Orion Minerals Ltd

(formerly Orion Gold NL and Orion Minerals NL)

and its Controlled Entities

ABN: 76 098 939 274

31 December 2017
Interim Financial Report

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)
Mr Mark Palmer (Non-Executive Director)

COMPANY SECRETARY

Mr Martin Bouwmeester

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 617
530 Little Collins Street
Melbourne, Victoria, 3000

CONTACT DETAILS

Telephone: +61 (0)3 8080 7170
Website: www.orionminerals.com.au

SOLICITORS TO THE COMPANY

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Level 4, The Read Buildings
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

Merchantec Capital
2nd Floor, North Block
Corner 6th Road & Jan Smuts Avenue
Hyde Park
Johannesburg 2196

Directors' Report

The directors present their report together with the consolidated interim financial report for the half year ended 31 December 2017 and the independent auditor's review report thereon.

DIRECTORS

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

Non-executive		
Mr Denis Waddell	Non-executive Chairman	Appointed 27 February 2009
Mr Alexander Haller	Non-executive Director	Appointed 27 February 2009
Mr William Oliver	Non-executive Director	Appointed 7 April 2014
Mr Mark Palmer	Non-executive Director	Appointed 31 January 2018
Executive		
Mr Errol Smart	Managing Director	Appointed 26 November 2012

CORPORATE STRUCTURE

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the half year was exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape), 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 half year.

OPERATING RESULTS

The Group recorded a net loss for the half year of $4,424,482 (31 December 2016: net loss of $2,635,561). Net cash used in operating activities for the half year totalled $3,595,155 (31 December 2016: $331,908). Cash on hand as at 31 December 2017 was $4,576,059 (30 June 2017: $3,405,252).

In the half year ended 31 December 2017, the Group focused strongly on exploration within its Areachap Zinc-Copper Project (South Africa). A total of $8,783,069 in exploration activities for the group was incurred in the half year ended 31 December 2017 (31 December 2016: $1,888,900).

The basic loss per share for the Group for the half year was 0.46 cents and diluted loss per share for the Group for the half year was 0.46 cents (31 December 2016: basic loss per share 0.54 cents and diluted loss per share 0.54 cents).

REVIEW OF OPERATIONS

During the half year, the Company continued active exploration on its projects in South Africa, where exploration during the reporting period intensified on the Areachap Belt projects in South Africa, including the Company's maiden drilling programs as well as the completion of geophysical surveys.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

AREACHAP BELT PROJECTS (SOUTH AFRICA)

During the reporting period, the Company continued an intensive drilling campaign at its Prieska Zinc-Copper Project (**Prieska Project**). Work intensified on drilling at the Deep Sulphide Target, resulting in the delineation of Mineral Resources at the Prieska Project, compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) (**JORC Code**). In addition, other key studies into mining, metallurgy, social and environmental factors were progressed which will be used as the basis of a bankable feasibility study (**BFS**), which the Company aims to complete in Q4 2018.

Regional exploration on the Masiqhame and Namaqua-Disawell permits continue, with an airborne electromagnetic (**EM**) survey, data compilations and geochemical studies being carried out.

Prieska Zinc-Copper Project

The Prieska Project covers unmined dip and strike extensions from the historical Prieska underground mining operation. Zinc-copper mineralisation has been delineated by extensive drilling by the previous owners. Orion has digitally captured, validated and modelled all relevant project drilling data available from hard-copy sources. This work has enabled the Company to define targets for near surface mineralisation comprising oxide, supergene and primary sulphide material to a depth of 100m which is potentially accessible via an initial open pit (**+105 Level Target (Open Pit)**) and the deeper sulphide mineralisation identified by historic drilling (**Deep Sulphide Target**). The Company is encouraged by its infill and confirmatory drilling results to date which have been used to confirm the historical drilling data. By 31 December 2017, the Company had drilled 44 intersections in the Deep Sulphide Target and completed 35 intersections in the +105 Level Target (Open Pit). These results, together with extensive validated historic data, were used to delineate a maiden Global Mineral Resource of 24.2Mt which comprises material in the Indicated and Inferred Mineral categories (Table 1, refer ASX release 8 February 2018). The Global Mineral Resource is located on the Repli Prospecting Right which covers approximately 70% of the primary target area and contains 874,000 tonnes Zn and 297,000 tonnes Cu.

Global Mineral Resource For Prieska Project - Repli Trading No 27 (PTY) Ltd

Classification			Zn		Cu		Au		Ag	
		Tonnes	Metal Tonnes	Grade (%)	Metal Tonnes	Grade (%)	Metal Ounces	Grade (g/t)	Metal Ounces	Grade (g/t)
Deep Sulphide	Inferred	22,649,000	839,000	3.71	266,000	1.17	153,000	0.21	6,904,000	9.48
+105 Supergene	Indicated	1,241,000	32,000	2.57	30,000	2.37	9,000	0.23	348,000	8.73
+ 105 Oxide	Inferred	272,000	2,000	0.86	2,000	0.63	1,000	0.12	17,000	1.82
Total Global		24,162,000	874,000	3.47	297,000	1.23	163,000	0.21	7,269,000	9.36

Note All Resources Stated at Zero Cut-off. All masses rounded to thousands which may result in rounding errors in totals

Table 1: Global Indicated and Inferred Mineral Resource Statement for the Prieska Project of Repli Trading No 27 (PTY) Ltd.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Community and Stakeholder Engagement

The Company continued constructive engagements with the local government and communities. In October 2017, a memorandum of understanding (**MoU**) was entered into with the Siyathemba Municipality. The MoU aims to facilitate cooperation on community and social investment projects. The Municipality will be co-opted to participate in some of the social and labour planning projects that are a mandatory requirement during mine development and operation. An Orion office was also established in the town of Prieska as a community information centre. The office will be used as a base for disseminating information to the surrounding community.

Feasibility Studies and Environmental Impact Assessment

<u>Progress Peer Review and Study progression</u>

Mine feasibility studies are being progressed in three stages, these being: Phase 1 – a review of historical information and all existing conceptual studies; Phase 2 – option studies; Phase 3 – detailed design and completion of a BFS.

Phase 1 work is now complete and culminated in a study-progress peer review attended by third party consultants. Phase work 1 aimed to review proposed design concepts to assess for fatal flaws prior to the concepts being advanced to detailed engineering assessment and design. A multi discipline peer review was conducted over a 4-day period with RSV (SA) Pty Ltd and METS Pty Ltd invited as external peer reviewers. No fatal flaws were identified during the peer review process and several optimisation opportunities were highlighted that are now being prioritised and selectively implemented.

<u>Mining</u>

Geotechnical investigations to determine inputs into open pit mine design are now completed. High resolution digital scanning of underground excavations and sinkhole areas was conducted to supplement structural mapping. Geotechnical logging of core was also completed. All gathered information is being interactively incorporated into mine designs.

The technical review of proposed open pit and underground mining concepts was also completed. Underground mining methods of longhole open stoping and variants of drift and filling are being further refined and advanced. Open pit optimisation re-runs using the latest design assumptions are scheduled for Q2 2018.

<u>Ore processing</u>

Metallurgical studies on the Prieska deposit are being conducted in three defined phases as part of the BFS, these being:

- Phase 1 - flotation amenability scouting: to determine whether froth flotation (used in historical mining operations) is a mineral processing technique, that can continue to be used to recover and concentrate copper and zinc sulphides from the dip and strike extensions of the Prieska deposit that is targeted for future mining;
- Phase 2 - flowsheet development: to derive a froth flotation-based processing route, able to produce separated copper and zinc concentrates, within targeted quality ranges and achieve high metal recoveries from all metallurgical zones of the deposit, including open pitable supergene sulphides; and

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

- Phase 3 - optimisation and detailed design: being the final stage of metallurgical design, which aims to optimise, validate and then conclude a detailed design of the ore processing plant, to enable production scheduling and accurate costing.

Results of the successful completion of Phase 1 were reported in November 2017, confirming that the targeted mineralisation at the Prieska deposit was amenable to processing by froth flotation.

Results from phase 2 metallurgical test work were recently announced and have resulted in the derivation of a mineral processing flowsheet that can successfully recover copper and zinc as separate metal concentrates from the different mineralised zones of the Prieska deposit that are targeted for metal extraction. The deposit has been zoned for metallurgical testing in two ways: primarily by the degree of oxidation, (shallow supergene and deep hypogene zones), and subordinately by how the copper and zinc grades vary relative to each other across the deposit (copper-dominant and zinc-dominant zones). Representative core samples for the test work were collected from holes drilled by Orion across the different grade and oxidation zones. Results achieved are summarised in Table 2 (refer ASX release 1 March 2018).

Test Description		Test Head Grade		Cu Circuit Recovery		Zn Circuit Recovery		Combined Tails	
		Cu (%)	Zn (%)	Cu Rec. (%)	Zn Rec. (%)	Zn Rec. (%)	Cu Rec. (%)	Cu Grade (%)	Zn Grade (%)
Cu-rich Deeps	Open Circuit Cleaner	2.3	2.5	87	16	69	3	0.3	0.9
Zn-rich Deeps	Open Circuit Cleaner	1.5	5.7	88	7	85	5	0.1	0.5
Supergene	Open Circuit Cleaner	2.1	3.7	74	7	88	20	0.2	0.2

Table 2: Summary of flowsheet development metallurgical test work results from open circuit tests.

Importantly, these metal recoveries were achieved from open-circuit testing, with further improvement expected from locked-cycle testing, which is currently underway. Locked-cycle tests better simulate the continuous operating conditions of a mineral processing plant and more accurately define final design metal recoveries into premium quality metal concentrates for incorporation into the BFS.

A process flowsheet has been derived as an advance on the historical ore processing route (Figure 1, refer ASX release 1 March 2018). This process flowsheet will form the basis of process design, equipment selection, equipment sizing and will be refined and optimised as the results of the additional metallurgical test work become available.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

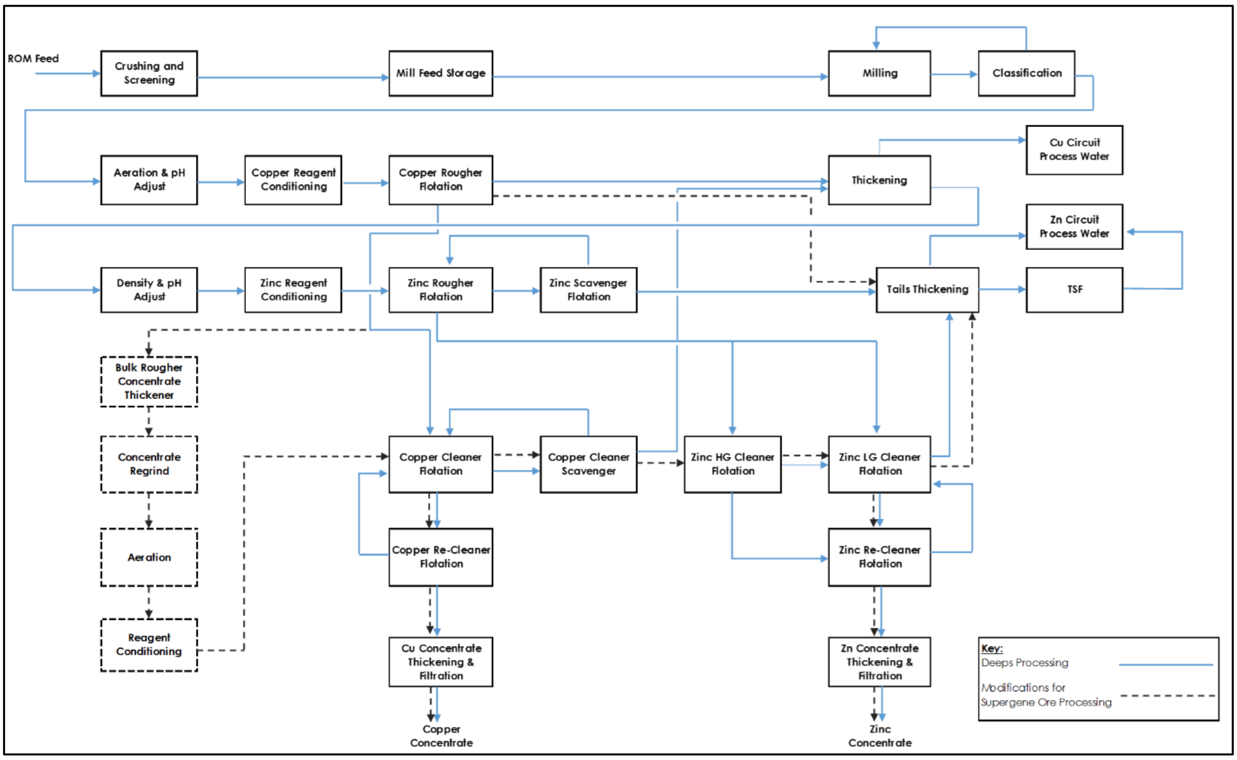

Figure 1: Schematic of the froth flotation flowsheet derived to process the Prieska Zinc-Copper deposit.

Mining Infrastructure

Water Supply - A detailed inspection of the Prieska water treatment facility and the pipeline transporting water to the Prieska Project site from the Orange River was completed. The treatment facility which currently services Prieska town and the surrounds, has a capacity to draw and treat approximately 15 million litres of water a day from the Orange River. The water pipeline extends from Prieska to Copperton town, 60km away. Gathered information is now being used to develop and cost the pipeline and water treatment facility refurbishment plan.

Power Supply – Eskom were commissioned to complete a feasibility study into re-establishing the power supply to the mine from the Eskom Cuprum Substation located onsite. The Eskom feasibility studies progressed during the period and are due to be completed in Q1 2018. The option of obtaining power directly from one of the neighbouring renewable energy projects continued to be investigated, with proposals having been received from project developers. The proposals are being assessed.

Shaft Refurbishment – A detailed inspection of the shaft barrel and headframe was completed in January 2018, through works undertaken during the reporting period. A sample of steelwork from below the accumulated water level (380m), as well as obtaining camera and video footage of the submerged shaft steelwork of the Hutchings Shaft was achieved with results confirming the integrity of the shaft steelwork and walls have been well preserved.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Environmental

Specialist baseline studies and reports on soils, ecology, heritage, air quality and hydrology, (including 1:100 year flood lines) were completed. The environmental design criteria, to be used to guide the feasibility studies, was also completed and disseminated to the feasibility study team.

Geochemical static leach testing of soils and rock commenced and was also completed in January 2018. Baseline dust monitoring network was established, with monitoring continuing throughout the reporting period.

A hydrocensus survey has been conducted and water quality monitoring holes drilled, with monitoring continuing. A water use licence application was prepared and submitted for the use of accumulated underground water for prospecting activities.

Deep Sulphide Target Drilling Progress

During the reporting period, the Company continued with an intensive drill program on the Deep Sulphide Target. A total of 40,836m of drilling had been completed on the Deep Sulphide Target as at the end of December 2017. At the height of activity, 13 surface diamond drill rigs and one percussion rig were in operation. All results have been detailed in ASX releases.

The Company's drilling aims to provide statistical validation of historic drill data in the Deep Sulphide Target and infill data points to meet the required drill spacing for a Mineral Resource estimate compliant with the JORC Code. Drilling also tested new targets and extended mineralisation outside the historic drill grid (Figure 2). High level comparison of the Company's drill results with historic drill results compared well, with detailed geostatistical analysis progressing.

While drilling has concentrated on validation within confines of historically detected mineralisation, several holes were successfully drilled to test for upside potential, intersecting both strike extensions and new target horizons:

- Drilling on the margin of the historic drilled grid and in areas with low drill density has demonstrated significant upside potential, with thicker than expected mineralisation persisting beyond the core area.
- Hole OCOD074 intersected 3 zones of mineralisation 60m down dip and 120m south east (along strike) of historic intersections. This includes an intersection from the Lower Zone, 55m below the Main Zone, which was not always intersected in historic drill holes as holes were stopped short of this zone. The intersection confirms promising continuity of the Lower Zone and highlighting the potential to add substantial tonnages to the Deep Sulphide Target.
- Off-hole conductors were detected during downhole EM surveys (refer ASX release 6 September 2017). Conductors were drill tested and successfully intersected mineralised massive sulphide, proving downhole EM to be a successful geophysical method to apply in future exploration. In addition, OCOD087 intersected 12.45m at 5.17% Zn, 1.12% Cu, 0.25g/t Au and 10.8g/t Ag (refer ASX release 12 December 2017) suggesting that mineralisation is developed down dip to the south east of the current Mineral Resource. Additional drilling in this area may significantly increase tonnages of massive sulphide mineralisation.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

- Other drill holes have tested areas where historic mine plans show mineralisation to be blocked out but not stoped prior to the mine closing in 1991. The intersection of intact, high grade mineralisation in this area represents a key finding as it confirms the limited extent of previous mining in this area.

By the end of December 2017, the Company had completed 47 intersections from 19 mother holes on the Deep Sulphide target. The intersections have been achieved at vertical depths of 974m – 1,193m and have required 9,319m of percussion pre-collar and 32,778m of diamond drilling with 140 directional wedges were set to steer the drilling to pre-determined target points.

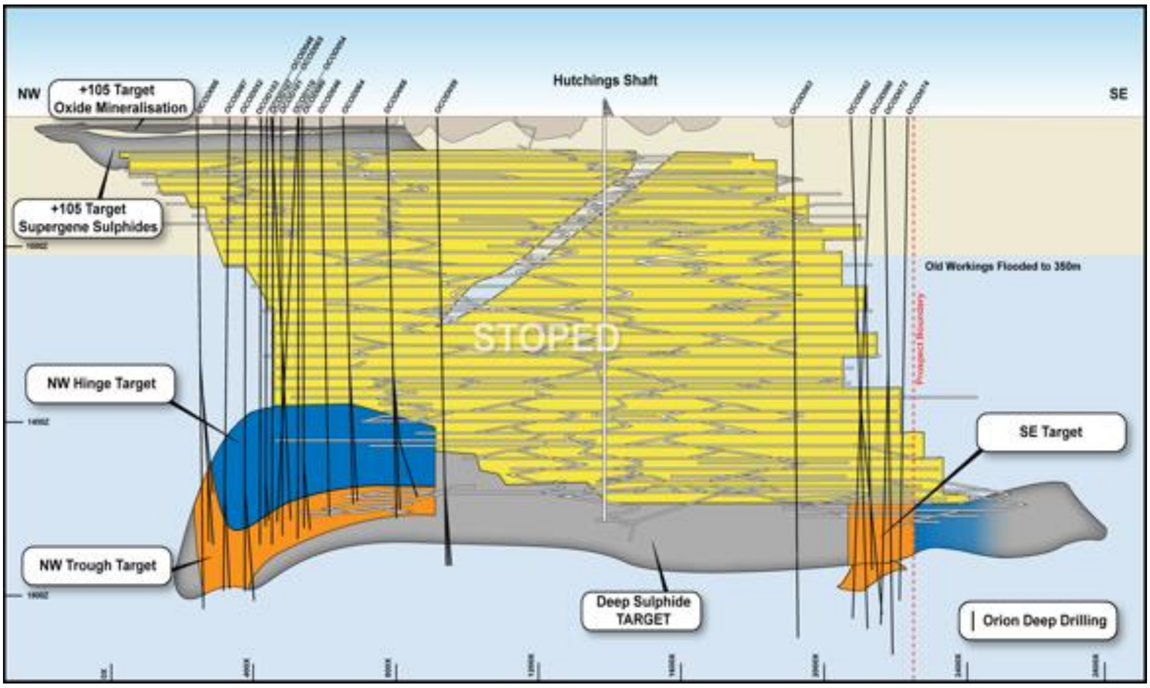

Figure 2: Locality of the +105 Target and Deep Sulphide Target at the Prieska Project, with the lower Deep Sulphide Target area subdivided into areas with infill drilling almost complete (orange), areas for priority infill drilling (blue) and priority 2 target (grey).

+105 Level Target (Open Pit) Area

A total of 44 drill holes were completed during the reporting period at the +105 Level Target (Open Pit).

To the end of December 2017, the Company had announced the results from 25 intersections drilled into the +105 Level Target (Open Pit) (Figure 3). In addition, holes were drilled for metallurgical and geotechnical purposes.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

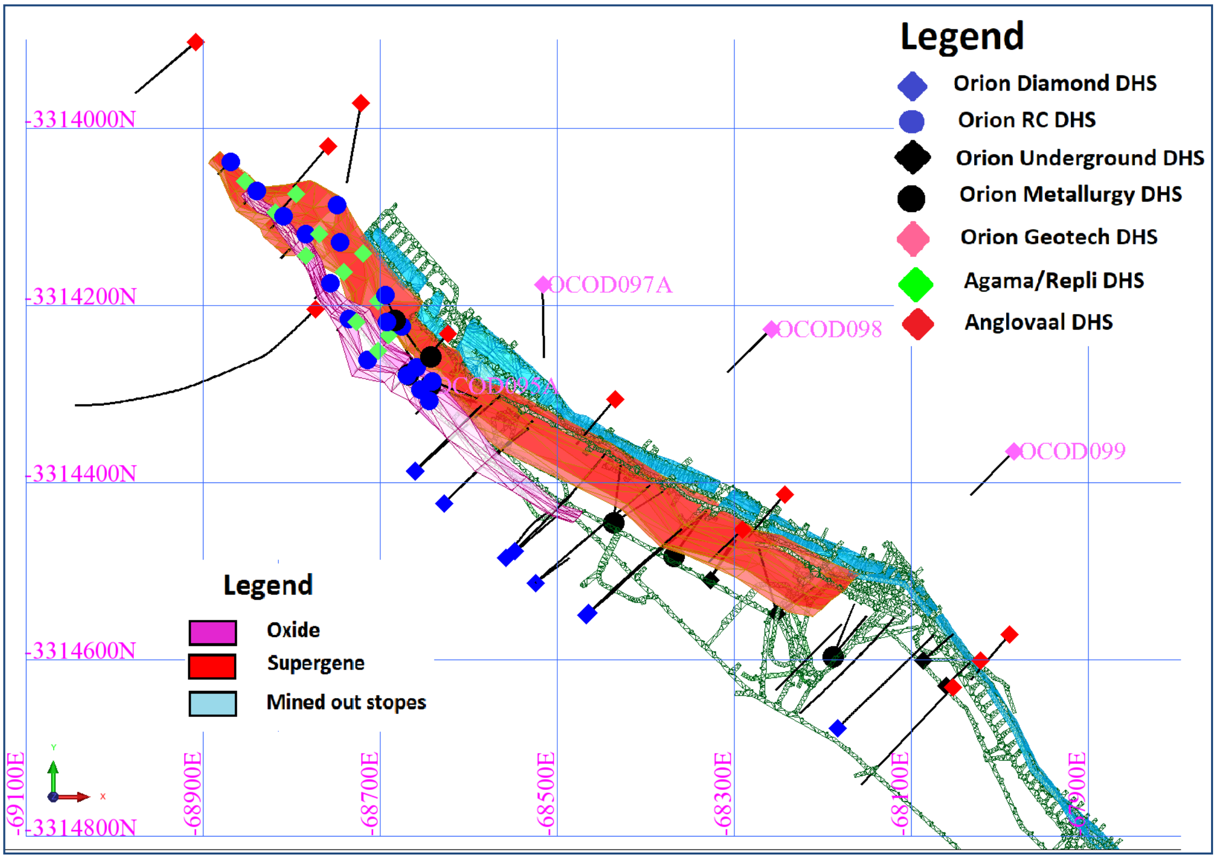

Figure 3: Plan showing holes drilled on the +105 Level Target (Open Pit) with the holes drilled by Orion showed in blue.

Regional Exploration

The Company maintains a substantial and prospective landholding in the Areachap Belt and intends to apply increasing attention to exploration for potential satellite deposits to feed into the life of mine plan for the Prieska Project. It is noteworthy that Volcanogenic Massive Sulphide (**VMS**) deposits almost always occur as "clusters" associated with volcanic centres with four such centres having been identified in the Areachap Belt. The Company's prospecting rights overlie the bulk of the Copperton and Boksputs Volcanic Centres.

The Company contracted SkyTEM, a leading AEM survey company headquartered in Denmark which offers state-of-the-art helicopter borne transient electromagnetic (**TEM**) and magnetic acquisition system, to fly an extensive (6,025-line km) TEM survey. The survey covers a large portions of the Company's Masiqhame and Namaqua-Disawell Prospecting Permit areas, located in the Northern Cape.

The first flight block over the survey covering the Masiqhame Prospecting Right was completed on 6 December 2017 and the SkyTEM was completed on 24 January 2018. The SkyTEM survey was flown with the SkyTEM312 high power technology for deep target imaging. This high-power system, with a peak moment up to 1,000,000 NIA, is optimised to provide an exceptional depth of investigation due to the high moment mode with high current and low base frequency of 12.5 Hz.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Four primary and eleven secondary priority AEM anomalies were detected on the Masiqhame Mineral Right during the preliminary data review. Encouragingly, nine of the anomalies are spatially associated with the interpreted paleo sea floor. This stratigraphic location significantly elevates the potential of these anomalies to be associated with VMS massive sulphide deposits. Further, the magnetic signature associated with the seafloor contact is prominent in the high quality magnetic data reviewed and will provide a valuable additional tool in the evaluation of the EM anomalies detected. Orion plans to follow up selected anomalies with infill AEM and/or high-powered ground EM. In addition to the AEM data, the accompanying magnetic data will significantly improve understanding of the geology and structure in this area of poor outcrop, enabling known prospects such as the Kantienpan Zinc-Copper Deposit (drilled by Orion during 2017) to be re-evaluated.

The survey is demonstrating the value of applying modern airborne EM methods, in order to identify key follow-up targets. The Company intends to expand its activities to begin drill testing the highly prospective paleo seafloor for Zn – Cu rich massive sulphide mineralisation in Q2 2018.

Jacomynspan Nickel-Copper-Cobalt-PGE Project

During the reporting period a geological re-evaluation of the ultramafic intrusive hosted Jacomynspan Ni-Cu-Co-PGE deposit undertaken for the Company by expert consultant Richard Hornsey, has highlighted important findings that elevate the importance of this district as a compelling target for exploration.

The work undertaken by Richard Hornsey has included a review of the key genetic and interpretative features of the intrusion, a dedicated litho-geochemical sampling program to characterise the intrusion which hosts the Mineral Resource and to develop a set of parameters that may inform prospectivity analysis and be used to assess and evaluate other intrusions within the terrane.

The Jacomynspan intrusion hosts sulphide mineralisation throughout its extent. The sulphidic hartzburgite unit contains higher tenor Cu – Ni mineralisation than the earlier, low temperature metamorphosed pyroxenite, which it intrudes. The sulphide mineralisation has been derived from primary magmatic processes that although intimately related, reflect different conditions within the flowing magma conduit. For characterisation purposes mineralisation is divided into three categories reflecting the genetic processes involved:

- Type 1 mineralisation is primary magmatic mineralisation, present as fine grained disseminated and net-textured sulphide mineralisation (1-30% sulphide).
- Type 2 mineralisation has been injected into previously lithified cumulates, or immediately overlies internal disconformities within the intrusion. This mineralisation may be coarsely net-textured, or forms veins, stringers, semi-massive to massive sulphide (60-80% sulphide).
- Type 3 mineralisation is massive sulphide mineralisation possibly of similar tenor as Type 2 injections, but volumetrically larger accumulations resulting from trapping of large quantities of sulphide liquid derived from the magma chamber. This style of mineralisation has not specifically been explored for outside of the original discovery site and has not yet been discovered at the main Jacomynspan intrusion. This type of mineralisation forms the focus of ongoing exploration.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

The Jacomynspan intrusive complex shares many characteristics to other late-tectonic intrusions emplaced into orogenic margins globally such as those hosting the Voisey's Bay, Kabanga and Nova-Bollinger Deposits. These include moderate to deep-seated, late-stage, post-peak deformation emplacement, complex magma emplacement history indicative of a long-lived conduit, and indications of multi-phase mineralisation history that has locally derived Type 2 mineralisation and has good potential for Type 3 accumulation of massive sulphide.

The intrusions post-date the allochthonous juxtaposition of the host Areachap and Jacomynspan Formations and it is likely that intrusions will be found in both host rock units. Importantly it should also be noted that not all intrusive bodies will outcrop and the potential for blind intrusive bodies should be anticipated in addition to those mapped from outcrop.

The Type 2 and Type 3 mineralisation, which will be the main exploration target, are best targeted using electro-geophysical techniques such as the recent SkyTEM survey conducted by Orion (refer ASX release 1 February 2018). Integration of the SkyTEM EM survey and magnetic data have outlined a number of strong conductors in the vicinity of the main Jacomynspan intrusive. These targets will now be followed up with ground geophysics and ground truthing, before prioritised targets are selected for drill testing.

The Mineral Resources for the Jacomynspan Project were previously reported (refer ASX release 14 July 2016) in accordance with the SAMREC Code (2007) as a "qualifying foreign resource estimate" as defined in the ASX Listing Rules. The Mineral Resources have now been reassessed and are stated under the JORC Code (refer ASX release 8 March 2018). The Mineral Resources stated in Table 3 are for drilling data available to 7 March 2018.

Mineral Resource Grade-Tonnage Table for the Jacomynspan Project at a 0.40% Ni cut-off grade

				Ni		Cu		Co		Pt		Pd		Au	
Classification	Cut off % Ni	Volume (m³)	Tonnes	Grade (%)	Metal Tonnes	Grade (%)	Metal Tonnes	Grade (%)	Metal Tonnes	Grade (g/t)	Metal Ounces	Grade (g/t)	Metal Ounces	Grade (g/t)	Metal Ounces
Indicated	0.40	584 000	1 780 000	0.55	10 000	0.29	5 000	0.03	1 000	0.17	10 000	0.11	6 000	0.07	4 000
Inferred	0.40	1 647 000	5 056 000	0.58	29 000	0.35	18 000	0.03	1 000	0.19	31 000	0.13	21 000	0.07	11 000

Table 3: Indicated and Inferred Mineral Resource Statement for the Jacomynspan Project on the Namaqua Mining Right using a 0.4% Ni cut-off.

The Company continued to review data relating to the Namaqua – Disawell project area. With a substantial amount of pre-digital data existing from exploration pre 2000, the SkyTEM survey included ground which covered the Namaqua-Disawell Prospecting right.

In addition to the airborne EM survey, the Company is continuing with:

- Litho-geochemical characterisation of the Jacomynspan intrusive;
- Defining the tectonic setting, intrusive characteristic and mineralisation hosted by the Jacomynspan Intrusive;
- Updating the existing database; and
- Compiling data into a GIS format.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Marydale Gold-Copper Project

In addition to the Prieska Project, the Agama transaction gives the Company exploration rights over the Marydale Gold-Copper Project, a gold copper deposit located 60km north of the Prieska Project.

Past work by Orion includes an induced polarisation (**IP**) survey over 2.6km strike following the target horizon. The Company drilled two holes within the historic drill grid that confirms the Cu – Au mineralisation and 4 holes on IP anomalies. Drilling shows the IP response to be caused by broad zones containing disseminated sulphides with low levels of Cu-Au mineralisation.

Orion is currently planning follow-up exploration on the Marydale Gold – Copper Project.

CONNORS ARC EPITHERMAL GOLD PROJECT (QUEENSLAND)

During the half year, no work was undertaken at the Connors Arc Project due to the fast tracking of drilling and the BFS at the Prieska Project. The Company is actively seeking opportunities to progress the Connors Arc Project through a joint venture or similar partnership.

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

Orion maintains a sizeable tenement package in the Fraser Range Province of Western Australia which Independence Group NL (ASX: IGO) is currently earning in to via a joint venture agreement.

During the reporting period, IGO completed an aircore drilling program, which commenced during August 2017. The aim of the drilling was to improve the understanding of the bedrock geology in the project area with areas of prospective geology or geochemical anomalism to be followed up with further work.

In addition to drilling, IGO has completed and is continuing with, ground gravity and Moving Loop EM surveys in the project area similar to, and infilling, those completed by Orion (refer ASX release 6 October 2016) along with starting a regional Spectrem airborne EM survey.

Data from these surveys will be used in conjunction with results from drilling to determine the prospectivity of the Orion tenement package. IGO has advised Orion that assays have been received and interpretation of the data is currently in progress.

WALHALLA GOLD & POLYMETALS PROJECT (VICTORIA)

During the half year, the Company did not carry out any exploration activity on the Walhalla Project.

Directors' Report (continued)

CORPORATE

Capital Raising

Placements

- On 17 August 2017, the Company issued 73,000,000 Shares at an issue price of 2.4 cents per Share to raise $1.75M by way of placement with Tembo Capital Mining Fund II LP (or nominee) (**Tembo Capital**).
- On 30 October 2017 the Company announced that it was undertaking a capital raising of up to 229.167M ordinary fully paid shares (**Share**) at an issue price of 2.4 cents per Share to raise up to $5.5M. The capital raising occurred in two stages, being:
  - Tranche 1 – 144,583,329 Shares to raise $3.47M were issued on 3 November 2017, using the Company's 15% placement capacity under ASX Listing Rule 7.1. The issue of Shares was subsequently approved by shareholders at the Company's General Meeting held on 13 December 2017 (**General Meeting**); and
  - Tranche 2 – 84,583,333 Shares to raise $2.03M were issued on 18 December 2017 and 19 December 2017 as approved by shareholders at the General Meeting.

Placement to Director

On 18 December 2017, the Company issued 10,416,666 Shares at 2.4 cents per Share to the Company's Chairman, Mr Denis Waddell (or nominee) to raise $0.25M. The issue of these Shares was approved by shareholders at the Company's General Meeting.

Top Up Right – Tembo Capital

In respect of a placement and strategic relationship with Tembo Capital, pursuant to which Tembo Capital was granted an anti-dilution right to maintain its percentage holding in Orion where the Company conducts subsequent equity raisings (**Top-up Right**). Tembo Capital's interest in Orion was diluted as a result of the Capital Raisings.

Pursuant to the Top-up Right, Orion offered Tembo Capital the right to subscribe for up to 60M Shares, allowing Tembo Capital to maintain its 19.99% holding in Orion (Top-up Shares) at an issue price of 2.4 cents (the same Share issue price as the Capital Raisings).

On 29 December 2017, the Company issued 60,000,000 Shares at 2.4 cents per Share to Tembo Capital (or nominee) to raise $1.44M. The issue of these Shares was approved by shareholders at the Company's General Meeting held on 13 December 2017.

Loan Facilities

Bridge Loan

The Company announced to the ASX on 18 August 2017 that a $6M bridge loan facility agreement (**Bridge Loan**) had been entered into with Tembo Capital, a cornerstone shareholder of the Company.

The key terms of the Bridge Loan are:

- Bridge Loan Amount - Up to $6M, available in two tranches. The first tranche is to be in one instalment of $3M and the second tranche is to be in minimum instalments of $1M each;
- Interest - capitalised at 12% per annum accrued daily on the amount drawn down;

Directors' Report (continued)

- 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 Capital'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 Capital (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 Capital for the issue and allotment of Shares to Tembo Capital under the Equity Capital Raising and/or at Tembo Capital's election against the underwriting amount payable by Tembo Capital 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 Capital after the set-off will be paid by Tembo Capital 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.

On 15 November 2017, an extension to the term of the Bridge Loan facility from 15 December 2017 to 31 May 2018, was agreed between the parties. The extension to the term of the Bridge Loan ensured that proceeds from the recent capital raisings and Bridge Loan can be used to progress the Company's Prieska Project in South Africa.

As part of the terms of amendment, the Company agreed to increase the establishment fee from 5% to 6.67% of the Bridge Loan facility amount (capitalised).

As at 31 December 2017, $3.56M had been drawn against the Bridge Loan.

<u>Anglo American Sefa Mining Fund 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 R14.25M to Repli. The key terms of the agreement are as follows:

- Loan amount 14.25M South African Rand (**R**);
- 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 (~$1.350M (R14.25M)).

Directors' Report (continued)

Board Changes

Mr Mark Palmer joined the Orion Board on 31 January 2018 as a Non-Executive Director and the appointee nominated by Tembo Capital.

With the Company's focus being on its South African Projects and Tembo Capital now able to appoint a member to the Orion Board, on 1 August 2017 Mr Bill Oliver changed his role within the Company and became a Non-Executive Director. Mr Oliver will continue to consult to the Company on technical matters in his new role, including supervision of the Fraser Range joint venture and the Connors Arc Project.

Chamber of Mines (South Africa)

During the reporting period, the Company applied for membership to the Chamber of Mines, South Africa. In August 2017 the application was successful and admission, through full membership, commenced in September 2017.

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 Company's primary listing remains on the ASX and the Company continues to be regulated by the Australian Securities and Investment Commission (**ASIC**).

Small Shareholding Sale Facility

On 21 November 2017 the Company announced that it had established a small shareholding sale facility (**Sale Facility**) for shareholders who held a small parcel of Shares (i.e. less than a marketable parcel of Shares as defined in the ASX Listing Rules (that is a parcel of shares with a value of less than $500, based on the Share price of 3.1 cents on the Record Date) (**Small Holding**)) and whose registered address was in Australia. The Sale Facility allowed those shareholders to sell their Shares cost effectively, while also assisting the Company reduce the costs associated with servicing smaller shareholdings.

Shareholders who on 20 November 2017 (**Record Date**) held a Small Holding received a letter and share retention slip from the Company. The letter explained that, unless those shareholders notified the Company that they wished to retain their Shares by submitting the share retention slip or they hold more than $500 worth of Shares on the Sale Facility closing date, those Shares would be sold, and the proceeds remitted to them free from brokerage and handling fees.

On 23 November 2017, a first notice was sent to shareholders of Small Holdings and on 10 January 2018 a second letter to shareholders was dispatched to all shareholders who held a Small Holding of Shares on the Record Date and who were yet to return a completed share retention slip. The Sale Facility closed on 19 January 2018.

In line with the terms of the Sale Facility, a total of 1,463,432 Shares (representing approximately 0.1% of Shares on issue) were sold at the sale price of 3.2 cents per Share which was higher than the authorised price as required by the Company's constitution. Following the Sale Facility, the total number of shareholders was reduced by 1,020.

Shareholders who were the holder of a less than a marketable parcel of Shares as at 5:00pm (Melbourne time) 19 January 2018, who had not taken steps to retain their holding under the Sale Facility, received payment of their respective proceeds in February 2018.

Directors' Report (continued)

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 and Disawell, which hold partly overlapping prospecting rights and mining right applications.

Orion's earn-in right is via a South African-registered special-purpose vehicle (**SPV**), which will be established by Orion as its vehicle for investment in the joint ventures and of which historically-disadvantaged South Africans (**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.
- Orion SPV is able to earn an initial interest of 25% (Orion 18.5%) in the Companies via staged expenditure of $0.66M on the Jacomynspan Project over the 12 months from the Earn In Commencement Date (**First Earn In Right**) including:
    - Expenditure commitment of $0.33M in the first 6 months; and
    - A further $0.33M must be spent within 12 months of the Earn-In Commencement Date ($0.66M 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 (**Shares**) 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 $1.32M on the Jacomynspan Project ($1.98M 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.

Directors' Report (continued)

- 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 $0.66M on the Jacomynspan Project ($2.64M 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$2M.
- 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 R78.5M 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 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.

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

Change of Status, Name and Replacement Constitution

At the General Meeting held on the 13 December 2017, shareholders approved the change of status from a no liability company, "Orion Minerals NL", to public company limited by shares, "Orion Minerals Limited". Importantly at the General Meeting, shareholders also approved the cancellation of partly paid shares which will allow the change in status to be affected. The 58,775 partly paid shares were cancelled in December 2017. ASIC were notified of the passing of the resolution for the change of status and under subsection 164(3) of the Corporations Act, ASIC published a notice in the Commonwealth Gazette that states the intention to alter the details of the Company's registration.

The change to the status and name of the Company came into effect on 2 February 2018. The ASX Code for the Company remains unchanged.

Also, at the General Meeting, a new constitution of Orion was adopted by shareholders by special resolution and came into effect on 2 February 2018.

Directors' Report (continued)

Options

During the reporting period, the Company appointed Fivemark Capital Pty Ltd (**Fivemark**) and Numis Securities Limited (**Numis**) as Corporate Advisors. As part of the fee payable to both entities, the Company issued the following unlisted options:

Entity	Issued	Issue Date	Exercise Price	Expiry Date
Fivemark	2,200,000	8 September 2017	$0.05	30 June 2020
Numis	1,900,000	21 December 2017	$0.035	30 June 2020

EVENTS SUBSEQUENT TO BALANCE DATE

No significant events occurred after the balance sheet date of the Company and the Group except for those matters referred to below:

- On 1 February 2018, the Company announced that Mr Mark Palmer had joined the board of Orion as a Non-Executive Director. Mr Palmer was nominated by Tembo Capital as their nominee under the terms of the strategic investment agreement between both parties.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 20 and forms part of the directors' report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the directors

Denis Waddell
Chairman

Dated at Perth this 16th day of March 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Orion Minerals Limited for the half year ended 31 December 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 AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 March 2018
Melbourne, Victoria

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Notes	31 December 2017 ($)	31 December 2016 ($)
Continuing operations			
Other income		2,844	87,801
Exploration and evaluation expenses		(938,676)	(1,844,772)
Administration and employee expenses		(2,193,113)	(642,234)
Rehabilitation expenses		(117,454)	---
Loss fair value of unlisted securities in other entities		(182,046)	(240,503)
Results from operating activities		(3,428,445)	(2,639,708)
Finance income		97,511	4,147
Finance expense		(1,093,548)	---
Net finance costs		(996,037)	4,147
Loss before income tax		(4,424,482)	(2,635,561)
Income tax (expense)/benefit		---	---
Loss from continuing operations attributable to equity holders of the Company		**(4,424,482)**	**(2,635,561)**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		---	---
Foreign currency translation		(309,120)	---
Total comprehensive loss for the period		**(4,733,602)**	**(2,635,561)**
Loss for the half year attributable to:			
Non-controlling interest		(164,495)	---
Orion Minerals Ltd		(4,259,987)	(2,635,561)
Loss per share (cents per share)			
Basic loss per share	11	(0.46)	(0.54)
Diluted loss per share	11	(0.46)	(0.54)
Headline loss per share	11	(0.46)	(0.54)
Diluted headline loss per share	11	(0.46)	(0.54)

The Consolidated Interim Statement of Profit or Loss & Other Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 25 to 35.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 December 2017 ($)	30 June 2017 ($)
ASSETS			
Current Assets			
Cash and cash equivalents		4,576,059	3,405,252
Receivables	3	2,026,280	338,273
Prepayments		90,019	78,734
Unlisted securities in other entities		211,326	455,455
Total Current Assets		**6,903,684**	**4,277,714**
Non-current Assets			
Receivables	3	2,589,678	2,643,737
Plant and equipment		134,679	91,049
Deferred exploration, evaluation and development	4	20,249,408	12,405,016
Total Non-current Assets		**22,973,765**	**15,139,802**
TOTAL ASSETS		**29,877,449**	**19,417,516**
LIABILITIES			
Current Liabilities			
Trade and other payables		939,554	1,129,737
Loan - bridge	5	4,105,778	---
Provisions		94,700	47,585
Total Current Liabilities		**5,140,032**	**1,177,322**
Non-current Liabilities			
Provisions		1,642	4,450
Rehabilitation provisions		2,014,186	1,832,337
Loan	5	1,541,953	---
Preference shares	6	2,087,783	1,955,367
Convertible note	7	6,003,130	5,823,757
Total Non-current Liabilities		**11,648,694**	**9,615,911**
TOTAL LIABILITIES		**16,788,726**	**10,793,233**
NET ASSETS		**13,088,723**	**8,624,283**
EQUITY			
Issued capital	8	94,239,954	85,498,959
Accumulated losses		(84,307,522)	(79,883,039)
Non-controlling interest – subsidiaries	10	372,697	---
Other reserves	9	2,783,594	3,008,363
TOTAL EQUITY		**13,088,723**	**8,624,283**

The Consolidated Interim Statement of Financial Position is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 25 to 35.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Notes	31 December 2017 ($)	31 December 2016 ($)
Cash flows from operating activities			
Receipts from customers		2,844	25,696
Interest received		52,027	1,103
Interest expense		(365,984)	---
Payments to suppliers and employees		(3,284,042)	(358,707)
Net cash flows used in operating activities		(3,595,155)	(331,908)
Cash flows from investing activities			
Payments for exploration and evaluation		(8,886,611)	(2,156,267)
Proceeds from sale of plant and equipment		---	205,174
Net cash flows used in investing activities		(8,886,611)	(1,951,093)
Cash flows from financing activities			
Proceeds from the issue of shares		8,941,755	2,934,350
Share issue expenses		(192,566)	(54,061)
Proceeds from borrowings		6,343,384	450,000
Repayments of borrowings		(1,440,000)	(450,000)
Net cash flows from financing activities		13,652,573	2,880,289
Net increase in cash and cash equivalents		1,170,807	597,018
Cash and cash equivalents at beginning of period		3,405,252	651,748
Cash and cash equivalents at end of period		**4,576,059**	**1,248,766**

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 25 to 35.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

31 December 2017	Issued capital ($)	Accumulated losses ($)	Non-Controlling interest ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2017	**85,498,959**	**(79,883,039)**	**---**	**3,008,363**	**8,624,283**
Loss for the period	---	(4,424,482)	---	---	(4,424,482)
Other comprehensive loss	---	---	---	---	---
Total comprehensive loss for the period	---	(4,424,482)	---	---	(4,424,482)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs	8,740,995	---	---	---	8,740,995
Convertible note	---	---	---	(177,384)	(177,384)
Non-controlling interests – South African entities	---	---	372,697	---	372,697
Foreign translation reserve	---	---	---	(309,120)	(309,120)
Transfer of share options expired	---	---	---	---	---
Share-based payments expense	---	---	---	261,735	261,735
Total Transactions with owners	8,740,995	---	372,697	(224,769)	8,888,923
Balance at 31 December 2017	**94,329,954**	**(84,307,522)**	**372,697**	**2,783,594**	**13,088,723**

31 December 2016	Issued capital ($)	Accumulated losses ($)	Non-Controlling Interest ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2016	**75,966,064**	**(72,065,740)**	**---**	**1,385,894**	**5,286,218**
Loss for the period	---	(2,635,561)	---	---	(2,635,561)
Other comprehensive loss	---	---	---	---	---
Total comprehensive loss for the period	---	(2,635,561)	---	---	(2,635,561)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs	3,064,739	---	---	---	3,064,739
Transfer of share options expired	---	112,436	---	(112,436)	---
Share-based payments expense	---	---	---	121,463	121,463
Total Transactions with owners	3,064,739	112,436	---	9,027	3,186,202
Balance at 31 December 2016	**79,030,803**	**(74,588,865)**	**---**	**1,394,920**	**5,836,858**

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 25 to 35.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

1. REPORTING ENTITY

Orion Minerals Limited (**Company**) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the **Group**).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office or at www.orionminerals.com.au.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated interim financial statements are consistent with those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2017. Mandatory accounting standards were adopted by the Group during the period. The adoption of the new accounting standards has had no material impact on the measurements of the Group's assets and liabilities.

Statement of compliance
The consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2017.

This consolidated interim financial report was approved by the Board of Directors on 15 March 2018.

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial report as at and for the year ended 30 June 2017.

Comparative amounts in the consolidated interim statement of profit or loss and other comprehensive income for the half year ended 31 December 2017 have been adjusted to reflect consistency with the recognition of the transactions and presentation in the financial report for the financial year ended 30 June 2017.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Group recorded a net loss of $4,424,482 for the half year ended 31 December 2017 and the Group's position as at 31 December 2017 was as follows:

- The Group had cash reserves of $4,576,059 and had negative operating cash flows of $3,595,155 for the half year ended 31 December 2017;
- The Group had positive working capital at 31 December 2017 of $1,763,652; 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 31 December 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 and meet debt repayments of the Bridge Loan under the terms of the agreement. 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 $8,942,000 (before costs) during the half year ended 31 December 2017.

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 half year ended 31 December 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 7 (Convertible Notes) and Note 5 (Loans with other entities and related parties).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

3. TRADE AND OTHER RECEIVABLES

	31 December 2017 ($)	30 June 2017 ($)
Current receivables		
Security deposits and environmental bonds	180,000	180,000
Other receivables	1,341,336	157,237
Royalty receivable from Centennial Mining Limited	500,000	---
Interest receivable	4,944	1,036
	2,026,280	**338,273**
Non-current receivables		
Royalty receivable from Centennial Mining Limited	---	437,917
Security deposits and environmental bonds	2,589,678	2,205,820
	2,589,678	**2,643,737**

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017 ($)	30 June 2017 ($)
Acquired mineral rights		
Opening cost	11,463,547	2,228,640
Exploration and evaluation acquired (a)	---	9,234,907
Acquired mineral rights	**11,463,547**	**11,463,547**
Deferred exploration and evaluation expenditure		
Opening cost	941,468	1,029,161
Expenditure incurred	8,783,069	5,070,442
R&D tax incentive rebate - exploration assets	---	(342,980)
Exploration expensed	(938,676)	(3,198,248)
Impairment	---	(1,616,905)
Deferred exploration and evaluation	**8,785,861**	**941,468**
Net carrying amount at end of period	**20,249,408**	**12,405,016**

(a) On 29 March 2017, the Company completed the acquisition of Agama Exploration & Mining (Pty) Ltd (**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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

5. LOANS WITH OTHER ENTITIES AND RELATED PARTIES

Bridge Loan

The Company announced to the ASX on 18 August 2017 that a $6,000,000 bridge loan facility agreement (**Bridge Loan**) had been entered into with Tembo Capital Mining Fund II LP and its affiliates (**Tembo Capital**), a cornerstone shareholder of the Company.

The key terms of the Bridge Loan agreement are:

- Bridge Loan Amount - Up to $6,000,000, available in two tranches. The first tranche is to be in one instalment of $3M and the second tranche is to be in minimum instalments of $1,000,000 each;
- 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 Capital'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 Capital (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 Capital for the issue and allotment of Shares to Tembo Capital under the Equity Capital Raising and/or at Tembo Capital's election against the underwriting amount payable by Tembo Capital 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 Capital after the set-off will be paid by Tembo Capital 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.

On 15 November 2017, an extension to the term of the Bridge Loan facility from 15 December 2017 to 31 May 2018, was agreed between the parties. The extension to the term of the Bridge Loan facility ensured that proceeds from the recent capital raisings and Bridge Loan facility can be used to progress the Company's Prieska Project in South Africa.

As part of the terms of amendment, the Company agreed to increase the establishment fee from 5% to 6.67% of the Loan Facility amount (capitalised).

As at 31 December 2017, $3,560,000 had been drawn against the Loan Facility. Interest and establishment fee accrued at month end was $145,578 and $400,200 respectively.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

5. LOANS WITH OTHER ENTITIES AND RELATED PARTIES (continued)

AASMF Loan

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 R14.25M to Repli. The key terms of the agreement are as follows:

- Loan amount R1,425,000;
- 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)).

Other transactions with Directors

On 18 December 2017, the Company issued 10,416,666 Shares at 2.4 cents per Share to the Company's Chairman, Mr Denis Waddell (or nominee) to raise $250,000. The issue of these Shares was approved by the Company's shareholders at the General Meeting held on 13 December 2017.

6. PREFERENCE SHARES

	31 December 2017 $	30 June 2017 $
AASMF preference shares – principal	1,575,000	1,586,252
AASMF preference shares - provision for dividends and settlement premium	512,783	369.115
Total	**2,087,783**	**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 (a 73.33% owned subsidiary of Agama), applied for a funding facility from 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 5).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

6. 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.

7. CONVERTIBLE NOTES

Convertible notes – liability	**31 December 2017 $**	**30 June 2017 $**
Convertible note liability	6,003,130	5,823,757
Closing balance	**6,003,130**	**5,823,757**

Refer to Note 9 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 2.6 cents (**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 2.6 cents, 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: 2.6 cents per Share.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

7. CONVERTIBLE NOTES (continued)

- 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.
- 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.

8. ISSUED CAPITAL

	31 December 2017 $	30 June 2017 $
Ordinary fully paid shares	94,239,954	85,496,608
Contributing shares	---	2,351
	94,239,954	**85,498,959**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

8. ISSUED CAPITAL (continued)

The following movements in issued capital occurred during the period:

	Number of shares	Issue price	($)
Ordinary fully paid shares			
Opening balance at 1 January 2017	643,932,310		79,028,452
Placement	54,166,666	$0.024	1,300,000
Issue – Agama acquisition	94,321,464	$0.023	2,169,394
Placement	125,000,000	$0.024	3,000,000
Less: Issue costs	---	---	(3,464)
Closing balance at 30 June 2017	**917,420,440**		**85,496,608**
Opening balance at 1 July 2017	917,420,440	---	85,496,608
Issue of ordinary fully paid shares	73,000,000	$0.024	1,752,000
Issue of ordinary fully paid shares	144,583,329	$0.024	3,470,000
Issue of ordinary fully paid shares	84,583,333	$0.024	2,030,000
Issue of ordinary fully paid shares	10,416,666	$0.024	250,000
Issue of ordinary fully paid shares	60,000,000	$0.024	1,440,000
Less: Issue costs	---	---	(198,654)
Closing balance at 31 December 2017	**1,290,003,768**		**94,239,954**
Contributing shares			
Opening balance at 1 January 2017	58,775		2,351
Closing balance at 30 June 2017	**58,775**		**2,351**
Opening balance at 1 July 2017	58,775		2,351
Cancellation (13 December 2017)	(58,775)		(2,351)
Closing balance at 31 December 2017	**---**		**---**

9. RESERVES

	31 December 2017 ($)	30 June 2017 ($)
Share based payments	2,763,680	2,501,945
Convertible note equity	229,862	407,246
Foreign currency reserve	(209,948)	99,172
	2,783,594	**3,008,363**

<u>Share based payments reserve - movement</u>

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

9. RESERVES (continued)

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

	($)
Opening balance at 1 July 2017	1,394,920
Unlisted share options expired and transferred to accumulated losses (i)	---
Share based payments expense	1,107,025
Closing balance at 30 June 2017	**2,501,945**
Unlisted share options expired and transferred to accumulated losses (i)	---
Share based payments expense	261,735
Closing balance at 31 December 2017	**2,763,680**

Employee equity benefits reserve
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.

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

No options to subscribe for ordinary fully paid shares expired during the half-year. There were no options exercised during the half year ended 31 December 2017.

10. NON-CONTROLLING INTEREST

In March 2017, the Company acquired Agama. Through the acquisition, the Company acquired Agama subsidiaries which effectively hold between 70% and 97.46% controlling interest in the subsidiaries. The non-controlling interest is shown as the portion of equity ownership the Company does not control and therefore not attributable to the parent entity. For the period ending 31 December 2017, the non- controlling interest was $372,697.

11. 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).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

11. EARNING PER SHARE (continued)

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

a) Basic and diluted loss per share

	31 December 2017	31 December 2016
	Cents	**Cents**
Loss attributable to ordinary equity holders of the Company	(0.46)	(0.54)
Diluted loss attributable to ordinary equity holders of the Company	(0.46)	(0.54)

b) Reconciliation of earnings used in calculating earnings per share

	31 December 2017	31 December 2016
	$	**$**
Loss attributable to ordinary shares	(4,424,482)	(2,635,561)

c) Weighted average number of shares

	31 December 2017	31 December 2016
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	971,219,115	488,372,627
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	971,219,115	488,372,627

d) Headline earnings per share

	31 December 2017	31 December 2016
	$	**$**
Loss before income tax	(4,424,482)	(2,635,561)
Impairment of non-current assets reversal	---	---
Plant and equipment written off	---	---
Adjusted earnings	(4,424,482)	(2,635,561)
Weighted average number of shares	971,219,115	488,372,627
Earnings / (loss) per share (cents per share)	(0.46)	(0.54)
Diluted earnings / (loss) per share (cents per share)	(0.46)	(0.54)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2017

12. SEGMENT REPORTING

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

The Group's core activity is mineral exploration, evaluation and development within South Africa and Australia. During the half year to 31 December 2017, the Group has actively undertaken exploration, evaluation and development in South Africa.

Reportable segments are represented as follows:

31 December 2017	Australia $	South Africa $	Total $
Segment net operating loss after tax	(2,547,300)	(1,877,182)	(4,424,482)
Depreciation	(11,716)	(7,689)	(19,405)
Exploration expenditure written off and expensed	(178,106)	(760,570)	(938,676)
Segment non-current assets	**10,992,068**	**11,396,756**	**22,388,824**

31 December 2016	Australia $	South Africa $	Total $
Segment net operating loss after tax	(2,635,561)	---	(2,635,561)
Depreciation	(9,057)	---	(9,057)
Exploration expenditure written off and expensed	(1,844,772)	---	(1,844,772)
Segment non-current assets	**4,021,535**	**---**	**4,021,535**

13. EVENTS SUBSEQUENT TO BALANCE DATE

No significant events occurred after the balance sheet date of the Company and the Group except for those matters referred to below:

- On 1 February 2018, the Company announced that Mr Mark Palmer had joined the board of Orion as a Non-Executive Director. Mr Palmer was nominated by Tembo Capital as their nominee under the terms of the strategic investment agreement between both parties.

DIRECTORS' DECLARATION

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

1. the interim consolidated financial statements and notes set out on pages 21 to 35, are in accordance with the *Corporations Act 2001* including:

    (a) giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Denis Waddell
Chairman
Dated at Perth this 16th day of March 2018.

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ORION MINERALS LIMITED

We have reviewed the accompanying half-year financial report of Orion Minerals Limited ("the consolidated entity") which comprises the consolidated interim statement of financial position as at 31 December 2017, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orion Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Orion Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orion Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 2 to the financial statements which indicates that the consolidated entity incurred a loss of $4,424,482 and reported negative operating cash flows of $3,595,155 for the half year ended 31 December 2017 (31 December 2016: $2,635,561 and $331,908) respectively. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 March 2018
Melbourne, Victoria