13 for details in relation to the convertible note equity reserve.

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

The Company obtained shareholder approval for the Convertible Notes issue at a meeting of shareholders held on 13 March 2017. Following obtaining approval, on 17 March 2017 the Company issued 232,692,294 Convertible Notes each with a face value of $0.026, raising $6,050,000. Key terms of the Convertible Notes are summarised as follows:

- Maturity Date: 17 March 2019.
- Interest: 12% per annum calculated and payable quarterly in arrears.
- Conversion Price: $0.026 per Share.
- Conversion: holders of the Convertible Notes may elect to convert part or all of their Convertible Notes at any time prior to the Maturity Date, provided the total face value of the Notes is not less than $250,000.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

12 CONVERTIBLE NOTES (continued)

- Early redemption by the Company: the Company may elect to redeem all or some of the Convertible 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 Convertible Notes the subject of the early redemption notice into Shares at the Conversion Price.
- Early redemption by the noteholder: the noteholders may require the Company to redeem the Convertible 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 Convertible 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: the redemption amount is the outstanding facility amount with respect to each Convertible Note. If any Convertible Notes are redeemed by the Company within 12 months after their issue, an additional early repayment fee of 5% of the facility amount of the Convertible Notes being redeemed is payable by the Company.
- Transferrability: The Convertible Notes are not transferrable except to an affiliate of a noteholder.
- Security: secured over certain assets of the Company and its subsidiaries.

Further details as to the key terms of the Convertible Notes are set out in the Company's 8 March 2017 ASX release.

13 ISSUED CAPITAL AND RESERVES

	2017 $	2016 $
Ordinary fully paid shares	85,496,608	75,963,713
Contributing shares	2,351	2,351
	85,498,959	**75,966,064**

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

	Number of Shares	Issue price	$
Ordinary fully paid shares			
Opening balance at 1 July 2016	475,037,870		75,963,713
Share issues:			
Placement (19 Sept 16)	9,100,000	$0.025	227,500
Placement (14 Nov 16)	72,222,221	$0.018	1,300,000
Placement (23 Dec 16)	55,555,553	$0.018	1,000,000
Placement (30 Dec 16)	25,000,000	$0.020	500,000
Placement (30 Dec 16)	5,555,555	$0.018	100,000
Placement (23 Dec 16)	1,461,111	$0.018	26,300
Placement (8 Mar 17)	54,166,666	$0.024	1,300,000
Issue – Agama acquisition (29 Mar 17)	94,321,464	$0.023	2,169,394
Placement (8 June 17)	125,000,000	$0.024	3,000,000
Less: Issue costs	---	---	(90,299)
Closing balance at 30 June 2017	**917,420,440**		**85,496,608**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

13 ISSUED CAPITAL AND RESERVES (continued)

Contributing shares

	Number of Shares	$
Opening balance at 1 July 2016	58,775	2,351
Closing balance at 30 June 2017	**58,775**	**2,351**

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

	Number of Shares	Issue price	$
Ordinary fully paid shares			
Opening balance at 1 July 2015	305,627,982	---	73,455,912
Share issues:			
Placement	60,673,331	$0.015	910,100
Entitlements offer	66,069,891	$0.015	991,049
Silja Facility loan conversion (2 Dec 15)	9,333,333	$0.015	140,000
Tarney Facility loan conversion (2 Dec 15)	33,333,333	$0.015	500,000
Less: Issue costs	---	---	(33,348)
Closing balance at 30 June 2016	**475,037,870**		**75,963,713**

Contributing shares

	Number of Shares	$
Opening balance at 1 July 2015	58,775	2,351
Closing balance at 30 June 2016	**58,775**	**2,351**

Other Reserves

	2017 $	2016 $
Share based payments	2,501,945	1,385,894
Convertible note equity	407,246	---
Foreign currency reserve	99,172	---
	3,008,363	**1,385,894**

Share based payments reserve - movement

The employee share option and share plan reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 24 for further details of these plans.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

13 ISSUED CAPITAL AND RESERVES (continued)

The following movements in the share based payments reserve occurred during the period:

	$
Opening balance at 1 July 2015	1,044,774
Share based payments expense	419,659
Unlisted share options expired and transferred to accumulated losses (i)	(78,539)
Closing balance at 30 June 2016	**1,385,894**
Share based payments expense	195,416
Unlisted share options expired and transferred to accumulated losses (i)	(112,437)
Agama acquisition	1,033,072
Closing balance at 30 June 2017	**2,501,945**

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

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

Class	Number of options	Expiry date	Exercise price
Unlisted options	6,000,000	31/07/2016	$0.35
Total	**6,000,000**		

14 INCOME TAX

Income tax expense

	2017 $	2016 $
Profit / (loss) before tax	(7,929,737)	(2,528,188)
	(7,929,737)	**(2,528,188)**
Income tax using the corporation rate of 27.5% (2016: 30%)	(2,180,678)	(758,456)
Movements in income tax expense due to:		
Non deductible expenses	1,396	122,838
Non assessable income	(12,135)	(252,708)
Employee share based payments expensed	53,739	125,897
	(2,137,678)	**(762,429)**
(Under) / over provided in prior years		
Tax effect of tax losses not recognised	2,137,678	762,429
Income tax expense/(benefit)	---	---

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

14 INCOME TAX (continued)

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

The Group has estimated un-recouped gross Australian income tax losses of approximately $74,320,000 (2016: $70,722,000) and foreign losses of approximately R74,909,089 (~$7,490,909) (2016: $nil), which may be available to offset against taxable income in future years, subject to continuing to meet relevant statutory tests. The Group is conducting a review of the Australian entities estimated un-recouped gross Australian income tax losses and the results of this review may reduce the estimated tax losses available to offset against taxable income in future years to the Company. As at the date of this report, the review is on-going. Such benefits have not been recognised and will only be obtained if:

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

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

Tax consolidation

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

15 EARNINGS PER SHARE

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

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

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

a) Basic and diluted loss per share

	2017	2016
	Cents	**Cents**
Loss attributable to ordinary equity holders of the Company	(1.28)	(0.68)
Diluted loss attributable to ordinary equity holders of the Company	(1.28)	(0.68)

b) Reconciliation of earnings used in calculating earnings per share

	2017	2016
	$	**$**
Loss attributable to ordinary shares	(7,929,737)	(2,528,188)

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

15 EARNINGS PER SHARE (continued)

c) Weighted average number of shares

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	619,377,528	372,583,775
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	619,377,528	372,583,775

d) Headline earnings per share

	2017 $	2016 $
Loss before income tax	(7,929,737)	(2,528,188)
Impairment of non-current assets reversal	1,616,905	414,764
Plant and equipment written off	20,044	3,238
Adjusted earnings	(6,292,788)	(2,110,186)
Weighted average number of shares	619,377,528	372,583,775
Earnings / (loss) per share (cents per share)	(1.02)	(0.57)
Diluted earnings / (loss) per share (cents per share)	(1.02)	(0.45)

16 LOANS WITH OTHER ENTITIES AND RELATED PARTIES

AASMF Loan

On 2 November 2015, Repli and AASMF entered into a loan agreement for the further exploration and development of the Prieska Project. Under the terms of the loan, AASMF shall advance R14,250,000 to Repli. The key terms of the agreement are as follows:

- Loan amount R14,250,000;
- 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 Prieska 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 Orion), will be pledged as security to AASMF for the performance of Repli's obligations in terms of the loan.

Following year end, on 1 August 2017, Repli drew down on the available AASMF loan in full (~$1,349,610 (R14,250,000)).

Tarney Loan

The Company announced to the ASX on 31 October 2016, that a $500,000 loan facility had been agreed with Tarney Holdings Pty Ltd (**Tarney**), a major shareholder of the Company and a company associated with the Company's Chairman, Mr Denis Waddell (**Facility**).

Under the terms of the Facility, Tarney could elect to convert cash drawn down under the Facility into shares in the Company, subject to shareholder approval being sought at the Company's Annual General Meeting held on 30 November 2016 (**Meeting Date**).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

16 LOANS WITH OTHER ENTITIES AND RELATED PARTIES (continued)

Any advances drawn down under the Facility could be convertible to new Shares at Tarney's discretion and at an issue price per Share which would be either:

- If Shares were issued during the period between 21 October 2016 and the Meeting Date, the highest price at which the Company issued Shares during this period, but at a price which is not less than $0.02 per Share; or
- If no Shares were issued during the period between 21 October 2016 and the Meeting Date, the greater of:
    - the highest price at which the Company issued Shares following the Meeting Date and the day prior to the date of issue of Shares to Tarney, but at a price which is not less than $0.02 per Share; or
    - if no Shares were issued during the period between the Meeting Date and the date of the issue of Shares to Tarney, 80% of the VWAP, which is at a discount not greater than 20% to the market price of the Company's Shares over the last 5 days on which sales are recorded before the day on which the Shares were issued.

A total of $450,000 was drawn under the Facility and subsequently repaid to Tarney on 18 November 2016. The Facility expired on 31 December 2016 with a nil balance owing.

17 FINANCIAL INSTRUMENTS

Financial Risk Management

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

During the year, the Group had no variable rate interest bearing liability.

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

The Group is not materially exposed to changes in market interest rates. A 1% variation in interest rates would result in interest revenue changing by $1,000 (2016: $1,000) based on year-end cash balances, and $nil (2016: $nil) based on year-end security bonds and deposits balances, assuming all other variables remain unchanged.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss.

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

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

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

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

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

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

The Group has no significant exposure to foreign currency risk at the end of the reporting period.

Commodity price risk
The Group's exposure to price risk is minimal at this stage of the operations.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

17 FINANCIAL INSTURMENTS (continued)

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

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

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

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

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

Consolidated - 30 June 2017	Weighted average interest rate	Floating interest rate $	Fixed interest rate maturing in 1 Year or less $	Fixed interest rate maturing 2 to 5 years $	Non-interest bearing $	Total $
Financial assets:						
Cash on hand and at bank	0.92%	3,386,452	---	---	18,800	3,405,252
Trade and other receivables	2.15%	---	2,385,820	437,917	158,272	2,982,009
Total		**3,386,452**	**2,385,820**	**437,917**	**177,072**	**6,387,261**
Financial liabilities:						
Convertible note liability	12.00%	---	---	5,823,757	---	5,823,757
Trade and other payables	2.15%	---	---	---	1,129,737	1,129,737
Total		**---**	**---**	**5,823,757**	**1,129,737**	**6,953,494**

Consolidated - 30 June 2016	Weighted average interest rate	Floating interest rate $	Fixed interest rate maturing in 1 Year or less $	Fixed interest rate maturing 2 to 5 years $	Non-interest bearing $	Total $
Financial assets:						
Cash on hand and at bank	0.93%	650,448	---	---	1,300	651,748
Trade and other receivables	2.53%	---	390,188	---	10,947	401,135
Total		**650,448**	**390,188**	**---**	**12,247**	**1,052,883**
Financial liabilities:						
Convertible note liability	---	---	---	---	---	---
Trade and other payables	---	---	---	---	296,418	296,418
Total		**---**	**---**	**---**	**296,418**	**296,418**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

18 COMMITMENTS AND CONTINGENCIES

Tenement commitments – South Africa and Australia
The Group has a portfolio of tenements located in South Africa, Western Australia, Queensland and Victoria, which all have a requirement for a certain level of expenditure each and every year in addition to annual rental payments for the tenements. Future minimum expenditure commitments as at 30 June for the Australian tenements held, are as follows:

	2017 $	2016 $
Within one year	1,305,700	1,500,150
After one year but not more than five years	6,769,000	6,676,850
More than five years	---	---
	8,074,700	**8,177,000**

Guarantees
The Company has the following contingent liabilities at 30 June 2017:
- The Group has bank guarantees in favour of the South African Government for rehabilitation obligations. The total of these guarantees at 30 June 2017 was $ 1,993,413 (2016: nil).
- The Group also has negotiated bank guarantees in favour of the Victorian Government for rehabilitation obligations of mining tenements. The total of these guarantees at 30 June 2017 was $250,000 (2016: $250,000). The Group has sufficient term deposits to cover the outstanding guarantees.
- It has guaranteed to cover the directors and officers in the event of legal claim against the individual or as a group for conduct which is within the Company guidelines, operations and procedures.

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

Rental property commitments
The Group has entered into a commercial lease for office space in Melbourne, Victoria, for one year (expiring August 2017) and an office in Kimberley, South Africa for three years (expiring 31 May 2020).

There are no restrictions placed upon the lessee by entering into these leases apart from the 12 month commitment from the agreement dates.

Future minimum rentals payable under non-cancellable commercial leases as at 30 June are as follows:

	2017 $	2016 $
Within one year	52,855	17,000
After one year but not more than five years	71,986	2,748
More than five years	---	---
	124,841	**19,748**

Guarantees
The Company has the following bonds at 30 June 2017:
- The Group has negotiated guarantees in favour of rental agreements. The total of these guarantees at 30 June 2017 was $3,117 (2016: $3,117).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19 CONTROLLED ENTITIES

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

Entity	Country of incorporation	Parent Ownership interest		Non-controlling interest	
		2017 %	2016 %	2017 %	2016 %
Parent Entity					
Orion Minerals NL	Australia				
Subsidiaries					
Goldstar Resources (WA) Pty Ltd	Australia	100	100	---	---
Kamax Resources Limited	Australia	100	100	---	---
Areachap Holdings No1 Pty Ltd	Australia	100	---	---	---
Areachap Holdings No 2 Pty Ltd	Australia	100	---	---	---
Areachap Holdings No 3 Pty Ltd	Australia	100	---	---	---
RSA Services Ltd	Australia	100	---	---	---
Areachap Holdings No1 (Mauritius) Ltd	Mauritius	100	---	---	---
Areachap Holdings No 2 (Mauritius) Ltd	Mauritius	100	---	---	---
Areachap Holdings No 3 (Mauritius) Ltd	Mauritius	100	---	---	---
Orion Group Services International Ltd	Seychelles	100	---	---	---
Agama Exploration & Mining (Pty) Ltd	South Africa	100	---	---	---
Area Metals No 2 (Pty) Ltd	South Africa	100	---	---	---
Area Metals No 3 (Pty) Ltd	South Africa	100	---	---	---
Orion Services South Africa (Pty) Ltd	South Africa	100	---	---	---
Nabustax (Pty) Ltd	South Africa	100	---	---	---
Itakane Trading 217 (Pty) Ltd	South Africa	100	---	---	---
Repli Trading No 27 (Pty) Ltd	South Africa	73.33	---	26.67	---
Rich Rewards Trading 437 (Pty) Ltd	South Africa	73.33	---	26.67	---
Vardocube (Pty) Ltd	South Africa	70.00	---	30.00	---
Bartotrax (Pty) Ltd	South Africa	73.33	---	26.67	---
Prieska Copper Mines Ltd	South Africa	97.46	---	2.54	---

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at both market prices and normal commercial terms.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

20 RELATED PARTIES DISCLOSURE

Key management personnel compensation

The key management personnel compensation included in administration expenses and exploration and evaluation expenses (refer Note 3) and deferred exploration, evaluation and development (refer Note 8) is as follows:

	Consolidated	
	2017	2016
	$	$
Short-term employee benefits	974,658	421,200
Share-based payments	175,620	400,806
	1,150,278	**822,006**

Individual directors and executives compensation disclosures

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

Key management personnel and director transactions

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

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

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

- On 30 December 2016, the Company issued 25,000,000 Shares at $0.02 per Share to the Company's Chairman, Mr Denis Waddell (or nominee) to raise $500,000. The issue of these Shares was approved by the Company's shareholders at the Company's Annual General Meeting held on 30 November 2016.

- On 30 December 2016, the Company issued 5,555,555 Shares at $0.018 per Share to Directors of the Company (or nominees) to raise $100,000 as approved by the Company's shareholders at the Company's General Meeting held on 14 December 2016. The following Shares were issue to each Director:
  - Mr Errol Smart (or nominee) 3,333,333
  - Mr William Oliver (or nominee) 1,111,111
  - Mr Alexander Haller (or nominee) 1,111,111

- On 17 March 2017, Silja Investment Limited, an entity associated with Company Director Mr Alexander Haller, was issued with 9,615,384 Convertible Notes, each with a face value of $0.026, raising $250,000. Refer to Note 12 for further detail in relation to the Convertible Notes.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

21 AUDITOR REMUNERATION

	2017 $	2016 $
Amounts received or due and receivable by RSM Australia Partners for:		
An audit or review of the financial report of the Company and any other entity in the Group	46,800	29,300
Tax compliance	7,350	7,100
Total amounts for RSM auditors	**54,150**	**36,400**
Amounts received or due and receivable by BDO South Africa for:		
An audit or review of the financial report of the Company and any other entity in the Group	54,000	---
Tax compliance	---	---
Total amounts for BDO South Africa auditors	**54,000**	**---**
Total amounts for auditors	**108,150**	**36,400**

22 SEGMENT REPORTING

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

The Group's core activity is mineral exploration within South Africa and Australia. During the 2017 financial year, the Group has actively undertaken exploration in South Africa, with segment recording from 29 March 2017. No asset or liability, or income in relation to the South African project has been recognised prior to acquisition in this reporting period.

Reportable segments are represented as follows:

30 June 2017	Australia $	South Africa $	Total $
Segment net operating profit/(loss) after tax	(5,682,690)	(2,247,047)	(7,929,737)
Other revenue – unallocated	---	---	---
Depreciation	(21,947)	(317)	(22,264)
Exploration expenditure written off and expensed	(434,194)	(3,147,035)	(3,581,229)
Segment non-current assets	**8,866,870**	**1,656,691**	**10,523,561**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

23 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2017 the parent company of the Group was Orion Minerals NL.

	Company	
	2017	2016
	$	$
Result of parent entity		
Loss for the period	(5,682,690)	(1,905,122)
Other comprehensive income	---	---
Total comprehensive income for the period	**(5,682,690)**	**(1,905,122)**
Financial position of parent entity at year end		
Current assets	3,043,245	1,395,305
Total assets	19,306,614	7,649,948
Current liabilities	620,743	274,192
Total liabilities	6,445,849	275,123
Total net assets	**12,860,765**	**7,374,825**
Total equity of the parent entity comprising of:		
Issued capital	85,498,959	75,966,064
Accumulated losses	(75,547,385)	(69,977,133)
Other reserves	2,909,191	1,385,894
Total equity	**12,860,765**	**7,374,825**

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

Parent entity commitments in relation to minimum expenditure on tenements

	2017	2016
	$	$
Tenements		
Minimum expenditure requirement:		
Within one year	1,305,700	1,500,150
One year later and no later than five years	6,769,000	6,676,850
Later than five years	---	---
Total	**8,074,700**	**8,177,000**

Parent entity commitments in relation to rental property

	2017	2016
	$	$
Commitments		
Rental property commitments	124,841	19,748

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

23 PARENT ENTITY DISCLOSURES (continued)

Contingent liabilities

The Company has issued bank guarantees in respect of its rental agreements and mining tenements. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the guarantors upon failure of the Company to make payments when due. Refer to Note 18 for further detail.

24 SHARE BASED PAYMENTS

The Group has an Option and Performance Rights Plan (**OPRP**) for the granting of options or performance rights to employees. There were 36,900,000 options granted to employees and consultants during the financial year (2016: 1,000,000 options) under the Company's OPRP.

Outlined below is a summary of options issued during the year ended 30 June 2017 to employees under the OPRP:

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year (1)	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year
Consolidated as at 30 June 2017								
31-May-17	31-May-22	$0.030	---	12,300,000	---	---	---	12,300,000
31-May-17	31-May-22	$0.045	---	12,300,000	---	---	---	12,300,000
31-May-17	31-May-22	$0.060	---	12,300,000	---	---	---	12,300,000
26-Nov-15	30-Nov-20	$0.02	18,333,333	---	---	---	---	18,333,333
26-Nov-15	30-Nov-20	$0.035	18,333,333	---	---	---	---	18,333,333
26-Nov-15	30-Nov-20	$0.05	18,333,334	---	---	---	---	18,333,334
5-Jul-13	30-Apr-18	$0.15	1,000,000	---	---	---	---	1,000,000
5-Jul-13	30-Apr-18	$0.25	1,000,000	---	---	---	---	1,000,000
5-Jul-13	30-Apr-18	$0.350	1,000,000	---	---	---	---	1,000,000
5-Jul-13	31-May-18	$0.15	7,000,000	---	---	---	---	7,000,000
5-Jul-13	31-May-18	$0.25	7,000,000	---	---	---	---	7,000,000
5-Jul-13	31-May-18	$0.35	7,000,000	---	---	---	---	7,000,000
24-Sep-13	31-May-18	$0.15	2,000,000	---	---	---	---	2,000,000
24-Sep-13	31-May-18	$0.25	2,000,000	---	---	---	---	2,000,000
24-Sep-13	31-May-18	$0.35	2,000,000	---	---	---	---	2,000,000
12-Dec-14	30-Nov-19	$0.045	250,000	---	---	---	---	250,000
12-Dec-14	30-Nov-19	$0.06	250,000	---	---	---	---	250,000
Total			**85,500,000**	**36,900,000**	**---**	**---**	**---**	**122,400,000**
Weighted average exercise price			**0.110**	**0.045**	**---**	**---**	**---**	**0.091**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

24 SHARE BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year
Consolidated as at 30 June 2016								
26-Nov-15	30-Nov-20	$0.02	---	18,333,333	---	---	---	18,333,333
26-Nov-15	30-Nov-20	$0.035	---	18,333,333	---	---	---	18,333,333
26-Nov-15	30-Nov-20	$0.05	---	18,333,334	---	---	---	18,333,334
5-Jul-13	30-Apr-18	$0.15	1,000,000	---	---	---	---	1,000,000
5-Jul-13	30-Apr-18	$0.25	1,000,000	---	---	---	---	1,000,000
5-Jul-13	30-Apr-18	$0.350	1,000,000	---	---	---	---	1,000,000
5-Jul-13	31-May-18	$0.15	7,000,000	---	---	---	---	7,000,000
5-Jul-13	31-May-18	$0.25	7,000,000	---	---	---	---	7,000,000
5-Jul-13	31-May-18	$0.35	7,000,000	---	---	---	---	7,000,000
24-Sep-13	31-May-18	$0.15	2,000,000	---	---	---	---	2,000,000
24-Sep-13	31-May-18	$0.25	2,000,000	---	---	---	---	2,000,000
24-Sep-13	31-May-18	$0.35	2,000,000	---	---	---	---	2,000,000
12-Dec-14	30-Nov-19	$0.045	250,000	---	---	---	---	250,000
12-Dec-14	30-Nov-19	$0.06	250,000	---	---	---	---	250,000
Total			**30,500,000**	**55,000,000**	**---**	**---**	**---**	**85,500,000**
Weighted average exercise price			**0.247**	**0.035**	**---**	**---**	**---**	**0.111**

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

Grant Date	Expiry Date	2017	2016
31 May 2017	31 May 2022	12,300,000	---
26 Nov 2015	30 Nov 2020	18,333,333	18,333,333
5 Jul 2013	30 Apr 2018	2,000,000	2,000,000
5 Jul 2013	31 May 2018	14,000,000	14,000,000
24 Sep 2013	31 May 2018	4,000,000	4,000,000
Total		**50,633,333**	**38,333,333**

The fair values of the options are estimated at the date of grant using the Black Scholes option pricing model. Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense was $195,416 (2016: $419,659).

The weighted average contractual life for the share options outstanding as at 30 June 2017 is between 1 and 4 years (2016: 1 and 4 years).

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2017

24 SHARE BASED PAYMENTS (continued)

The options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

	(A)	(B)	(C)
Grant date	31 May 2017	31 May 2017	31 May 2017
Expiry date	31 May 2022	31 May 2022	31 May 2022
Dividend yield (%)	---	---	---
Expected volatility (%)	99%	99%	99%
Risk-free interest rate (%)	2.00%	2.00%	2.00%
Option exercise price ($0.00)	$0.030	$0.045	$0.060
Share price at grant date ($0.00)	$0.024	$0.024	$0.024
Expected life of option (years)	5	5	5

25 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

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

AASMF Loan

On 2 November 2015, Repli (a subsidiary of the Company) and AASMF entered into a loan agreement for the further exploration and development of the Prieska Project. Under the terms of the loan, AASMF shall advance R14,25,000 to Repli. The key terms of the agreement are as follows:

- Loan amount R14,250,000;
- 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 Prieska 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 Orion), 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 available AASMF loan in full (~$1,350,000 (R14,250,000)).

Bridge Loan Facility and Placement – Tembo

On 18 August 2017, the Company announced that it had issued 73,000,000 Shares at $0.024 per Share to raise $1,752,000 by way of placement to Tembo (or nominee) and that a $6,000,000 bridge loan facility has been agreed with Tembo (**Bridge Loan Agreement**).

Under the terms of Bridge Loan Agreement, Orion has agreed that it will use best endeavours to undertake a capital raising by 15 December 2017, to raise additional equity to progress the Prieska Project BFS and to continue its South African exploration programs. Orion has also agreed that Tembo will be offered the opportunity to participate in the sub-underwriting of any rights issue on standard market terms and conditions.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

25 SUBSEQUENT EVENTS AFTER THE BALANCE DATE (continued)

The key terms of the Bridge Loan Agreement are:

- Bridge Loan Amount - Up to $6,000,000, available in two $3,000,000 tranches;
- Interest - capitalised at 12% per annum accrued daily on the amount drawn down;
- Repayment – repayable on the earlier of 15 December 2017 and the completion of a capital raising(s) whether by way of a pro rata issue and/ or security purchase plan of Shares and/or a placement or placements of Shares undertaken by the Company to raise such amount as is required, in Tembo's reasonable opinion, to progress the Prieska Project BFS, continue exploration programs at the Company's South African projects and for working capital (**Equity Capital Raising**);
- Equity Capital Raising - the Company will use its best endeavours to undertake an Equity Capital Raising before 15 December 2017. Orion shall procure that Tembo (or its affiliate) is offered the right to underwrite or sub-underwrite any pro rata issue and/or security purchase plan which form part of an Equity Capital Raising, on standard market terms and conditions;
- Set-off under Entitlement Offer – repayment of the Bridge Loan will be set off against the amount to be paid by Tembo for the issue and allotment of Shares to Tembo under the Equity Capital Raising and/or at Tembo's election against the underwriting amount payable by Tembo in respect of any shortfall under any 'pro rata issue' which form part of an Equity Capital Raising in its capacity as underwriter or sub-underwriter. Any surplus amount owing by Tembo after the set-off will be paid by Tembo in accordance with the terms of the relevant Equity Capital Raising and the underwriting arrangements (as applicable);
- Establishment fee - capitalised at 5% of the Bridge Loan facility amount; and
- Security - the Bridge Loan is unsecured.

As at the date of this report, $3,000,000 had been drawn down against the Bridge Loan.

<u>Johannesburg Stock Exchange</u>

On 18 September 2017, the secondary listing of the Company's Shares on the main board of the Johannesburg Stock Exchange (**JSE**) commenced. Orion's secondary listing of its Shares is in the "Gold Mining" sector, under the abbreviated name "ORIONMIN", JSE share code "ORN" and ISIN "AU000000ORN1". The stock code is ORN. The Company's primary listing remains on the ASX and the Company continues to be regulated by the Australian Securities and Investment Commission (**ASIC**).

Directors' Declaration

1 In the opinion of the directors of Orion Minerals NL (the Company):

(a) the consolidated financial statements and notes that are set out on pages 56 to 93 and the Remuneration report set out on pages 44 to 52, identified within in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2 The directors draw attention to Note 2(a) to the consolidated financial statements which the directors have considered in forming their view that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.

4 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Denis Waddell
Chairman
Melbourne, Victoria

28 September 2017

RSM

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Orion Minerals NL

Opinion

We have audited the financial report of Orion Minerals NL. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) (iii) to the financial report which indicates that the consolidated entity incurred a loss of $7,929,737 for the financial year ended 30 June 2017 (2016: loss of $2,528,188). The consolidated entity reported operating net cash outflows for the financial year ended 30 June 2017 of $6,542,963 (2016: $2,252,847) These conditions, along with other matters as set forth in Note 2(a) (iii), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Impairment of Exploration Assets Refer to Note 12 in the Consolidated Financial Statements	
The Group has capitalised exploration and evaluation expenditure, with a carrying value of $12.4m as at 30 June 2017. Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to test the exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value of the asset.	Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included: • obtaining evidence that the Group has valid rights to explore in the specific areas of interest; • enquiring with management and reviewing the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists; • enquiring with management and reviewing budgets and plans to determine that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific areas of interest; • reviewing whether management has received sufficient data to conclude that the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and • reviewing previous valuations performed by experts to further support the carry value of the asset.
Acquisition of Agama Refer to Note 12 in the Consolidated Financial Statements	
The Group has acquired 100% of the shares of Agama Exploration & Mining (based in Kimberley, South Africa) for consideration of $3.3 million in cash, and $1 million of options and $2.2 million of shares in the Company. This acquisition was treated as an asset acquisition and not a business combination, as Agama does not meet the definition of a business under AASB 3 *Business Combinations.* A total of $9.2m has being recognised as an exploration asset in relation to the transaction. We identified this area as a Key Audit Matter due to the size of the transaction and the judgements involved in valuing the consideration paid and fair value of the net assets acquired.	Our audit procedures in relation to acquisition include the following: • reviewing the accounting treatment of the acquisition to ensure that this has been appropriately reflect in the accounts as an asset acquisition and that the accounting accurately reflects the terms of the contract of sale; and • critically evaluating management's determination that the acquired entity did not meet the definition of a business • reviewing the fair value of consideration paid and net assets acquired ensuring that it is calculated appropriately and is compliant with the accountant standards;

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Orion Minerals NL for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, VIC
Dated: 28 September 2017

ADDITIONAL ASX INFORMATION

SHAREHOLDER INFORMATION
for the year ended 30 June 2017

Shareholdings

At 30 September 2017, the issued share capital of the Company was held as follows:

Distribution of ordinary and partly paid contributing shareholders and option holders

	Fully paid ordinary shares		Partly paid contributing shares		Options	
	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of options
1 - 1,000	926	256,575	-	-	-	-
1,001 - 5,000	242	588,436	-	-	-	-
5,001 – 10,000	72	544,850	-	-	-	-
10,001 - 100,000	370	18,913,377	3	(1)58,775	-	-
100,001 and over	344	970,837,202	-	-	36	218,921,464
	1,954	990,420,440	3	58,775	36	218,921,464

(1) At the auction of forfeited partly paid shares held at 10.00am 7 August 2008, no shares were sold. Under the terms of the Company Constitution the shares will be held by the directors in trust for the Company and then be disposed of in such manner and on such terms as the directors determine.

Holders of non-marketable parcels

Number of fully paid ordinary shareholders with holdings of less than a marketable parcel was 1,334.

ADDITIONAL ASX INFORMATION CONTINUED

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

		Ordinary shares	%
1	Ndouv Capital X BV	198,000,000	19.99%
2	DP Waddell S/F A/C	66,982,220	6.76%
3	Silja Investments Limited	56,706,576	5.72%
4	Independence Group NL	54,166,666	5.47%
5	Eastern Goldfields	42,433,333	4.28%
6	Power Matla Mining (Pty) Ltd	40,322,426	4.07%
7	Tarney Holdings Pty Ltd	25,559,104	2.58%
8	Delta Resources Management Pty Ltd	23,567,936	2.38%
9	Johannes Nicolaas Hamman	22,788,066	2.30%
10	Berend van Deventer	21,590,183	2.18%
11	Botsis Holdings Pty Ltd	20,000,000	2.02%
11	Perth Select Seafoods Pty Ltd	20,000,000	2.02%
12	Kinsella Holdings Ltd	19,366,666	1.96%
13	Navigator Australia Ltd	14,533,333	1.47%
14	Dr Leon Eugene Pretorius	14,000,000	1.41%
15	Ponton Minerals Pty Ltd	12,603,344	1.27%
16	Mr Stewart Maxwell Barker	11,850,000	1.20%
17	Mr Alexander Haller	11,120,371	1.12%
18	BNP Paribas Nominees Pty Ltd	10,868,975	1.10%
19	Mr Stefan Haller	10,009,260	1.01%
19	Mr Robin Haller	10,009,260	1.01%
20	Patina Resources Pty Ltd	9,999,998	1.01%
		716,477,717	72.34%
Total issued ordinary share capital		990,420,440	
Shares held in escrow – included in total share capital		70,741,098	

Substantial shareholders

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

Holders giving notice	Date of notice	Ordinary shares as at date of notice	% holding as at date of notice
Ndouv Capital X BV	17-08-2017	198,000,000	19.99
Silja Investment Ltd(1)	12-02-2014	41,328,114	20.60
Alexander Haller(2)	28-12-2012	52,630,362	26.20
Josephine Haller(1)	12-02-2014	41,328,114	20.60
Denis Waddell	06-01-2017	92,541,324	14.37
Independence Group NL	17-08-2017	54,166,666	5.47

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

(1) These substantial holdings relate to the same shares.

(2) A total of 41,328,114 ordinary shares relate to the same shares as Silja Investment Ltd and Josephine Haller.

Voting rights

Ordinary shares

Carry a voting right of one vote per share.

Franking credits

The Company has nil franking credits.

Tenement schedule

Project	Right/Tenement	Status	Grant Date	Expiry Date	Holder(1)	Comments
South Africa						
Prieska	NC30/5/1/1/2/10445PR	Granted	08/09/2010	02/11/2019	ORN	ORN 73.33%
Marydale	NC30/5/1/2/2/10244PR	Granted	10/02/2010	29/02/2020	ORN	ORN 73.33%
Prieska	NC30/5/1/1/2/11840PR	Application	Application	Application	-	-
Prieska	NC30/5/1/1/2/11841PR	Application	Application	Application	-	-
Prieska	NC30/5/1/1/2/11878PR	Application	Application	Application	-	-
Prieska	NC30/5/1/1/2/11850PR	Application	Application	Application	-	-
Western Australia						
Fraser Range	E28/2367	Granted	07/05/2015	06/05/2020	IGO	KMX 30%
Fraser Range	E28/2378	Granted	22/07/2015	21/07/2020	IGO	KMX 30%
Fraser Range	E28/2462	Granted	27/07/2015	26/07/2020	IGO	KMX 30%
Fraser Range	E28/2596	Granted	06/09/2016	05/09/2021	IGO	KMX 30%
Fraser Range	E39/1653	Granted	20/04/2012	19/04/2018	GRPL/IGO	KMX 35%
Fraser Range	E39/1654	Granted	23/04/2012	22/04/2018	NBX/IGO	ORN 10%
Fraser Range	E69/2379	Granted	21/05/2013	20/05/2018	PON/IGO	ORN 10%
Fraser Range	E69/2380	Granted	22/05/2013	21/05/2018	PON/IGO	ORN 10%
Fraser Range	E69/2707	Granted	19/06/2015	18/06/2020	PON/IGO	ORN 10%
Fraser Range	E28/2644	Application	Application	Application	-	-
Fraser Range	E39/1658	Application	Application	Application	-	-
Fraser Range	E39/1818	Application	Application	Application	-	-
Fraser Range	E69/2706	Application	Application	Application	-	-
Queensland						
Aurora Flats	EPM19825	Granted	2/12/2013	1/12/2018	ORN	ORN 100%
Aurora Flats South	EPM25283	Granted	23/9/2014	22/9/2019	ORN	ORN 100%
Mt Mackenzie Sth	EPM25122	Granted	2/12/2013	1/12/2018	ORN	ORN 100%
Aurora Flats	EPM25763	Granted	14/5/2015	13/5/2020	ORN	ORN 100%
Aurora Flats	EPM25764	Granted	14/5/2015	13/5/2020	ORN	ORN 100%
Aurora Flats	EPM25813	Granted	14/5/2015	13/5/2020	ORN	ORN 100%
Aurora Flats	EPM25703	Granted	30/10/2015	29/10/2020	ORN	ORN 100%
Aurora Flats	EPM25708	Granted	30/10/2015	29/10/2020	ORN	ORN 100%
Aurora Flats	EPM25712	Granted	30/10/2015	29/10/2020	ORN	ORN 100%
Aurora Flats	EPM25714	Granted	30/10/2015	29/10/2020	ORN	ORN 100%
Aurora Flats	EPM26003	Granted	30/08/2016	29/08/2021	ORN	ORN 100%
Aurora Flats	EPM26081	Granted	30/06/2016	29/06/2021	ORN	ORN 100%
Aurora Flats	EPM26082	Granted	30/06/2016	29/06/2021	ORN	ORN 100%
Aurora Flats	EPM26083	Granted	30/06/2016	29/06/2021	ORN	ORN 100%

ADDITIONAL ASX INFORMATION CONTINUED

Project	Right/Tenement	Status	Grant Date	Expiry Date	Holder[(1)]	Comments
Victoria						
Walhalla	MIN5487[(2)]	Granted	20/08/2008	19/08/2018	ORN	ORN 100%
Walhalla	EL5340[(3)]	Granted	6/06/2013	5/06/2016	ORN	ORN 100%
Walhalla	EL5348	Granted	6/06/2013	5/06/2018	ORN	ORN 100%
Walhalla	ELA5042	Application	Application	Application	-	-
Walhalla	ELA6069	Application	Application	Application		

(1) Holder abbreviations – ORN (Orion Minerals NL); GDR (Goldstar Resources (WA) Pty Ltd); GRPL (Geological Resources Pty Ltd); IGO (Independence Group NL); KMX (Kamax Resources Limited); NBX (NBX Pty Ltd); PON (Ponton Minerals Pty Ltd).

(2) On 11 August 2015 the Company announced to the ASX that it had entered into a sale agreement with Centennial Mining Ltd (formerly A1 Gold) for Centennial Mining Ltd to acquire MIN 5487.

(3) Renewal of licence application is with relevant government department.

Corporate Directory

DIRECTORS

Mr Denis Waddell (Non-Executive Chairman)
Mr Errol Smart (Managing Director/CEO)
Mr William Oliver (Non-Executive Director)
Mr Alexander Haller (Non-Executive Director)

COMPANY SECRETARY

Mr Martin Bouwmeester

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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CONTACT DETAILS

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Website: www.orionminerals.com.au

SOLICITORS TO THE COMPANY

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16 Milligan Street
Perth Western Australia 6000

SHARE REGISTRY

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

AUDITOR

RSM Australia Partners
55 Collins Street
Melbourne, Victoria 3000

STOCK EXCHANGE

Primary listing:
Australian Securities Exchange (ASX)
ASX Code: ORN

Secondary listing:
JSE Limited (JSE)
JSE Code: ORN

JSE SPONSOR

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